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AGENDA PAPERS FOR

ACCOUNTS AND AUDIT COMMITTEE

Date: **Tuesday, 28 March 2017**

Time: **6.30 p.m.**

Place: **Committee Rooms 2 and 3, Trafford Town Hall, Talbot Road, Stretford, M32 0TH**

A G E N D A	PART I	Pages

1. **ATTENDANCES**

   To note attendances, including Officers and any apologies for absence.

2. **MINUTES**

   To receive and if so determined, to approve as a correct record the Minutes of the meeting held on 7 February, 2017.

3. **TRAFFORD COUNCIL AUDIT PLAN**

   To receive a report from the Council's External Auditor.

4. **INTERNAL AUDIT OPERATIONAL PLAN 2017/18**

   To consider a report of the Audit and Assurance Manager.

5. **INTERNAL AUDIT CHARTER AND STRATEGY**

   To consider a report of the Audit and Assurance Manager.

6. **BUDGET MONITORING 2016/17 - PERIOD 10 (APRIL 2016 TO JANUARY 2017)**

   To receive a report of the Executive Member for Finance and the Chief Finance Officer.

11. **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 J. Coupe (Chairman), P. Lally (Vice-Chairman), J. Baugh, C. Boyes, B. Brotherton, A. Mitchell and T. Ross.

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

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This agenda was issued on **Monday, 20 March 2017** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford M32 0TH

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ACCOUNTS AND AUDIT COMMITTEE

7 FEBRUARY 2017

PRESENT

Councillor J. Coupe (in the Chair) (in attendance for minutes 36 to 38).
Councillors P. Lally (Vice-Chairman) (in the Chair for minutes 39 to 44), J. Baugh, B. Brotherton and T. Ross.

<u>In attendance</u>
Chief Finance Officer   (N. Bishop)
Interim Head of Financial Management   (G. Bentley)
Audit and Assurance Manager   (M. Foster)
Senior Business Change Manager   (S. Winn)
Transformation Programme Manager   (S. Maynard)
Democratic & Scrutiny Officer   (C. Gaffey)

<u>Also in attendance</u>
M. Heap, Grant Thornton UK LLP (for minutes 36 to 42)
H. Stevenson, Grant Thornton UK LLP (for minutes 36 to 42)

APOLOGIES

Apologies for absence were received from Councillors C. Boyes and A. Mitchell

36. MINUTES

> RESOLVED: That the Minutes of the meeting held on 23 November 2016, be approved as a correct record and signed by the Chairman.

37. ANNUAL GOVERNANCE STATEMENT 2015/16 - UPDATE ON SIGNIFICANT GOVERNANCE ISSUE : RESHAPING TRAFFORD

The Committee received a report of the Corporate Director, Transformation and Resources providing an update on the significant governance issue: Reshaping Trafford, which was raised as part of the 2015/16 Annual Governance Statement.

Members were advised of the revised governance arrangements now in place to support the programme delivery. The report updated Members on the current position in relation to integration, as well as the Greater Manchester Shared Service, which should formally 'go-live' in March 2017 following its soft launch in December 2016.

A 'Reshaping Children and Families Programme' was being developed in an attempt to manage the increasing demand of Looked After Children (LAC). Members would be provided with more detailed information on the programme as it progressed.

When asked how Members could be better informed about the Youth Trust and their ongoing relationship with the Council, Officers agreed to circulate a written response providing this information following the meeting.

RESOLVED: That the report be noted.

38. TREASURY MANAGEMENT STRATEGY 2017/18 - 2019/20

The Committee received a report of the Executive Member for Finance and the Chief Finance Officer outlining: the strategy to be followed during this period for investments and borrowing; the outlook for interest rates; the management of associated risks; the policy to be adopted on Minimum Revenue Provision (MRP); and Prudential Indicators.

The Committee thanked the Finance Team for the excellent presentation and training they received on Treasury Management in the week previous to the meeting.

A document advising the Committee of amendments to figures in section 3.2 and Appendix 3 of the report was tabled. The Democratic and Scrutiny Officer agreed to publish these amendments on the Council website following the meeting, and it was noted that the report presented at the upcoming Budget Executive meeting on 22 February would include these amended figures.

RESOLVED: That the Accounts & Audit Committee, taking into account the tabled amendments, recommend to Council for approval, the:

   i)   policy on debt strategy as set out in section 3;

   ii) investment strategy as set out in section 5;

   iii) Prudential Indicators and limits including the Authorised Limit (as required by section 3(1) of the Local Government Act 2003), Operational Boundary, Minimum Revenue Provision Statement and Investment criteria as detailed in Appendix 3.

39. ANNUAL GOVERNANCE STATEMENT 2016/17 - APPROACH / TIMETABLE

The Committee received a report of the Audit and Assurance Manager setting out the action plan / timetable to ensure compliance with the production of an Annual Governance Statement for 2016/17.

There were no significant changes to the process followed in previous years; however it was noted that Legal & Democratic Services would be responsible for the production of the Statement from 2017/18. It was also noted that the Statement would need to be produced earlier in the year to remain in alignment with the producing of the accounts, which as of next year had to be submitted by the end of July as opposed to September.

RESOLVED:

   i)   That the timetable / action plan be noted.

ii) That the Committee will review a draft version of the Annual Governance Statement prior to it being finalised and signed off by the Chief Executive and Leader.

40. ACCOUNTS AND AUDIT COMMITTEE PROGRESS REPORT AND UPDATE (JANUARY 2017)

The Committee received a report of Grant Thornton UK LLP on the progress at January 2017 in delivering its responsibilities as the Authority's external auditor. The report also highlighted key emerging national issues and developments and a number of challenge questions in respect of the emerging issues.

The scale fee set by the Audit Commission for the certification of the Council's 2015/16 housing benefit claim was noted.

RESOLVED: That the report be noted.

41. AUDIT AND ASSURANCE REPORT FOR THE PERIOD OCTOBER TO DECEMBER 2016

The Committee received a report of the Audit and Assurance Manager providing a summary of the work of Audit and Assurance during the period October to December 2016. The report also provided ongoing assurance to the Council on the adequacy of its control environment.

The report included information on the 15 opinion reports delivered during the period and set out the planned work for quarter 4. Discussions aimed at scheduling a visit to Barton Clough Primary School in the coming weeks were ongoing.

RESOLVED: That the report be noted.

42. BUDGET MONITORING 2016/17 - PERIOD 8 (APRIL TO NOVEMBER 2016)

The Committee received a report of the Executive Member for Finance and the Chief Finance Officer informing Members of the current 2016/17 forecast outturn figures relating to both Revenue and Capital budgets. The report also summarised the latest forecast position for Council Tax and Business Rates within the Collection Fund.

The significant pressures on the Children, Families and Wellbeing (CFW) budget were discussed, with the rise in demand for secure child placements the main contributing factor. It was noted that due to many of the services being demand led, CFW had a contingency budget in place which was released throughout the year as and when this was required. The Chief Finance Officer confirmed that additional funding would be allocated to the Children's Services budget going forward.

Children's Services were taking steps to address the ongoing issues, and a new campaign to recruit new foster carers had recently been launched. Members

requested information on whether the recruitment drive had been successful when this data became available. Members also questioned the funding currently received from Government to assist the supporting of asylum seekers in the borough, as the amount currently being provided was considerably less than the cost incurred by the Local Authority.

The Committee discussed the new business rates formula and how this would affect Trafford businesses. Both rises and reductions in rates would be phased in, and the Council would be writing to everyone they think might be affected by these changes.

> RESOLVED: That the report and the changes to the Capital Programme as detailed in paragraph 19, be noted.

43. OPTIONS FOR APPOINTMENT OF EXTERNAL AUDITOR - RECOMMENDED ACTION

The Committee received a report of the Chief Finance Officer providing an update on the position regarding the appointment of external auditors from the audit year 2018/19.

Initial discussions had favoured 'option 2: a local joint procurement arrangement', however this view had changed following advice received since the last Accounts and Audit Committee meeting. Certain conflict of interest issues meant that the appointing of an auditor to work for several authorities could prove difficult.

The Chief Finance officer now recommended that 'option3: opt-in to a sector led body' be pursued. Following discussions between GM Treasurers and the Public Sector Audit Appointments Limited (PSAA), it had been agreed that Social Value would be included as a specific measure within the tender process (although the Treasurers had hoped for this to have a higher weighting).

> RESOLVED: That the Accounts and Audit Committee recommends to Council that the future process for appointing the external auditor, to be completed by December 2017, is undertaken via the use of the Sector Led Body, Public Sector Audit Appointments Limited (PSAA).

44. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2016/17

The Committee received a report of the Audit and Assurance Manager setting out the updated work plan for the Committee for the 2016/17 municipal year. It was noted that the STAR item expected at the next meeting would be rescheduled for a future meeting.

> RESOLVED: That the report be noted.

The meeting commenced at 6.30 pm and finished at 7.45 pm

Grant Thornton

The Audit Plan
for Trafford Council

Year ended 31 March 2017

28 March 2017

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Agenda Item 3

Trafford Council
Trafford Town Hall
Talbot Road
Stretford
Manchester M32 0TH

Dear Members of the Accounts and Audit Committee

Audit Plan for Trafford Council for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance (in the case of Trafford Council], the Accounts and Audit Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to:
- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We look forward to working with you during the course of the audit.

Yours sincerely

Mark Heap

Engagement Lead

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Understanding your business and key developments

Developments

Highways network asset (HNA)

On 14 November 2016 CIPFA/LASAAC announced a deferral of measuring the Highways Network Asset at Depreciated Replacement Cost in local authority financial statements for 2016/17. This deferral is due to delays in obtaining updated central rates for valuations.

CIPFA/LASAAC will review this position at its meeting in March 2017 with a view to implementation in 2017/18. It currently anticipates that the 2017/18 Code will be on the same basis as planned for 2016/17, i.e. not requiring restatement of preceding year information.

Integration with health sector

The integration of health and social care is progressing across Greater Manchester.

The CCG and Council are working together to examine current structures and responsibilities in preparation for future integration.

Locality Plan

Work is continuing to refine details within the Trafford Locality Plan with the CCG. This sets out a vision for improvement in the health and wellbeing of Trafford residents by 2020.

Key challenges

Autumn Statement

The Chancellor detailed plans in the Autumn Statement to increase funding for Housing and Infrastructure, and further extend devolved powers to Local Authorities. No plans were announced to increase funding for adult social care.

Trafford's funding since the start of the Business Rates Retention scheme in 2013/14 to the period 2019/20 is set to reduce by £41.23m or 47.6%. This is 9.6% above the national average.

Trafford has taken the option of a four year funding settlement to 2019/20. This gives some certainty over the period to make longer term transformational and growth plans.

Financial position

Trafford Council is on course to achieve a balanced budget for 2016/17. It has plans for £16m of service savings and additional income and other resources to meet a budget gap of £22.6m.

Future budgets remain challenging with further austerity reductions and increasing demand and costs. The Council's 3 year draft budget strategy to 2019/20 identifies the need to address a gross budget deficit of £47.7m. Work is ongoing to address current budget gaps with a combination of transformational schemes, additional funding and use of reserves.

Financial reporting changes

CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced .The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

Earlier closedown

The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year.

Group accounts

The Council transferred its leisure services into a Community Interest Company (CIC) during 2015/16. The Council will need to prepare Group accounts for 2016/17 to include Trafford Leisure CIC Ltd. This is wholly owned by the Council and a material subsidiary.

Our response

- We will discuss with you your progress in implementing the HNA requirements, highlighting any areas of good practice or concern which we have identified.
- We aim to complete all our substantive audit work on your financial statements by 30 September 2017
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code
- We will review how the Council is working with partners, as part of our work in reaching our VFM conclusion..
- We will liaise on any changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops.

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Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Council. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall group materiality to be £8,143k (being 2% of gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £407k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have identified the following items where separate materiality levels are appropriate:

Balance/transaction/disclosure	Explanation	Materiality level
Cash and cash equivalents	Although the balance of cash and cash equivalents is immaterial all transactions made by the Council affect the balance and it is therefore considered to be material by nature.	Material by nature
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10k

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

Significant risks identified

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

Significant risk	Description	Audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Trafford Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Trafford Council, mean that all forms of fraud are seen as unacceptable Therefore we do not consider this to be a significant risk for Trafford Council.
Management over-ride of controls	Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	**Work planned:** • Assessment of entity level controls, including the role of the Accounts and Audit Committee • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions • Review of IT general controls

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"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)

Other risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses	Year end creditors and accruals are understated or not recorded in the correct period.	**Work completed to date:** • Documentation and identification of the process and key controls in the operating expenses cycle • Walkthrough of a sample item to confirm our understanding **Further work planned** • Substantive testing of a sample of operating expenses and year-end testing of balances and new-year payments to source documents. This is to ensure valid spend and appropriate categorisation within the net cost of services headings in the comprehensive income and expenditure statement • Testing of creditor reconciliations
Employee remuneration	Employee remuneration accruals are understated	**Work completed to date:** • Documentation and identification of the process and key controls in the payroll cycle • Walkthrough of a sample item to confirm our understanding **Further work planned:** • Substantive testing of a sample of employee remuneration, to confirm that employees exist, are paid correctly and are recorded in the general ledger. The testing will include enhancements and employer contributions. • Testing payroll reconciliations to confirm that payroll totals are accurately and completely recorded in the general ledger.

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

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Other risks identified (continued)

Other risks	Description of risk	Audit procedures
Changes to the presentation of local authority financial statements	CIPFA has been working on the 'Telling the Story' project, the aim of which is to streamline the financial statements and improve accessibility to the user. This has resulted in changes to the 2016/17 Code of Practice. The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.	**Work planned:** • We will document and evaluate the process for the recording the required financial reporting changes to the 2016/17 financial statements. • We will examine the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure. • We will review the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS). • We will test the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES. • We will test the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger. • We will test the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements. • We will review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.

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Other risks identified (continued)

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK and Ireland) 570). We will review management's assessment of the going concern assumption and the disclosures in the financial statements.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Property, plant and equipment (PPE)
- Investments (long term and short term)
- Cash and cash equivalents
- Trade and other receivables
- Borrowings and other liabilities (long and short term)
- Provisions
- Useable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure

- Taxation and non-specific grants
- Schools balances and transactions
- New note disclosures
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Collection Fund and associated notes

Group audit scope and risk assessment

In accordance with ISA (UK and Ireland) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Significant?	Level of response required under ISA (UK and Ireland) 600	Risks identified	Planned audit approach
Trafford Leisure Community Interest Company (subsidiary from 1 October 2015)	No	Analytical	Low risk – spend only just above audit materiality level	Desktop review performed by Grant Thornton UK

Audit scope:

Comprehensive – the component is of such significance to the group as a whole that an audit of the components financial statements is required

Targeted – the component is significant to the Group, audit evidence will be obtained by performing targeted audit procedures rather than a full audit

Analytical – the component is not significant to the Group and audit risks can be addressed sufficiently by applying analytical procedures at the Group level

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Value for Money

Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

This is supported by three sub-criteria as set out opposite:

Sub-criteria	Detail
Informed decision making	• Acting in the public interest, through demonstrating and applying the principles and values of sound governance • Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management • Reliable and timely financial reporting that supports the delivery of strategic priorities • Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions • Managing and utilising assets effectively to support the delivery of strategic priorities • Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	• Working with third parties effectively to deliver strategic priorities • Commissioning services effectively to support the delivery of strategic priorities • Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We have carried out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we considered:

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.

- the findings of other inspectorates and review agencies.

- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.

- any other evidence which we consider necessary to conclude on your arrangements.

We have identified a significant risk which we are required to communicate to you. The NAO's Code of Audit Practice defines 'significant' as follows:

A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.

We have set out overleaf the risk which we have identified, how it relates to the Code sub-criteria, and the work we propose to undertake to address this risk.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion in our auditor's report on your financial statements which we will give by 30 September 2017.

Value for money (continued)

We set out below the significant risk we have identified as a result of our initial risk assessment and the work we propose to address this risk.

Significant risk	Link to sub-criteria	Work proposed to address
Medium term financial position Future budgets remain challenging with further austerity reductions and increasing demand and costs. The Council's 3 year budget strategy to 2019/20 identifies the need to address a gross budget deficit of £47.7m.	This links to the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.	We will: • monitor the Council's progress in updating its medium term financial strategy and projected savings and efficiencies requirements • examine financial and budget reporting to Members • assess the out-turn position for 2016/17 and the budget plans for 2017/18 to 2019/20 • meet with key officers to discuss key strategic challenges and the Council's proposed response. In addition we will review the project management and risk assurance frameworks established by the Council to establish how it is identifying, managing and monitoring its risks

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Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- We will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We consider our other duties under the Act and the Code, as and when required, including:
  - We will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
  - issue of a report in the public interest; and
  - making a written recommendation to the Council, copied to the Secretary of State
- We certify completion of our audit.

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

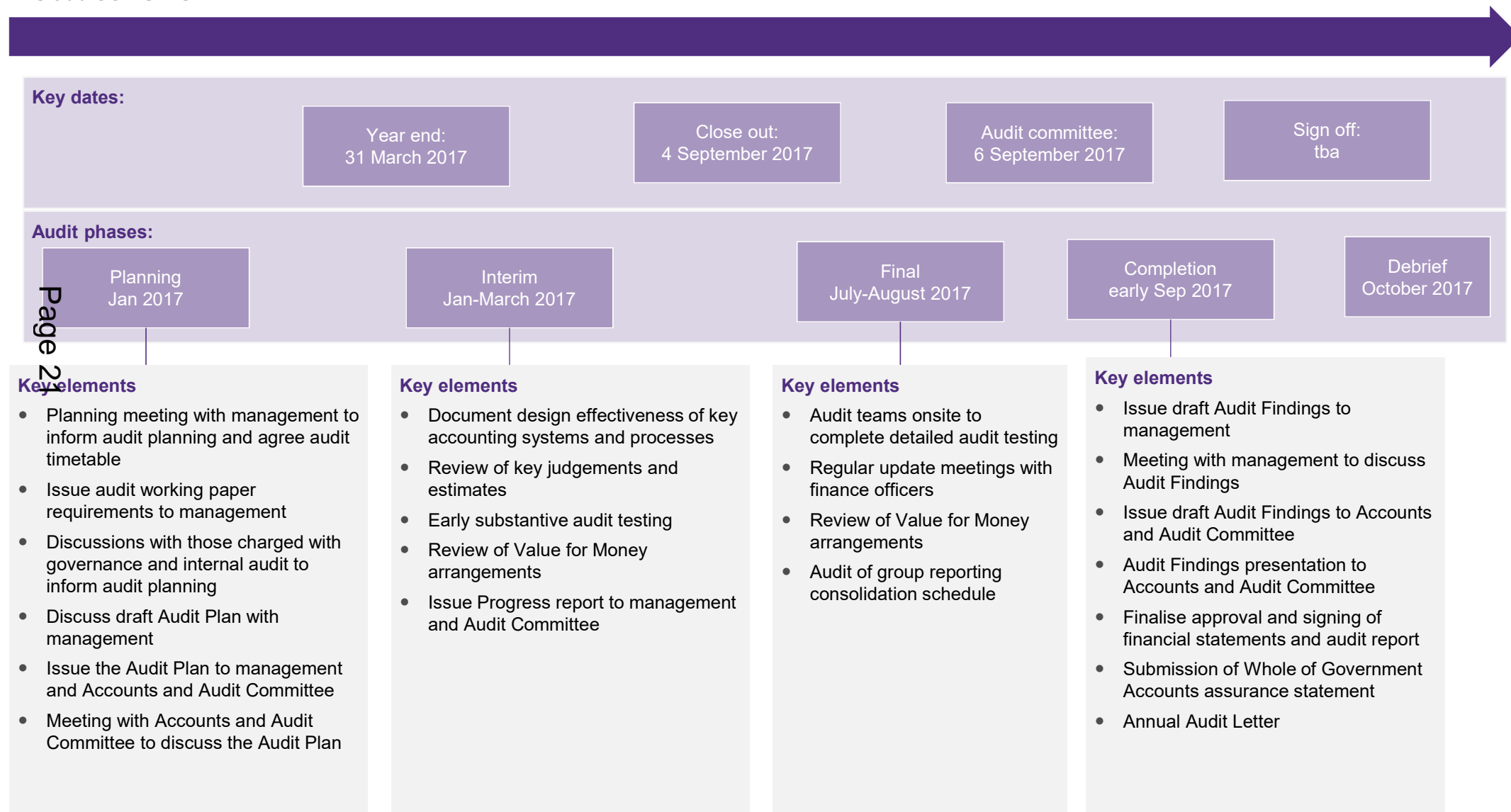|	Work performed	Conclusion
Internal audit	We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention. We will also consider the findings from internal audit's work on the Council's key financial systems. Our work to date has not identified any significant weaknesses that may impact on our responsibilities.	Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment. Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
Entity level controls	We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including: • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices	Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements
Review of information technology controls	Our information systems specialist will complete a high level review of the general IT control environment, as part of the overall review of the internal controls system. This will include evaluating the responses to findings from the 2015/16 review which identified areas of control weaknesses with segregation of duties in financial processes within the SAP system. We will assess the work completed by Internal Audit in this area.	We will monitor progress in this area leading up to our audit on the financial statements.

