

Audit and Governance Committee

Agenda

Date: Thursday, 30th June, 2011
Time: 2.00 pm
Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. **Apologies for Absence**

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interests in any item on the agenda

3. **Public Speaking Time/Open Session**

In accordance with Procedure Rules Nos.11 and 35 a period of 10 minutes is allocated for members of the public to address the meeting on any matter relevant to the work of the meeting. Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers. Members of the public are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given.

4. **Minutes of Previous meeting** (Pages 1 - 6)

To approve the minutes of the meeting held on 29th March 2011.

Contact: Paul Mountford, Democratic Services
Tel: 01270 686472
E-Mail: paul.mountford@cheshireeast.gov.uk

5. **Appointment of Appeals Sub-Committee** (Pages 7 - 10)

To consider proposed interim arrangements for considering appeals through the appointment of an Appeals Sub-Committee.

6. **Annual Audit Fees 2011/2012** (Pages 11 - 16)

To consider a report on the Audit Commission's Annual Audit fees for 2011/12.

7. **Progress Report - Audit 2010-11** (Pages 17 - 32)

To report progress to date against the 2010-11 Audit Plan.

8. **Draft Statement of Accounts and Annual Governance Statement 2010-11 - Approval Process** (Pages 33 - 36)

To update Members on the process and timetable for the approval of the 2010-11 Statement of Accounts and Annual Governance Statement.

9. **Internal Audit Annual Report 2010/11** (Pages 37 - 82)

To provide the Committee with an opinion on the overall adequacy and effectiveness of the Council's control environment for 2010/11.

10. **Risk Management Policy Review** (Pages 83 - 106)

To enable the Committee to consider and comment on the updated Risk Management Policy prior to the policy being submitted to Cabinet for approval.

11. **Risk Management Update Report** (Pages 107 - 132)

To consider and review an update report on risk management.

12. **Business Continuity Update** (Pages 133 - 144)

To consider a report on the actions in place to ensure that the Council is prepared to deliver key functions in an emergency.

13. **Whistleblowing Policy** (Pages 145 - 156)

To consider a report advising the Committee on the content of the revised Whistleblowing Policy.

14. **Anti-Fraud and Corruption Arrangements** (Pages 157 - 162)

To consider the outcome of a review of anti-fraud and corruption arrangements.

15. **Work Plan** (Pages 163 - 174)

To consider the contents of the Work Plan and determine any required amendments.

(There are no Part 2 items)

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Audit and Governance Committee**
held on Tuesday, 29th March, 2011 in Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor M J Simon (Chairman)
Councillor A Kolker (Vice-Chairman)

Councillors B H Dykes, J Hammond, M Lloyd, J Narraway and M J Weatherill

IN ATTENDANCE

Vivienne Quayle	Head of Policy and Performance
Lisa Quinn	Borough Treasurer
Julie Openshaw	Deputy Monitoring Officer
Arthur Pritchard	Head of Assets
Jo Rozsich	Head of Communications
Sandra Smith	Compliance Unit Manager
Neil Taylor	Internal Audit Manager
Joanne Wilcox	Corporate Finance Lead
Carol Jones	Democratic Services Officer

Councillor David Brown Cabinet Member

Andrea Castling Audit Commission
Judith Tench Audit Commission

APOLOGIES

Councillors S Conquest and M Hardy

43 DECLARATIONS OF INTEREST

No declarations of interest were made.

44 PUBLIC SPEAKING TIME/OPEN SESSION

In accordance with Procedure Rules Nos. 11 and 35, a total period of 10 minutes was allocated for members of the public to address the Committee on any matter relevant to its work, or to ask questions.

There were no questions from members of the public and the Committee proceeded to its next business.

45 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the Minutes of the Meeting held on 25 January 2011 be approved as a correct record.

46 CERTIFICATION OF CLAIMS AND RETURNS - ANNUAL REPORT

The Committee considered a report which provided a summary of the key findings identified during the Audit Commission's certification process for 2009-2010 specific grant income. The report also included recommendations arising from the auditor's assessment of the Council's arrangements for preparing claims and returns and information on claims which had been amended or qualified.

It was noted that the fees associated with the grant certification work in 2009-2010 were £77,170.

RESOLVED: That the Grants Certification Report be received.

47 PROGRESS REPORT - AUDIT 2010-2011

The Committee considered the report of the Borough Treasurer and Head of Assets which updated Members on progress against the 2010-2011 Audit Plan which had been presented to the Committee on 25 January 2011.

The Audit Commission was required to carry out the audit of the financial statements under the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).

Ms Castling (Audit Commission) spoke to the report and responded to Members' questions.

During discussion of this item, Members asked for an update on the internal audit of the voluntary redundancy scheme (Minute 33 – 25 January 2011). It was confirmed that this was in progress and an undertaking was given to provide a copy of the Terms of Reference to Members of the Committee.

RESOLVED: That the Audit Progress Report 2010-2011 be received.

48 SALE OF COUNTY HALL

The Committee considered a report from the Audit Commission, as external auditors of both Cheshire West and Chester Council and Cheshire East Council in respect of the sale of County Hall, Chester.

The report outlined the legal issues relating to the sale, the views of the Audit Commission relating to compliance and recommendations for the future.

The report contained six recommendations, three of which related to Cheshire East Council –

Recommendation 2: consider sharing specialist advice where appropriate in future.

Recommendation 3: review the approach to the sale of County Hall to identify any lessons that can be learned for future decision-making and the ongoing rationalisation of their property.

Recommendation 6: the Consultation Strategy should include proper consideration of circumstances where the Council will consult and involve local people in meaningful ways.

Comments/observations were made by Members and these were responded to by Officers as appropriate.

The Committee was assured that Officers would be working with Cheshire West and Chester Council to develop a protocol which could be applied to other assets which the Council may wish to dispose of.

RESOLVED: That the report be received.

49 **FINAL ACCOUNTS PROGRESS REPORT**

The report of the Borough Treasurer and Head of Assets provided the Committee with –

- An update on the issues contained within the Audit Commission's Final Accounts memorandum;
- Progress to date on the implementation of International Financial Reporting Standard compliant accounts;
- Updated accounting policies; and
- Potential changes to the way in which the accounts were presented to members for approval in the future.

Under the present Account and Audit Regulations the Council's draft unaudited accounts would be approved by the Committee before presentation for audit, and this would normally take place at the end of June. The audited accounts would then be presented to the September meeting of the Committee for approval.

Under changed legislative proposals, there would be no requirement for the Committee to approve the accounts in advance of presentation for audit, but these would need to be approved by the S.151 Officer (Borough Treasurer and Head of Assets) prior to submission for audit.

If changes in legislation were not approved before June, the Committee would be asked to approve the accounts, as in previous years at its June Committee meeting.

It was noted that a training session on the new regulations would be arranged for Members later in the year.

RESOLVED: (a) That progress be noted on preparations for producing the year-end accounts for 2010-2011; and

(b) That the impact of the amended reporting requirements for the June 2011 meeting be noted.

**50 OPERATIONAL PROCEDURES FOR COVERT SURVEILLANCE -
REGULATION OF INVESTIGATORY POWERS ACT 2000**

The Committee considered the report of the Head of Policy and Performance which sought to provide assurance for Members that Cheshire East Council was complying with the requirements for covert surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA).

RIPA was designed to control the use of surveillance to ensure that less intrusive options had been considered and that the necessity and proportionality of any surveillance had been assessed and that it had been properly authorised. The key use of RIPA was for the purpose of preventing or detecting crime, or preventing disorder.

It was noted that the Government was currently conducting a review of the use of RIPA and access to communications data. The administration of this would have implications for the Authority.

RESOLVED: That the Committee note the requirements of RIPA legislation and the actions in place to ensure that the Council complied with these requirements.

51 BUSINESS CONTINUITY UPDATE

The Civil Contingencies Act 2004 required Local Authorities, together with other organisations, to be prepared to deliver key functions in an emergency.

The report of the Head of Policy and Performance provided assurance that Cheshire East Council had business continuity plans in place to provide critical services under a number of different emergency scenarios.

RESOLVED: (a) That the requirements of the Civic Contingencies legislation be noted; and

(b) That the Committee was satisfied that actions were in place to ensure that the Council complied with the requirements of the legislation.

52 RISK MANAGEMENT UPDATE

The Committee had a key role in providing an oversight of the effectiveness and embedding of risk management processes and in testing and seeking assurance about the effectiveness of control and governance arrangements.

In order to form an opinion on these arrangements, the Committee needed to establish how key risks were identified, evaluated and managed, and the rigour and comprehensiveness of the review process.

The report of the Head of Policy and Performance provided the Committee with a summary of the key corporate risks and risk management work undertaken since the last report.

During consideration of the report, Jo Rozsich, Head of Communications, made a presentation to Members in respect of reputational risk.

RESOLVED: That the report on risk management be received.

53 INTERNAL AUDIT PLAN FOR 2011-2012

The report of the Head of Policy and Performance invited the Committee to approve the Internal Audit Plan for 2011-2012.

The Authority was required to maintain an adequate and effective system of internal audit in accordance with the Accounts and Audit Regulations 2003, as amended.

Members raised the issue of the Council's responsibility to respond to Freedom of Information requests versus the cost of providing the information. Officers assured Members that this was being kept under regular review. There were some individuals who made repeat requests, and wherever possible, "requestors" were directed to information which was already publicly available on the website or contained in other documents. Transparency was important to the Council and measures were taken to ensure that information was easily accessible. An open approach was adopted in respect of the provision of information which was balanced against the appropriate use of staff resources.

RESOLVED: That the approach to internal audit planning be endorsed and the Internal Audit Plan 2011-2012 be approved.

54 UPDATE ON ANNUAL GOVERNANCE STATEMENT 2010-2011

The joint report of the Head of Policy and Performance and the Borough Solicitor provided an update on the work being undertaken to produce the Annual Governance Statement 2010-2011.

RESOLVED: That progress towards the completion of the Annual Governance Statement be noted.

55 AUDIT & GOVERNANCE COMMITTEE SELF-ASSESSMENT

The report of the Head of Policy and Performance aimed to facilitate compliance with the requirements of the Accounts and Audit Regulations 2003, as amended, and advised Members on the results of a self-assessment of the effectiveness of the Audit and Governance Committee using the CIPFA publication "*Audit Committees – Practical Guidance for Local Authorities*".

RESOLVED: That the detailed outcome of the review of the system of internal audit be considered by the Audit and Governance Committee as part of the Annual Governance Statement approval process.

56 WORK PLAN

The Committee considered the Work Plan for 2010/2011 which had been amended since its last meeting held in January 2011.

RESOLVED:

- 1 That the changes made to the work Plan since its previous discussion be noted; and
- 2 That the Work Plan continue to be submitted to the Committee periodically for development and approval.

The meeting commenced at 2.00 pm and concluded at 4.10 pm

Councillor M J Simon (Chairman)

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 30th June 2011
Report of: Democratic and Registration Services Manager
Subject/Title: Appointment of Appeals Sub-Committee

1.0 Report Summary

- 1.1 This report sets out proposals for interim arrangements for considering appeals through the appointment of an Appeals Sub-Committee.