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Results of interim audit work (continued)

	Work performed	Conclusion
Walkthrough testing	We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. These are: • Employee remuneration (Payroll) • Operating Expenses (Payables/ Creditor Payments) • Welfare Benefits (Housing Benefits) Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.	Our work has not identified any weaknesses which impact on our audit approach.
Journal entry controls	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements. We will complete detailed testing on journal transactions throughout the year as part of our work at the year end. Our focus is on large and unusual entries, and in particular those posted around the year end.	We will report any significant findings from our detailed testing of journals to you in our Audit Findings Report.
Early substantive testing	We are planning to complete early testing in the following areas: • sample testing of payroll expenditure payments to ensure these are correct and to bona fide employees • agreement of a sample of other operating expenditure payments to invoices • sample testing of welfare benefit payments to ensure correctly calculated • verifying controls around journal entries	The detailed transaction testing work is in progress and we will report our findings to you as part of our regular reporting.

The audit cycle

The audit timeline

Key dates:

Year end: 31 March 2017	Close out: 4 September 2017	Audit committee: 6 September 2017	Sign off: tba

Audit phases:

Planning Jan 2017	Interim Jan-March 2017	Final July-August 2017	Completion early Sep 2017	Debrief October 2017

Key elements

- Planning meeting with management to inform audit planning and agree audit timetable
- Issue audit working paper requirements to management
- Discussions with those charged with governance and internal audit to inform audit planning
- Discuss draft Audit Plan with management
- Issue the Audit Plan to management and Accounts and Audit Committee
- Meeting with Accounts and Audit Committee to discuss the Audit Plan

Key elements

- Document design effectiveness of key accounting systems and processes
- Review of key judgements and estimates
- Early substantive audit testing
- Review of Value for Money arrangements
- Issue Progress report to management and Audit Committee

Key elements

- Audit teams onsite to complete detailed audit testing
- Regular update meetings with finance officers
- Review of Value for Money arrangements
- Audit of group reporting consolidation schedule

Key elements

- Issue draft Audit Findings to management
- Meeting with management to discuss Audit Findings
- Issue draft Audit Findings to Accounts and Audit Committee
- Audit Findings presentation to Accounts and Audit Committee
- Finalise approval and signing of financial statements and audit report
- Submission of Whole of Government Accounts assurance statement
- Annual Audit Letter

Audit Fees

Fees

	£
Council audit	118,192
Grant Certification (indicative)	11,498
Total audit fees (excluding VAT)	**129,690**

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Fees for other services

Fees for other services detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Feed back on your systems and processes, and identifying potential risk areas
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team
- Regular Accounts and Audit Committee Progress Reports

Independence and non-audit services

Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Trafford Council. The following audit related and non-audit services were identified for the Council for 2016/17:

Fees for other services

Service	Fees £	Planned outputs
Audit related		
Teachers pension return	tbc	Reasonable assurance report

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

The above services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (http://www.psaa.co.uk/appointing-auditors/terms-of-appointment/)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (https://www.nao.org.uk/code-audit-practice/about-code/). Our work considers the CCG's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓
Matters in relation to the group audit, including scope of work on components	✓	✓

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TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 28 March 2017
Report for: Approval
Report of: Audit and Assurance Manager

Report Title

Audit and Assurance Service – Internal Audit Operational Plan 2017/18

Summary

The purpose of the report is to provide, at a high level, the proposed Internal Audit Operational Plan for 2017/18.

Recommendation

The Accounts and Audit Committee is asked to approve the 2017/18 Internal Audit Plan.

Contact person for access to background papers and further information:

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

Background Papers:
None

Internal Audit Operational Plan 2017/18 – Audit and Assurance Service

1. Introduction

1.1 The 2017/18 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 2017/18 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 the Corporate Leadership Team (CLT) and the Accounts and Audit Committee. Subsequent updates are then provided to CLT and the Accounts and Audit Committee through the year highlighting work undertaken and progress against key areas of the plan. Actual work undertaken during the year against work planned is set out in the Annual Head of Internal Audit Report.

2.2 In accordance with the Accounts and Audit Regulations 2015, it is a requirement that the Council "must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance." The Audit and Assurance Service must undertake its work in accordance with the Public Sector Internal Audit Standards which have been in place since April 2013.

2.3 The Service's approach to undertaking internal audit work is set out in the Internal Audit Charter and Strategy documents. These were previously approved by CLT and the Accounts and Audit Committee in March 2016 and revised versions have been provided for approval in March 2017.

3. Compilation of the Internal Audit Plan

3.1 The Operational Internal Audit Plan is produced to take into account coverage of risks and associated controls in place. An important consideration is that the plan should include good coverage across Council services and systems. Ongoing financial challenges faced by the Council highlight the need to ensure that effective governance and internal control arrangements are in place, risks are managed and value for money is sought.

3.2 A number of factors are taken into account in compiling the 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. Consideration is given to the Council's six corporate objectives:
- Low Council Tax and Value for Money

- Economic Growth and Development
- Safe Place to Live – Fighting Crime
- Services Focussed on the most Vulnerable People
- Excellence in Education
- Reshaping Trafford Council.

There is audit coverage across each of the Council's Corporate Directorates to reflect the various objectives and also a number of authority-wide audits to cover various strategic risks in relation to achievement of these objectives.

3.3   New developments such as changes in procedures, systems etc. are considered in planning work. The plan includes audit reviews of areas where new systems and procedures are being introduced to evaluate the effectiveness of controls in place.

3.4   The Corporate Directorates provide input to the plan through liaison with the Audit and Assurance Service throughout the year and through information provided such as through risk registers, action plans, self-assessments and control / governance issues raised.

3.5   The Audit and Assurance Service has a number of obligations to take into account in producing the plan. In 2017/18, this includes the need to set aside time for the Council to meet the requirements of the Accounts and Audit Regulations by facilitating the production of the 2016/17 Authority's Annual Governance Statement (to be approved by September 2017). The Service also co-ordinates the update of the Council's Strategic Risk Register.

3.6.   Plans take into account other audit, assurance or development work being undertaken in particular areas. This includes work by the External Auditor and reviews by other external bodies (which will include considering findings from the Information Commissioners Office Audit to be reported in March 2017). Accounts will be taken of other internal reviews which may relate, for instance, to work by Scrutiny and through the Transformation programme.

3.7   Time is allocated to follow up on control issues previously raised in 2016/17, including previous audit review work, to assess progress in implementing action plans, particularly where significant areas for improvement in controls have been identified. The plan highlights a number of follow up audits.

3.8   A specific category of audit time is also included to reflect the requirement for internal audit checks of information supporting particular grant claims.

3.9   The amount of time available to undertake the annual plan is identified, and individual areas of work selected taking into account the above factors. A contingency is also held to allow for unforeseen circumstances.

3.10   For reporting and monitoring purposes the plan is divided into a number of categories. Whilst the plan is divided into these categories it should be noted 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 may 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.

3.11   There are a variety of activities undertaken to fulfil the plan and in addition to conducting internal audit reviews which result in the issuing of audit reports, work may also include providing input to project / working groups, providing guidance and advice, and providing input to council policies and procedures. The Service also facilitates the production of a number of corporate reports presented to the Accounts and Audit Committee.

3.12   The report does not include reference to all work to be undertaken during the year. As issues are raised or areas of risk are identified on an ongoing basis, other areas are included through the year and existing plans reviewed. For some areas, further 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 CLT and the Accounts and Audit Committee will include reference to new work included in the work plan through the year. The 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 plans detailing work allocated to individual staff.

3.13   Time is set aside for the completion of reviews which had been included as part of the 2016/17 Plan. Work completed or in progress in 2016/17 and work carried forward to 2017/18 will be reflected in the Annual Head of Internal Audit Report to be issued by June 2017.

3.14   Assumptions in respect of available audit days are considered to provide the total planned days. For 2017/18, there are 1100 available days. Total staffing expected resources to deliver the plan amounts to 6.83 full time equivalent staff plus resources of 50 audit days purchased from Salford Internal Audit Services to undertake ICT audit work.

3.15   In addition to the 1100 planned days shown, it should be noted that further time is allocated for a number of other activities undertaken that are not reflected in the analysis 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 North West Internal Audit groups to share good practice, information gathering in support of the production of the audit

plan etc. Separate additional time allocations are given to individual staff to undertake these activities.

4.   Reporting / Performance Monitoring

4.1   Through the year, progress updates will be provided to CLT and the Accounts and Audit Committee (through quarterly updates and the Annual Head of Internal Audit Report) which will refer to details of performance, impact of audit and progress against the plan. This will include details of:

- Actual chargeable audit days against planned days allocated reported on a quarterly and annual basis.
- Number of audit opinion reports issued against that planned for the year (Target of 40 audit opinion reports to be issued in 2017/18, with any remaining opinion reports to be issued in quarter one of the following year (See Appendix 2 for planned reports to be issued).
- The impact of audit recommendations made in terms of both initial acceptance and also implementation (the latter identified through follow up audit work).
- A summary of feedback from managers in respect of client surveys, which is detailed in the Annual Head of Internal Audit Report.

4.2   Where reviews or other key areas identified in the 2017/18 Plan are not undertaken as scheduled, this will be reported in subsequent updates including the 2017/18 Annual Head of Internal Audit Report.

4.3   Updates through the year will also include commentary on Audit resources available if there are issues that may impact on completion of the plan.

5.   Internal Audit Plan Coverage 2017/18

5.1   The 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 Appendix 1, there is a summary of the planned work and an estimated time is allocated to each category. This includes an estimate of time profiled by quarter.

In Appendix 2, there is a listing of audit opinion reports to be issued. This also indicates reviews detailed in the plan where work will be undertaken in quarter one of 2017/18. There is also an explanation of the audit opinion levels.

5.2   **Fundamental Systems**

These are the core financial systems that provide key inputs for the production of the material balances in the Council's accounts.

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

Coverage will include review of the following systems during the year:

- Review carried forward from 2016/17 as rescheduled in agreement with Exchequer Services.
  - Accounts Receivable/Debt Recovery.

- Review completed on annual basis, covering the financial year 2016/17
  - Treasury Management.

- Financial systems subject to regular review which will include coverage of activity in both 2016/17 and part of 2017/18 up to the period of the review.
  - Payroll
  - Council tax
  - Business Rates
  - Housing Benefit/Council Tax reduction
  - Income Control
  - Accounts Payable

- Audit reviews of systems in relation to Adult Care and Children's Services:
  - Adult Social Care Liquid Logic/ContrOCC system (to include a follow up of recommendations made in the final audit report issued in January 2017).
  - Direct Payments (firstly to include issue of a report in relation to Direct payments relating to Children's Services and later in the year a follow up review in respect of the internal audit report issued in January 2017 in relation to Adult Services).

A final audit report is due to be issued in March 2017 in respect of Budgetary Control procedures across the Council. Further planned audit work in this area will be considered in liaison with Finance Services.

Time will also be set aside for other issues and developments arising where further audit input or advice may be appropriate. This will include time for Audit to work with Finance and other Services in considering future arrangements for the existing main accounting system, including its possible replacement.

5.3 **Governance**

Audit and Assurance will lead on reviewing and collating supporting evidence and assurances for the completion and approval of the Council's 2016/17 Annual Governance Statement (AGS) by September 2017. This will be completed using the CIPFA/SOLACE Governance framework and

guidance. (A report providing background and the timetable for the 2016/17 AGS was presented to CLT and the Accounts and Audit Committee in February 2017).

It is planned that Legal and Democratic Services will provide a lead in gathering assurance to produce the 2017/18 AGS. Audit is working with Legal and Democratic Services to support this change.

In respect of ethical governance, the Service will work with Legal and Democratic Services to consider the adequacy and effectiveness of existing procedures and guidance in the Council in respect of the declaration of interests, gifts and hospitality.

Audit will also liaise with counterparts in other Greater Manchester (GM) Councils and will set time aside for any assurance required to be provided in relation to GM wide issues.

Time will be set aside in the plan to provide internal audit input to other governance issues across the Council. This may take the form of sharing guidance or providing comment / advice in respect of ongoing developments which may also inform future planned audit work. This will include Audit liaising with service areas, for instance, in respect of significant developments through the year relating to governance issues both within the Council and though partnerships.

5.4   **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 regarding risks at a Directorate level.

The Service maintains corporate risk management guidance, available on the Council's intranet, which where applicable will continue to be updated through the year.

5.5   **Anti-Fraud & Corruption**

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

The Service will also continue to support the National Fraud Initiative (NFI) in co-ordinating the Council's approach in liaison with other Services to investigate data matches and reporting on progress. Outcomes will be reflected in Audit and Assurance updates including the 2017/18 Head of Internal Audit Annual Report.

Further to the issuing of the updated Anti-Fraud and Corruption Strategy and Policy in March 2017, Audit and Assurance will work with other relevant services within Transformation and Resources to consider any updates required to individual policies and guidance supporting the Strategy.

5.6 **Procurement / Contracts / 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 relevant legislation and the Contract Procedure Rules.

As part of internal audit planning, the Service continues to liaise with the STAR Shared Procurement Service and Internal Audit sections of the partner authorities (Stockport and Rochdale Councils). Audit plans continue to be co-ordinated with relevant findings shared to ensure an efficient audit process. In 2017/18, it has been proposed that the three authorities will co-ordinate review work to include the following areas, with the detailed scope to be agreed during the year:

- Procedures for maintaining the Contracts Register by STAR which have been developed since its formation (Rochdale Council to lead).
- Given the Contract Procedure Rules (CPRs) are now formally in place across all three authorities, review to include adherence to the CPRs in practice (Stockport Council to lead).
- An audit covering Social Value in procurement (in accordance with the Public Services Social Value Act 2012), incorporating follow up of the previous audit undertaken and monitoring in place across contracts within the authorities.(Trafford Council to lead).
- Procedures in relation to the financial vetting of firms tendering for contracts across the authorities which have been established by STAR (Trafford Council to lead).
- A review of the STAR Procurement Quality Management System, which has been recently established, incorporating key procedures and systems operated by the Shared Service.

Timing of the above reviews will be confirmed by the respective authorities during the early part of the year.

It should be noted that as part of the work undertaken for the Accounts Payable audit (5.2), this will include coverage of systems, procedures and controls around the use of Procurement Cards across Trafford Council.

Audit will continue to work with the EGEI Directorate to assist in monitoring levels of income due and received from the lease arrangement for Altrincham Market.

Time will also be set aside for any work carried forward from the previous year. This includes an audit review of the One Trafford Partnership covering governance and performance monitoring arrangements established by the Council with its partnership with Amey. Account will be taken of any findings from the Scrutiny review of this area.

5.7 **Information, Communications and Technology (ICT)**

The audit of ICT covers the review of procedures, processes and controls across a range of computer systems and technical solutions. Salford Internal Audit Services undertake a significant part of this work and also contribute to audit planning in respect of this area. The following audit reviews have been planned to date:

- Follow up of progress following the audit review undertaken in 2016/17 of the Council's IT Change Management processes.

- A review of the Council's controls in relation to software licensing.

- Review of cyber security as considered on an annual basis as an ongoing strategic risk.

- An IT application review of the HR/Payroll system, iTrent, is planned, which is the system used as part of the new shared service arrangement with Greater Manchester Police to jointly deliver transactional HR and payroll services,

- As agreed following the issue of the previous report, there will be further follow up of controls in relation to findings originally raised by the External Auditors in respect of access controls for the SAP financial system.

Time will also be set aside to review progress in managing risks relating to IT Disaster Recovery and Business Continuity which are currently being reviewed by ICT.

There will also be time to work to support ICT with the implementation of Payment Card Industry (PCI) standards.

This block of work may also cover, in liaison with Human Resources and other services, 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.

Work also encompasses wider information governance issues. As completed in previous years, Audit will work in liaison with the Information Governance (IG) team to provide an independent review of the assessment completed for the NHS IG Toolkit by the IG team prior to its submission.

The Information Commissioner's Office (ICO) carried out an audit of the Council in January 2017 and will be issuing a final report in March 2017. Time is set aside in the plan to consider priority areas arising from the audit report. This will include consideration of further additions to the Audit Plan taking into account priorities arising from the ICO Audit in respect of data protection issues as well as continuing to contribute to developments in Information Governance across the Council (Also see 5.11). Any further work added to the plan will be reported in the regular Audit and Assurance update reports through the year.

5.8 **Schools**

As part of the Schools Financial Value Standard, schools are required to submit a declaration to show adherence to the Standard by 31 March each year. Information submitted is utilised by Audit and Assurance to assist in planning and undertaking school audits.

Based on a risk assessment, taking into account the information above and from previous work undertaken at each school and liaison with the CFW Directorate and Finance Services, it is planned that at least 15 school audits will be undertaken. Audit reports will be issued as part of each audit review. Any audit reviews where a less than adequate audit opinion is issued will be followed up with a further audit visit either later in the year or in the following financial year.

In addition, Audit will continue to liaise with relevant services within CFW and Financial Management in relation to schools related issues including sharing findings and considering risk areas and future planned audit coverage.

5.9 **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 and areas identified by the Audit and Assurance Service. Reviews may cover individual services, establishments, functions and authority wide issues and risks to ensure a broad coverage of audit work across the Council.

For service/establishment related reviews, risks reviewed may encompass a number of areas of control such as procedures and responsibilities, adherence to legislation, budgetary control, Payroll/HR related processes, risk management, security (of cash, assets and data), expenditure; income collection and recording, performance monitoring and other areas specific to the objectives of the service under review.

Audit reviews are included in the plan as follows (with the relevant Corporate Directorate(s) shown in brackets:

- Establishment reviews:
  - Flixton House (T&R) - This establishment has recently transferred back from Trafford Leisure CIC to be operated by the Council and the review will include coverage in relation to income and expenditure control.
  - Altrincham Crematorium (T&R) - coverage to include follow up of control issues raised in previous audit work.
  - Old Trafford Library (T&R) - A new library is opening in 2017/18 in a building shared with other organisations and it was agreed with the Service that Audit will review controls and procedures established.
  - Partington Children's Centre (CFW) - The Council's other Children's Centre (Stretford) was audited in the previous year and this review will cover a range of areas as described above for establishment reviews.

- Service audit reviews in relation to:
  - Strategic Growth Team (EGEI) - Service review to include coverage of procedures, responsibilities and performance monitoring against service objectives.
  - Music Service (CFW) - Service review including a focus on income procedures.

- Other reviews:
  - Trafford Town Hall Catering - To cover procedures and controls for income collection (T&R)
  - Client Finances system (T&R/CFW) - Review of the new system being introduced in 2017/18 where the Council acts in the capacity of an Appointee or Deputy to manage the finances of vulnerable people
  - Reviews within Children's Services focussing on controls in relation to payment processes:
    - Foster care payments (CFW)
    - Section 17 Payments (CFW) - payments relating to purposes as set out in Section 17 of the Children's Act in relation to children in need and their families.

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

Follow up work in respect of previous audit work undertaken in 2016/17 will be completed. This will include follow up audit reviews of:

- Out of Borough School Placements (CFW) - To include follow up of recommendations made in the final audit report issued in February 2017.

- Coppice Avenue Library (T&R) – To include follow up of recommendations made in the final audit report issued in August 2016.

A number of other audit reviews completed in 2016/17 will be followed up. Further audits are not planned but managers will be asked to provide updates on progress made with previously agreed recommendations. These include the following:

- Sale Waterside Arts Centre (T&R) – Review of stock control processes.
- Stretford Library (T&R) – Establishment audit review.
- Parking Enforcement (EGEI) – Review of contract monitoring arrangements.
- Section 106 Agreements / Community Infrastructure Levy (EGEI) – Review of systems and controls in relation to the receipt of income or other benefits in kind which are used to fund infrastructure to mitigate the effects of the development or improve facilities for the community.
- Housing Waiting List (EGEI) – A review undertaken of the administration of the Housing Waiting List administered by Housing Options Service Trafford (HOST).
- Home to School Transport (CFW) – A review of procedures for administering and monitoring the provision of this service.
- Stretford Children's Centre (CFW) – Establishment review.

In agreement with respective Directorates, some reviews have been rescheduled from 2016/17 to be included in the 2017/18 Plan. These are as follows:

- Corporate Health and Safety (T&R) - Review of this area of strategic risk covering corporate processes in place.
- Let Estates (EGEI) - follow up of previous audit report and review of new systems established for administering the Council's Let Estates through the One Trafford Partnership with Amey.
- Planning Enforcement (EGEI) – Service review covering systems, procedures and controls to achieve the service objectives.

There will also be time allocated for the completion of any other work in progress as at the end of March 2017. This will be reflected in the 2016/17 Annual Head of Internal Audit Report. This will include work in relation to:

- Obtaining an update on progress made in relation to previous audit recommendations on Business Continuity (which will be taken into account for any update on this strategic risk to be included in the Council's 2016/17 Annual Governance Statement).

- Completion of follow up reviews of the following audits where a final report was previously issued and recommendations made were being followed up. This relates to systems and controls in relation to the following functions:
  -Taxi Licensing (EGEI)
  -Schools Catering (T&R)

There will also be time set aside to review other potential risk areas as raised through 2017/18.

5.10 **Data Quality/Grant Claims**

A block of time is included in the plan for review of grant claims and other data quality checks made through the year where the internal audit function is required as part of the review/sign off process.

Time allocated includes the Service continuing to provide a role in providing verification checks on claims made as part of the Council's Stronger Families programme. There will also be a requirement for Audit input to sign off the 2016/17 grant claim in respect of the Disabled Facilities Grant.

Audit is notified of grant claims and other returns to be checked at various stages during the year and work actually completed will be reported in Audit updates through the year and the in the Annual Head of Internal Audit Report.

5.11 **Service Advice / Project support**

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, and liaison with services.

The Audit and Assurance intranet site includes information on the role of Audit and associated guidance for services in respect of risk management, governance and anti-fraud and corruption. This will be updated where appropriate through the year.

Audit and Assurance will continue to contribute to the work of the Information Security Governance Board through the year.

Time will be set aside to contribute to projects relating to the Council's Transformation programme. This is planned to include contributing to the development of the Council's digital strategy and action plan.

Further to work completed in 2016/17, Audit will also include time to work with the Trafford Leisure Community Interest Company (CIC) in respect of advice on its financial controls, including controls relating to cash.

Account will always be taken of the primary objective of Internal Audit to complete assurance work and approval would be sought from CLT and the Accounts and Audit Committee before any significant unplanned consultancy work is agreed which would impact on the Internal Audit Plan.

2017/18 Operational Audit Plan – Allocation in Days   Appendix 1

Category	Details	Impact of Audit and Assurance's work	**Planned Days** (Profiled by each quarter of year – Q1/Q2/Q3/Q4)
Fundamental Systems	**Coverage, includes audits of fundamental financial systems reviews as described in section 5.2:** **Advice in relation to consideration of new systems.** **Audit Opinion Reports to be issued as listed in Appendix 2.**	**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.**	**230** (40/65/65/60)
Governance	**Coverage as described in section 5.3:** **Corporate Governance review work / collation of supporting evidence and production of the 2016/17 Annual Governance Statement.** **Ethical governance – work with Legal and Democratic Services to review procedures and guidance in respect of declaring interests, gifts and hospitality.** **Advice / assurance in respect of governance issues including partnership governance issues.**	**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.**	**40** (18/10/5/7)

Corporate Risk Management	Coverage as described in section 5.4: **Facilitating the updating of the Council's strategic risk register.** **Actions to support the Council's Risk Management Strategy including provision of guidance.**	**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 inspection and review.**	**25** (5/7/5/8)
Anti-Fraud & Corruption	Coverage as described in section 5.5: **Investigation of referred cases of suspected theft, fraud or corruption.** **Co-ordinate the Council's activity in respect of the National Fraud Initiative ensuring work completed across services in investigating data matches is progressed in accordance with Cabinet Office requirements.** **Other work to support the Ant-Fraud and Corruption Strategy, including where applicable working with other relevant services to review existing policies and guidance supporting the overarching strategy.**	**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.**	**100** (25/25/25/25)
Procurement / Contracts / Value for money	Coverage as described in section 5.6: **Review of procurement / contract management arrangements including systems in place and associated arrangements to secure value for money (Work will include liaison with the STAR Procurement Service and partner authority auditors).**	**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.**	**80** (10/20/20/30)

		Audit Opinion Reports to be issued as listed in Appendix 2.		
Information, Communications and Technology		Coverage as described in section 5.7: ICT Audit reviews and advice conducted by Salford Internal Audit Services. ICT related investigations where applicable. Information Governance – review of the NHS IG Toolkit. Also support to the Council in following up issues raised through the ICO Audit. Audit Opinion Reports to be issued as listed in Appendix 2.	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. Contribution to the further development of the Council's information governance arrangements.	**70** (10/18/20/22)
Schools		Coverage as described in section 5.8: Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard. Audit reviews of schools – at least 15 audit opinion reports to be issued during the year. Planned audits to date are listed in Appendix 2.	Supports improvements in standards of governance and control in schools and supports process to enable achievement of standards set by the DfE.	**170** (50/30/45/45)

Assurance – Other Key Business Risks	Coverage as described in section 5.9: Audits selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews include authority wide issues and areas relating to individual services, establishments and functions. Includes: - Audit reviews - Follow up reviews including further audits and gaining assurance from service updates. Audit Opinion Reports to be issued as listed in Appendix 2.	This work enables Internal Audit to provide a breadth of assurance across the Council that there are adequate governance and control arrangements in place, that policies and procedures are being implemented, that risks are being managed, and outcomes delivered.	**230** (40/50/50/90)
Grant claims checks / Data Quality	Coverage as described in section 5.10: Internal audit checks of grant claims / statutory returns as required: Audit and Assurance to be advised through the year of grant claims and other returns to be checked/signed off.	Ensuring the Council adheres to requirements in submitting relevant grant claims where Internal Audit input is required, providing assurance regarding the accuracy of data and supporting information reviewed.	**35** (5/10/10/10)
Service Advice / Projects	Coverage as described in section 5.11: General advice, both corporately and across individual service areas. Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues. To Include: - contributing to work of the Information Security Governance Board;	Support to services, groups, project teams etc. around the relevance and application of corporate policies, procedure rules and good governance arrangements. Contributing to the delivery of effective project outcomes including input to the consideration of key risks and appropriate controls considered in the development of new systems, functions and procedures.	**60** (15/15/15/15)

		- contributing to the development of the Digital Strategy; **- Advice to Trafford Leisure CIC on financial controls.**	
		Total Allocated Days	**1040** (218/250/260/312)
		Contingency (To cover additional / unexpected work and any unexpected reductions in available staff days).	**60**
		Total Planned Days	1100
		Available Days	**1100**
		Surplus/Deficit for Year	**0**

2017/18 Internal Audit Plan – Audit Opinion Reports

Category	**Audit Opinion Reports**
Fundamental Systems	- Accounts Receivable & Debt Recovery (T&R) * - Treasury Management (T&R) * - Council Tax (T&R) * - Payroll (T&R) - Income Control (T&R) - NDR (T&R) - Benefits/Council Tax reduction (T&R) - Accounts Payable (T&R) - Liquid Logic/ContrOCC system (CFW/T&R) - Direct Payments (CFW)
Procurement / Contracts / Value for money	- One Trafford Partnership (EGEI) * - Contracts Register (STAR Authorities – Rochdale lead) (T&R) - Financial vetting of firms (STAR Authorities – Trafford lead) (T&R) - STAR Quality Management System (STAR Authorities – Stockport lead) (T&R) - Social Value in Procurement (STAR authorities – Trafford lead) (T&R/Authority Wide) - Contract Procedure Rules (STAR Authorities – Stockport lead) (T&R/Authority-Wide)
ICT Audit	- SAP financial system access controls (T&R) * - IT Change Management follow-up audit (T&R) - Software Licensing (T&R) - Cyber Security (T&R) - ITrent System IT Application Controls (T&R)
Schools	15 Opinion Reports to be issued. The full list of audits to be confirmed through 2017/18 but to include reports to be issued for: - Barton Clough Primary School*

	- Bollin Primary School * - Wellfield Junior School * - Moss Park Infant School * - Trafford High School
Assurance – Other Key Business Risks	- Corporate Health and Safety (T&R/Authority-wide) * - Schools Catering – follow up (T&R) * - Coppice Avenue Library – follow up (T&R) * - Let Estates (EGEI) * - Taxi Licensing – follow up (EGEI) * - Flixton House (T&R) - Altrincham Crematorium (T&R) - Old Trafford Library (T&R) - Trafford Town Hall - Catering Income (T&R) - Planning Enforcement (EGEI) - Strategic Growth Team (EGEI) - Partington Children's Centre (CFW) - Music Service (CFW) - Client Finances system (T&R/CFW) - Foster Care payments (CFW) - Section 17 Payments – Children (CFW) - Out of Borough School Placements – follow up (CFW) .

*Denotes reviews being undertaken in Quarter One of 2017/18. Planned completion of work in remainder of the year to be advised in subsequent quarterly Audit and Assurance update reports.

Audit Opinion Levels

For the reviews listed in Appendix 2, an audit report will be issued and an audit opinion will be provided. Opinion levels are set as follows:

Audit Opinion Level	Description
High	Very good standard of control. All high risk areas are adequately controlled.
Medium/High	Good standard of control. A small number of high risk areas require control improvements.
Medium	Adequate standards of control. Control improvements are required for a number of high risk areas.
Low/Medium	Marginal standard of control. Some business risks are controlled effectively. Control improvements are required for a significant number of high risk areas.
Low	Unsatisfactory standard of control. Controls in place to address business risks are not adequate.

TRAFFORD COUNCIL

Report to: **Accounts and Audit Committee**
Date: **28 March 2017**
Report for: **Approval**
Report of: **Audit and Assurance Manager**

Report Title

Audit and Assurance Service – Internal Audit Charter and Strategy

Summary

To provide the Accounts and Audit Committee with the Internal Audit Charter and Internal Audit Strategy documents for approval following their recent review. The documents were previously updated in March 2016 and have recently been reviewed and updated, in agreement with the Corporate Leadership Team, to reflect a number of changes as outlined in Section 2 of the report.

Recommendation

The Accounts and Audit Committee is asked to approve the Internal Audit Charter and Strategy.

Contact person for access to background papers and further information:

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

Background Papers:
None

1. Introduction and Background

1.1 This report sets out the updated Internal Audit Charter and Strategy.

1.2 The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit function provided by the Audit and Assurance Service, and the Internal Audit Strategy describes the arrangements in place to deliver internal audit so as to ensure that the objectives of the Service are met and the scope understood.

1.3 These key documents are subject to regular review and approval by the Corporate Leadership Team (CLT) and the Accounts and Audit Committee. They were last reviewed and approved in March 2016 and have been further reviewed and updated. This is to reflect changes made to ensure conformance with the UK Public Sector Internal Audit Standards (PSIAS), which have been revised since the Charter and Strategy were last approved.

1.4 It is anticipated that there will be further updates to the PSIAS and where applicable the Internal Audit Charter and Strategy will be reviewed and updated further as necessary in 2017/18.

1.5 The main revision to the Charter and Strategy is to reflect the Mission of Internal Audit and also the Core Principles for the Professional Practice of Internal Auditing as defined in the PSIAS. These are set out in Section 3 of the Internal Audit Charter and also referred to in section 2.1 of the Internal Audit Strategy.

1.6. The other amendments made to both the Charter and Strategy relate to any references previously made to the "Corporate Management Team" being changed to now state "Corporate Leadership Team".

1.7 As previously reported, as part of the PSIAS, there is a requirement that an external assessment of Internal Audit is undertaken at least every 5 years. A number of options for undertaking the external assessment were reviewed, which initially included discussions through the North West Heads of Internal Audit group. Options considered included a peer review process (involving North West local authorities) and also assessments by other professional bodies.

1.8 As reported in September 2016, these options were considered in consultation with the Chair and Vice Chair of the Accounts and Audit Committee and it was agreed that the external assessment would be completed in 2017/18 by the Chartered Institute of Public Finance and Accountancy (CIPFA). The assessment is required to be completed by March 2018. The Audit and Assurance Manager will confirm the timing and proposed scope of the assessment with CIPFA, details of which will be agreed by the Chief Finance Officer and Chair of the Accounts and Audit Committee.

Internal Audit Charter

Audit and Assurance Service (March 2017)

TRAFFORD COUNCIL

AUDIT AND ASSURANCE SERVICE - INTERNAL AUDIT CHARTER

1.   Introduction

1.1   Section 151 of the Local Government Act 1972 requires Councils to "make arrangements for the proper administration of their financial affairs". More specific requirements are detailed in the Accounts and Audit Regulations 2015 in that the relevant authority must "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

1.2   The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit function at Trafford which is provided by the Audit and Assurance Service.

1.3   The Audit and Assurance Service is required to operate in accordance with the UK Public Sector Internal Audit Standards. The Standards are mandatory for all internal auditors working in the UK Public Sector.

2.   Definitions

Internal Audit

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

2.2   CIPFA provide further details in their PSIAS Local Government Application Note : "Internal audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. It may also undertake consulting services at the request of the organisation, subject to there being no impact on the core assurance work and the availability of skills and resources.

The "Board" and "Senior Management"

2.3   The Public Sector Internal Audit Standards (PSIAS) require that the internal audit charter defines the terms 'board' and 'senior management' in relation to the work of internal audit. For the purposes of internal audit work, the 'board' refers to the Council's Accounts and Audit Committee which has delegated responsibility for overseeing the work of internal audit. The term senior management will be defined on

an individual basis according to individual context but will usually refer to the Corporate Leadership Team (CLT).

3. **Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing**

3.1 The Mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. In order to achieve this, in accordance with the PSIAS, it should operate in accordance with the following core principles:

- Demonstrates integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement.
- Communicates effectively
- Provides risk-based assurance
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

4. **Status**

4.1 The Audit and Assurance Service forms part of Finance Services within the Transformation and Resources Directorate.

4.2 Internal Audit's authority derives directly from its statutory responsibilities and the Procedure Rules established by the Council.

4.3 The responsibility for the production and execution of the internal audit plan and subsequent audit activity rests with the Audit and Assurance Manager. The Audit and Assurance Manager reports to the Chief Finance Officer but will report directly to the Chief Executive where required.

5. **Reporting Lines**

5.1 The work of the Audit and Assurance Service is reported directly to the Chief Executive; to members via the committee charged with responsibility for audit and governance (The Accounts and Audit Committee, defined by the term "Board" under PSIAS) and to Executive members. The work of the Accounts and Audit Committee is also reported annually to the Council.

5.2 Internal audit assignments are the subject of formal reports. These reports are sent to the relevant Corporate Director and Head of Service together with relevant managers. The Executive member with portfolio responsibility, Chief Executive, Corporate Director – Transformation and Resources, Chief Finance Officer and External Audit will receive

copies of the internal audit reports. The Monitoring Officer will also receive copies of audit reports at the discretion of the Audit and Assurance Manager. Reports are issued initially as drafts and, following agreement as to contents and responsibility for implementing recommendations, a final report is issued. The Accounts and Audit Committee is provided with a listing on a quarterly basis of each audit report, summarising the findings and stating the audit opinion given.

6. <u>Independence</u>

6.1 The Audit and Assurance Service will be sufficiently independent of the activities being audited so that auditors are able to make impartial and effective professional judgements and recommendations.

6.2 Internal Audit will determine its priorities in consultation with the Accounts and Audit Committee.

6.3 The Audit and Assurance Manager will report impartially in his or her own name.

6.4 Where internal audit staff have a perceived or real conflict of interest in undertaking a particular piece of work (whether for personal reasons or through undertaking any non-audit duties), this will be managed through the internal audit management and supervisory process. Work will be re-assigned where appropriate. Staff are required to declare any potential conflict of interest and a signed declaration from each member of staff is required on an annual basis.

6.5 Adequate budgetary resources will be made available to enable the Internal Audit function to maintain its independence.

7. <u>Responsibilities</u>

7.1 The main objective of the Audit and Assurance Service is to provide the Council with an independent and objective opinion on the Council's control environment.

7.2 The Audit and Assurance Service should play a key role in shaping the ethics and standards of the Council and where appropriate, act as a catalyst for change and improvement.

7.3 The scope of internal audit work will cover all the Council's activities and encompass both the financial and non-financial aspects of the control environment. This includes activities undertaken in partnership with other organisations where assurance will be sought in accordance with agreed protocols including access rights.

7.4 Internal audit work comprises an independent and objective review of the control environment. The key elements of the control environment include:

(a) Establishing and monitoring the achievement of the organisation's objectives

(b) The facilitation of policy and decision making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the council, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties

(c) Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which the council's functions are exercised, having regard to a combination of economy, efficiency and effectiveness

(d) The financial management of the Council and the reporting of financial management

(e) The performance management of the Council and the reporting of performance management.

7.5   The Council's assurance and performance management framework will be taken into consideration when determining the work of Internal Audit. The key elements of the assurance and performance management framework are:

- Risk management both at the strategic and operational levels
- The monitoring of key Council objectives and targets by the Corporate Leadership Team
- Business planning - the identification and monitoring of key business targets by individual services
- Self-assessments by managers of the operation of controls for which they are responsible
- Reviews by External Audit
- Reviews by other external agencies
- Scrutiny reviews
- Previous work of Internal Audit and the Accounts and Audit Committee.

7.6   Particular attention will be devoted to any aspects of the control environment affected by significant changes within the organisation's risk environment.

7.7   The Audit and Assurance Manager will also make a provision, in the scope of Internal Audit's work, to form an opinion where key systems are operated by the Council on behalf of other bodies or other bodies are operating key systems on behalf of the Council.

7.8   Where the Council works in partnership with other organisations, the role of Internal Audit will be defined on an individual basis.

7.9   The Audit and Assurance Manager will give an opinion on the operation of the Council's control environment in the annual Head of Internal Audit report.

7.10 The Audit and Assurance Service will also take a lead role in supporting the work of the Accounts and Audit Committee. This will include co-ordinating the committee's work programme in agreement with committee members and supporting the committee to report on its work undertaken.

8. Fraud and Corruption

8.1 The Audit and Assurance Service works with other services including the Counter Fraud and Enforcement Team, Human Resources and Legal Services to maintain the Council's anti-fraud and corruption policy, strategy and supporting guidance. The Service also works with others to raise awareness of anti-fraud measures across the Council and fraud risks are considered as part of Internal Audit review work.

8.2 The Audit and Assurance Manager will be informed of suspected or detected fraud, corruption or impropriety, so that he or she can consider the adequacy of the relevant controls and evaluate the implications of fraud and corruption for his or her opinion on the internal control environment.

9. Access

9.1 The Audit and Assurance Service will have unrestricted direct access to all members, council personnel, records (whether manual or computerised), cash, stores, and other assets and may enter council property or land to obtain such information and explanations considered necessary to fulfil the responsibilities of an internal audit function. Such access shall be granted on demand and not be subject to prior notice and will also extend to partner bodies or external contractors working on behalf of the authority insofar as such access relates to work carried out or services provided on behalf of or in partnership with the authority. In respect of issues where clarity may be required in relation to access rights e.g. in relation to specific partnership arrangements, Audit and Assurance will seek advice, e.g. from relevant service areas such as Legal Services.

10. Limitations of Internal Audit Responsibilities

10.1 In seeking to discharge the responsibilities detailed above, and in line with the responsibilities of Internal Audit set out in section 7 above, it should be noted that the Internal Audit function is not responsible for:

- Controlling the risks of the authority.
- Establishing and maintaining systems of internal control.
- Determining operational policies or procedures.

11. Resources

11.1 The Audit and Assurance Manager will hold a relevant professional qualification; have wide experience of audit and management and will

be responsible for ensuring that the Audit and Assurance Service is appropriately staffed in terms of numbers, grades, qualification levels and experience.

11.2   The Audit and Assurance Manager will ensure that appropriate provision is made for maintaining and developing the competence of audit staff. All internal auditors will undertake a programme of continuing professional development to maintain and develop their skills. A record of training and development undertaken and planned will be maintained.

11.3   The Audit and Assurance Manager is responsible for ensuring that the resources of the Audit and Assurance Service are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient this will be formally reported to the Section 151 Officer, Chief Executive and, if the position is not resolved, to Members charged with responsibility for audit and governance (Accounts and Audit Committee).

12.   <u>Consultancy</u>

12.1   Consultancy comprises the range of services, other than assurance services, provided by Internal Audit to assist management in meeting the objectives of the Council. This may include facilitation, process design, training, and advisory services. The Audit and Assurance Manager will be responsible for deciding what level of consultancy support Internal Audit can provide. The scope of any consultancy work will be agreed with management and will only be undertaken where resources permit without impacting on the planned annual assurance process. Account will always be taken of the primary objective of Internal Audit to complete assurance work and approval would be sought from the Accounts and Audit Committee before any significant unplanned consultancy work is agreed which would impact on the Internal Audit Plan.

13.   <u>Review</u>

13.1   The Internal Audit Charter will be subject to regular review, the results of which will be reported for approval by the Corporate Leadership Team and the Accounts and Audit Committee.

Mark Foster
Audit and Assurance Manager
March 2017

Internal Audit Strategy

Audit and Assurance Service (March 2017)

TRAFFORD COUNCIL AUDIT AND ASSURANCE SERVICE

INTERNAL AUDIT STRATEGY

1. **Introduction**

1.1   The Internal Audit Charter defines the objectives and scope of Internal Audit. The Internal Audit Strategy set out in this document details the arrangements in place to deliver internal audit so as to ensure that the objectives of the Audit and Assurance Service are met and the scope of it understood.

1.2   The Audit and Assurance Service is required to deliver a risk-based audit plan in a professional independent manner, to provide the Council with an opinion on the level of assurance it can place upon the internal control environment, and to make recommendations to improve it.