2.0 Recommendations

2.1 That

- (1) an Appeals Sub-Committee be appointed with full delegated powers to hear and determine the following:
- appeals lodged under the Marriage Acts.
 - appeals lodged with the Council for determination, as authorised under all relevant education legislation, excluding those duties falling to the Independent Appeals Panel (schools admissions and exclusions).
 - appeals lodged with the Council in respect of school transport.
 - appeals from bus contractors in accordance with contract procedures.
 - any appeals lodged with the Council as Social Services Authority, and as authorised under all relevant social services legislation.
- (2) the Sub-Committee comprise 5 members (3 Con; 1 Lab; 1 Ind) to be nominated by the Political Groups;
- (3) the Officers arrange suitable training for the members appointed to the Sub-Committee;
- (4) the Appeals Sub-Committee's meetings be held, wherever possible, on those dates already scheduled in the calendar of meetings for the former Appeals Committee; and
- (5) the Committee note that the arrangements for dealing with appeals are to be reviewed by the Constitution Committee at its next meeting and the outcome of that review be awaited.

3.0 Reasons for Recommendations

- 3.1 To provide a mechanism for considering appeals while the future placement of the appeals function within the Council's committee structure is under review.

4.0 Wards Affected

- 4.1 N/A

5.0 Local Ward Members

- 5.1 N/A

6.0 Policy Implications including - Carbon reduction - Health

- 6.1 None identified.

7.0 Financial Implications

- 7.1 None identified.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Council has a legal duty to consider a range of appeals in relation to its services and contractual arrangements.

9.0 Risk Management

- 9.1 Failure to have proper arrangements in place to consider appeals puts the Council at risk of not fulfilling its statutory obligations.

10.0 Background and Options

- 10.1 The Council at its Annual Meeting on 18th May 2011 reviewed the Council's committee structure and in doing so decided not to appoint an Appeals Committee as a standalone body. The former Appeals Committee had been responsible for the following functions:

- Hearing and determining appeals lodged under the Marriage Acts.
- Hearing and determining any appeals lodged with the Council for determination, as authorised under all relevant education legislation, excluding those duties falling to the Independent Appeals Panel (schools admissions and exclusions).
- Hearing and determining any appeals lodged with the Council in respect of school transport.
- Hearing and determining appeals from bus contractors in accordance with contract procedures.

- Hearing and determining any appeals lodged with the Council as Social Services Authority, and as authorised under all relevant social services legislation.

- 10.2 The Council transferred these functions to the Audit and Governance Committee.
- 10.3 The Officers have now given further consideration to these arrangements and in particular to whether the Audit and Governance Committee is the appropriate body to consider appeals. The Audit and Governance Committee was established to raise the profile of internal control, risk management and financial reporting within the organisation. CIPFA best practice suggests that these functions are best delivered by a committee separated from other key functions of the Council and that such committees are likely to be more effective by focussing on their own defined areas of business rather than on a broader remit. The Committee is therefore advised that it would be appropriate for another decision-making body to perform the appeals role. The Constitution Committee will therefore be asked at its next meeting to review the arrangements for dealing with appeals within the Council's committee structure with a view to making suitable recommendations to Council.
- 10.4 In the meantime, there are a number of appeals waiting to be heard and for the time being the Audit and Governance Committee is the responsible body. The Committee is therefore required to determine interim arrangements for considering appeals.
- 10.5 Meetings of the former Appeals Committee were scheduled on a monthly basis but over the last twelve months 7 meetings were held, dealing with a total of 9 appeals. The amount of time involved in preparing for and then hearing appeals, and the procedures involved, would make it inappropriate for the Committee itself to deal with appeals. In addition, the former Appeals Committee, which comprised 7 members, was considered to be too large.
- 10.6 It is therefore proposed that the Committee appoint an Appeals Sub-Committee of 5 Members on a politically-proportionate basis.
- 10.7 In order to consider appeals, Members need to receive appropriate training and the Officers would need to arrange this for the Members concerned. Members of the Sub-Committee need not be members of the parent committee. This would enable Members who are not on the Audit and Governance Committee but who are already experienced with appeals work and interested in further involvement to be appointed to the Sub-Committee.
- 10.8 It is proposed that wherever possible, the Sub-Committee's meetings would be held on those dates already scheduled in the calendar of meetings for the former Appeals Committee.
- 10.9 Assuming that the Constitution Committee will recommend to Council that a decision-making body other than this Committee should consider appeals in the future, it is anticipated that the interim sub-committee will only be needed for one or two appeals meetings.

10.10 If the membership of the sub-committee is drawn from the wider Council membership as suggested, and not simply from this Committee, this will help in any transition arrangements in that those same trained members could then be considered for appointment to any future appeals sub-committee appointed by another decision-making body.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

Name:	Paul Mountford
Designation:	Democratic Services Officer
Tel No:	01270 686472
Email:	paul.mountford@cheshireeast.gov.uk

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting:	30 June 2011
Report of:	Borough Treasurer and Head of Assets
Subject/Title:	Annual Audit Fees 2011/2012
Portfolio Holder	Councillor Wesley Fitzgerald

1.0 Report Summary

- 1.1 This report presents the Audit Commission's Annual Audit fees for 2011/12. The Annual Audit letter which is attached at Appendix A sets out the proposed audit work for 2011/12 and the associated fee.
- 1.2 Representatives from the Audit Commission will attend the meeting to present their proposals and answer questions.

2.0 Recommendations

- 2.1 To receive the Audit Commission's letter on the Annual Audit Fee for 2010/11 (Appendix A).
- 2.2 To note the proposed work programme, indicative fees and associated budgetary implications.
- 2.3 In considering the letters members should make reference to the Audit Commission Code of Audit Practice and to the Statement of Responsibilities of Auditors.

3.0 Reasons for Recommendations

- 3.1 The Audit fee letter is required to be presented and received by those members charged with Governance.

4.0 Wards Affected

- 4.1 Not applicable.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including – Carbon Reduction - Health

- 6.1 Not applicable.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 The planned audit fee for 2011/12 is £341,750 (exclusive of VAT). This is based on a set scale rather than containing fixed and variable elements and reflects a reduction in fees from 2010/11.
- 7.2 The fee for Cheshire East Borough Council is 5% below the scale fee of £358,650 and is based on an assessment of audit risk and complexity. This is a reduction from previous years where fees have been set above the scale fee to reflect the audit risks associated with a new authority.
- 7.3 The base budget for audit fees is £330,389. The quoted audit fee for 2011/12 therefore exceeds the budget provision by £11,361. In addition fees relating to the certification of claims and returns amount to £97,994. This overspend will be met from Council balances.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 There is a statutory requirement for audited bodies to meet the fees specified by the Audit Commission.

9.0 Risk Management

- 9.1 Regular liaison meetings between senior finance officers and the Audit Commission will continue during 2011/12 to keep the identified risks under review.

10.0 Background and Options

- 10.1 The Audit fee letter is attached at Appendix A. This sets out the audit work to be undertaken during the year in relation to the financial statements, the Value for Money conclusion, the Whole of Government Accounts return and the certification of grant claims and returns.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

Name: Joanne Wilcox
Designation: Corporate Finance Lead
Tel No: (01270) 685869
Email: joanne.wilcox@cheshireeast.gov.uk

APPENDIX A



24 April 2011

Ms Erica Wenzel Chief Executive
Cheshire East Borough Council
Westfields Middlewich Road
Sandbach CW11 1HZ

Dear Erica

Annual Audit fee 2011/12

I am writing to confirm the audit work that we propose to undertake for the 2011/12 financial year at Cheshire East Borough Council. The fee reflects the risk-based approach to audit planning set out in the Code of Audit Practice and work mandated by the Commission for 2011/12. The audit fee covers the:

- The audit of financial statements
- Value for money conclusion
- Whole of Government accounts.

As I have not yet completed my audit for 2010/11 the audit planning process for 2011/12, including the risk assessment, will continue as the year progresses.

Audit fee

The Audit Commission proposes to set the scale fee for each audited body for 2011/12, rather than providing a scale fee with fixed and variable elements. The scale fee reflects proposed decreases in the total audit fee, as follows:

- no inflationary increase in 2011/12 for audit and inspection scales of fees and the hourly rates for certifying claims and returns;
- a cut in scale fees resulting from our new approach to local VFM audit work; and
- a cut in scale audit fees of 3 per cent for local authorities, police and fire and rescue authorities, reflecting lower continuing audit costs after implementing IFRS.

The scale fee for Cheshire East Borough Council is £358,650. The scale fee is based on the planned 2010/11 fee, adjusted for the proposals summarised above, as shown in the table below. Variations from the scale fee will only occur where my assessments of audit risk and complexity are significantly different from those identified and reflected in the 2010/11 fee. Based on my current assessment of the risks associated with the audit for 2011/12, my planned fee for the Council is £341,750 which is 5% below scale.

Audit area	Scale fee 2011/12	Planned fee 2011/12	Planned Fee 2010/11
Audit fee	£358,650	£341,750	£397,500*
Certification of claims and returns	£97,994	£97,994	£149,394

* Prior to rebates of £35,047

I will issue a separate audit plan in December 2011. This will detail the risks identified to both the financial statements audit and the vfm conclusion. The audit plan will set out the audit procedures I plan to undertake and any changes in fee. If I need to make any significant amendments to the audit fee, I will first discuss this with the Borough Treasurer. I will then prepare a report outlining the reasons the fee needs to change for discussion with the audit & governance committee.

I will issue a detailed project plan before my work begins to support the value for money conclusion.

I will also issue several reports over the course of the audit. I have listed these at Appendix 1.

The fee excludes work the Commission may agree to undertake using its advice and assistance powers. We will negotiate each piece of work separately and agree a detailed project specification.

Audit team

Your audit team must meet high specifications and must:

- understand you, your priorities and provide you with fresh, innovative and useful support;
- be readily accessible and responsive to your needs, but independent and challenging to deliver a rigorous audit;
- understand national developments and have a good knowledge of local circumstances; and
- communicate relevant information to you in a prompt, clear and concise manner.

The key members of the audit team for 2011/12 are:

Name	Contact details	Responsibilities
Judith Tench Engagement Lead	j-tench@audit-commission.gov.uk 07799 656646	Judith is responsible for the overall delivery of the audit including the quality of outputs, liaison with the Chief Executive and Chair of Audit & Governance Committee and issuing the auditor's report.
Andrea Castling Engagement Manager	a-castling@audit-commission.gov.uk 07966 399090	Andrea manages and coordinates the different elements of the audit work. Key point of contact for the Borough Treasurer
Ivan Parkhill Team Leader	i-parkhill@audit-commission.gov.uk 0844 798 3552	Ivan has experience of auditing the financial statements of large local authorities. He will lead the on-site team in delivering the audit.

I am committed to providing you with a high-quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me. Alternatively you may wish to contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@auditcommission.gov.uk)

Yours sincerely

Judith Tench
District Auditor

cc Lisa Quinn (Borough Treasurer)

cc Councillor M J Simon (Chair of the Audit & Governance Committee)

Appendix 1- Planned outputs

We will discuss and agree our reports with officers before issuing them to the Audit & Governance committee.

Table 1

Planned output	Indicative date
Audit plan	December 2011
Annual governance report	September 2012
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2012
Final accounts memorandum (to the Director of Finance)	October 2012
Annual audit letter	November 2012
Annual claims and returns report	February 2013

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 30th June 2011
Report of: Borough Treasurer & Head of Assets
Title: Progress Report – Audit 2010-11
Portfolio Holder: Councillor Wesley Fitzgerald

1.0 Report Summary

- 1.1 The report is provided to update members with progress to date against the 2010-11 Audit Plan presented to this Committee on 25th January 2011. The Audit Progress Report is attached.

2.0 Recommendation

- 2.1 That members receive and comment on the Audit Progress Report for 2010-11.

3.0 Reasons for Recommendations

- 3.1 The appointed auditors are required to report to those charged with governance.

4.0 Wards Affected

- 4.1 Not applicable

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications (including Climate Change/Health)

- 6.1 None.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 As covered in the report.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The appointed auditors are required to report to those charged with governance.

9.0 Risk Management

- 9.1 The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:
- audit work specified by the Audit Commission for 2010-11;
 - current national risks relevant to the authorities local circumstances;
 - local risks.

10.0 Background and Options

- 10.1 The Audit Commission are required to carry out the audit of the financial statements under the International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 10.2 The Audit Commission will be attending the meeting to answer any questions raised by members on the Progress report.

11.0 Access to Information

- 11.1 The background papers relating to this report can be inspected by contacting the report writer:

Name: Joanne Wilcox
Designation: Corporate Finance Lead
Tel No: (01270) 685869
Email: Joanne.wilcox@cheshireeast.gov.uk

Progress report

June 2011

Cheshire East Borough Council

Audit 2010/11

The Audit Commission is a public corporation set up in 1983 to protect the public purse.

The Commission appoints auditors to councils, NHS bodies (excluding NHS Foundation trusts), police authorities and other local public services in England, and oversees their work. The auditors we appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.

We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.

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Summary

1 This report provides members with an update of our ongoing work at the Council and informs you of the risks arising from the audit, under International Standard on Auditing (United Kingdom and Ireland) 300. The key messages to draw to members' attention are as follows.

The Audit Commission

2 The Secretary of State for Communities and Local Government announced on 13 August 2010 that the Audit Commission would be abolished in 2012/13. The Audit Commission was already embarking on a three-year programme to deliver cost cuts of about £70 million (10 per cent per year).

3 The Audit Commission has been working closely with the Department for Communities and Local Government on options to externalise the work of the in-house audit practice. It has agreed to the Permanent Secretary's request to start preparatory work for the potential outsourcing with effect from 2012/13 audits.

4 The Commission been asked to design a procurement process that allows a range of firms to bid, including the possibility of an in-house bid, which could form the basis of a new and distinctive provider in the market, possibly a mutual.

Audit progress

Opinion on the statement of accounts

- Our work documenting and testing systems and processes is nearly complete. There are no significant issues arising.
- Some issues around control of access to the main accounting system have been identified.

Value for money conclusion

- Our value for money work is progressing to plan.

Audit fee

5 We reported a revised audit fee of £362,453 to the January 2011 Audit and Governance Committee. At this stage of the audit, we are not proposing any changes to this fee.

Members' resources

6 This update includes information about reports published by the Audit Commission and our advisory services (appendix 1).

Reporting

7 We will formally report the findings of our 2010/11 audit work in the Annual Governance Report in September 2011.

Grant claims

8 The 2010/11 grant claims programme will commence shortly and will cover the following claims.

- Housing and Council Tax Benefits Scheme.
- National non-domestic rates grant.
- Teachers' pensions return.
- Disabled facilities grant.
- General Sure Start grant.

Council - opinion audit

Council opinion audit update

Significant audit risks

Our audit plan, presented at the January 2011 meeting of the Audit & Governance Committee, listed three significant audit risks:

- transition to IFRS;
- upgrade of main financial system; and
- implementation of the new revenues and benefits system.

To comply with International Auditing Standards we need to understand and evaluate management's response to these risks to inform our financial statements testing strategy.

We previously assessed the financial pressures experienced by the Council in year as giving rise to a significant audit risk of financial misreporting. Based on latest information, we have revised that assessment. The risk of financial misreporting due to financial pressures is not deemed to be a significant risk. Any further changes to our risk assessment will be reported to the Committee.

Pre-statements work

We have completed the pre-statements work; reviewing and updating the documentation for the material financial systems and completing early testing where possible. We have not found any significant matters to report to you except for the main accounting system (Oracle) access issues referred to below.

IT risk assessment

Our IT risk assessment identified a number of control weaknesses that could impact on the integrity of the data within Oracle, for example:

- password control is weak;
- Oracle development/support staff have permanent access to live data for the systems they support;
- arrangements for managing remote access accounts for external contractors are weak; and
- supplier remote accounts were identified for an unknown user company.

We have asked for additional information to assess the impact of these weaknesses on our work. We will inform members at a later date if any significant audit risk emerges from this work.

Internal Audit

We are working closely with Internal Audit. We have placed reliance on their work on the key financial system audits where possible.

IFRS transition

As previously reported, the Council experienced slippage in its timetable for restating its opening 2010/11 balances. We carried out a high level review in April 2011 and reported back to officers. Detailed testing will be under taken as part of our audit of your financial statements.

Financial Statements audit visit

Our audit of the 2010/11 financial statements will start in early July. We are meeting with officers on a regular basis to discuss plans, timetables and other audit issues.

Council - value for money conclusion

VFM conclusion update

The new approach to our value for money work for 2010/11 is set out in our Audit Plan. More detail can be found by following the link to the Audit Commission's website (<http://www.audit-commission.gov.uk/localgov/audit/auditmethodology/Pages/valueformoneyconclusion.aspx>). We have completed our initial assessment and have identified areas for follow up to enable us to complete the VFM conclusion. These include reviewing:

- the arrangements in place to identify and monitor delivery of planned savings and efficiencies; and
 - the Council's performance and financial monitoring and management arrangements to support delivery of its strategic objectives.
-

Appendix 1 Members resources

National studies

The local government national studies programme aims to improve local public services through its independent authoritative analysis of national evidence and local practice. Information on the programme is on the Audit Commission's website at national studies programme.

Advisory Services

Our Advisory Services are able to support clients under paragraph 9 of Schedule 2A of the Audit Commission Act 1998 to provide 'advice and assistance' (A&A) to another public body. We have developed a number of briefings and tools to support councils with their efficiency agenda, get better value from partnerships and improve performance. Please contact the District Auditor or Audit Manager if you would like to know more about these improvement tools.

Upcoming reports

The following are the studies that the Audit Commission is currently proposing.

- Local government workforce: What are the most effective means for councils to achieve savings from the pay bill while protecting the quality of services? This study will explore how councils can do this, including how they address working patterns, staffing tiers and numbers, rates of pay, and reward packages. It will identify barriers to achieving savings and their solutions as well as highlight innovative approaches to configuring workforces in response to financial cutbacks.
- Managing with less (Spring 2011): This research project aims to help councils respond to the challenges of public spending reductions. It examines the approaches taken by local councils in responding to the need to make savings and to managing with less, and at how and why decisions are made. There will be a particular focus on the data and information used; the involvement of members and partners; and the balance between short, medium and longer term planning.
- Review and challenge in councils (Spring 2011): Councils need to have effective means for reviewing and challenging their major activities, priorities and risks. This project will research how this can be done effectively and efficiently. Research will identify the principles that best underpin review and challenge in councils. These principles will provide the basis for a series of questions to help those responsible for council governance assess their review and challenge arrangements.

- Schools workforce management (Spring 2011): Our 2009 report, 'Valuable lessons', set out savings that could be made by schools through better balance management and more effective procurement. This study will focus on how schools, working with local authorities, can maintain or improve the value for money of their workforce deployment

Published reports - latest releases

Improving value for money in adult social services, 2 June 2011

- This briefing is the first in a series of briefings that will look at value for money in health and social care and considers what councils might do to provide better, more efficient services. It finds that, as demographic change and financial pressures combine to create tough times for adult social care, councils have looked at many aspects of the service in order to provide better, more efficient services. Better procurement, improved back office arrangements, and a preference for community-based rather than residential care where possible, are just some of the changes that local authorities have implemented to help them meet the challenges they face. But the briefing also finds that the pace and scale of change need to increase if councils want to release material savings, as well as improve care for people.

Going the distance - Achieving better value for money in road maintenance, 26 May 2011

- This national report looks at what councils can do to get more for their money in road maintenance, in the face of increasing traffic, severe winters, higher costs, and dwindling highways funding. The report highlights how councils can get more for their money, including cost-saving collaborations with neighbours, asset management to show when road maintenance will be most effective, new ways of keeping residents informed, and weighing short-term repairs against long-term resilience. It includes a series of case studies which demonstrate how some councils have developed strategies that balance growing service demands with reducing resources.

Better value for money in schools, 31 March 2011

- These four briefings are designed to help schools make the best use of their workforce - whether teachers, teaching assistants, or administration and finance staff - at a time when they have to find savings. They aim to help school heads, governing bodies and councils control costs without compromising educational attainment. In addition, the Commission published a summary paper, an overview of school workforce spending, which is targeted at chairs of governing bodies and lead members on children's services.

International Financial Reporting Standards (IFRS)

9 The following IFRS reports and briefings are available on the Audit Commission website for management and members.

Complete list of resources

- [Countdown to IFRS: Reporting on operating segments - 29 October 2010](#). Our latest briefing on the countdown to IFRS covers principles and practical issues that authorities should consider when reporting on operating segments.
- [Countdown to IFRS: Progress on the transition to IFRS - 5 October 2010](#). The deadline for local authorities to produce IFRS-compliant accounts is fast approaching. Successful implementation of IFRS will testify to the ability of local government to manage a major change in its financial arrangements. The paper draws on a survey completed in July 2010 by auditors of all local authorities, fire and rescue authorities, and police authorities, on local government's progress on transition to IFRS. In this paper we:
 - make comparisons with a baseline assessment taken in November 2009;
 - set out relevant lessons from the NHS experience of transition, as NHS bodies have implemented IFRS a year earlier than local government; and
 - outline the key actions that authorities should be taking at this stage.
- [Countdown to IFRS: Accounting for employee benefits - 15 July 2010](#)
Issues authorities may face when accounting for employee benefits.
- [Countdown to IFRS: Managing the practical implications of restating non-current assets - 17 June 2010](#)
Guidance on managing the practical implications of restating non-current assets.
- [Countdown to IFRS: Summary paper - 8 June 2010](#)
A guide for senior managers and members.
- [Countdown to IFRS: Accounting for non-current assets - 17 May 2010](#)
Introducing international financial reporting standards (IFRS) for Accounting for non-current assets.
- [Countdown to IFRS - Checklist for councillors - 17 March 2010](#)
Councillors checklist - discussing IFRS transition plans with officers.
- [Countdown to IFRS - Identifying and accounting for leases - 17 March 2010](#)
Issues arising from the introduction of International Accounting Standard (IAS) 17: Leases.
- [Countdown to International Financial Reporting Standards \(IFRS\) - 19 February 2010](#)
Implementation of IFRS in local government.
- [IFRS briefing paper 3 for local government - 4 May 2009](#)
Managing the transition to IFRS.

- [IFRS briefing paper 2 for local government - 1 September 2007](#)
The move to international financial reporting standards - how can your auditor help?
- [IFRS briefing paper 1 for local government - 1 May 2007](#)
The move to international financial reporting standards.

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CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 30th June 2011
Report of: Borough Treasurer & Head of Assets
Subject/Title: Draft Statement of Accounts and Annual Governance Statement 2010-11 – Approval Process
Portfolio Holder: Councillor Wesley Fitzgerald

1.0 Report Summary

- 1.1 This report updates Members on the process and timetable for the approval of the 2010-11 Statement of Accounts and Annual Governance Statement (AGS) in accordance with the Accounts and Audit (England) Regulations 2011.
- 1.2 The regulations, which came into force on 31 March 2011, include important provisions on financial management and governance, including those connected with the approval and publication of the annual accounts and AGS.

2.0 Recommendation

- 2.1 That members note the process and timetable for the approval of the 2010-11 Statement of Accounts.

3.0 Reasons for Recommendations

- 3.1 To ensure compliance with the Accounts and Audit Regulations 2011.