1.3   The Strategy Statement below sets out the key requirements for ensuring the Audit and Assurance Service fulfils its role effectively. The Statement sets out the overarching vision and aims of the Service. Details of how these requirements are to be met are set out in sections 3 to 8 of the Strategy.

2. **Strategy Statement**

2.1   The Mission and Core Principles for Internal Audit are defined in the Internal Audit Charter, in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Audit and Assurance should work to these in its planning and service delivery. (See Section 3.1 of the Internal Audit Charter).

2.2   The Audit and Assurance Service plays a key role in shaping the ethics, values and standards of the Council. The Service should be professional, challenging and innovative, acting as a catalyst for change and improvement by:

- Ensuring its work adds value and maximises assurances to the Council about its positive impact on the achievement of corporate objectives and service delivery;
- Having a sound knowledge of the organisation, being forward looking and aware of local, regional and national agendas and their impact on the Council;
- Ensuring the service is flexible, works in partnership with managers, invests in good working relationships with all stakeholders and responds effectively to the changing needs of the Council;
- Having sufficient resources to effectively deliver the vision and uphold professional standards, particularly officer

resources with the number, skills mix, knowledge and experience to achieve this.

3. **Service Provision**

3.1 The Internal Audit function is provided by the Audit and Assurance Service, which is part of Finance Services within the Transformation and Resources Directorate. Day to day management is the responsibility of the Audit and Assurance Manager who reports to the Chief Finance Officer (Section 151 Officer). The Service maintains independence in its reporting as set out in its Charter and associated procedures.

3.2 Internal audit services to the Council are currently provided by in-house resources and are complemented by bought-in resources as follows:

- Specialist ICT audit resources are provided by Salford Internal Audit Services. This arrangement was originally agreed by the Association of Greater Manchester Authorities as part of a review of joint working whereby Salford City Council provide specialist resources for use by all the Greater Manchester authorities. These specialist resources are used to complement in-house resources.
- Internal audit resources will be bought-in if the Audit and Assurance Manager, in agreement with the Chief Finance Officer, considers this to be necessary to ensure completion of the internal audit plan, and if resources permit this approach. The engagement of bought-in internal audit resources will be reported to members charged with the responsibility for audit and governance. (Recognition will be given to potential conflicts of interest where bought in internal audit resources also provide non internal audit services to the Council).

3.3 The Audit and Assurance Manager is responsible for ensuring that all internal audit work complies with the Internal Audit Charter and the Public Sector Internal Audit Standards.

4. **Audit Planning**

4.1 A risk based Audit and Assurance Service plan will be produced on an annual basis. This will be derived from the 'Audit Universe' which comprises all auditable areas in the control environment (the internal control environment encompassing internal control, risk management and governance arrangements). Work will be planned to ensure adequate assurance is provided towards the completion of the Council's Annual Governance Statement.

4.2 Resources will be allocated taking into account assurance levels required, risks involved and the potential impact of the work. The planned programme of work will be informed by:
   - assurance required to be provided as a Council

- assurance gained from other sources other than internal audit work including external audit and other inspectorates, service self-assessments etc.
- knowledge and understanding of the organisation including future priorities and potential impacts
- detailed consultation with key stakeholders.

4.3 Factors to be taken into account when undertaking a risk assessment of auditable areas will take account of the council's assurance and performance management framework including:
- Risk management both at the strategic and operational levels
- Monitoring of key council objectives and targets by the Corporate Leadership Team
- Directorate and Service Business Planning arrangements
- Governance and control self-assessments by managers of the operation of controls for which they are responsible
- Reviews by External Audit and other external agencies
- Other internal reviews including scrutiny work
- Previous internal audit and Accounts and Audit Committee findings.

4.4 The Annual Internal Audit Plan lists the areas to be audited and the resources required. Audit reviews and other programmes of work will focus both on strategic and operational issues. To ensure adequate flexibility, audit work will involve a number of different methods of delivery i.e. traditional internal audit reviews; provision of guidance; awareness raising; advice to project / working groups etc. The plan will be prepared to ensure:
- Fundamental financial systems are reviewed on a cyclical basis.
- Adequate resources are set aside for anti-fraud and corruption work including investigating suspected cases and raising awareness across the Council.
- Adequate resources are included to enable reviews of the Council's corporate governance and risk management arrangements.
- The Council's ICT systems are subject to adequate internal audit coverage.
- Procurement and contracts arrangements across the council are reviewed.
- Internal Audit fulfils its role in auditing schools, supporting the process by which schools are required to meet the Schools Financial Value Standard.
- Adequate coverage of other key business risks including individual coverage of authority-wide issues, individual services, establishments, partnerships, programmes and projects.

4.5   Provision is made to follow up work completed in previous periods. The plan also contains a contingency for unforeseen changes which may necessitate a change in priorities.

4.6   The Internal Audit Plan is flexible and will be kept under review and will be revised to take account of changes in the risk environment. Significant changes in the plan will be reported to the Corporate Leadership Team and to the Accounts and Audit Committee.

5.   **Service Delivery**

5.1   There will be close working with management in agreeing the scope of individual audit assignments. The planning and scoping process takes into account any significant factors, developments and key risks to ensure the internal audit review of that area will add value for the Council.

5.2   The ongoing development of the Audit and Assurance Service's knowledge base will provide an effective source of information as part of the planning process. Knowledge will be developed by various means including ongoing liaison and discussion with managers and other key stakeholders.

5.3   Individual Audit and Assurance projects will have, within the overall project time allocation, planned time to allow the Audit and Assurance Officer(s) to research and build their knowledge of the area (proportionate to the nature/complexity of the review).

5.4   The Audit and Assurance Manager will ensure that there are documented protocols and procedures for planning and conducting audits, setting out the standards for the service. These will be set out in the Audit Manual. The Audit and Assurance Manager will monitor performance against the standards set out in the Audit Manual and other relevant documents.

6.   **Reporting**

6.1   Reporting arrangements for the Audit and Assurance Service are set out in protocols which form an integral part of the Service's Audit Manual.

6.2   The approach to reporting, delivering opinions and supporting conclusions, and developing associated improvement actions will be flexible. This will be to ensure that officer resources are effectively utilised, the needs of recipient managers/stakeholders are met, the necessary assurance is provided and the form of reporting maximises ownership and impact of resulting improvement actions / organisational change being recommended.

6.3   For individual audit assignments, where internal audit recommendations are made, these will be discussed with management prior to the issue of audit reports. The findings from the audit will be reported, clearly identifying and explaining the key risks and control weaknesses, with the relative priority of recommendations clearly communicated. Following each audit, the client manager will have the opportunity to provide feedback via the client satisfaction survey.

6.4   Progress against the annual internal audit plan will be monitored by the Audit and Assurance Manager and reported to the Corporate Leadership Team and to the Accounts and Audit Committee on a regular basis.

6.5   The Audit and Assurance Service will give an overall opinion each year on the Council's risk management, control and governance arrangements to support the Annual Governance Statement. The Internal Audit opinion on the control environment will be given in the Annual Head of Internal Audit Report, which will be presented to the Corporate Leadership Team and the Accounts and Audit Committee.

7.   Staffing / Resources

7.1   In order to deliver the Internal Audit Strategy and comply with professional standards, it is important that the Audit and Assurance Service comprises staff with the appropriate skills and experience.

7.2   Audit and Assurance officers are expected to undertake continuing professional development as appropriate and undertake training / development activities, both for personal development and to ensure there is an effective skills balance within the Service.

7.3   The Service operates personal development and review processes in line with the Council's policy as well as professional good practice. Ongoing training and development needs are identified as part of this process. In addition to internal training, such as through e-learning, shadowing the work of colleagues etc, available training provided by key providers such as CIPFA and IIA is considered and where appropriate included within the ongoing programme of training. Training and development needs are reviewed regularly.

7.4   The Service has a clearly defined code for staff encompassing ethics, conduct and values in accordance with the Public Sector Internal Audit Standards. Staff are required to complete and sign a declaration statement in line with the PSIAS Code of Ethics.

7.5   If resources, including staffing, are insufficient for the Audit and Assurance Service to provide an opinion on the control environment, the Audit and Assurance Manager will report this to the Chief Finance Officer, Chief Executive and to the Accounts and Audit Committee.

8.   Ongoing Development Actions

8.1   The Service reviews its procedures, systems and working methods on a regular basis. This includes a review, at least annually, against the Public Sector Internal Audit Standards through either an internal or external assessment. Details are reported to the Accounts and Audit Committee within the Head of Internal Audit Annual Audit Report. The Service has a Quality Assurance Improvement Programme setting out its quality review processes in place which includes details in respect of both internal and external assessments.

8.2   There are a number of areas that are subject to ongoing or periodic review to ensure standards are maintained and where possible improvements made. The following will continue to be considered as part of ongoing service planning and monitoring of performance:

-    Consider the ongoing appropriateness / application of audit procedures and protocols both in ensuring these continue to meet the organisation's requirements and remain in accordance with the Public Sector Internal Audit Standards.
-    Continue to consider and where appropriate, adopt, various approaches to audit reporting taking into account client feedback.
-    Continue to consider training and development needs of staff to ensure there remains adequate knowledge and expertise in specific areas of audit activity.
-    As part of ongoing audit planning, continue to consider the approach to gathering assurance including collaboration with other Internal Audit providers e.g. in respect of audit reviews of partnerships and other arrangements where there is collaboration between organisations.
-    Continue to consider appropriate means of raising awareness of key governance and control issues. Ensure content on the Audit and Assurance Intranet site is regularly reviewed to ensure it is up to date and provides effective guidance.
-    Ensure methods of working take into account any changes in the organisational structure, accommodation issues, technology, agile working protocols etc.

9.   Review

9.1   The Internal Audit Strategy will be subject to regular review, the results of which will be reported to the Accounts and Audit Committee and the Corporate Leadership Team.

Mark Foster
Audit and Assurance Manager
March 2017

Quality Assurance Improvement Programme - Audit and Assurance Service

Audit and Assurance Service (March 2017)

TRAFFORD COUNCIL AUDIT AND ASSURANCE SERVICE

Quality Assurance Improvement Programme

1. **Introduction**

1.1 The Audit and Assurance Service Quality Assurance and Improvement Programme (QAIP) is in place to provide reasonable assurance to the various stakeholders of the Internal Audit activity that the Service:

- Performs its work in accordance with its Charter, which is consistent with The Public Sector Internal Audit Standards' (PSIAS) definition of Internal Auditing and Code of Ethics;
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and improving Internal Audit's operations.

1.2 The QAIP covers Internal Audit activity in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:
- Monitoring the Internal Audit activity to ensure it operates in an effective and efficient manner;
- Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics;
- Helping the Internal Audit activity add value and improve organisational operations;
- Undertaking both periodic and on-going internal assessments (Standard 1311); and
- Commissioning an external assessment at least once every five years, the results of which to be are communicated to the Accounts and Audit Committee (in accordance with Standard 1312 and 1320).

2. **Internal Assessments**

2.1 In accordance with PSIAS Standard 1311, internal assessments are undertaken through both on-going and periodic reviews.

On-going Reviews

2.2 Continual assessments are conducted through:

- Management supervision of each audit review;
- Audit policies and procedures used as set out in in the Internal Audit Strategy and Audit Manual for each assignment in order to comply with appropriate planning, fieldwork and reporting standards;
- Review and approval of all final reports including recommendations and levels of assurance by the Audit and Assurance Manager.
- Feedback from audit clients obtained through a client survey issued following each internal audit review. A summary analysis of

responses received is included in the Annual Head of Internal Audit report.

- Monitoring of internal performance to feed into regular reporting to the Corporate Leadership Team and Accounts and Audit Committee.

Periodic Review

2.3 Periodic assessments/reviews are conducted through:

- Quarterly and Annual Reporting to the Corporate Leadership Team and the Accounts and Audit Committee on the work of Internal Audit.

- Annual self-assessment against the Public Sector Internal Audit Standards with a summary of the outcome of this exercise reported in the Annual Head of Internal Audit Report, including any key improvement actions planned.

- Performance review of individual audit staff through the Council's Performance Development Review (PDR) process.

3. **External Assessments**

3.1 External assessments will appraise and express an opinion about Internal Audit's conformance with the PSIAS' Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.

Frequency of External Assessment

3.2 An external assessment will be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the External Assessment will be agreed with the Section 151 Officer and Chair of the Accounts and Audit Committee.

Scope of External Assessment

3.3 The scope of the external assessment will consist of the following elements of Internal Audit activity:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and Internal Audit's Charter, plans policies, procedures, practices, and any applicable legislative and regulatory requirements;
- Integration of the internal audit activity into the Council's governance and reporting framework;
- Processes undertaken by Internal Audit;
- The mix of knowledge, experiences, and disciplines within the staffing structure;

- A determination whether Internal Audit adds value to governance, risk management and internal control within the Council.

3.4 Results of external assessments will be provided to the Accounts and Audit Committee. The external assessment report will be accompanied by a written action plan in response to recommendations identified. Any significant areas of non-compliance will be reported in the Annual Head of Internal Audit Report and where applicable, considered for inclusion in the Annual Governance Statement.

4. Review of the QAIP

4.1 This document will be appropriately updated following any changes to the PSIAS or Internal Audit's operating environment and will be reviewed on a regular basis.

TRAFFORD COUNCIL

Report to: **Executive**
Date: **27 March 2017**
Report for: **Discussion**
Report of: **The Executive Member for Finance and the Chief Finance Officer**

<u>**Report Title:**</u>

Budget Monitoring 2016/17 – Period 10 (April 2016 to January 2017).

<u>**Summary:**</u>

The purpose of this report is to inform Members of the current 2016/17 forecast outturn figures relating to both Revenue and Capital budgets. It also summarises the latest forecast position for Council Tax and Business Rates within the Collection Fund.

<u>**Recommendation(s)**</u>

It is recommended that:

    a) the Executive note the report and the changes to the Capital Programme as detailed in paragraph 22.

<u>**Contact person for access to background papers and further information**</u>:

David Muggeridge, Finance Manager, Financial Accounting   Extension: 4534

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Value for Money
Financial	Revenue and Capital expenditure to be contained within available resources in 2016/17.
Legal Implications:	None arising out of this report
Equality/Diversity Implications	None arising out of this report
Sustainability Implications	None arising out of this report
Resource Implications e.g. Staffing / ICT / Assets	Not applicable
Risk Management Implications	Not applicable
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

Other Options

Not Applicable

Consultation

Not Applicable

Reasons for Recommendation

Not Applicable

Finance Officer Clearance   *………GB………*
Legal Officer Clearance   *………JLF……*

CORPORATE DIRECTOR'S SIGNATURE:

REVENUE BUDGET

Budget Monitoring - Financial Results

1. The approved budget agreed at the 17 February 2016 Council meeting was £147.32m. In determining the original budget an overall gap of £22.64m was addressed by a combination of additional resources of £6.26m, including projected growth in business rates, council tax and use of general reserve and £16.38m of service savings and additional income.

2. As described in section 2 of the 2017/18 Budget Report, Trafford will be part of the 100% business rates retention GM pilot from April 2017. In preparation it has been necessary to re-align some business rates related budgets (i.e. section 31 grants and GM Pool Levy/Rebates) totalling £623k from the Council-wide budget classification to the Funding classification in 2016/17. Although this is only presentational it does result in both the net budget and funding reducing for 2016/17 to £146.70m.

3. As a result of this presentational change it is now appropriate to report both service expenditure performance and variations to funding levels. This reporting change is designed to make funding changes more transparent which will be particularly important in 2017/18 under 100% business rates retention.

Service Expenditure Summary Position

4. Based on the budget monitoring for the first ten months, the year end forecast is showing an underspend figure of £141k compared to a £670k underspend reported at period 8. This underspend will be transferred to the budget support reserve at year end. The adverse movement of £529k is made up of a number of movements since period 8 and is explained below:-

   a reduced overspend on service budgets of £456k

   - reduction in projected overspend in children's services £344k;
   - increased overspend in adult social care services £136k;
   - reduced saving in EGEI £38k;
   - increased saving in T&R £286k

   an adverse movement on Council-wide budgets £985k explained by:-

   - business rate levy saving now shown under funding £499k;
   - further release of contingency budgets £224k;
   - additional housing benefit overpayment recovery and other savings £111k;
   - contribution to an earmarked reserve to provide for an in year increase in both the level and cost of business rate appeals £821k.

Funding Summary Position

5. There is a projected reduction in overall funding to support the budget mainly attributed to an increase in the level and cost of business rate appeals. This one-off shortfall, which has been caused by the need to increase the appeals provision, of £2.23m can be financed in year from the remaining balance on the

MAG earmarked reserve of £1.41m (as previously planned and reported) and the further contribution to reserves of £821k as detailed in paragraph 4 above.

6. Detailed below in Table 1 is a summary breakdown of the service and funding variances against budget, with Table 2 providing an explanation of the variances.

Table 1: Budget Monitoring results by Service	2016/17 Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)	Percent-age
Children's Services	29,836	31,881	2,045	6.9%
Adult Services (Inc. Public Health)	46,899	47,415	516	1.1%
Economic Growth, Environment & Infrastructure	31,941	31,585	(356)	(1.1)%
Transformation & Resources	17,034	15,851	(1,183)	(6.9)%
Total Service Budgets	**125,710**	**126,732**	**1,022**	**0.8%**
Council-wide budgets	20,987	19,824	(1,163)	(5.5)%
Forecast outturn (period 10)	**146,697**	**146,556**	**(141)**	**(0.1)%**
Funding				
Revenue Support Grant	(22,989)	(22,989)	-	-
Business Rates (see para. 20)	(38,311)	(36,081)	2,230	5.8%
Council Tax (see para. 17)	(83,247)	(83,432)	(185)	(0.2)%
Reserves	(1,850)	(1,850)	-	-
Collection Fund surplus	(300)	(300)	-	-
Forecast outturn (period 10)	**(146,697)**	**(144,652)**	**2,045**	**1.4%**
Dedicated Schools Grant	**119,410**	**119,693**	**283**	**0.2%**
Public Health	**13,334**	**13,377**	**43**	**0.3%**

Main variances, changes to budget assumptions and key risks

7. Historically service variances at year end have been moved into service earmarked reserves and the current balances on those are detailed in paragraph 15. A number of firm commitments already exist on those reserves largely to support transformational projects which limit the ability to absorb the full extent of the in-year pressures, particularly in CFW. It is proposed that where any in-year overspend cannot be funded from that particular service reserve then it will be met from the in-year underspend of the other directorates.

8. The significant demand led pressures being placed on the Children's Service placement budget are being addressed in the current year predominantly through the use of one off savings within Council-wide budgets and brought forward service earmarked reserves. However, the recurrent nature of the pressures is likely to continue into 2017/18 and the implications of this have been considered as part of the budget process for 2017/18.

9. The main variances contributing to the projected underspend of £141k, any changes to budget assumptions and associated key risks are highlighted below:

Table 2: Main variances	Forecast Variance (£000's)	Explanation/Risks
Children's Services	2,045	The main reasons for the adverse variance have been reported in previous monitors and mainly include pressure on the placements budget for children in care with 387 children currently in care, an increase of 17 since the last monitoring report. The overall variance shows a favourable movement from that previously reported of £344k explained by:- • A reduction in spend on children in social care of £107k mainly as a result of improved commissioning practices, leading to a reduced unit cost; • A reduced number of children with additional needs in respite and a reduction in the anticipated cost of direct payments, £74k; • An underspend in commissioned services of £63k mainly due to a delay in contracts; • An underspend in the Early Help Hub of £41k mainly on staffing costs and a reduction in staffing costs and other minor variances in Education and Early Years of £59k. Whilst all management action is being taken to address the forecast overspend, which has reduced by £344k from that last reported, the budget will not be brought back to balance by year end.
Adult Services / Public Health	516	This forecast overspend is mainly as a result of a combination of higher levels of care being needed and the number of new entrants being higher than was anticipated for the year. This situation has been and continues to be exacerbated by the Greater Manchester initiative which is currently underway to reduce the number of delayed discharges from hospital.
Economic Growth, Environment & Infrastructure	(356)	The projected underspend, which has reduced marginally by £38k since the last report, includes income from Oakfield Road car park remaining open until the substantive start of the Altair development in June 2017 £228k (demolition started February 2017); increased income from planning above expectations £104k; an underspend on staffing of £323k after taking account of agency costs and additional income from backdated rents on investment properties £68k. These are offset by a shortfall in building control income £122k, an increase in the waste disposal levy of £72k based on latest figures from GMWDA and other reductions in income and increased running costs of £173k.