4. Wards Affected

- 4.1 Not applicable.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including – Carbon Reduction - Health

- 6.1 None.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 As covered in the report.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 As covered in the report.

9.0 Risk Management

9.1 The Council's approval process for the Statement of Accounts and AGS was based on the Accounts and Audit Regulations 2003 (as amended) which, together with amending Regulations, has been revoked. It is therefore necessary to introduce procedures that comply with the requirements of the Accounts and Audit (England) Regulations 2011.

10.0 Background and Options

10.1 New regulations have removed the requirement for the 2010/11 accounts to be formally reviewed and approved by the Audit and Governance Committee prior to audit i.e. before the end of June, although they must still be signed by the responsible financial officer (Borough Treasurer and Head of Assets) by this date.

10.2 Members are now required to consider and approve the accounts before 30 September, taking into account the auditors findings and any consequential adjustments to the draft accounts.. The Annual Governance Statement (AGS) must also be approved and published at the same time as the statement of accounts i.e. by 30 September.

10.3 In accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) the draft Accounts will be made available to the Committee after being certified and presented for audit as a true and fair view of the financial position of the Council for the financial year 2010-11 by the Borough Treasurer and Head of Assets. The draft AGS will accompany the accounts.

10.4 A training/briefing session will be held in early September that will address both the structure and content of the accounts together with the AGS and the accompanying assurance documents. This will allow Members to review the statement of accounts, together with the AGS, during the audit of the accounts and raise any points that may need to be addressed. It will also provide an opportunity to brief members on the impact of changes arising as a result of the introduction of new International Financial Reporting Standards (IFRS), compliance with which is now a requirement for all local authorities.

10.5 The approval of the audited accounts and the AGS will take place at the Audit and Governance Committee on 29 September 2011. An informal briefing session will be arranged immediately prior to the meeting to address any outstanding issues that have arisen as a result of the audit and Member review of the accounts and the AGS.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of meeting: 30 June 2011
Report of: Head of Internal Audit and Compliance
Title: Internal Audit Annual Report 2010/11
Portfolio Holder: Councillor Wesley Fitzgerald

1.0 Report Summary

- 1.1 The purpose of the report is to provide the committee with an opinion on the overall adequacy and effectiveness of the Council's control environment for 2010/11.

2.0 Recommendation

- 2.1 To note the contents of Internal Audit's annual report for 2010/11.

3.0 Reasons for Recommendation

- 3.1 In order to comply with the Code of Practice for Internal Audit in Local Government in the United Kingdom, the Head of Internal Audit and Compliance must provide a written annual report to those charged with governance timed to support the Annual Governance Statement.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Wards Affected

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 Not applicable.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 The internal audit team must be appropriately staffed and resourced to comply with statutory and best practice requirements. The budget for the internal audit function currently provides for sufficient staffing levels to fulfil this function.

8.0 Legal Implications

- 8.1 The requirement for an internal audit function is either explicit or implied in legislation with s151 of the Local Government Act 1972 requiring Councils to “make arrangements for the proper administration of their financial affairs” and the Accounts and Audit Regulations 2011 requiring a relevant body to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

9.0 Risk Management

- 9.1 The Authority is required to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with Regulation 6 of the Accounts and Audit Regulations 2011. Failure to consider the effectiveness of its system of internal audit, and the opinion on Council’s control environment, could result in non- compliance with the requirements of the Regulations.

10.0 Background and Options

- 10.1 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital part in advising the Council, via the Audit and Governance Committee (and previously the Governance and Constitution Committee), that these arrangements are in place and operating properly. The annual internal audit opinion informs the Annual Governance Statement. The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council’s objectives.
- 10.2 All principal local authorities subject to the Accounts and Audit Regulations 2011 must make provision for internal audit in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 10.3 In order to comply with the Code the Head of Internal Audit and Compliance must provide a written report to those charged with governance timed to support the Annual Governance Statement. The primary purpose of the report, which is set out in Appendix A, is to provide an opinion on the overall adequacy and effectiveness of the Council’s control environment.
- 10.4 At the Audit and Governance Committee meeting on the 25 January 2011, it was agreed that Internal Audit would carry out a review of the savings achieved through redundancy. The results of this review are included as Annex A.

11.0 Access to information

The background papers relating to this report can be inspected by contacting the report writer:

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Report to Audit and Governance Committee
Internal Audit Annual Report 2010/11
30 June 2011

1.0 Background

- 1.1 The Accounts and Audit Regulations 2011 state that Cheshire East Council must make provision for internal audit in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom. The purpose of this annual report is to facilitate compliance with the requirements of the Code of Practice and, consequently, it provides Members with the following information:
- an opinion on the overall adequacy and effectiveness of the Council's control environment comprising the systems of governance, risk management and internal control
 - any qualifications to that opinion, together with any reasons for the qualification
 - a summary of the audit work from which the opinion is derived, including:
 - a summary of Internal Audit work carried out in the period 1 January 2011 to 31 March 2011 (previous reports during the year updated the Committee on the work to date in 2010/11)
 - progress on implementing Internal Audit recommendations for the year
 - issues that the Head of Internal Audit and Compliance judges particularly relevant to the preparation of the Annual Governance Statement (AGS)
 - a comparison of the work actually undertaken with the work that was planned and a summary of the performance of the internal audit function against its performance measures and targets
 - comment on compliance with the Code and the results of the internal audit quality assurance programme.
- 1.2 This information is provided to the Committee in order that Members may discharge the following duties:
- reviewing internal audit performance
 - monitoring and reviewing the main issues arising and actions taken on audit recommendations
- 1.3 The report where necessary, takes account of the year-end position of the Council's control environment and has been timed in order to support production of the draft AGS. The inclusion or comment on any area or function in this report does not indicate that matters are being escalated to Members for further action. Members' interest in internal audit should be restricted to gaining an assurance that the organisation's system of internal control is adequate and that where audit does not consider this to be the case that action is taken to ensure that any shortcomings are rectified promptly. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the Committee any relevant areas where significant weaknesses have not been addressed by Management.

2.0 Opinion on the Internal Control Environment

2.1 The CIPFA Code of Practice for Internal Audit in Local Government requires the annual report to include an opinion on the overall adequacy and effectiveness of the Council's control environment. It should be noted that the assurances given by Internal Audit are never absolute because it is impossible to examine every activity and every transaction. The most Internal Audit can provide is a reasonable assurance that there are no major weaknesses, or that the weaknesses identified have been addressed.

2.2 In the opinion of the Head of Internal Audit and Compliance, the Council has established adequate and effective risk management, control and governance processes and weaknesses identified during the audits have been, or are being addressed. This opinion is based upon:

- all audits and opinion based work undertaken during the year
- Management's response to advice and recommendations
- the AGS process

It should be noted, however, that work is on-going in the following areas in order to ensure that risks identified in 2010/11 are being adequately managed. These areas will be considered as part of the Annual Governance Statement process (see 3.4):

- Oracle R12 upgrade – system user accesses.
- Procurement processes within the Council.
- Recruitment – staff vetting processes.
- Client finances within Adult Services.
- Free Early Education Entitlement.
- Financial Management Standard in Schools (FMSiS).

3.0 Summary of audit work from which the opinion is derived

3.1 The Internal Audit Plan for 2010/11 was approved by the Governance and Constitution Committee on 27 May 2010 and was developed using the following split:

Supporting Corporate Governance (4%)	This includes work on the Local Code of Corporate Governance, the Annual Governance Statement and the CAA Use of Resources.
Core Financial and Fundamental Systems (12%)	Core system 'key control' work as required by External Audit as well as the results of Internal Audit's risk assessment of fundamental systems. Systems included are: Budget Monitoring, Debtors, Creditors, Housing Benefits, Council Tax, National Non-Domestic Rates (NNDR).
Key Service and Departmental Systems (46%)	Strategic and service risk audits including assurance work focussing on "back to basics" type work across key themed areas and establishments.

	<p>People e.g. Establishment audits, Financial Management Standard in Schools (FMSiS) review, Social Care redesign and review of controls in material systems such as PARIS.</p> <p>Places e.g. Emergency Planning, Waste PFI, Highways maintenance contract, Car parking, Licensing, Planning & Building Control.</p> <p>Performance & Capacity e.g. Compliance with HR policies, Performance Management including data quality, Communications, ICT audits, Procurement including tendering/commissioning, Asset Management.</p> <p>Cross Directorate, Partnerships, Shared Services e.g. Governance, Service Delivery Planning, Project Management, Business Continuity.</p>
Counter Fraud and Probity (18%)	Response to notifications under the anti-fraud and corruption policy informing opinion on the internal control environment. Pro- active work based on risk assessment including promotion of relevant policies and assessment of key controls. Includes administration of National Fraud Initiative (NFI) & creation of fraud risk assessment.
VFM and Strategic Reviews (3%)	

The remaining audit time (17%) was allocated to follow up and responsive work.

- 3.2 A summary of the audit work undertaken in the first nine months has been reported to the Audit and Governance Committee throughout 2010/11. A summary of work carried out in the period 1 January 2011 to 31 March 2011 is contained below:

Supporting Corporate Governance

- 3.3 In accordance with Regulation 4 of the Accounts and Audit Regulations the Council is required to conduct a review at least once a year of the effectiveness of its governance arrangements and publish an Annual Governance Statement (AGS) with the Authority's financial statements.
- 3.4 Internal Audit has assisted Management in the production of the Council's AGS for 2010/11 by:
- updating the Council's Code of Corporate Governance (approved by the Audit and Governance Committee in November 2010)
 - advising on and co-ordinating the assurance gathering process
 - co-ordinating the self- assessment that was completed by designated officers of the Council (In this way compliance with the Council's Code of Corporate Governance will be evidenced)

- sitting on the Corporate Governance Group and advising on risk management, control, and governance issues that have been identified through audit work.
- 3.5 Following changes in the Accounts and Audit Regulations, the AGS for 2010/11 will be approved and published at the same time as the statement of accounts i.e. by September 2011.

Core Financial and Fundamental Systems

- 3.6 During the quarter, work was undertaken on the Council's fundamental financial systems in order to gain assurance that the systems of financial control are in place and operating effectively. The fundamental systems have been agreed with External Audit in order that they may rely on the work of internal audit. Areas being subject to audit include:
- Payroll
 - Accounts Payable
 - Accounts Receivable
 - General Ledger
 - Cash Receipting
 - Treasury Management
 - Housing Benefits
 - Council Tax
 - National Non Domestic Rates
- 3.7 Internal audit work on Payroll, Accounts Payable and Accounts Receivable was in conjunction with Cheshire West and Chester Council's Audit team, in accordance with the agreed Internal Audit Protocol between the two Councils.
- 3.8 During the year, each of the three legacy (i.e. ex-District) systems for Housing Benefits, Council Tax and National Non Domestic Rates were replaced by one new system for each area. Internal Audit supported the project to implement the new systems and has carried out testing on the legacy and new systems, as well as undertaking checks on the migration of data from old to new.
- 3.9 One of the main areas of focus was the undertaking of 'extended testing on key controls' over a number of systems. This work covered the 2009/10 financial year and had been agreed with External Audit to support their assurance work on the financial statements. In addition to some of the systems referred to in 3.7, further work on the following systems was carried out and reported back to External Audit: Schools Finance, PARIS Care Plans, Supporting People, Home Care Roster and Asset Management.
- 3.10 During the year, Cheshire East's core business system, Oracle was upgraded to a new release (R12) with a go-live date of February 2011. Internal Audit, jointly with Cheshire West and Chester Council's Internal Audit team carried out the following work:

- Supporting the project workstreams in reviewing the findings of work undertaken by PricewaterhouseCoopers which identified best practice system controls and access rights.
- Reporting back to the Programme Board on whether to progress to the next system iteration and ultimately on the 'go live' decision.