Transformation & Resources	(1,183)	The projected underspend, which has increased by £286k since the last report due to further staff savings and additional income. Overall there is an £870k underspend from staff vacancies after taking account of agency costs, which is a £135k increase since P8. This equates to 4.4% of the total staffing budget and is lower than the levels experienced in 2015/16, which were in excess of 6%, and reflects the ongoing efforts to fill outstanding vacant posts; £78k underspend from cost control of running expenses (an increase of £26k since the last report); £271k from higher levels of income (an increase of £125k since the last report), and includes government grant related budgets in Exchequer Services; other minor adverse variances £36k.
Council-wide budgets	(1,163)	The major reasons for the variance are as previously reported and include:-
		A significant recovery of housing and council tax benefit overpayments
		A reduction in contingencies and provisions which are not deemed to be required to support the budget in 2016/17.
		Additional costs on treasury management in respect of an up-front investment in the pension fund, now expected to be made in April 2017.
		Since the last report there has been an adverse movement of £985k explained by:-
		• £499k of business rate related savings now moved to overall funding as explained in paragraph 4;
		• Contribution to earmarked reserves of £821k to support the further reduction in business rates as explained in paragraph 4;
		• A further reduction to contingency and provision budgets £224k;
		• Additional housing benefit overpayment recovery and other savings £111k.
Dedicated Schools Grant	283	The projected overspend, which has reduced by £209k since the last report, continues to relate mainly to pressure within the High Needs Block.
		However, this has reduced significantly following a decision by the EFA to not claw back grant relating to a special school.
		The level of DSG reserve is now projected to be £504k at year end.

Progress against Locality Plan

10. A key element of the Health and Social Care devolution agenda is the submission of a Locality Plan setting out the Council and CCG vision for the greatest and fastest possible improvement in the health and wellbeing of our residents by 2020. This improvement will be achieved by supporting people to be more in control of their lives by having a health and social care system that is geared towards wellbeing and the prevention of ill health; access to health services at home and in the community; and social care that works with health and voluntary services to support people to look after themselves and each other.

11. Work is ongoing on the locality plan and it is anticipated that further work will be required in the coming months to understand how any budget gaps will be addressed. Financial performance against the locality plan is highlighted below in Table 3.

Table 3: Locality Plan Update	2016/17 Budget (£000's)	Forecast Outturn (£000's)	Forecast Variance (£000's)	Percent-age
Public Health	13,334	13,377	43	0.32%
Adult Social Care	52,874	53,347	473	0.89%
Children and Families	29,911	31,956	2,045	6.84%
Total	**96,119**	**98,680**	**2,561**	**2.66%**

MTFP Savings and increased income

12. The 2016/17 budget was based on the achievement of permanent base budget savings and increased income of £16.38m. At Executive in March 2016 there was a decision to amend the policy on social care transport impacting on the overall savings programme. The savings target was subsequently reduced to £16.10m, with the adverse impact of this change being included in the overall CFW monitoring position. Full details are included in the latest Transformation Programme Board Report.

13. The latest forecast indicates that total savings of £16.01m have been or are projected to be delivered by 31 March 2017. This represents an underachievement against target of £83k, which relates mainly to the Corporate (treasury) savings targets, and is included in the overall projections in Table 1 above.

RESERVES

14. The General Reserve balance brought forward is £7.89m, against which there are planned commitments up to the end of 2016/17 of £1.89m leaving the balance at £6m which is the approved minimum level.

Table 4 : General Reserve Movements	(£000's)
Balance 31 March 2016	**(7,894)**
Commitments in 2016/17: - Planned use for 2016/17 Budget - Planned use for one-off projects 2016/17	 1,850 44
Balance 31 March 2017	**(6,000)**

15. Service balances brought forward from 2015/16 were a net £5.95m and are largely allocated to support transformation projects in 2016/17 and later years. A detailed review has been completed and identified £5.70m of firm commitments against the brought forward figure.

Table 5: Service balances	b/f April 2016 (£000's)	Firm Commitments (£000's)	Est Balance (£000's)
Children, Families & Wellbeing	(1,837)	1,590	(247)
Economic Growth, Environment & Infrastructure	(1,740)	1,740	0
Transformation & Resources	(2,372)	2,372	0
Total (Surplus)/Deficit	**(5,949)**	**5,702**	**(247)**

16. It is proposed that no further commitments are made against the CFW service reserve given the current projected outturn position within CFW. A further review of all service commitments will be undertaken before year end.

COLLECTION FUND

Council Tax

17. The 2016/17 surplus on the Council Tax element of the Collection Fund is shared between the Council (84%), the Police & Crime Commissioner for GM (12%) and GM Fire & Rescue Authority (4%).

18. As at January 2017 the end of year surplus balance is forecasted to be £2.06m. The Council's share of this is £1.73m, and is planned to support future budgets in the MTFP. This is only a minor change on that previously reported.

19. Council Tax collection rate as at 31 January 2017 was 95.94%, which is above the targeted collection rate of 95.72%.

Business Rates

20. The 2016/17 budget included anticipated growth in retained business rates and related S31 grants of £4.51m. Latest forecasts of business rate income indicate a potential one-off shortfall on this amount of £2.230m due largely to a continued increase in the level and cost of appeals. This is an increase from previous monitoring reports and will be financed from the balance on the MAG earmarked reserve of £1.41m (previously planned and reported) and supplemented by a

further contribution to reserves from the Council-wide budget of £821k. This position will be monitored during the remainder of the year.

21. Business Rates collection rate as at 31 January 2017 was 89.85% compared to a targeted collection rate of 90.70%. This shortfall is mainly due to ongoing legal cases. It is known that the final court hearings will not take place until later in 2017 and therefore it is likely that the collection rate will remain below the target during the rest of this financial year.

CAPITAL PROGRAMME

22. The value of the indicative 2016/17 Capital Programme reported in the P8 monitor report was £42.42m. Taking into account new external contributions the budget is currently estimated at £42.44m. The changes to the budget are detailed below and are summarised as follows:

Table 6 - Capital Investment Programme 2016/17	P8 Programme (£000's)	Changes (£000's)	Current Programme (£000's)
Service Analysis:			
Children, Families & Wellbeing	12,835	-	12,835
Economic Growth, Environment & Infrastructure	26,403	18	26,421
Transformation & Resources	3,184	-	3,184
Total Programme	**42,422**	**18**	**42,440**

➢ **Changes to existing budgets - £18k**

- Moor Nook Park, Sale - £8k: A scheme to install a new roundabout at the park as a memorial to a child who used the park. The scheme has been funded from donations made to the family;
- Parks Infrastructure Works – Davyhulme Park - £10k: Additional costs have been covered by the application of a S.106 contribution.

23. Resourcing of the capital investment programme is made up of both internal and external funding. Details of this are shown in the table below.

Table 7 - Capital Investment Resources 2016/17	P8 Programme (£'000's)	Changes (£'000's)	Current Programme (£'000's)
External:			
Grants	15,446	-	15,446
External contributions	7,861	18	7,879
Sub-total	23,307	18	23,325
Internal:			
Receipts	7,624	-	7,624
Borrowing	11,008	-	11,008
Reserves & revenue	483	-	483
Sub-total	19,115	0	19,115
Total Resourcing	**42,422**	**18**	**42,440**

Status and progress of projects

24. Since the budget was set in February 2016 reports detailing planned projects covering schools, highways, greenspace and corporate landlord to be undertaken during the year have been agreed. These plans provide the basis on which the Capital Programme is monitored for both financial and physical progress.

25. As part of the monitoring process a record of the "milestones" reached by each project is kept to show the progress of the scheme from inclusion in the Programme through to completion. The table below shows the value of the programme across the milestone categories.

Table 8 - Status on 2016/17 Projects	Current Budget (£m)	Percentage of Budget
Already complete	12.16	28%
Underway	29.18	69%
Programmed to start later in year	0.84	2%
Not yet programmed	0.26	1%
Total	**42.44**	**100%**

26. The first three categories give a good indication as to the level of confirmed expenditure to be incurred during the year. As can be seen £42.18m (99%) of the budget has now been spent, committed or is programmed to start in the year.

27. Whilst the budget is currently £42.44m, monitoring has identified that estimated outturn expenditure is expected to be £37.33m. A range of schemes have not progressed as originally programmed and whilst the majority has commenced they are not expected to attain the level of expenditure planned. Details and explanations for the £5.11m variance are shown below:

> **Relocation of depot facilities: £3.71m** - purchase of the site for the new facility is not now expected to complete until April 2017, with only the deposit of £300k expected to be incurred this year. Therefore any associated works will not commence until 2017/18. £1.0m of the total Scheme costs of £5.01m have already been phased to 2017/18;

> **Highways Works: £948k** - Due to a range of issues, including consultation, links to major public realm projects and design changes as a result of professional surveys, a number of highways projects are not now expected to be completed in this year. Information provided by the One Trafford Partnership has identified the areas these schemes relate to:
> - Integrated Transport Schemes - £106k;
> - A56 / Davyhulme Road East, Stretford - £116k;
> - Structural Maintenance Programme - £463k;
> - Public Rights of Way - £40k;
> - Bridges Programme - £223k.

- **Adult Social Care - Agile Working Programme: £260k** - The project involves the purchase of equipment and installation of the associated software application to allow for agile working. The application will not now be available as originally planned and therefore completion is not expected until 2017/18;

- **ICT Projects: £191k** - A number of ICT projects originally planned for 2016/17 are now expected to be undertaken in 2017/18, the schemes concerned are:
  - System Disaster Recovery - £50k;
  - Disaster Recovery Firewall - £16k;
  - SAP SRM Upgrade - £25k;
  - SAP Development - £100k.

28. Schemes with a value of £256k are classed as "Not yet programmed" and relates to budgets where specific projects have not yet been agreed or budgets that have yet to have a start date planned. Priority will be placed on progressing schemes as soon as possible. The areas included in this category are:

- **Schools Access Works - £65k -** An allocation is set aside each year for access works which may be required for pupils as and when they arise. At this stage £65k remains un-allocated;

- **ICT projects - £191k -** A number of projects currently remain on hold until the full effect of the reshaping agenda and its impact on the Council's ICT infrastructure requirements is known (see above).

29. The table below provides a more detailed analysis by service area.

Table 9 - Status by Service Area	Already complete	Under-way	Programmed	Not yet Programmed
Children, Families & Wellbeing	60%	38%	1%	1%
Economic Growth, Environment & Infrastructure	19%	78%	3%	0%
Transformation & Resources	8%	83%	3%	6%

Summary

30. Whilst schemes with a total value of £42.18m, equivalent to 99% of the programme are now either spent, committed or is programmed to start in the year the estimated outturn expenditure is £37.33m due to the reasons stated in paragraph 27. Also there are projects where delivery is outside of the Council's control (e.g. Metrolink extension: £5m – The Traffic Works Act Order has now been approved and first payments are anticipated to be made to TfGM this financial year). All schemes will continue to be monitored and any change in expected delivery will be included in future reports.

Issues / Risks

31.   The main risk in the area of the capital programme is the timely delivery of the programme and this situation will continue to be closely monitored and any issues will be reported as and when they arise.

Recommendations

32.   That the Executive note the report and the changes to the Capital Programme as detailed in paragraph 22.

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 28 March 2017
Report for: Information
Report of: Audit and Assurance Manager

Report Title

Strategic Risk Register 2016/17 (March 2017 update)

Summary

The Accounts and Audit Committee is asked to consider this report which provides an update on the strategic risk environment, setting out developments relating to the management of each of the Council's 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

Mike Sullivan – Senior Audit & Assurance Officer **Extension:** 1564

Background Papers:
None

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 Leadership Team (CLT) provides regular periodic updates on the strategic risk environment and in particular performance in managing the specific risks incorporated within the SRR.

1.3   This report is based on information provided by risk owners in January and February 2017.

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

2.1   The Council continues to review and monitor its strategic risks. Given the challenges faced by the Council going forward, it is acknowledged that it will need to continue to review its approach to risk and risk management as risks change and potentially higher risks arise. Progress has continued to be made in addressing the strategic risks as detailed in this report.

2.2   The Audit & Assurance Service requested current strategic risk owners to provide an update on the strategic risks that are under their remit including progress in managing these risks. Section 3 of this report contains an update on the strategic risks identified.

2.3   Since the previous strategic risk report update was reviewed in November 2016, all the risks have been reviewed and updated with developments.

2.4   The risk chart 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 16 strategic risks (two of which are considered high level).

2.5   The highest rated risks relate to Safeguarding vulnerable children (SR 2) and the Council's medium term financial position (SR4).

2.6   Since the last update to CLT and the Accounts and Audit Committee in November 2016, no risks have been removed from the strategic risk register. However , the risk exposure score has been revised for the following risk:

   • SR 16 – (Inability to meet Trafford residents' requests to have burials within the local area due to insufficient land) reduced from a medium risk of 12 to a low risk of 8.

2.7   The updated Council Risk Management Policy Statement and Strategy is due to be presented to the Accounts and Audit Committee for approval at its March 2017

meeting. The Accounts and Audit Committee will receive a further strategic risk register update report later in 2017 as part of its 2017/18 work programme.

Comparison of Risk Levels November 2016 and March 2017

Risk Levels – November 2016

IMPACT

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

LIKELIHOOD

Risk Levels – March 2017

IMPACT

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

LIKELIHOOD

High Risk
Medium Risk
Low Risk

3. Strategic Risks (March 2017)

	Red		Amber		Green	

Risk	Strategic Risk Title / (Directorate) / (Portfolio)	Risk Level	Management of Risk - Direction of Travel *	Comments
1	Major regeneration projects, including Altair, Altrincham Strategic Framework delivery, Old Trafford Master Plan (OTMP) and Carrington development do not proceed due to economic and financial constraints. (EGEI)/(Economic Growth and Planning)	**8 Low**	⬅️➡️	• All project risks contained and detailed within individual project plans. Overall, all projects are within tolerance. • Altair outline planning consent granted. Revised Development Agreement complete (April 2015). Detailed planning application for phase 1 granted, and development commenced. • Funding has been approved for the OTMP, and Land Pooling Agreement signed. • Altrincham public realm strategy agreed phase 1 complete and work in progress on Phase 2a. • Proposals for new Altrincham Library approved at Executive. Agreement for lease in place, and planning consent granted. Start on site commenced 2016. • The operator for Altrincham market has been appointed and the Operating Agreement and Agreement for Lease completed (November 2013). • Stretford Masterplan approved (January 2014). Advisers for Lacy Street in place and report produced. Public realm study and consultation complete, detailed design proposals agreed with a start on site in early 2017. • Altrincham Strategy approved. • Sale of Carrington by Shell to Langtree completed, with further transfer to Himor also completed. Project governance structure and partnership agreement in place. Phase 1 planning application for up to 725 residential units and 90 acres of employment land has been submitted. Planning Performance Agreement agreed and expected to go to Planning and Development Committee in March 2017.
2	The Council does not fulfil its statutory duties and all accompanying policy requirements in terms of identifying and safeguarding vulnerable children. (CFW)/(Children's Services)	**16 High**	⬅️➡️	Over the last year there has been a significant increase in demand on children's services. There has been an increase in Child Protection, Public Law Outline and Looked After Children numbers. This increase does follow a national trend. This has increased social worker caseloads and created pressures within the system generally. These increases are monitored and managed through moving staff or use of agency staff where possible but this shift in demand has generated pressures in

Strategic Risk Register Report – March 2017   Page 85   **Page 5**

	(CFW)/(Children's Services)			the system which has meant previously increasing the Risk rating from 12 to 16 in terms of the impact of those pressures. In the light of those pressures it is imperative that the Local Authority maintains high levels of vigilance to comply with legislation, procedures and follow good practice principles in its delivery of statutory services to children and that compliance is consistently monitored and quality assured. Measures: • Monthly meetings of the Director of Children's Services Safeguarding Group; • Biannual safeguarding children assurance meetings with the Chief Executive, Leader and Executive Member; • Rigorous Performance Management and Quality Assurance Framework, and; • Experienced Independent Chair of TSCB in place with Safeguarding Development Manager supporting a rigorous TSCB Business Planning and monitoring process.
3	Demand for school places under-estimated and/ or additional school places are not delivered to satisfy increased demand. (CFW)/(Children's Services)	**15 Medium**	⬅️➡️	• All children have been allocated places for the 2016/17 academic year. • The demand for primary and secondary school places continues to be monitored and capital resources allocated to ensure sufficient places are provided to meet our statutory duty. • All basic need funding has been allocated up to March 2018. • There is no basic need funding from the Department for Education (DfE) for 2018/19, the first year the LA has received a £0 allocation.
4	Continuing uncertainty regarding the Council's medium term financial position given the reliance that exists on support from Central Government, cost pressures within the existing budget and major changes in the administration of Business Rates resulting in a greater risk being transferred to local government. (T&R)/(Finance)	**20 High**	⬅️➡️	• The final Local Government Finance Settlement figures, recently received, were as expected, due to the Council having accepted the four year (2016/17 to 2019/20) funding offer in September 2016. The level of the Settlement Funding Assessment (SFA) is still expected to reduce by £14.67m or 26.04% over the next three years mainly due to Revenue Support Grant (RSG) being phased out. • On the 22nd February the Council agreed the 2017/18 budget of £160.83m. This includes the full year effect of 2016/17 saving proposals of £9.22m and new saving proposals of £6.34m which are to be delivered in 2017/18. • The latest Medium Term Financial Strategy (MTFS) position indicates an overall budget gap of £19.24m, split £13.19m in 2018/19 and £6.05m in 2019/20.

		▮		• The Council will participate in the 100% business rates retention Greater Manchester (GM) pilot from 1st April, as such the Council will potentially be taking on a greater degree of risk with the local share increasing from 49% to 99% i.e. greater exposure to appeals,. Therefore to mitigate this risk it has been agreed that pilots will operate on a 'no detriment' basis i.e. individual authorities will be without detriment to the resources that would have been available under the current 50% system. • As part of the preparation to the full implementation of 100% Business Rates Retention in 2019/20 the Government is carrying out a needs review which will take account of the cost of providing services locally. The Council intends to play a full part in this review. • The Council's reserves have been reviewed during 2016/17 with further additions to the budget support reserve planned, however £3.06m is expected to be utilised in 2017/18 to balance the budget. The level of reserves the Council holds is in part reflective of past funding levels with earmarked reserves forecast to be c.£15m at the end of 2017/18.
5	Loss / absence and retention of senior managers to the organisation. (T&R)/(Finance)	**15 Medium**	◀ ▶	• Two Council permanent appointments have been made to Joint Director posts in the Integrated 'Provider Services' structure and Health. • A new organisational structure is in place for all-age integrated health & social care service. • An internal candidate has been appointed into the Corporate Director post in the Children, Families and Wellbeing Directorate (CFW). • A number of interim internal 'act-up' arrangements are in place, again aiding succession planning, pending permanent appointments. • A leadership development programme is in place for all managers/senior managers across the organisation, to support them in leading and engaging their staff through transformational change. • 4 senior managers are attending the 2nd cohort GM Leadership Programme. • A new linear pay structure was implemented in April 2015 that introduced a new grade to span the gap at the former top of the National Joint Council (NJC) pay spine and the Senior Manager pay structure. This will enable posts to be created in recognition of increased levels of responsibility as the organisation reshapes.

				• A succession planning strategy is being rolled out that formalises an approach to ensure that key skills are not lost to the Council, whilst up-skilling staff to take on higher graded roles. Successors will be identified at senior manager level and targeted development initiatives provided to ensure that we are equipped to flex our workforce to react to resource and skills gaps. Each successor will have access to a coach.
6	Trafford Council must ensure that information held about citizens, employees, partners, contractors, members and organisations in Trafford is safe in their hands. To be able to assure its partners and the public that this is the case they need to demonstrate that they are handling personal/ sensitive and commercial data securely both in technology and physical terms. They also need to ensure that 3rd parties acting on their behalf are handling their data sets in accordance with Trafford Council's policies and procedures. This is a corporate risk and the risk to the Council is reputational, financial, adverse publicity and could ultimately be a breach of the Data Protection Act. (T&R)/ (Transformation and Resources).	**15 Medium**	◀ ▶	• Citizens and businesses have a right to expect data held about them to be treated in a secure manner and only shared on a need to know basis. • Employees, Partners, Contractors and members have the right to expect data held about them to be treated in a secure manner. • Trafford Council have a responsibility to protect their data and information. • The Council has a dedicated Corporate Information Governance (IG) team which provides advice and guidance in relation to compliance with Data Protection and Freedom of Information legislation as well as with data sharing. It also investigates and reports to the ISGB and quarterly to CLT on data incidents within the Council and provides services with recommendations to improve their working practices. • The Council has an Information Security Governance Board (ISGB), which meets monthly and is comprised of senior officers across the council who lead on IG matters within their Directorates .The ISGB has a terms of reference which provides a direct reporting line to the CLT, underlining the importance of information governance and information security within the Council. The ISGB takes the corporate lead on all data protection related matters and in progressing the embedding of information governance into the Council's day to day activities. Progress on the ISGB work plan is reported fortnightly to CLT. • We are awaiting the outcome of a 'best practice,' voluntary information governance audit of the Council's policies and procedures that was performed by the Information Commissioner's Office (ICO) during January 2017.
7	The Reshaping Trafford Council Programme doesn't	**8 Low**	◀ ▶	• The governance arrangements in place are mature and effective with appropriate senior level representation and authority to provide the

	progress to plan and/or deliver its expected outcomes. (T&R) /(Transformation and Resources)			• support, challenge, advice and decision making required. • The Transformation Programme presented its 2015/16 end of year report to the Transformation Board in May 2016 which was well received. It demonstrated an over achievement of savings, a good return on investment by the Transformation Team and successful delivery of a range of significant projects which underpin the Reshaping Trafford Council Blueprint delivery. • The Audit & Accounts Committee also received an update on the progress towards delivering the Reshaping Trafford Council Programme in April 2016. Another was provided in February 2017. • To progress their review of the Reshaping Trafford Programme, CLT commissioned a group of senior officers to review the future opportunities for Trafford in the context of the challenging financial landscape. A draft Trafford strategy for 2031 is under development and currently being shared with the Executive and other senior leader in our strategic partners for their input prior to being formally launched and consulted on. An associated implementation plan is also in development which links to the 2017/20 budget proposals and the next stage of the All Age Health and Social Care Integration Programme. • The consultation process for future budget proposals has now concluded. • Trafford continues to work closely with GM on PSR and devolution agendas to ensure all opportunities available are unitised. Our reshaping programme entirely aligns with the GM strategic aims and priorities. • An annual review of the Section 75 Agreement with Pennine Care is underway to ensure the document reflects the developments which have taken place since April 2016.
8	A successful Cyber Security Attack could lead to sensitive data being compromised, denial of access to the councils computing services or severe degradation or loss of control of those services. T&R)/(Transformation	**15 Medium**	⬅ ➡	• Trafford will continue to operate in an assumed state of compromise in that there should always be a presumption that our network boundaries both internal and external are vulnerable. • All information sources and systems within the Council should have an identified owner. • Trafford will actively participate in collaboration within the Association of Greater Manchester Authorities (AGMA) on security initiatives and will actively participate in the iNetwork security awareness and conferences. • The Council will continually address issues that may affect our ability to detect and respond to

	and Resources)			threatening cyber activity e.g. continually review our Internet Service Providers and their effectiveness; • Trafford will create a culture in which the security of technology, information and business process is assessed and verified from the point of inception through to delivery use and disposal. • We will not restrict innovation in the council by managing rather than avoiding all risk. • We will seek expert guidance when appropriate and collaborate with central and local government bodies to benefit from tried and tested approaches, knowledge, wisdom and learned experience. • Investment has been submitted in the 2017/18 Capital Plan to maintain and update the Councils Security defences. These include updating and refreshing the Firewall technology and the web filtering software. In addition a full review of the Trafford ICT Security Policies is taking place to bring them up to date and to identify and complete any policy gaps. To date additional Firewalls have been implemented to secure the HR Shared Services network from the main Trafford network and to protect the Sale Waterside data centre network used for backups and recovery of data. • The Council via a competitive Procurement has appointed an established security partner The Network People (TNP) to help manage, monitor and develop Trafford's Security defences via Firewall management and professional services design. • Trafford is maintaining its compliance with PSN through annual vulnerability penetration testing of both the internal and external networks.
9	Failure of the Adult Safeguarding Service. (CFW)/(Adult Social Services and Community Wellbeing)	**12 Medium**	← →	• Safeguarding Adults • Refresh of the Safeguarding Policy and procedures completed, new policy live from May 2016. Work continues on review of existing working procedures and safeguarding forms to embed the new procedure Adult Safeguarding Board has been refreshed and a revised governance process has been developed with an away day in July 2016. • The independent chair of the Trafford Safeguarding Adults Board (TSAB) has recently been replaced. Joint Children's and Adult safeguarding committee now in place. • Senior Learning and Development post was filled in October 2015, impacting upon sustaining competency in the implementation of practice of

					both internal and external agencies.
					• The Clinical commissioning group chief nurse has been appointed. We have integrated the safeguarding function for the children's and adult's nursing teams which now sit within the Integrated Care Service.
					• The Director of Safeguarding and Professional Development has been appointed and the standard of safeguarding for adults and children is now managed centrally through this role.
					• Serious Case Review Panel (Adults) reviewed and in place.
					• One Adult Serious Case review has been completed with an independent chair and is due to be published in March 2017
					• Two new Senior Practitioners have been appointed and are overseeing safeguarding decision making with screening team. Annual Safeguarding Plan is being refreshed by new Chair, the Serious Case Review plan in place. A strategy sub group meeting planned for 3rd March 2017;
					• Safeguarding Adult Board Manager in post.
					Deprivation of Liberty Safeguards (DoLS)
					• The number of statutory DoLS continues to place a high degree of pressure on the service;
					• An interim DoLS manager has been in post for 3 month, this function has now been absorbed into the role of the strategic service manager who has oversight for quality and performance across Adult Social Care (this post is covered via an interim arrangement as not able to recruit to date);
					• New safeguarding senior practitioner has started work;
					• CLT have agreed to an hybrid model for implementing statutory DoLS which reduces the costs associated with the use of external Best Interest Assessors (BiA's) this includes 3 FTE BiA's; a rota for internally trained BiA's who are employed in business as usual functions. There is an ability to commission limited amounts of independent BiA's when required;
					• The Community Learning and Disability Team have commenced Court of Protection (CoP10) applications for people deprived of their liberty within Council run supported living;
					• Best Interest Assessments forums in place and quality standards set for best interest assessments and completion of form 5's in

				• advance of sign off by DoLS authorisers; • Regional Association of Directors of Adult Social Services have sent out a risk prioritisation tool which will be used by Trafford when resources are in place to risk manage the community DoLS response. Additional capacity will be requested as part of the Transformational fund bid to undertake this work
10	Breach of health and safety legislation leading to prosecution under the Corporate Manslaughter Act and other Health and Safety Regulations. (T&R)/(Transformation and Resources)	**10** **Medium**	⬅ ➡	• Current Health & Safety Policy and comprehensive arrangements in place. Subject to periodic review as required and available to the workforce via the intranet. • Health and Safety Audit programme in place across all Directorates and schools. This programme includes proactive monitoring of compliance with health & safety law and internal H&S management arrangements. • Policy, arrangements, protocols and guidance for Directorates and schools updated to reflect legislative or organisational changes and any new or emerging risks (in addition, a targeted rolling programme is ongoing). • HSU support in the comprehensive assessment and investigation, where required, of health and safety issues or incidents. Facilitates the effective management of risk and statutory compliance. • HSU support in responding to occupational health and workforce referrals to ensure the health, safety and welfare of staff. • Staff consultation processes in place to report and liaise on Health and Safety performance issues. • Competent HSU advisory service with advisors subject to continuing professional development requirements. • Employee Health and Wellbeing Strategy in place which incorporates ill health reduction and mental wellbeing support. • Training calendar in place and online training available to support managers and schools in ensuring staff are competent to undertake tasks/role.
11	New Joint Venture partner fails to deliver services to the required standard or fails to deliver required efficiency savings. (EGEI)/(Environment	**12** **Medium**	⬅ ➡	• First year of contract operated successfully across all services. • Some service standard issues identified and negative media coverage. • Service issues being addressed and service improvements implemented, • Operational controls and governance arrangements in place and working effectively. • 2015/16 budget savings fully delivered. 2016/17

	and Operations)	**15** **Medium**		• savings being delivered. • Options for 2017/18 savings being identified. • Scrutiny Task and Finish group review undertaken, and to report in early 2017.
12	The Transformation Programme savings will not be delivered in full. (T&R)/ (Transformation and Resources)	**15** **Medium**	◄►	• Currently, the transformation programme is forecast to marginally overachieve achieve its savings target but the risk to savings delivery remains the same as the final position is influenced by increasing demand on services. • The largest risk is with the extent of CFW savings. In recognition of this a significant resource continues to be deployed from the Transformation Team into CFW to support delivery of the projects and savings. • The governance arrangements in place are mature and effective with appropriate senior level representation and authority to provide the support, challenge, advice and decision making required. • The Transformation Portfolio savings target are reviewed and monitored monthly. • From September 2015, the CFW and Transformation Boards merged and governance put in place. In addition further governance arrangements have been put in place (See November 2016 update). Weekly meetings are also now scheduled with the Corporate Director and Chief Finance Officer. • Finance and the Programme Management Office (PMO) now meet fortnightly to review savings progress for projects considered to be of the highest risk. • Business as usual projects which are rated as RED are now required to submit highlight reports. • Deep dive reviews continue for those projects considered to be of the highest risk and action plans are put in place to address concerns.
13	Major event leading to inability to deliver critical services to vulnerable people. (CFW)/(Adult Social Services and Community Wellbeing)	**12** **Medium**	◄►	• Consideration has been given to which events could stretch the capacity of the service. This has included plans for monitoring and responding to winter pressures. All CFW Services have Business Continuity Plans in place within the Directorate with supporting action plans actively monitored. These have all been reviewed review following the launch of integrated services. • Business Continuity briefings around joint procedures being rolled out to Pennine staff • A full desk top nursing evacuation event has been undertaken to test service resilience and responses.

				• The service also participated in the Greater Manchester business continuity test related to a desk top flooding incident. • Contractual requirements on external providers to have business continuity plans in place.
14	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)/(Transformation and Resources)	**10 Medium**	⬅️➡️	• Business Impact Analysis (BIA) was completed for all areas of the business with the creation of Business Continuity Plans (BCP), covering all critical functions that were classified priority 1 or 2. Business Continuity training sessions have been delivered by the Emergency Planning Manager. • Following meetings with the Emergency Planning Manager, Audit and Assurance and ICT, a revised BIA was been prepared and placed on the Council's intranet pages. The BIA detailed ICT requirements and how the service would be affected by a business interruption. • Under the Reshaping Trafford banner the Council ensured that outsourced Council Services have robust BCPs. The Head of Environmental Services is examining how robust the Amey business continuity plans are. • CFW are seeking formal agreement from TPR in order to adopt the Pennine Care Trust format for Business Continuity Planning to more closely align Health and Social Care. The agreement between Pennine Care and CFW to produce joint Business Continuity plans has been implemented. • Trafford and Manchester City Council are working in collaboration to determine a future strategy for ICT Disaster Recovery (DR). Work has now completed on producing a common framework ICT Architecture Landscape for Trafford and Manchester which is being used to influence infrastructure sharing strategies with Manchester including adopting Cloud Services if there is a compelling business case to do so. • Trafford will continue to use its existing investment in High Availability solutions using the existing Sale Waterside location for Data and potentially other recovery services. • Trafford's third party hardware maintenance support partner ANS or Salford Internal Audit will be engaged in Q4 to review the DR readiness of Trafford's infrastructure which will include options for adopting Infrastructure as a Service as well as investing in more co location recoverability for selected platforms. • The Emergency Planning Manager is examining the e-learning on line package for Business

				Continuity as the Manchester City Council software is not compatible with the new Greater Manchester Authorities (AGMA) training portal. • Mobile Telephone Privileged Access Scheme (MTPAS) – Priority access to telecommunications is being reviewed to ensure capability during incidents. If there is a major incident, our mobile provider will be able to prioritise our calls to the network. Association of Greater Manchester Authorities (AGMA) Civil Contingencies Resilience Unit (CCRU) is supporting us to make sure our records and numbers are up-to-date so front line responders can communicate with the office/each other if networks are reduced. • This quarter we have completed a RAG (Red, Amber and Green) rating which helps to identify any gaps in Trafford's emergency planning capabilities. It highlighted the need for a training audit which will ensure both Silver and Gold responders have the appropriate response training. This was incorporated into November's training package which will include Resilience Direct training. Resilience Direct is a national web based portal endorsed by Cabinet Office which provides a safe store of documents. Trafford Council responders are currently underusing this free resource which can be accessed from any computer, tablet or phone with internet capability. This, alongside the fully updated Plan store on the internal drive, increases Trafford's ability to react and maintain business continuity. The training will ensure that Trafford Council responders feel confident to use the resources available to undertake all statutory requirements of the Civil Contingencies Act. *Refer also to the comments regarding Risk 8.*
15	Children's and Adolescent Mental Health Service (CAMHS) – Internal Review outlined a number of actions required for improvement including the need for improved recording, case files management etc. KPMG and other reviews have also	**6** **Low**	⬅➡	CAMHS action plan is on-going and is progressing well:- • Good progress continues in getting all cases on to the Pennine Care NHS Foundation Trust Approved Risk assessment (TARA), with a recent audit confirming 73% of cases. • TARA is a standard agenda – the audit will be repeated in October – aim is to achieve 100%. • Progress to achieve full compliance with managerial supervision. • All files from cleansing operation will be completed by the end of October 2017. • The implementation of Choice and Partnership approach (CAPA) included in the action plan will

	identified areas for improvement. Previous issues already raised re Waiting times. (CFW)/(Children's Services)			be transferred to the CAMHS service Quality Implementation plan. • Re-alignment of Trafford CAMHS with the Trust Clinical Business Unit is well progressed and clinical support is now available to Trafford CAMHS from Health Young Minds. • Consultation to implement the new model of care will be restarted soon. Waiting Times monitored monthly and have significantly improved.
16	Inability to meet Trafford residents' requests to have burials within the local area due to insufficient land. (T&R)/(Transformation and Resources)	**8 Low** **(Previously 12 Medium)**	⬆	• Planning approval granted • Agreement in principle reached to purchase reduced usable additional land & Estate Management (Amey) have instructed Legal & NT solicitors to proceed. • Negotiations with Tenant Farmers on land can commence on purchase of land. • Environment Agency conditions built in planning consent will increase build & maintenance costs. • The new proposal will ensure the authority has sufficient burial space for 8-10 years.

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

TRAFFORD COUNCIL

Report to: Accounts and Audit Committee
Date: 28 March 2017
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, with the updated versions agreed by the Corporate Leadership Team. This has been completed to both ensure details reflected within the documents are up to date and also to complement updates made to risk management guidance during the year.

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.

Recommendation

The Accounts and Audit Committee is asked to approve the Council's Risk Management Policy Statement and Strategy.

Contact person for access to background papers and further information:

Name: Mark Foster, Audit and Assurance Manager

                     Extension: 1323

Background Papers:
None

Risk Management Policy Statement and Strategy

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.

2. **Background**

    The Council has had an established Risk Management Policy Statement 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**

    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 in September 2013. Details of the changes are summarised below:

    Policy Statement:

    References added in sections 1.4 and 2.4 to reflect that the risk management approach covers the various methods by which the Council provides services.

    References added in sections 1.5, 2.3, 2.5 and 3.3 to further reflect that risk management should be viewed as a positive exercise in terms of considering risks in relation to opportunities as well as threats.

    Risk Management Strategy:

    Section 4 and Appendix A updated to reflect current processes and Council guidance, including ensuring reference to guidance is consistent with details available on the intranet. This includes the updating of Section 4.1 to include examples of strategic and authority wide risks, including information governance related areas. As above it also includes further references through Section 4 of the benefits of risk management in considering potential opportunities as well as threats.

    (Note: Risk Management guidance is available on the intranet under http://intranet.trafford.gov.uk/aboutus/guidelines/RiskManagement/default.asp)

    In addition, for both the Policy Statement and Strategy the following changes have been made:

    Reference to the Accounts and Audit Regulations 2011 replaced with Accounts and Audit Regulations 2015.

    References to "Corporate Management Team" replaced with "Corporate Leadership Team".

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Risk Management Policy Statement

March 2017

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Risk management Policy Statement:
Versions:
September 2004
November 2005
January 2007
January 2008
February 2009
March 2013
March 2017

Risk Management Policy Statement

1. Introduction

1.1 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.

1.2 The Accounts and Audit Regulations 2015 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**."

1.3 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.

1.4 It is acknowledged that services are provided by the Council through a variety of delivery models and through working with a range of partners. Whilst the Risk Management Policy Statement and Strategy refer throughout the documents to the Council's risk management, it is intended that this reflects the various types of service models in place, including arrangements in partnership with other organisations.

1.5 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. Risks management needs to be considered in assessing opportunities, for instance in considering potential benefits and costs arising from a decision to be made such as an investment decision or choice of a new system.

1.6 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;
   - minimising threats, or negative events, which might result in the Council failing to meet its objectives.

2. Trafford Council's Approach to Risk Management

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

2.2 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.

2.3 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;
- protect and promote the reputation of the Council, and
- maximise benefits from opportunities available to the Council.

2.4 Risk is managed by systematically identifying, analysing and evaluating, costing 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 whether functions / services are provided in-house or through other methods of delivery and through working with partners. 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.

2.5 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. The Council needs to consider potential opportunities as well as threats. Risk management implications need to be considered in all key decisions affecting the Council.

3. Responsibility of Corporate Directorates

3.1 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.

3.2 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 and major projects being undertaken.

3.3 Managers responsible for projects need to ensure risks are recognised and managed to minimise the possibility of the project failing and to ensure potential threats and

opportunities are considered in meeting the project's objectives . A project risk log should be maintained.

3.4 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.

3.5 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.

3.6 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 Leadership Team (CLT) (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

4.1 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 CLT. The SRR refers to actions required and responsibilities for managing and monitoring the risks. CLT 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.

5. Risk Management Reporting

5.1 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.

6. Review of Risk Management Policy Statement

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

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Risk Management Strategy

Risk management Strategy:
Versions:
November 2005
September 2009
March 2013
March 2017

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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 Risk Management Strategy sets out the arrangements expected to be in place 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. Documented guidance is available on the Authority's intranet site.

2.2 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. All Corporate Directorates are required to maintain risk registers on an ongoing basis.

2.3 It is important that there are adequate arrangements in place for identifying, assessing, reporting and managing risks. The Accounts and Audit Regulations 2015 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 to ensure it adequately considers both threats to achievement of its objectives and also potential opportunities that arise. The Policy Statement 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 across the Council is used to evaluate risks linked to both opportunities and threats.
- Risk management is clearly and consistently integrated and embedded in the culture of the Council.
- There is 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 Corporate Directorates identify and analyse their principal risks.
- 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 Service/Directorate and / or Strategic risk registers.
- Services manage their risks as part of business planning and performance monitoring providing assurance on the effectiveness of risks being managed.
- Strategic and authority-wide risks are adequately reflected in the risk management process e.g. risks relating to areas such as fraud; financial management; health and safety; safeguarding; emergency planning; business continuity; and information governance (including those relating to Data Protection, Freedom of Information, Records Management and IT Security).
- Project management arrangements incorporate effective risk management processes.
- Risks associated with different service models in place are considered as part of risk management processes e.g. shared services, joint ventures, strategic partnerships etc.
- 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.
- Risk awareness is embedded in working practices and requires the inclusion of all staff in the process.
- 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.

Accountability

4.2 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. Risk should be considered in decision-making and the overall approach to risk should be consistent with the Authority's key objectives. This includes assessing risks both in relation to threats e.g. safeguarding issues and also potential opportunities e.g. in considering investment decisions. Risk management implications must be considered as part of all Executive decisions.

4.3   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 the Corporate Leadership Team (CLT) and the Accounts and Audit Committee to monitor the adequacy of the Authority's overall approach to risk management.   CLT and the Accounts and Audit Committee are responsible for approving the Risk Management Policy and ensuring there is an effective Risk Management Strategy.

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 and also considering potential benefits and costs in informing decision-making.

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 is in place for identifying and analysing risks. Risk register templates with accompanying guidance are 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. This methodology is applicable to identifying opportunities as well as threats i.e. in considering potential impact, this will be in terms of positive consequences which are considered alongside any costs and other negative consequences.

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 CLT as appropriate. Significant risks identified at a Directorate level which are considered to be of a strategic nature should be escalated to the CLT 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 CLT. The SRR refers to actions required and responsibilities for managing and monitoring the risks. CLT 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 CLT on a quarterly basis. At Member level, the Accounts and Audit Committee are provided with updates at least twice a year.

4.12 The strategic risk register was originally produced following a series of discussions with Executive members and officers in CLT. 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 service objectives and plans 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. In making decisions and allocating resources according to the risk of pursuing or not pursuing opportunities, the positive potential impact should be considered against any potential costs and other negative consequences.

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.

Partnership Risks

4.19 The nature of partnership working requires working across existing organisational boundaries and takes various forms. This may provide many benefits but also can bring increased levels of risk to service delivery. Risks must be considered that arise out of such working to ensure objectives are achieved.

Reporting and Decision Making

4.20 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.

4.21 Detailed reporting arrangements are documented through an agreed risk management reporting protocol (see appendix A).

4.22 It is essential that there are adequate reporting arrangements on risk management to the Executive. Risk implications should be considered in all Executive decisions. Risk management should be embedded in policy making, performance management, strategic and financial planning.

4.23 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

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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.

4.24 Strategic risks must be reviewed on a regular basis. Any significant issues relating to the management of particular strategic risks should be reported to CLT. The Accounts and Audit Committee are provided with regular updates in respect of the SRR.

Guidance and Support

4.25 Guidance and support is required to ensure that Members and officers are aware of 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. The Council's Induction Course covers risk management at a high level and links to the Council's intranet for detailed information.

Governance / Control Framework

4.26 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, and risks adequately considered in pursuing potential opportunities. 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

The Policy Statement and Strategy will be reviewed and updated on a regular basis and approved by CLT and the Accounts and Audit Committee. Updates in respect of issues relating to the Risk Management Strategy will be reported to CLT / Accounts and Audit Committee as required.