The main findings were that:

- A number of controls were identified as manual or not in place, which weakens the overall control environment
- A review of system user access rights identified a number of instances where the scope access is wider than best practice expectations. In some cases this is due to the business model adopted.

These areas will be re-visited during the follow up in 2011/12.

3.11 A follow up review of Debt Management was carried out during the year and recently concluded. The main findings remain that there is:

- Minimal guidance to staff re: income/debt management.
- An inconsistent approach to managing debt across individual Services. Services have no escalation process to use if their own action does not result in payment.

Management have responded; an Income Management Strategy is currently at draft stage covering the approach to reducing the need to create debt and approaches to managing it where this is necessary. There will also be promotion of the monitoring reports available for debt management as part of the launch of the Strategy. Debt Management remains an area for future monitoring and follow up.

3.12 Recommendations made to address the control weaknesses have been agreed by the relevant Managers including a timescale for implementation. Key findings are included in Appendix 1.

3.13 Although this work hasn't highlighted any material discrepancies, issues may still arise as a result of the external audit of the Statements by the Audit Commission. Furthermore, assurances given by Internal Audit are never absolute, because it is impossible to examine every activity and every transaction.

Key Service and Departmental Systems

3.14 Audit work was undertaken within Adult, Community, Health & Wellbeing, Children & Families, Places and Performance & Capacity. This work comprised of a mix of risk based audits, regularity audits, computer audits, investigations, and the provision of advice to officers.

Adults, Community, Health & Wellbeing/Children & Families

- 3.15 Further to the series of establishment audits that were reported in January, a consolidated report was issued to senior management highlighting common issues and high risk areas. The actions raised were all agreed and progress is being made in implementing them across the service. This has been demonstrated by a number of queries from individual establishments as to how specific actions should be implemented.
- 3.16 Internal Audit continues to support the Adult Financials Project Group in reviewing processes and implementing improvements and efficiencies within the broader area of finance across the Service. The group is currently addressing issues around Appointeeships and the financial assessment of social care customers as well as continuing with the introduction of the pre loaded platform via Empower Cards.
- 3.17 Following the review of a number of Contact Centres as discussed in the previous Committee report some concerns were raised about the level of control in place to manage stock losses and fines in Libraries. This prompted a further review of this area that is currently being concluded. The main findings indicate, however, that actions raised during the previous audit in 2006 have not been fully implemented.
- 3.18 A follow up review was carried out within the Client Finance Team in Adult Services to determine progress in addressing a significant backlog of year end audits and the reclaim of unspent monies in relation to direct payments. Unfortunately, little progress was found to have been made at a service level and this needed to be escalated to senior management. As a result a detailed plan was put in place in the service to address all of the issues and regular contact has been maintained between the manager and Internal Audit to ensure that progress is made. This will be subject to a final review when the work has been completed. We are also working with the service on the introduction of the Empower Card as the main vehicle for personal budgets (as agreed by Cabinet on 14 March) (see 3.16).
- 3.19 Following a request from the Director of Children and Families a piece of work was commenced to identify the processes and procedures that would need to be developed to enable the service to take back responsibility for the administration of Children's Direct Payments from Adult Services. This piece of work was due to be completed in early 2011/12 and will be reported on at a later date.
- 3.20 Internal Audit has continued to liaise with the Schools Finance Team with regards to the proposed replacement for the Financial Management Standard in Schools. Further discussions have been scheduled for early 2011/12 in order to determine the resource requirements for meeting both the new assessment criteria and the Audit Commission Keeping Your Balance audit programme that had previously been included in the FMSiS work.

- 3.21 A review of the circumstances that led to the failure of a nursery provider was carried out to identify the level of risk of a similar situation occurring elsewhere in the borough. A report raising several action points to mitigate this risk was recently issued to senior management for consideration. A follow up of this work is planned in 2011/12.
- 3.22 Internal Audit were contacted by the Business Support team in Children and Families and asked to review the controls around nursery providers' compliance with Free Early Education Entitlement (FEEE) funding conditions. A number of improvement opportunities were identified and an interim report has been issued to address the issues with a full audit of the arrangements in place to manage the FEEE included in the audit plan for 2011/12.
- 3.23 Management have, therefore, been informed of areas where systems are weak, or not being applied properly and appropriate remedial action has been recommended and agreed where considered necessary. Key findings for the full year are included in Appendix 1.

Places

- 3.24 A review of the authority's Licensing activities was carried out focussing on the existence of key controls over pricing, processing of applications, income control and inspections/enforcement. A number of medium priority recommendations were made and have been accepted by management.
- 3.25 A review of the Building Control service was carried out. The audit focussed on risks surrounding income, standard of work undertaken, recovery of costs and application of relevant Standards. The review was completed with no significant findings and all action points agreed by management.
- 3.26 Work was commenced on an audit of the Waste PFI contract. However, this funding was withdrawn as part of the Government's spending review and a revised scope for the audit will be discussed with management in 2011/12.
- 3.27 An interim review of Section 106 Developer Contributions was carried out in the final quarter of the year. There were a number of issues being progressed by the service at this time including the appointment of a dedicated Section 106 Officer. It was agreed that a more detailed review would be carried out in 2011/12 and this has recently commenced.
- 3.28 Terms of Reference were agreed with management for audit reviews of Car Parking and Renovation Grants. Work continues in both of these areas and any significant findings will be reported to Committee.
- 3.29 Management have, therefore, been informed of areas where systems are weak, or not being applied properly and appropriate remedial action has been recommended and agreed where considered necessary. Key findings for the full year are included in Appendix 1.

Performance & Capacity

- 3.30 An audit of Absence Management was carried out and findings reported to the HR Delivery Manager. Recommendations made were predominately around strengthening guidance for managers in this area.
- 3.31 Internal Audit carried out a Regulation of Investigatory Powers Act (RIPA) review in early 2010. RIPA is led by the Compliance Team within Internal Audit & Compliance. The audit acted as a pre-inspection review ahead of an inspection by the Office of Surveillance Commissioners to establish whether services were aware of their obligations under RIPA, had been adequately trained, and that the Council's approved policy is being compiled with. A small number of audit recommendations were made.
- 3.32 During 2010/11, ICT specific work included:
- Follow-up review of ICT Asset Inventory.
 - Review of the Authority's compliance with Government Connect.
 - Finalising ICT security policies and guidance.
 - Producing guidance on seizure of ICT equipment for forensic purposes.
 - Liaison with Cheshire West and Chester's Audit Team on proposed joint working.
 - Contribution to the work of the ICT Governance Group and Social Media Working Group.
- 3.33 A review of Contracts and Tendering Processes has recently been undertaken. This focussed on the controls within the e-tendering system that the Authority introduced in April 2010. Findings have recently been reported to management and all recommendations agreed.
- 3.34 Work commenced on a Performance Management Review during the year. This is focussed on three main areas: a follow up to the National Indicator review that Internal Audit carried out in 2009/10, a review of the new Performance Management system and a review of Data Quality.
- 3.35 Management have, therefore, been informed of areas where systems are weak, or not being applied properly and appropriate remedial action has been recommended and agreed where considered necessary. Key findings for the full year are included in Appendix 1.

Cross Directorate, Partnerships and Shared Services

- 3.36 A joint review with Cheshire West and Chester Internal Audit team was carried out of the governance and financial controls of the Learning Resource Network Shared Service. A number of opportunities for significant improvements were identified. A review of arrangements is being undertaken by the two authorities.
- 3.37 As agreed at the Audit and Governance Committee in January 2011, a review of the savings achieved through redundancy was undertaken. It was

concluded that redundancies have secured savings through reduction of staffing costs; however, redundancies since LGR in 2009 have not always been specifically incurred for that reason. The results of the review are included as Annex A.

Counter Fraud and Probity

- 3.38 A review of the council's anti fraud and corruption arrangements was completed using the Fraud Evaluation Diagnostic (FRED1) which was recently developed by CIPFA. The results of this review have been reported separately to this meeting.
- 3.39 Consultation with Human Resources and Unions on the revised Whistleblowing Policy is now complete. The updated policy is subject to a separate report to this committee.
- 3.40 Work was undertaken on the National Fraud Initiative, an exercise run by the Audit Commission that matches electronic data within and between audited bodies to prevent and detect fraud. Internal Audit continues to work with Management to ensure that vulnerabilities that may give rise to fraud and corruption identified by the exercise are designed out of Cheshire East's systems and procedures.
- Matches for investigation were received from the Audit Commission in October 2010. Investigations are currently underway in a number of areas including; Benefits, Accounts Payable, Payroll and Insurance.
 - There are a number of outcomes to date, including £60,000 which is currently being recovered from suppliers as a result of duplicate payments that have been made by the Authority; £1,050 is being recovered from an overpayment of a care contract relating to a client who had died, and a benefit claimant has accepted an administrative penalty due to claiming in more than one Authority.
 - Internal Audit are working with services to identify the reasons why matches have occurred to determine whether additional controls can be implemented in order to mitigate the risks. Full results of the exercise will be reported through the Corporate Risk Management Group.
- 3.41 An audit of the Anti Money Laundering Policy was undertaken during the year. The main findings, which were reported to the Borough Treasurer & Head of Assets, related to the need for current policy and guidance to be updated and better linkage with the Council's other 'reporting concerns' policies e.g. Anti-Fraud and Corruption, Whistleblowing, Complaints Procedure.

Responsive – investigations

- 3.42 A review of residual fraud and irregularity cases revealed a number of learning points which were incorporated into audit programmes and discussed, on a case by case basis, with relevant managers.

- 3.43 Throughout 2010/11, Internal Audit assisted Management in the investigation of potential irregularities. Detailed reports have been prepared for consideration by the Head of Policy and Performance in accordance with the Anti Fraud and Corruption Policy. The reporting process ensures that specific learning points for the Council have/will be addressed.
- 3.44 The Internal Audit Update reports to the Committee in September 2010 and January 2011 included detail on on-going investigations. Investigations commenced in the final quarter of 2010/11 included:
- A low value discrepancy was highlighted in an Adults Supported Living Network, which concluded that there were training needs for staff who were responsible for completing tenants' financial paperwork.
 - A number of instances of misuse of service user finances have occurred within an Adults Supported Living Network. This has resulted in a member of staff being dismissed.
 - Internal Audit assisted an investigation led by Cheshire West and Chester Internal Audit into proprietary checks on agency staff. Cheshire East has also brought this to the attention of the External Auditors. Work on staff vetting processes is planned in 2011/12.
 - Two devices (key loggers) that record key strokes made by users were discovered at libraries on the public access network computers. This could potentially highlight passwords to fraudsters. This has concluded in libraries becoming more vigilant and consideration is being given to relocating the USB ports on the computers to make any devices more noticeable.

Value for Money/Strategic Reviews

- 3.45 This represented a small percentage of the overall audit plan and there was no specific activity in this area during 2010/11.

4.0 Annual Governance Statement 2010/11

- 4.1 In compiling the AGS, significant issues that are considered to fall short of the expected standards should be commented on in the Statement. An action plan explaining how the issue will be addressed in 2011/12 should also be included in the Statement.
- 4.2 As described in sections 2.2 and 3.3 - 3.5, work has been carried out in producing the AGS for 2010/11 and it will be brought for formal approval by the Committee with the statement of accounts by the end of September 2011.

5.0 Performance against Audit Plan 2010/11

- 5.1 There has been a wide range of audit coverage with most areas of the Council receiving some audit activity, be it through planned audit reviews, or the annual management assurance process which is also used to inform the AGS.

- 5.2 A number of staffing issues have affected the ability of Internal Audit to deliver the original plan. A number of vacancies are currently held in the Section, including the Internal Audit Manager. The Internal Audit establishment has been reduced to reflect the significant savings required as part of the 2011/12 budget settlement. Reasons for the shortfall between the number of audit days in the plan and those actually achieved, include:
- A Senior Auditor post and the Audit and Compliance Assistant post both vacated early in 2010/11 remain unfilled and are temporarily on hold.
 - Maternity leave for a Principal Auditor and Senior Auditor.
- 5.3 In addition time allocations have been revisited and prioritisation used where diversion to more high risk jobs became apparent. These include requests by management to support them in the discharge of their duties such as assisting in investigations. This is to be expected in a large and complex organisation where it is necessary to deliver an audit plan that is responsive to the changing priorities of the Council. Furthermore, it should be noted that the required audit resource is difficult to determine because all relevant issues cannot be reasonably foreseen when compiling the plan.
- 5.4 A more detailed analysis of performance against the plan is shown in Appendix 1. This includes the status of work included in the original plan and key findings.
- 5.5 A summary of the audit work undertaken in the first 9 months of the year has been reported to the Audit and Governance Committee on a quarterly basis. Work for the final quarter of 2010/11 concentrated on:
- the fundamental financial systems in order that External Audit can place reliance on the work of Internal Audit.
 - assisting Management in compiling the AGS in order to provide a continuous review of the effectiveness of the Council's governance arrangements.
 - supporting the major upgrade of Oracle (R12), in conjunction with Cheshire West and Chester Council's Internal Audit team, and reporting back to the Programme Board on the go-live decision.
- 5.6 The Section has continued to manage the Council's Risk Management and Compliance function and facilitate the development and implementation of the Risk Management and Business Continuity Strategies, Freedom of Information requests and Data Protection work across the organisation.
- 5.7 The Section has also provided advice to Management as requested. This work contributes to the opinion that Internal Audit provides on the control environment. The main areas where Internal Audit has provided such advice include risks relating to new systems, processes and procedures, application of Finance and Contract Procedure Rules, Schemes of Financial Delegation, ICT Security Policy.

Implementation of recommendations

- 5.8 In order for the Council to derive maximum benefit from the work of Internal Audit, agreed recommendations need to be implemented. Internal Audit therefore continually undertakes follow-up work in respect of all audit reviews to ascertain whether agreed actions have been acted upon. Follow-up action includes a review of the timeliness and effectiveness of the implementation of recommendations. Management responses that are judged to be inadequate in relation to the identified risk are escalated in order that the risks of not taking action have been understood and accepted at a sufficiently senior management level. This escalation procedure could result in Internal Audit bringing to the attention of the Committee any relevant areas where significant weaknesses have not been addressed by management. The Section has worked with Management to ensure that issues are being addressed. As indicated in this report progress is being made to implement improvement.
- 5.9 An area for improvement in 2011/12 is the timeliness of management responses to audit reports and implementation of audit recommendations. To aid this, an Internal Audit Reporting Protocol setting out timescales for reports and management responses will be agreed with senior management in summer 2011.

6.0 Performance Management

- 6.1 The main process through which Internal Audit performance is managed is through a review against the Policy & Performance Service Plan. This was published and endorsed by the Portfolio Holder early in 2010/11 and is part of our overall performance management framework. A brief update against the Service Delivery Plan for key outcomes is as follows:

Service Objective: To provide an appropriate Assurance function which takes into account transparency, good use of resources and reputational protection in accordance with the Code of Practice for local government so that the Authority adopts robust arrangements and protects public funds (PAP13)	
Target Outcome/Output	2010/11 Outcome
Annual Head of Audit Report to Audit Committee.	Achieved.
Development and completion of an appropriate audit strategy, annual plan and work programme covering key risk areas.	Achieved.
Adherence to CIPFA Code of Practice as judged by Audit Commission.	Achieved.
Completion of agreed programme of work to assist the external audit process and internal audit work relied on by external audit.	Achieved.
Service Objective: To facilitate best practice in governance arrangements leading to the production of an Annual Governance Statement (PAP14)	
Target Outcome/Output	2010/11 Outcome

Production of AGS by due deadline.	Achieved.
Action plan to address improvements to governance arrangements based on the AGS outcome.	Achieved.
Undertake programme of work and incorporate into the Corporate Governance Group.	Achieved.
Service Objective: To promote and encourage a culture of high ethical standards, sound financial & management control and proactively deters and discourages fraudulent or irregular activities so that the organisation uses its resources effectively and is a role model in this regard (PAP15)	
Target Outcome/Output	2010/11 Outcome
Implement an Anti- Fraud and Corruption and Whistleblowing Policy.	Achieved.
Programme of awareness raising and learning from previous or other public body fraud.	On-going
Proactive intervention as part of work within the audit plan targeting high fraud risk areas.	On-going

- 6.2 Performance management of staff is carried out through the Council's corporate Employee Performance Development Framework. Key objectives for staff are set at the start of the year and monitored formally through the year through regular individual '1-2-1's'. In addition, regular team meetings are held.
- 6.3 A key outcome achieved during 2010/11 has been the agreement of an Audit Protocol with Cheshire West and Chester Internal Audit.
- 6.4 Feedback on Internal Audit performance has been continually received during the year from Corporate Management Team, Cabinet and the Portfolio Holder amongst others. To gain user feedback, a client questionnaire has been developed and utilised on audit projects since March 2011. Results will be reported back to the Committee in 2011/12.
- 6.5 In September 2010, the results of the External Audit review of Internal Audit were reported to the Committee. The review concluded that "good progress was made in developing the Council's Internal Audit arrangements during the year" and "the Internal Audit team was well placed to act as an assurance function, delivering an independent and objective opinion on the Council's control environment and assurance on internal controls through its annual audit plan". The review identified that Internal Audit met seven of the eleven CIPFA standards and partially met the other four.
- 6.6 A number of Performance Indicators are currently being developed and reviewed along with the processes to produce the information. Three Performance Indicators are currently measurable:

Performance Indicator	2010/11 Target	2010/11 Actual
Chargeable Days as a percentage of Available Working Days	80%	85%
Average number of days between end of fieldwork to issue of draft report	15 days	15 days
Percentage of significant recommendations (high & medium) which are agreed.	100%	98.5%

7.0 Compliance with Code of Practice for Internal Audit in the United Kingdom

7.1 Regulation 6 of the Accounts and Audit Regulations 2011 requires relevant bodies to conduct an annual review of the effectiveness of its internal audit and for a committee of the body to consider the findings.

7.2 In accordance with the Regulations the performance of Internal Audit has been measured using the checklist appended to the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. (A separate assessment of the Audit Committee has been undertaken). The review, completed by the Head of Internal Audit has concluded that although there were areas for improvement the internal audit service is being delivered to the required standard. This has been discussed with the portfolio holder and the Chair and Vice Chair of the Audit and Governance Committee.

7.3 The areas for improvement can be summarised as follows:

CIPFA standard	Key Messages/Action
<p>Independence <i>Internal Audit should be independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal Auditors should not have any operational responsibilities.</i></p>	<p>The Internal Audit Reporting Protocol prescribes that:</p> <ul style="list-style-type: none"> Those weaknesses giving rise to significant risks that are not agreed are brought to the attention of a more senior level of management Where agreed actions have not been effectively implemented by the date agreed the risks of not taking action have been understood and accepted at a sufficiently senior management level.
<p><i>The status of Internal Audit should enable it to function effectively. The support of the organisation is essential and recognition of the independence of Internal Audit is</i></p>	<p>The Head of Internal Audit and Compliance is a third tier post; however, it is currently vacant. Committee reports go out in the Head of Policy and Performance's</p>

<i>fundamental to its effectiveness.</i>	name with individual audit reports going out in the Auditors name.
Objectivity <i>Long term responsibility for the audit of a particular aspect of an organisation can lead to over-familiarity and complacency that could influence objectivity; assignment of ongoing audit responsibilities should be rotated from time to time within the internal audit team.</i>	Although no Auditors have long standing relationships with departments, given the age of the Authority, a staff rotation policy was introduced during the year which will be embedded in 2011/12.
Relationships <i>The Head of Internal Audit should seek to establish a dialogue with the agencies that may interact with the organisation, with a view to exchanging relevant information.</i>	A list of regulatory and inspection agencies has been produced. A protocol with External Audit already exists. Relationships with other agencies will be further developed in 2011/12.
Reporting <i>The Head of Internal Audit should determine the circulation of audit reports within the organisation, having due regard to their confidentiality and legislative requirements. The recipients of the audit report, i.e. those that have the authority to agree management actions, should be determined when preparing the audit brief.</i>	The Internal Audit Reporting Protocol prescribes that the brief includes the specific distribution list for reports.

- 7.4 An action plan for improvement has been developed that is separate from the AGS action plan, as the latter should only include significant weaknesses. Consequently, the review has established that the opinion, contained within this report, may be relied upon as a source of evidence in the AGS.