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 CLT. Reports on strategic risks, co-ordinated by the Audit and Assurance Service, will be presented to TPR/CLT on a regular basis throughout the year as agreed by the CLT.
- The Accounts and Audit Committee will receive strategic risk monitoring reports as part of its agreed work programme.
- The Executive should be informed of any significant issues or emerging risks. Risk implications should be included in all Executive Decision reports.

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.

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TRAFFORD COUNCIL

Report to:	**Accounts and Audit Committee**
Date:	**28 March 2017**
Report for:	**Approval**
Report of:	**Audit and Assurance Manager**

Report Title

Anti-Fraud and Corruption Strategy, Policy and Supporting Guidance

Summary

The Council's Anti-Fraud and Corruption Strategy, Policy and supporting guidance has been revised and updated. These documents have been reviewed and updated by the Audit and Assurance Service and Counter Fraud and Enforcement team.

The Policy defines fraud, bribery and corruption, and then sets out anti-fraud measures in respect of prevention, deterrence, detection and associated sanctions.

This report, which was also presented to the Corporate Leadership Team, comprises the following sections:
- Background in respect of anti-fraud and corruption arrangements and key areas where updates are proposed to be made to the Strategy and Policy.
- The Revised Anti-Fraud and Corruption Strategy document which also includes the Council's Anti-Fraud and Corruption Policy, Fraud Response Plan and Prosecution Policy.

Recommendation

The Accounts and Audit Committee is asked to approve the Anti-Fraud and Corruption Strategy, Policy and supporting guidance.

Contact person for access to background papers and further information:

Name:	Mark Foster - Audit and Assurance Manager
	Extension: 1323
	David Wright - Counter Fraud and Enforcement Manager
	2228

Background Papers:
None

Anti Fraud and Corruption Strategy, Policy and Supporting Guidance

1. **Introduction**

    As part of its risk management processes, the Council has to ensure that there is a robust framework in place to mitigate the risk of fraud, bribery and corruption. This report contains the Anti-Fraud and Corruption Strategy and related documentation.

2. **Background**

    Trafford Council is determined to discharge its responsibility to safeguard public funds and promote a 'zero tolerance' culture to fraud and corruption.

    The Anti-Fraud and Corruption Strategy sets out the Council's position which is to prevent any act of financial impropriety that puts the Council's resources at risk.

    The Strategy requires that where such actions committed by employees are suspected, those actions will be referred for disciplinary investigation and treated as potential gross misconduct.

    Where sufficient evidence exists cases will be reported to the police for criminal prosecution.

    The Council will continue to publicise results of successful criminal prosecutions both on its website and in local newspapers. By doing so the Council highlights the effectiveness of arrangements in place to detect fraud and corruption and the sanctions being applied.

    This report includes:

    - The overarching Strategy
    - The Council's Anti-Fraud and Corruption Policy
    - The Council's Fraud Response Plan and supporting guidance.
    - The Council's Prosecution Policy.

3. **Update of the Anti-Fraud and Corruption Strategy and Policy**

    The Anti-Fraud and Corruption Strategy, Policy, Fraud Response Plan and Prosecution Policy have been updated to reflect a number of developments. The key developments relate to the following:

    - In March 2016, the Council's Benefit Fraud Investigation Team transferred to the Department of Work and Pensions as part of national changes with the formation of the Single Fraud Investigation Service. As part of this change, the Council has continued to develop its counter-fraud arrangements through the establishment of a Counter Fraud and Enforcement team within Exchequer Services.

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- In October 2016 (as previously reported to CLT and the Accounts and Audit Committee) arrangements for reporting fraud were updated. On the Council website, this included providing updated fraud reporting details including an online fraud reporting form. Details were also publicised to Council members and staff.

These updated details are reflected through this report. In addition, the documents reflect updated Council details such as changes in service titles.

4. **Future Reporting**

CLT and the Accounts and Audit Committee will continue to be provided with updates in relation to anti-fraud and corruption activity. This will include details of work completed and key outcomes reflected in the Counter Fraud and Enforcement Team 2016/17 annual report and also the 2016/17 Head of Internal Audit Report. This will include details of progress in relation to work supporting the Council's National Fraud Initiative.

As part of the 2017/18 Internal Audit Plan, time will be allocated to liaise with other services to consider the review and update, where applicable, of other policies and guidance supporting this Strategy. Any updates in guidance detailed on the Council intranet will be publicised.

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Anti- Fraud and Corruption Strategy

(March 2017)

Date of issue	Description of changes
March 2017	Revised to include updated contact details for reporting fraud (See Section 2 of Fraud Response Plan and Anti-Fraud Guidance for Employees); Also updates have been made to the Anti-Fraud and Corruption Strategy, Policy, guidance and Prosecution Policy to reflect changes in fraud investigation arrangements given the transfer of the Benefit Fraud Investigation Team to the DWP in March 2016 and formation of the Council's Counter Fraud and Enforcement Team.
November 2012	Revised and updated to incorporate the Bribery Act (effective from July 2011). Updated to reflect the Local Government Fraud Strategy and service structure changes.
September 2009	Revised to include a reference to IT systems using Council data
October 2006	Revised to incorporate Fraud Act 2006, Fraud Response Plan and Prosecution Policy.
October 2005	Revised to include Strategy document.
September 2004	Initial document approved by the Executive.

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Contents

ANTI- FRAUD AND CORRUPTION STRATEGY

1. Introduction

1.1 Trafford Council is committed to the highest standards of honesty and integrity. The Council is determined to discharge its responsibility to safeguard public funds and is committed to fighting fraud, bribery, corruption and misappropriation whether attempted from inside or outside of the organisation.

1.2 Resources of the Council are limited. Fraudulent activity reduces these resources and impacts on the Council's reputation, on the job security of its employees and most importantly its ability to deliver effective services.

1.3 This document sets out the Council's position on fraud and corruption. This Anti- Fraud and Corruption Strategy has been agreed by the elected members of the Council and the Corporate Leadership Team and is designed to integrate with and reinforce the Council's six corporate priorities: -
- Low council tax and value for money
- Economic Growth & development
- Safe place to live - fighting crime
- Services focussed on the most vulnerable people
- Excellence in education
- Reshaping Trafford Council

1.4 Fraud and corruption is not tolerated by the honest majority and as part of its risk management process, the Council has to ensure that there is a robust framework in place to mitigate the risk of theft, fraud, bribery and corruption.

1.5 The Council's aim is to: -
- Create a 'zero-tolerance' culture to theft, fraud, bribery and corruption
- Create a strong deterrent effect and prevent fraud and corruption by designing and redesigning policies and systems;
- Continue to detect and investigate fraud and corruption
- Apply sanctions and recovery procedures where appropriate.
- Reduce losses to fraud and corruption to an absolute minimum.

2. Scope

2.1 The Anti- Fraud and Corruption Strategy applies to: -
- Elected Members
- Employees at all levels

- All organisations, contractors and partners associated with the Council
- Service users; and
- Other stakeholders.

3.   Definitions

3.1   For the purposes of this strategy and associated policies, the definitions of fraud, bribery, corruption and theft are those referred to in Appendix A - the Anti-Fraud and Corruption Policy.

4.   The Council's Approach

4.1   The Council's approach to reducing theft, fraud, bribery and corruption is based on the strategic approach outlined in the local government counter fraud & corruption strategy , "Fighting Fraud Locally", the key headings of which are Acknowledge, Prevent, Pursue. This is:-

- Acknowledging and understanding fraud risks
- Preventing and detecting more fraud.
- Pursuing fraudsters and recovering losses.

4.2   The Council is committed to taking action in order to prevent fraud, ensure that appropriate resources are available to detect fraud and where this is identified, that sanctions are imposed and action taken to recover all losses.

4.3   The standards by which this can be assessed are outlined in the Code of Practice on Managing the Risk of Fraud as published by the Chartered Institute of Public Finance Accountancy (CIPFA). These include:

- Acknowledging responsibility for managing risks
- Identifying the risks
- Developing a strategy
- Providing resources
- Taking action.

4.4   The Council is committed to taking action to meet these standards and the approach is outlined within the following documents which form part of this overall strategy: -

- **Anti- Fraud and Corruption Policy** setting out the stance of the council and its overall approach including roles and responsibilities (see Appendix A)
- **Fraud Response Plan** setting out the procedures to be followed by employees where a fraud is suspected or detected (see Appendix B).

- **Prosecution Policy** setting out the council's approach regarding the application of possible sanctions in response to instances of fraud and corruption (see Appendix C).

5. Risk Management

5.1 The risks of theft, fraud, bribery and corruption are considered as part of the Council's risk management arrangements incorporating the management of both strategic and operational risks. This includes risks to be managed corporately; by individual services; by project teams and partnerships.

6. The Corporate Framework

6.1 The corporate framework which underpins this strategy includes the following: -
- The relevant Codes of Conduct for elected Members and employees
- The Council's Constitution including the Finance Procedure Rules, Contract Procedure Rules and the Scheme of Delegation
- The Whistleblowing Policy (Confidential Reporting Code)
- The Anti- Money Laundering Policy
- Prosecution Policy
- The work by the Audit and Assurance Service, Counter Fraud and Enforcement Team and Trading Standards
- Participation in National Anti-Fraud Initiatives (NFI) and the National Anti-Fraud Network (NAFN)
- The ICT Acceptable Use Policy
- Recruitment procedures
- Staff disciplinary procedures.

7. Review of the Anti- Fraud and Corruption Strategy

7.1 The strategy will be reviewed on a regular basis and updated by Finance Services as necessary. Any significant changes will be referred to and approved by the Corporate Leadership Team and the Accounts and Audit Committee.

Anti- Fraud and Corruption Policy

(March 2017)

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Anti- Fraud and Corruption Policy

Anti- Fraud and Corruption Policy

1. Introduction

1.1 This document sets out the position taken by the Council on fraud, bribery, corruption and theft. It is intended to set out for councillors and employees the Council's position and how suspicions or incidents that might come to their attention should be dealt with.

2. Aims and Objectives

2.1 The aims and objectives of the Anti- Fraud and Corruption Policy are to:-
   a) Provide a clear statement on the Council's position on fraud, bribery corruption and theft;
   b) Minimise the risk to the Council's assets and good name;
   c) Promote a culture of integrity and accountability in councillors, employees and all those the Council does business with;
   d) Ensure the Council achieves its objectives and priorities;
   e) Enhance procedures aimed at preventing, deterring and detecting fraud and corruption;
   f) Raise awareness of the risk of fraud and corruption being perpetrated against the Council;
   g) Seek to ensure probity and propriety in all finance related matters.

3. Definitions

3.1 The definitions of fraud, corruption, bribery and also of theft are given here.

3.2 Fraud is defined as stated in The Fraud Act 2006 and can be committed in a variety of ways:

   - Fraud by false representation
   - Fraud by failing to disclose information
   - Fraud by abuse of position
   - Possession of articles for use in fraud
   - Making or supplying articles for use in fraud
   - Obtaining services dishonestly
   - Participating in fraudulent business.
   - Liability of company officers for offences by a company.

To prove fraud, conduct must have been dishonest and the intention must be to make a gain or cause a loss or the risk of a loss to another. Crucially, no gain or loss needs actually to have been made.

The maximum sentence for fraud is 10 years imprisonment.

Anti- Fraud and Corruption Policy

3.3 **Corruption** is broadly defined as the abuse of entrusted power for private gain. It is often used interchangeably with bribery. Other forms of corruption include embezzlement, fraud, collusion, favouritism and extortion.

3.4 **Bribery.** One form of a corrupt act is bribery. Bribery is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage and concerns the improper performance by:

- Giving and / or offering inducements

- Receiving and / or requesting inducements

There is a maximum penalty of 10 years imprisonment for all offences.

3.5 **Theft** is defined in the 1968 Theft Act. It is the dishonest taking of property belonging to another person with the intention of permanently depriving the owner of its possession.

The maximum sentence is 7 years imprisonment.

4. Policy Statement

4.1 The Council is committed to preventing, discouraging and detecting theft, fraud, bribery and corruption, whether attempted on, or from within the Council.

4.2 The Council expects all elected members, employees and all persons working on behalf of the Council to act with integrity, and to carry out their duties in accordance with appropriate legal requirements, internal codes, rules and procedures, to comply with their relevant code of conduct and act at all times with honesty and probity in the discharge of their functions. Underpinning the codes of conduct are the ten General Principles of Public Life which are detailed in Appendix A1 of this document.

4.3 **Fraud, financial misconduct, serious and intentional breach of financial or contract procedure rules, theft, bribery or corruption is not acceptable and will not be tolerated.** Fraud covers all the relationships an individual may have with the Council and as such all cases of internal fraud will be referred for disciplinary investigation and will be treated as gross misconduct.

4.4 The Council's policy also encompasses external fraud and includes fraud perpetrated against the Council. This will include Council Tax Support, Council Tax discounts, Non Domestic Rates, renovation grants, direct payments and student award frauds and includes the incorrect usage of any of the Council owned IT systems and those owned by a third party using council data.

4.5 All such cases will be reported for investigation either by the police or the Council's own investigation resources and considered for criminal prosecution

Anti- Fraud and Corruption Policy

in line with the Council's Prosecution Policy.

5. Expected Standards of Behaviour

5.1 The Council expects all elected members, employees, consultants, contractors, service users and any other external and partner organisations to uphold the highest standards of honesty and integrity.

5.2 Elected members and staff at all levels should be aware of their respective roles in preventing and detecting fraud and lead by example in ensuring adherence to rules, procedures, codes of conduct and recommended practices.

5.3 The Council supports and promotes zero tolerance to any form of theft, fraud, bribery or corruption and will pursue perpetrators to the full extent of the law.

5.4 Our strategy to reduce fraud is based on prevention, deterrence, detection, investigation, sanctions and redress within an over-riding anti-fraud culture. We will promote this culture across all our service areas and within the community as a whole.

6. Prevention

6.1 The responsibilities of various parties in relation to managing the risk of fraud and corruption are detailed below and summarised at Appendix A2.

6.2 **Responsibilities of Elected Members**

Elected members have a responsibility for approving major policies on the use of the Council's physical, financial and human resources and participating in the governance and management of the Council.

All elected members should be familiar with the Anti-Fraud and Corruption Policy and support its application in all activities, in order to help maintain a culture which will not tolerate fraud or corruption.

At all times, elected members must maintain the highest standards of conduct and ethics as the public would expect of their elected representatives and observe the Members' Code of Conduct.

6.3 **Responsibilities of the Accounts and Audit Committee**

The role of the Council's Accounts and Audit Committee in relation to fraud and corruption includes: -

- Reviewing and ensuring the adequacy of the organisation's Anti-Fraud and Corruption Strategy and Policy documents and to consider

> the effectiveness of the arrangements for counter fraud and whistleblowing;
> * Reviewing and ensuring that adequate arrangements are established and operating to deal with situations of suspected or actual fraud and corruption;
> * Reviewing the annual Internal Audit work programme to consider the proposed and actual Internal Audit coverage and whether this provides adequate assurance on the main business risks;
> * Receiving and considering the Council's Annual Governance Statement.

6.4 Responsibilities of Management

It is acknowledged that fraud may be committed from within the organisation. The responsibility for managing the risk of fraud and corruption lies with management. Management includes all of the Council's directors, heads of service, managers, line managers and supervisors. These are all responsible for establishing and maintaining sound systems of internal control in all of their service's operations to prevent and detect fraud, bribery, corruption and theft.

Management must promote staff awareness of the risk of fraud and corruption and ensure that all suspected or reported irregularities are immediately referred in accordance with the Fraud Response Plan.

Where fraud or corruption has occurred because of a breakdown in the systems or procedures in place, management must ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

Managers must ensure that awareness is raised about the need to register interests and to include in the Register of Gifts and Hospitality any gifts or hospitality. They should also ensure that compliance with procedures is maintained in accordance with the Code of Conduct for Employees.

6.5 Responsibilities of All Employees

The Council expects all elected members and employees, to act with integrity, and to carry out their duties in accordance with appropriate legal requirements, internal codes, rules and procedures and to act at all times with honesty and probity in the discharge of their functions. All employees are expected to give the highest possible standard of service and to act with propriety in the use of public funds.

Employees are required to avoid activity that breaches this policy and must: -

* Ensure that they read and comply with this policy;

- Report suspicions of theft, fraud, serious and intentional breaches of financial regulations, bribery or corruption;
- Comply with the Council's 'Code of Conduct for Employees'. The code specifically requires that all offers of gifts, hospitality, and potential conflicts of interest are declared.

6.6   Responsibilities of Suppliers, Contractors, Consultants, Agency workers, Public and Partner Organisations

All outside individuals, including suppliers, contractors, consultants, agency workers, public and partner organisations are expected to conduct themselves towards the Council with honesty and integrity, and not do anything that involves fraud or corruption.

All those working on behalf of the Council must be aware of procedures to be followed if they suspect that fraudulent or corrupt acts have been committed and must report their concerns.

6.7   Role of Internal Audit

Internal audit provides an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Internal audit work, undertaken by the Audit and Assurance Service, in reviewing the standard of internal control assists management to fulfil their responsibilities in preventing incidents of fraud and corruption.

The Audit and Assurance Service works in liaison with the Counter Fraud and Enforcement team in developing and reviewing the Anti-Fraud and Corruption Strategy and, where appropriate, by investigating issues reported under the Fraud Response Plan or the Whistleblowing Policy (Confidential Reporting Code) where fraud is suspected.

6.8   Role of External Audit

As part of their work plan, the Council's external auditors are required to identify any risk of material misstatement (whether due to fraud or error) and to reach a conclusion on the authority's arrangements to secure economy, efficiency and effectiveness.

6.9   Role of Counter Fraud & Enforcement Team

The Counter Fraud & Enforcement team is a dedicated unit which has been established to investigate potential irregularities in relation to a number of different areas administered by the authority. This includes categories such as Council Tax Discounts, Council Tax Support, Non Domestic Rates & Direct Payments. The consideration of sanctions or prosecution of offenders is governed by the Council's Prosecution Policy. The team works in liaison with the Audit and Assurance Service

Anti- Fraud and Corruption Policy

to review and develop the Council's Anti-Fraud and Corruption Strategy.

7.   Deterrence

7.1   The Council is committed to maintaining a culture which will not tolerate theft, fraud, bribery or corruption and will deal swiftly and firmly with any persons who defraud or attempt to defraud the Council, or who are corrupt.   Such action may include: -

- Disciplinary action;
- Prosecution;
- Recovery of financial loss;
- Publicising successful prosecutions.

7.2   **Disciplinary Action**

All cases of fraud, bribery corruption or theft, will be referred for disciplinary investigation and will be treated as gross misconduct.

If any allegations are made maliciously or for personal gain, disciplinary action may be taken against the person making the malicious allegation.

Any elected member found to have acted fraudulently or corruptly will also face action. Where appropriate, the Council's Monitoring Officer will be consulted about the action to be taken.

7.3   **Prosecution**

Where sufficient evidence exists to suggest that a criminal offence may have been committed, it is the policy of the Council to refer the matter for prosecution and seek to recover losses incurred.

7.4   **Recovery of financial loss**

The Council will seek to recover any financial loss incurred as a result of fraudulent activity.

The Council is committed to taking further appropriate action against fraudulent claims submitted for financial assistance in relation to any service which the Council delivers such as Council Tax, Non Domestic Rates and Social Care. Consideration will be given to either prosecuting or applying alternative sanctions where it is considered appropriate to do so, in accordance with the Council's prosecution policy.

Disciplinary action will be taken in all cases where employees are found to have either made or participated in the making of fraudulent applications to this or any other public body.

Anti- Fraud and Corruption Policy

7.5 Publicising Successful Prosecutions

The Council's Communications Team will liaise with the press to publicise any anti-fraud and corruption initiatives undertaken by the Council.

Successful prosecutions of perpetrators of theft, fraud bribery or corruption will be publicised.

8. Detection

8.1 The Role of Management

Management must ensure that an effective system of internal control is in place. Controls in place should be adequately documented and implemented. It is the responsibility of management to ensure that appropriate controls are established and that the operation of all controls is kept under review.

8.2 Reporting Suspected Incidents of Fraud or Corruption

All elected members and employees have a vital role in the detection of fraud and corruption and must be vigilant against the possibility of fraudulent and corrupt activity.

All suspicions of illegality, financial impropriety or breach of procedure should be reported in accordance with the requirements of the Fraud Response Plan.

The Council has a Whistleblowing Policy to give confidence to anyone who wishes to raise concerns. The policy provides a framework for reporting, investigating and following up such concerns in accordance with the Public Interest Disclosure Act 1998 (PIDA).

Where any person indicates that they wish to raise a concern in relation to suspected fraud, they should be referred to the contact details shown in the Fraud Response Plan for guidance on how to report their concerns in confidence. Contact details and guidance for reporting fraud are included on the Council website and reflected in the Fraud Response Plan included on the intranet. Any referrals received via these contact details will be allocated accordingly depending on the nature of the allegation received.

8.3 The Investigation of Incidents of Fraud or Corruption

The Council's Audit and Assurance Service and Counter Fraud and Enforcement Teams are responsible for receiving all referrals of suspected theft, fraud and corruption. Responsibility for conducting the investigation will depend on the nature of the alleged offence(s).