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Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
Supporting Corporate Governance				
Annual Governance Statement (AGS)	Completion of AGS Statement for 2009/10, and assessment against CIPFA/SOLACE Good Governance Framework to evidence compliance with the code. Supporting management in production of AGS for 2010/11.	As reported to Committee in June 2010.	Complete	Supporting management in production of AGS for 2010/11.
CAA Use of Resources	None	N/A	N/A	Inspection regime has ceased.
Core Financial and Fundamental Systems				
Housing Benefits	Review of key controls over all legacy systems has been undertaken. A new Housing Benefits system was introduced in December 2010 and this is now being reviewed in parallel to the legacy system.	N/A	Ongoing	As a key financial system this area is reviewed annually
Council Tax	Review of key controls over all legacy systems. A new Council Tax system has been	- Bad debts have been written off the system without correct authorisation (Macclesfield & Congleton).	Legacy – Complete New system	As a key financial system this area is reviewed annually.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
	introduced and this is now being reviewed.	- Refunds are not subject to formal review and authorisation by a senior officer (Macclesfield & Crewe).	– Ongoing	
Budget Monitoring	Review of revenue budget monitoring across the authority. This issue was raised in the 2009/10 AGS.	<ul style="list-style-type: none"> - Significant numbers of managers with budgetary responsibility did not have access to the key financial systems, and many had not received sufficient training in the systems meaning they are unable to monitor budgets as effectively. - Some Directorates felt that the level of support from Finance could be improved. Inconsistencies in roles across Business Support, Finance and Budget Managers were also noted. - Budgetary processes have been complicated where Members have decided to continue with service provision where budgets have already been withdrawn as part of savings targets already agreed. 	Complete	A follow up review is included in the 2011/12 plan.
Reserves	None	N/A	N/A	No planned work during 2011/12.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
Main Accounting System	Joint testing with CWaC of the core Oracle System in relation to the General Ledger and Reconciliations. Specific testing of East transactions.	N/A	Draft report imminent	As a key financial system this area is reviewed annually.
Oracle R12 Upgrade (U)	Ongoing support to the R12 Upgrade of Oracle.	Two specific exceptions were noted in the Audit sign off: - A number of controls were identified as manual or not in place, which weakens the overall control environment - A review of system user access rights identified a number of instances where the scope access is wider than best practice expectations. In some cases this is due to the business model adopted. These areas will be re-visited during the follow up in 2011/12.	Complete	A follow up review is included in the 2011/12 plan.
Accounts Receivable	Joint testing with CWaC of the core Oracle System in relation to Accounts Receivable. Specific testing of East transactions.	N/A	Draft report imminent	As a key financial system this area is reviewed annually.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
Debt Management Follow Up	Follow up on an audit review of the authority's debt management arrangements originally carried out in 2009/10, to assess progress made.	<ul style="list-style-type: none"> - Minimal guidance is available to staff re income/debt management. - There is an inconsistent approach to managing debt across individual Services. Services have no escalation process to use if their own action doesn't result in payment. 	Completed	No planned work during 2011/12.
Accounts Payable	Joint testing with CWaC of the core Oracle System in relation to Accounts Payable. Specific testing of East transactions.	N/A	Draft report imminent	As a key financial system this area is reviewed annually.
Extended Testing	Additional testing work carried out across the Core Fundamental Financial Systems. The scope of this testing is agreed with External Audit and the results are used to provide assurance to them on the level of control operating across the various systems.	Results shared with External Audit. System specific key findings reported against individual systems.	Complete	A programme of extended testing is agreed with External Audit annually.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
Interrogation of Creditor Payment data using Computer Assisted Audit Techniques	Interrogation of creditor data using IDEA software, to identify duplicate payments. The creditor data covered the period of transition from legacy systems, when the risk of duplicate or erroneous payments was deemed to be higher.	<ul style="list-style-type: none"> - Duplicate payments totalling approximately £28,000 were recovered. - Suppliers regularly use the same invoice number, or re-issue an invoice for the same goods or services under a new invoice number. - Invoices are sent by suppliers to the service and to the Shared Service, resulting in both sections processing. - Approvers do not always check to see if the invoice has been previously been paid. 	Complete	Work ongoing to encourage data matching on more proactive basis.
Cash receipting	Examination and testing of key controls in the PARIS cash receipting system and bank account.	Work is ongoing.	Ongoing – work began in late 2010/11.	As a key financial system this area is reviewed annually.
Quick Invoicing	None	N/A	N/A	No planned work during 2011/12.
NNDR	Review of key controls over all legacy systems. A new Council Tax system has been introduced and this is now being reviewed.	The review of the legacy systems identified a number of weaknesses; however as the system is no longer in operation, management were advised to ensure that sufficient corresponding controls are in	Legacy – Complete New system – Ongoing	As a key financial system this area is reviewed annually.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
		place in the new system. The key findings were: -Billing reconciliation had been undertaken but not evidenced by the performing officer or a senior officer - A number of debts (pre-2000) had been written off as part of the conversion system without formal approval and evidence of approval by a senior officer. Work is ongoing on the review of the new system		
Payroll	Joint testing with CWaC of the core Oracle System in relation to Accounts Payable. Specific testing of East transactions.	N/A	Draft report imminent	As a key financial system this area is reviewed annually.
Adults, Community, Health & Wellbeing/Children & Families				
Joint Commissioning with Health	None	N/A	N/A	Identified as a strategic risk for review in 2011/12 Plan.
ContactPoint	Assessment of the authority's compliance with the national accreditation criteria.	No findings ranked as High Priority. The necessary accreditation criteria were met by Cheshire East.	Complete	Implementation of ContactPoint has been discontinued.
PARIS Looked after Children	None	N/A	N/A	A review of Charging for Looked After

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
				Children is included in the 2011/12 plan.
Establishment Audits - Childrens	Visits to Children's Centres to evaluate the adequacy of system controls in place. (Underwood West, Oakenclough)	Issues around Imprest accounts, Income and Banking, Inventories and CRB records have been raised with management.	Draft reports issued.	No planned work during 2011/12.
Establishment Audits - Adults	Visits to Adults Establishments to evaluate the adequacy of system controls in place (Lincoln House, Bexton House, Stanley Centre, Warwick Mews,)	Issues around Imprest accounts, Fees & Charges, Income, Amenities funds, Debt recovery procedures, Expense Claims, Budgetary Information, CRB Code of Practice, Inventories, Service user finances have been raised with management.	Final report issued	No planned work during 2011/12.
Establishment Audits - Health & Wellbeing (Malkins Bank)	Visits to Health & Wellbeing establishments to evaluate the adequacy of system controls in place.	Issues around Cashing up, documentation of processes, Gifts & Hospitality register have been raised with management.	Final report issued	Follow up for Establishment Audits within Health & Wellbeing is included in the 2011/12 plan.
Establishment Audits - Health & Wellbeing (Wilmslow Leisure Centre)	Visits to Health & Wellbeing establishments to evaluate the adequacy of system controls in place	Issues around Purchase Card procedures and Gifts & Hospitality register have been raised with management.	Final report issued	Follow up for Establishment Audits within Health & Wellbeing is included in the 2011/12 plan.
Establishment Audits - Health & Wellbeing (Alsager)	Visits to Health & Wellbeing establishments	Issues around Fees and Charges and access to	Final report issued	Follow up for Establishment Audits

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
Civic Hall)	to evaluate the adequacy of system controls in place.	financial systems for budget monitoring purposes have been raised with management.		within Health & Wellbeing is included in the 2011/12 plan.
Establishment Audits - Health & Wellbeing (Knutsford Civic Hall and Cinema)	Visits to Health & Wellbeing establishments to evaluate the adequacy of system controls in place.	Issues around documentation of processes, IT system access, Stock takes, Gifts & Hospitality register and access to financial systems for budget monitoring purposes have been raised with management.	Final report issued	Follow up for Establishment Audits within Health & Wellbeing is included in the 2011/12 plan.
Establishment Audits - Health & Wellbeing (Contact Centres Wilmslow & Congleton)	Visits to Health & Wellbeing establishments to evaluate the adequacy of system controls in place	The main findings indicate that actions raised during the previous audit in 2006 have not been fully implemented.	Draft Report issued	Follow up for Establishment Audits within Health & Wellbeing is included in the 2011/12 plan.
LSC Funding 14-19	Review of the arrangements put in place to enable the authority to meet its new responsibilities following the transfer from the Learning and Skills Council. Risk assessment - liaison with Schools Finance Team.	Formally allocate responsibility for preparing and authorising the required quarterly reconciliation statement for the YPLA. Ensure no amendments are needed re Authority's Finance and Procedure rules.	Final report issued	Included in the plan for 2011/12.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
Extended Services – Grant Funding	None	N/A	N/A	No planned work during 2011/12
Review of Financial Management Standard in Schools (FMSiS)	Liaison with Schools Finance Team.	N/A	N/A	An alternative inspection regime is due to be announced on shortly and this is included in the 2011/12 plan.
Children's Social Care – Financial Management/ Residential	None	N/A	N/A	No planned work during 2011/12.
Education Improvement Partnerships	None	N/A	N/A	No planned work during 2011/12.
Client Finances	Support has been provided to improving the process of auditing the accounts of social care customers who receive a direct payment.	N/A	Ongoing	No planned work during 2011/12
Resource Allocation System	None	N/A	N/A	No planned work during 2011/12
Empower Cards	Supporting the development and implementation of the Empower Card ensuring that new processes and systems are sufficiently robust to mitigate the risk of loss to the Council.	N/A	N/A	Included in the plan for 2011/12.
Supporting People	Review of key controls	-ICT Equipment is not always	Complete	As a key financial

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
	over the system	secured when not in use.		system this area is reviewed annually.
Home Care Roster	Review of key controls over the system	<ul style="list-style-type: none"> - Staff 'down time' is high; where staff work less hours than are contracted for because of legitimate scheduling issues. - Checks on the number of hours worked are not evidenced by senior staff - Mileage claims are not always appropriately authorised prior to payment. 	Complete	As a key financial system this area is reviewed annually.
Adult Financials Project (U)	Support to the development of new finance policies and procedures within Adults Services	N/A	Ongoing	Included in the 2011/12 plan.
Nursery Provider (U)	Review of the issues surrounding the administration of the childcare provider.	Opportunities for improvement identified to mitigate against the risk of reoccurrence.	Complete	No planned work for 2011/12.
Variable Housing Support – (Project Support) (U)	Supporting the development and implementation of the extension of the Variable Housing Scheme, to ensure risks have been identified and managed, and that end processes	N/A	Complete	No planned work for 2011/12.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
	comply with appropriate Procedure Rules and legislation.			
Places				
Carbon footprint/Climate Change	None	N/A	N/A	Included in the 2011/12 plan.
Emergency Planning	None	N/A	N/A	Included in the 2011/12 plan.
Waste PFI	None – funding was withdrawn as part of the Government Spending Review.	N/A	N/A	No planned work for 2011/12.
Highways Contract Management Arrangements	None	N/A	N/A	Included in the 2011/12 plan.
Highways Asset Valuation	None	N/A	N/A	Included in the 2011/12 plan.
Crewe Green Link Road Scheme	None	N/A	N/A	No planned work for 2011/12.
Car Parking	Review of key controls over the system.	N/A	Ongoing	Included in the 2011/12 plan.
Licensing	Review of the key controls over the three legacy systems.	No findings ranked as High Priority.	Complete	Included in the 2011/12.
Planning & Building Control Fees	Review of the Building Control service and its management of risks regarding; income, standard of work undertaken, recovery of costs and the application	No findings ranked as High Priority.	Complete	No planned work for 2011/12.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
	of relevant standards			
Housing Strategy	None	N/A	N/A	No planned work for 2011/12.
Crewe Master Plan	None	N/A	N/A	No planned work for 2011/12.
Tatton – Future Governance Arrangements	None	N/A	N/A	Included in the plan for 2011/12.
Developer contributions (Section 106s) (U)	Interim review of the way in which Section 106 agreements and associated risks are managed	No findings ranked as High Priority.	Complete	Follow up review is included in the 2011/12 plan.
Performance & Capacity				
Absence Management	Examination of key controls in the absence management and reporting process, which was identified as a potential risk area from work carried out through the National Fraud Initiative	No findings ranked as High Priority.	Complete	No planned work for 2011/12.
Key Policies	None	N/A	N/A	No planned work for 2011/12.
Performance Management	Review of the existing performance National Indicators, and support to the implementation of the Performance Monitoring System: CorVu.	N/A	Ongoing	Continuing to support the implementation of CorVu.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
Communications – Reputation Management	None	N/A	N/A	Identified as a Strategic Risk and included in the plan for 2011/12.
ICT Shared Services	Discussion paper on Governance and Control issued to the ICT Manager	N/A	N/A	Included in the plan for 2011/12.
ICT Security Policies and awareness	Ongoing support in the development and implementation of ICT Security Policies	Security Policies completed and communicated to staff.	Complete	No planned work for 2011/12.
ICT Users Compliance	None – development and implementation of ICT Security Policies delayed the start of this project	N/A	N/A	Included in the plan for 2011/12.
Payment Card Industry Compliance	None	N/A	N/A	Included in the plan for 2011/12.
ICT Business Continuity Planning	General advice and guidance as needed	N/A	N/A	No planned work for 2011/12.
ICT Asset Inventory	Follow up review on the disaggregation of ICT Assets between the two new authorities	Although a compilation strategy has been adopted and is underway, it is not yet complete. -Still a need for an ICT Asset Register which accurately reflects the current disposition of assets and which is maintained and kept up to date.	Complete	Included in the plan for 2011/12.
Internal Audit Forensic and	Development and	Production of procedure notes.	Complete	No planned work for