Anti- Fraud and Corruption Policy

The relevant investigating team will liaise with other relevant services, to agree an appropriate approach to ensure that action is taken to research allegations of suspected fraud in accordance with this policy. Account will be taken of the particular circumstances of each case to ensure appropriate services are involved in the process. There will be liaison with Human Resources and other functions / individuals as necessary such as Legal Services, relevant service managers and other internal and/or external services.

Where theft, fraud or corruption has occurred, management will be advised about any recommended improvements to systems and procedures as appropriate.

The Council's Chief Finance Officer (as the Section 151 Officer) will be informed of all incidents of fraud where it is alleged that the incident involves a member of staff, partner, contractor or councillor. Action for undertaking an investigation will be agreed in liaison with Human Resources in accordance with investigation processes set out as part of the Council's Disciplinary Procedure.

8.4   **Data Matching**

Arrangements are in place, and will continue to be developed, which encourage the exchange of information between the Council and other agencies on national and local fraud and corruption activity. This includes participation in the National Fraud Initiative (NFI). All such arrangements will adhere to data protection legislation.

9.   **Sanctions and Redress**

9.1   In all cases of theft, fraud, financial misconduct, serious and intentional breach of financial regulations or contract procedure rules, bribery or corruption committed by employees the Council will seek disciplinary action for gross misconduct. This includes fraud related to employment with the Council as well as other forms of engagement e.g. through applications for financial assistance made to the Council by employees or members.

9.2   Where evidence of fraud exists this will be reported to the Police or the Council's Legal Services where appropriate and considered for criminal prosecution, in line with the Prosecution Policy. Where a financial loss has been identified, the Council will seek to recover this loss either through civil or criminal processes.

9.3   The Council will seek prosecution in all cases involving theft from vulnerable clients or where there is evidence of bribery or corruption of public officials.

Appendix A1 - The General Principles of Public Life

The Council expects all elected Members and employees, to act with integrity, and to carry out their duties in accordance with appropriate legal requirements, internal codes, rules and procedures and to act at all times with honesty and probity in the discharge of their functions.

All elected members and employees of Trafford Council are expected to comply with their relevant Code of Conduct. Underpinning the Codes of Conduct are the ten General Principles of public life: -

1. **Selflessness** — Holders of public office should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

2. **Honesty and integrity** — holders of public office should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

3. **Objectivity** — holders of public office should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

4. **Accountability** — holders of public office should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

5. **Openness** — holders of public office should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

6. **Personal judgment** — holders of public office may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

7. **Respect for others** — holders of public office should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their age, race, religion or religious belief, sex or sexual orientation, pregnancy or maternity, if they have a disability, if they are married or in a civil partnership or if they propose to or have completed a gender reassignment process. They should also respect the impartiality and integrity of the authority's statutory officers and its other employees.

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8. **Duty to uphold the law** — holders of public office should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

9. **Stewardship** — holders of public office should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

10. **Leadership** — holders of public office should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

Stakeholder	Appendix 2 – Roles and Responsibilities Specific Responsibilities
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Monitoring Officer	To advise Councillors and employees on ethical issues, standards and powers to ensure that the Council operates within the law and statutory codes of practice.
Chief Finance Officer	To ensure the Council has an adequately resourced and effective counter fraud and internal audit service.
Accounts and Audit Committee	To review and ensure the adequacy of the organisation's Anti – Fraud & Corruption Policy and Strategy and the effectiveness of their application throughout the authority. Review and ensure that adequate arrangements are established and operating to deal with situations of suspected or actual fraud and corruption.
Councillors	To support and promote the development of a strong counter fraud culture.
External Audit	To identify any risk of material misstatement (whether due to fraud or error) and to reach a conclusion on the authority's arrangements to secure economy, efficiency and effectiveness.
Internal Audit: The Audit and Assurance Service	To co-ordinate, in co-operation with the Counter Fraud and Enforcement Team and other services, maintenance of the Anti-Fraud and Corruption Strategy, Policy and supporting guidance. To independently review the Council's internal controls to assist management in reviewing and reducing the risks of fraud and corruption. To undertake fraud investigations and subsequent follow up work in accordance with the Council's Anti- Fraud & Corruption Strategy and Anti-Fraud & Corruption Policy.
Counter Fraud & Enforcement Team	To investigate suspected irregularities in relation to Council Tax Support, Council Tax Discounts, Non Domestic Rate Relief, Personal Budgets and any other financial services that the Council administers. To work with Audit and Assurance and other services in maintaining the Council's Anti-Fraud and Corruption Strategy, Policy and supporting guidance.
Directors, Heads of Service, Managers and line managers	To lead by example. To promote staff awareness and ensure that all suspected or reported irregularities are immediately reported as required in the Council's Fraud Response Plan. To ensure that there are mechanisms in place to assess the risk of fraud, bribery, corruption and theft and to reduce these risks by implementing robust internal controls.
All employees of the Council	To comply with Council policies and procedures. To be aware of the possibility of fraud, bribery, corruption and theft, and to report

	any genuine concerns to the appropriate management.
Suppliers, Contractors, Consultants, Partners	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions.
Standards Committee	To monitor and advise upon the content and requirement of codes, protocols and other procedures relating to standards of conduct throughout the Council.

Fraud Response Plan

(March 2017)

Fraud Response Plan

1.   Introduction

1.1   The purpose of this plan is to demonstrate and set out the procedures to be followed by employees where theft or fraud is suspected or detected. It is part of the Council's overall Anti-Fraud and Corruption Strategy. This plan applies to all employees as well as those contractors working for the Council on council premises, for example, agency staff, builders, drivers, independent consultants, trainees, and volunteers.   It also covers suppliers and those providing services under a contract with the Council in their own premises.

1.2   Nothing in this plan detracts from the information contained within the Council's Whistleblowing Policy.

2.   Reporting a suspected fraud

2.1   Suspicions of fraud will be treated seriously and will be reviewed and investigated in accordance with the Public Interest Disclosure Act, the Human Rights Act and the Council's fraud investigation procedures.

2.2   All suspicions of theft, fraud or corruption must be reported without delay by one of the following methods:

- Contact the Council's fraud reporting line: 0161 912 2228/2166/1839/2771
- Email : counterfraud@trafford.gov.uk
- Complete and submit the online fraud reporting form online fraud report form

2.3   Details in relation to fraud reporting are also reflected in the Council's Whistleblowing Policy and associated guidance. Employees can contact the Audit and Assurance Service or the Counter Fraud and Enforcement Team for further advice on anti-fraud and corruption matters.

2.4   Employees unsure of whether or how to raise a concern or for those who may want confidential advice are advised to contact the independent charity, Public Concern at Work. Public Concern at Work provides free confidential advice on how to raise a concern about serious malpractice at work. Their contact details are: -

- Telephone: 020 7404 6609
- Web-site: www.pcaw.co.uk
- E-mail: helpline@pcaw.co.uk

2.5   This Fraud Response Plan is intended to provide employees with an avenue within the Council to raise concerns. If it is felt that the Council has not acted

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appropriately, the matter could be reported to one of the following possible contact points: -

- The Council's external auditor;
- One of the Council's recognised Trade Unions, i.e. UNISON or GMB;
- Citizens' Advice Bureau;
- Relevant professional bodies or regulatory organisations such as the Health and Safety Executive and utility regulators;
- The police.

2.6   If the matter is reported to a person or body outside of the Council, care should be taken not to disclose confidential information.

3.   Action by Managers/Heads of Service

3.1   Managers must take action to deal with suspicions of theft, fraud or corruption: Managers should: -

- Listen to the concerns raised by staff and treat every report received seriously and sensitively;
- Make sure that all concerns are given a fair hearing:
- Reassure staff that they will not suffer because they have raised suspicions. The Council will not tolerate any harassment or victimisation (including informal pressures) of anyone raising a genuine concern;
- Get as much information as possible, including any notes and any evidence that may support the allegation;
- Report the matter as outlined in 2.2 above of this document.
- **NOT** interfere with any evidence and make sure it is kept in a safe place;
- **NOT** try to carry out an investigation. This may hinder any subsequent investigation action that may be taken

4.   The Council's Response

4.1   The Council is committed to good practice and high standards and wants to be supportive of its employees. The Council recognises that deciding whether or not to report a concern can be very difficult.

4.2   In line with the Public Interest Disclosure Act 1998, if concerns are raised by an employee that they genuinely believe to be making in the public interest, it does not matter if these are not subsequently proved. They will not be at risk of losing their job or suffer from any form of retribution as a result. This assurance is not extended to anyone who maliciously raises a matter that they know to be false.

4.3   The Council will not tolerate any harassment or victimisation of anyone raising a genuine concern. All such acts of harassment or victimisation will be referred for disciplinary investigation. Where concerns are raised in

confidence, the identity of the witness will not be disclosed without their consent unless required by law.

5. Fraud Investigation

5.1 The Council's Audit and Assurance Service and Counter Fraud and Enforcement Teams are responsible for receiving all referrals of suspected theft, fraud and corruption. Responsibility for conducting the investigation will depend on the nature of the alleged offence(s).

5.2 The relevant investigating team will liaise with other relevant services, to agree an appropriate approach to ensure that action is taken to research allegations of suspected fraud in accordance with this policy. Account will be taken of the particular circumstances of each case to ensure appropriate services are involved in the process. Liaison will take place with Human Resources and other functions / individuals as necessary such as Legal Services, relevant service managers and other internal and/or external services.

5.3 Where theft, fraud or corruption has occurred, management will be advised about any recommended improvements to systems and procedures as appropriate.

6. Disciplinary procedure

6.1 Cases of theft, fraud, bribery or corruption by employees will be referred for disciplinary investigation in accordance with the procedures set out in the Council's Disciplinary Policy and will be treated as gross misconduct.

6.2 Where sufficient evidence exists, this will be reported to the police in accordance with the Prosecution Policy.

6.3 Where there is evidence that an allegation of misconduct was made maliciously or for personal gain, disciplinary action will be taken against the person making the malicious allegation.

Appendix B1 – Anti-Fraud Guidance for Employees

1. What should I do if I think there is a fraud?

If you suspect theft, fraud, bribery or corruption within the workplace, there are a few simple guidelines that should be followed: -

Do make an immediate note of your concerns.
Note all relevant details, such as what was said in telephone or other conversations, the date, time and the names of anyone involved.

Do deal with the matter promptly.
Any delay may cause further problems

Do not be afraid of raising your concerns.
You do not have to be able to prove that your suspicions are correct. You will not suffer any recriminations as a result of raising a reasonably held suspicion, even if this turns out to be wrong.

Do report your suspicions.

2. Who should I contact?

Report your suspicions by one of the following methods:

- Contact the Council's fraud reporting line   0161 912 2228/2166/1839/2771
- Or Email : counterfraud@trafford.gov.uk
- Complete and submit the online fraud reporting form online fraud report form

Further information is also detailed in the Council's Whistleblowing Policy and associated guidance.

3. I am still not sure whether I should report the issue.

If you are unsure whether or how to raise a concern or if you want confidential advice before contacting someone officially, then contact independent advisors Public Concern at Work on 020 7404 6609 or e-mail helpline@pcaw.co.uk

Public Concern at Work is an independent charity that provides free advice for employees who wish to express concerns about fraud or other serious malpractice in the workplace.

4. Is there anything I should **not** do?

Do not approach the person / people or organisation you suspect.
Refer your concerns to the contacts indicated in Section 2.2 of this guidance or within the Council's Whistleblowing Policy.

Do not try to investigate the matter yourself.
Do not attempt to collect evidence or question anybody, but if you do have any documents etc. which you think are relevant, secure them safely.

Do not convey your suspicions to anyone other than those with the proper authority.
If you are unsure about what you have seen or heard, seek advice from the Audit and Assurance Service, Counter Fraud & Enforcement Team or Public Concern at Work.

5. I only think there is something wrong. I do not have any evidence. Will my information be treated seriously?

Yes it will.
We understand that reporting a concern can be very difficult and that you may not be sure that you are doing the right thing. Your information will be treated seriously and as far as possible, confidentially.

Your responsibility is to report your suspicions.
You do not need to prove that your suspicions are correct. You should not attempt to collect evidence. It does not matter if your suspicions turn out to be wrong, as long as you have acted in good faith and genuinely believe your suspicions to be true.

6. What protection is available for me if I do decide to report my suspicions?

The Council will not tolerate any harassment or victimisation of anyone raising a genuine concern. If you want to raise a concern in confidence and ask for your identity to be protected, it will not be disclosed without your consent unless required by law.

In addition, an Act of Parliament – the Public Interest Disclosure Act 1998 will protect you from any detriment as long as the disclosure is in the public interest and
a) You disclose the information in good faith;
b) You believe it to be substantially true;
c) You do not act maliciously or make false allegations;
d) You do not seek any personal gain.

Prosecution Policy

(March 2017)

Prosecution Policy

1. Introduction

1.1 Trafford Council is committed to the highest standards of honesty and integrity. The Council is determined to discharge its responsibility to safeguard public funds and is committed to fighting fraud, corruption and misappropriation whether attempted from inside or outside of the organisation.

1.2 The Council will seek the strongest possible sanction against any individual or organisation that defrauds, or seeks to defraud the Council. The use of sanctions will be governed by the following policy and the principles of the policy are designed to apply equally to any fraud against the Council or against funds for which the Council has responsibility.

2. Objectives

2.1 The objectives of the Prosecution Policy are:

- To ensure that the Council applies a full range of sanctions in a just and consistent manner;
- To ensure that sanctions are applied in an effective and cost efficient manner;
- To ensure that the sanction decision making process is stringent, robust and transparent.

2.2 This policy is designed to provide a framework to ensure the most appropriate resolution to a case is reached. The sanction decision will have regard at all times to the Council's Disciplinary Policy and Anti-Fraud and Corruption Policy objectives, the individual circumstances of each person concerned and the overall impact of the punishment to both the individual and the community.

2.3 A range of sanctions is available to the Council. These include disciplinary action, civil proceedings, criminal proceedings, official cautions and financial penalties.

2.4 The ultimate sanction available to the Council is criminal prosecution. It is recognised that this is a serious step to take and the decision to do so will not be taken lightly.

2.5 The Council is able to prosecute using their own legal services, or may, depending on the nature of the case, refer the matter to the Police for investigation and subsequent prosecution via the Crown Prosecution Service (CPS).

2.6 The decision to either prosecute via the Council's Legal Services or refer cases to the Police for prosecution via the Crown Prosecution Service will be taken in consultation with the relevant corporate director, head of service and

the Director of Legal and Democratic Services. In appropriate cases, the prosecution arm of other public agencies may be utilised. The Section 151 Officer and Audit and Assurance Manager must be notified of any cases of fraud referred for police prosecution.

3.   Evidential Test

3.1   The evidential test to be used will be: Is there enough evidence to provide "a realistic prospect of conviction"?

In order to ensure that a "realistic prospect of conviction" exists, members of the relevant Investigations team will at all times ensure that investigations are conducted in accordance with relevant legislation and in line with published codes of practice and guidance with regard to evidence gathering, interviewing and rules of disclosure.

The Council does not have the resources of the police and CPS available to it and to ensure the cost effectiveness of actions, will require the evidence to be of a standard to make the prospect of a conviction highly likely.

3.2   The evidence gathered will be examined in the first instance by the investigating officer, in consultation with the relevant head of service. When both are satisfied that sufficient evidence of an offence exists and following consultation with officers as listed in Section 2.6 of the Policy, the case file may be passed on to the police for further investigation, Alternatively, if the investigation has been fully completed by Trafford Council officers and it is considered that sufficient evidence already exists to successfully prosecute and that the Public Interest test is also satisfied, then the case will be passed to the Council's Legal Services for prosecution action to be taken.

4.   Public Interest Test

4.1   In order to ensure consistency and correctness when considering a case for sanction or prosecution, the guidelines applied by the Crown Prosecution Service will be followed to consider whether there is enough evidence against the defendant and whether it is in the public interest to take the matter to court.

4.2   Public interest factors to be considered include: -
- A conviction is likely to result in a significant sentence;
- The defendant was in a position of authority or trust;
- The evidence shows that the defendant was a ringleader or an organiser of the offence;
- There is evidence that the offence was premeditated;
- There is evidence that the offence was carried out by a group, of which the defendant was part;
- There are grounds for believing that the offence is likely to be continued or repeated, for example, by a history of recurring conduct;

or the offence, although not serious in itself, is widespread in the area where it was committed;

- The fraud has been perpetrated over a significant length of time;
- The fraud has resulted in significant loss of funds;
- The defendant has committed a similar offence previously;
- The defendant has refused the offer of an alternative sanction;
- Aggravating and mitigating factors will be taken into consideration when deciding on the appropriate sanction.

5. Employee Fraud

5.1 Employee fraud covers all the relationships an individual may have with the Council, including contractors and all cases will be referred for disciplinary investigation, with support from officers employed within the Human Resources Service and, where appropriate, will be treated as gross misconduct.

5.2 Theft, or fraud committed by employees will be reported to the police and considered for prosecution where appropriate. Where a financial loss has been identified, we will always seek to recover this loss either through the civil or criminal process.

5.3 The factors that will affect our decision to prosecute will be based on the evidential and the public interest test. We will seek prosecution in all cases involving theft from vulnerable clients or where there is evidence of corruption of public officials.

6. Public Funds Fraud

6.1 The Council is also committed to protecting public funds through the prevention, detection, deterrence and investigation of suspected fraudulent applications for assistance in relation to any service which the council delivers. This includes areas such as Council Tax, Non-Domestic Rates, Social Care and Insurance.

6.2 If a person makes an incorrect statement or representation, furnishes false documentation or negligently gives incorrect information or evidence, or without reasonable excuse, fails to give a prompt notification of a relevant change of circumstances, then the Council will consider whether legal proceedings are appropriate, with due consideration to the public interest test.

6.3 The Council will, where appropriate, investigate to establish whether a fraud has been committed. If fraud investigators have sufficient reason to suspect an offence may have been committed, an interview under caution, in accordance with the Police and Criminal Evidence Act 1984 will be carried out.

6.4 Where it is considered that appropriate evidence does exist to sustain a sanction or prosecution, appropriate actions will be considered.

TRAFFORD COUNCIL

Report to: **Accounts and Audit Committee**
Date: **28 March 2017**
Report for: **Information**
Report of: **Audit and Assurance Manager**

Report Title

Accounts and Audit Committee – Work Programme – 2016/17

Summary

This report sets out the updated work plan for the Committee for the 2016/17 municipal year i.e. items covered during the year in addition to the agenda for the March 2017 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 Accounts and Audit Committee is asked to note the 2016/17 work programme.

Contact person for access to background papers and further information:

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

Background Papers: None

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Governance (including Annual Governance Statement)	Anti- Fraud & Corruption Arrangements	Accounts / Financial Management
28 June 2016	Agree Committee's Work Programme for 2016/17 (including consideration of training and development). Training & Development/Presentation (June) - Draft accounts (provided outside Committee)					
	- 2015/16 Head of Internal Audit Annual Report	- Audit Progress Report	- Update on Strategic Risk Issue (Loss / retention of Senior Managers)	- Review 2015/16 draft Annual Governance Statement - Accounts and Audit Committee 2015/16 Annual Report to Council		- Pre-audited 2015/16 accounts - 2015/16 Revenue Budget Monitoring Outturn and Capital Investment Programme Outturn reports -Treasury Management update (including Annual Performance Report 2015/16) - Insurance Performance Report 2015/16.
29 September 2016	Business Rates presentation.					
	- Q1 Internal Audit Monitoring Report	- Audit Findings Report		- 2015/16 Annual Governance Statement (final version)	- Counter Fraud Team Update (including 2015/16 Benefit Fraud Investigation) - Office of Surveillance Commissioners – outcome of inspection. (Covered under an Exclusion Resolution).	- Approval of Annual Statement of Accounts 2015/16 - Budget Monitoring Report.

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Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Governance (Including Annual Governance Statement)	Anti- Fraud & Corruption Arrangements	Accounts/Financial Management
23 November 2016	- Q2 Internal Audit monitoring report	- Annual Audit Letter - Audit Update - Options for Appointment of External Auditor.	- Strategic Risk Register Monitoring Report		- Fraud reporting update – awareness raising	- Treasury Management : mid-year performance report - Budget Monitoring Report
7 February 2017	Training and Development : Treasury Management (to be undertaken in advance of the Committee meeting)					
	- Q3 Internal Audit monitoring report	- Audit Update (including Grant Claims summary) - External Auditor Appointment Process		- Report on arrangements for 2016/17 Annual Governance Statement. - Consider improvement actions taken in 2016/17 in respect of a 2015/16 governance issue : Reshaping Trafford		- Treasury Management Strategy - Budget Monitoring Report
28 March 2017	- 2017/18 Internal Audit Plan - Internal Audit Charter and Strategy /Public Sector Internal Audit Standards update	- Audit Plan / update	- Strategic Risk Register Monitoring Report - Risk Management Policy and Strategy		- Anti-Fraud and Corruption Policy and Strategy.	- Budget Monitoring Report.

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