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
Investigation	introduction of procedure notes to support investigation in ICT related areas.			2011/12.
Revenues and Benefits – replacement system	Project assurance role in the replacement Revenues & Benefits system project.	Project sign off.	Complete	No planned work for 2011/12.
ICT Security baseline standards for establishment	Development and review of 'standard' audit programme for use in establishment visits.	Production of audit programme.	Complete	Will be used as part of any Establishment Visits carried out in 2011/12.
Procurement/Commissioning	None	N/A	N/A	Included in the plan for 2011/12.
Contracts Register/Tendering	Review of the controls within the e-tendering system (Due North) introduced in April 2010.	Work is ongoing to update Finance and Contract Procedure Rules and reflect the introduction of Due North.	Final report issued.	No planned work for 2011/12.
Approach to savings (Procurement)	None	N/A	N/A	Included in the plan for 2011/12.
Asset Management	Review of the approach to disaggregating property and other key operational assets between the two new authorities.	No findings ranked as High Priority.	Complete	Follow up review is included in the plan for 2011/12.
Utility Procurement (U)	Provision of advice and support to procurement process.	N/A	N/A	No planned work for 2011/12.
Grant Funding (U)	Research on grants	N/A	N/A	No planned work for

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
	received and distributed by the Council. Used to inform planning process			2011/12.
International Financial Reporting Standards (IFRS) (U)	Assessment of the authority's readiness for the adoption of International Financial Reporting Standards in 2010/11.	- Key staff not in place/trained to lead on IFRS adoption - Requirement to revalue assets not fully considered.	Complete	No planned work for 2011/12.
Cross Directorate, Partnership & Shared Services				
Shared Services General - Governance	A review of the effectiveness of the governance and monitoring arrangements used by Cheshire East and Cheshire West and Chester Councils to manage their Shared Services.	No findings ranked as High Priority.	Complete	No planned work during 2011/12.
General Partnership Governance Arrangements	Covered through the Annual Governance Statement.	Will be included within AGS.	Complete	Review of key Partnership Strategic Risks is included in the plan for 2011/12.
Service Delivery Planning/Risk Management	Ongoing Support advice with regard to systems and procedures.	N/A	Ongoing	Identified as a Strategic Risk and included in the plan for 2011/12.
Project Management	None	N/A	N/A	No planned work for 2011/12.
Business Continuity	None	N/A	N/A	No planned work for

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
				2011/12.
Shared Service – Learning Resource Network (U)	Joint review with CWaC Internal Audit of the governance and financial controls of the Learning Resource Network Shared Service.	A number of opportunities for significant improvements were identified. A review of arrangements is being undertaken by the two authorities.	Complete	No planned work for 2011/12.
Assurance on the savings achieved through redundancies (U)	Review of savings achieved through redundancy.	Redundancies have secured savings through reduction of staffing costs; however, redundancies since LGR in 2009 have not always been specifically incurred for that reason. Report included as Annex A.	Complete	No planned additional work in 2011/12.
Counter Fraud				
Anti Fraud & Corruption Policy	A review of the Anti Fraud and Corruption Strategy against best practice guidance to identify improvements has been undertaken. A revised Anti Fraud and Corruption Strategy is being drafted.	Report to Audit & Governance Committee in January 2011.	Ongoing	Included in the plan for 2011/12.
Codes of Conduct – Member & Officers	Advice on new Codes for Officers provided.	Advice on new Codes for Officers provided.	Ongoing	No planned work for 2011/12.
Whistleblowing Policy Review	A review of the Whistleblowing Policy	Report to Audit & Governance Committee in November 2010.	Ongoing	Included in the plan for 2011/12.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
	against best practice guidance to identify improvements has been undertaken. A revised Whistleblowing Policy has been through consultation with HR & Unions and is being presented to Audit & Governance Committee in June 2011.			
Declarations of Interest	A review of Declarations of Interest covering both Members and Officers has been completed.	Completed Declarations are not always held securely in line with Data Protection guidance.	Complete	No planned work for 2011/12.
Gifts & Hospitality	Covered as part of Establishment audits.	N/A	N/A	No planned work for 2011/12.
Anti-Money Laundering	The Council's Anti-Money laundering procedure and supporting arrangements have been reviewed against best practice.	No findings ranked as High Priority.	Complete	Follow up review is included in the plan for 2011/12.
NFI Administration	Participation in the bi-annual data matching exercise aimed at the prevention and detection of fraud.	Matches from the data set submissions will be investigated by the relevant departments.	Ongoing	Work continues in 2011/12.
Renovation Grants	Review of key controls over the Renovation Grants area, and ensure grants are provided in	N/A	Ongoing	Work continues in 2011/12.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
	accordance with relevant legislation.			
Creditor Payments	Key controls tested as part of Key systems work.	See key systems work.	Complete	Detailed control testing in 2011/12.
Stores/Inventories	Establishment Audits	See separate reports.	Complete	No planned work for 2011/12.
Loans & Investments	None	N/A	N/A	No planned work for 2011/12.
Payroll	Key controls tested as part of Key systems work.	See key systems work.	Complete	Detailed control testing in 2011/12.
Expense Claims	Key controls tested as part of Key systems work.	See key systems work.	Complete	Detailed control testing in 2011/12.
Corruption	Self assessment of arrangements against CIPFA Red Book 2.	Report to Audit & Governance Committee in June 2011.	Complete	Included in plan for 2011/12.
Theft of Information	None	N/A	N/A	Included in plan for 2011/12.
Purchase Cards	Review on use of Purchase Cards requested by the Chief Executive and Leader of the Council following a media Freedom of Information request.	Purchase Card guidance could be improved to clarify a number of potential areas of weakness: - Clarity on the appropriate members of staff to use the card and approve transactions and maintaining separation of duties - The process of approving transactions and the timescales for doing so, including the potential for remedial action for non-compliance.	Ongoing	No planned work for 2011/12.

Project (U-Unplanned work)	Work done in 10/11	Key findings (Reported as High Priority)	Current Status	Implications for 2011/12 Plan
Investigation of whistleblowing allegations (U)	Supporting management in the investigation of whistleblowing allegations made.	Specific findings have been reported to management, the Head of Policy & Performance, and the Chair of the Audit & Governance Committee. Recommendations to management are made where appropriate.	Ongoing	Responsive work is included in the plan for 2011/12.
Investigation of suspected fraud (U)	Supporting management in the investigation of fraud and corruption.	Specific findings have been reported to management, the Head of Policy & Performance, and the Chair of the Audit & Governance Committee. Recommendations to management are made where appropriate.	Ongoing	Responsive work is included in the plan for 2011/12.
Follow up from 2009/10				
A number of audits were due for follow up in 2010/11. Some of these have been completed as new reviews, some have been carried out and some have been re-scheduled to take place in 2011/12	Various	N/A	Various	Various

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Internal Audit Review
Assurance on the savings achieved through redundancy

1. The Review

- 1.1 Following discussion at the Audit & Governance Committee on 25 January 2011, this report provides the Committee with the findings of the review undertaken by Internal Audit to assess the extent to which assurance can be provided that redundancies have delivered savings to the Authority.

2. Key Findings

- 2.1 It is clear that redundancies have secured savings through reduction of staffing costs.

This is demonstrated by the £26.1m difference in staffing costs identified through comparison of 2009-10 actual staffing costs and the budget for 2011-12.

- 2.2 The original discussion at the Audit & Governance Committee assumed that the only reason for redundancy was to reduce the budget. It is evident that in the first two years of Cheshire East, redundancies have been incurred for a more complex set of reasons, including:

- At LGR, there was not necessarily a correlation between costs of staff transferred and the budget available. Therefore redundancies reduced the cost burden in order to match budgets but did not always reduce the budget itself.
- Withdrawal of funding for posts or services that would have resulted in ongoing costs to the Authority that have an overall nil effect on budgets. The posts were redundant and to comply with employment law the action was appropriate.
- Entitlement to redundancy from the rationalisation and redesign of services e.g. when there was a significant change in role or location and there was no reasonable redeployment opportunity.

- 2.3 In most cases, redundancies are incurred as part of a wide ranging realignment of services and therefore a range of other factors may influence the achievement of savings, and the visibility of these savings in the bottom line budgets.

Such factors include: -

- Ongoing fulfilment of statutory duties.
- Responding to changes in the external environment (political, financial, demographic etc)

- Service delivery developments and improvements
- Restructuring and reallocation of services within departments

2.4 Reports to Cabinet on workforce planning and approval of redundancies have not given such detailed justification for the redundancy during the first two years showing only the post title, financial implications and a simple categorisation.

3. Conclusion

3.1 Assurance can be provided that staffing costs have significantly reduced.

However, given that redundancy savings are made in a service specific context and their actual realisation in budgets are subject to other influences, a snapshot exercise such as this cannot provide assurance that on an individual case by case basis, each redundancy directly correlates to a permanent decrease in the bottom line budget.

Assurance in this regard should be sought through ongoing monitoring of the Authority's financial position in the light of corporate decision-making and policy development.

3.2 A revised template for specifying the reason for redundancy should be implemented for future Cabinet reports in order to give more specific information to justify decisions. This has already been designed by HR and will be implemented as soon as possible.

4. Detailed Findings

Cheshire East Council

4.1 The figures below show changes in staffing costs for the authority as a whole. Subsequent tables and commentary provide further detail for each of these areas.

Service Area	2009-10 Spend	2010-11 Spend	2011-12 Budget	Overall Change
Adult's	£46.8m	£39.2m	£34.5m	-26%
Children's	£31.4m	£29.2m	£26.5m	-16%
Places	£33.7m	£32.2m	£30.5m	-9%
Performance and Capacity	£36.5m	£34.1m	£30.8m	-16%
Total Spend	£148.4m	£134.7m	£122.3m	-18%

Adults

- 4.2 The figures below illustrate that savings are being made on staffing costs.

Service Area	2009-10 Spend	2010-11 Spend	2011-12 Budget	Overall Change
Strategic Commissioning	£7.4m	£6.3m	£6.8m	-8%
Individual Commissioning	£10.1m	£9.5m	£8.8m	-13%
Care4CE	£29.3m	£23.4m	£18.9m	-35%
Total Spend	£46.8m	£39.2m	£34.5m	-26%

- 4.3 Following LGR, Adult's services has significantly reviewed it's workforce in the light of external policy drivers. In particular, the Council has restructured the workforce away from provision of services to the commission of services for adults meaning that staffing costs are reducing substantially, particularly in Care4CE. Further detail is provided below:

Strategic Commissioning

Rationalisation of management portfolios and reduction of intermediate tiers of management

Individual Commissioning and Local Delivery

Voluntary redundancies linked to bringing together former social work teams for Learning Disability, Physical Disability and Older People into four local teams and then introducing a risk based approach that reduced the need for social workers. This was also assisted by introduction of flexible and mobile working.

Care4CE

- Efficiencies achieved through amalgamating four services into one at LGR, and rationalising management and supervisory structures to address the inherited £2m overspend on vesting day.
- Integration/rationalisation of services enabling efficiencies through closure of buildings: Cypress House, Santune House, Jubilee House, Bexton Court (Temp), 291 Nantwich Road.
- Reductions due to loss of income (at LGR, and/or disaggregation of funding, withdrawal of health funding e.g. Carers Grant – Family Based Care, Heather Brae, S28a pooled budget), Care in Community monies – Community Support Centres, Heather Brae and Supporting People Funding for Assisting You and Harry Lawson Court from Care4CE.

- Decommission of services e.g. traditional home care to give customers choice and control through personal budgets to deliver government personalisation agenda, to comply with HMRC directive on status of Family Based Care being delivered in customers own homes.
- Further restructuring to align all services with costed models required to deliver core purpose of Care4CE i.e. the delivery of reablement, crisis response and complex care.

Children's

- 4.4 The figures below illustrate that savings are being made on staffing costs.

Service Area	2009-10 Spend	2010-11 Spend	2011-12 Budget	Overall Change
Safeguarding and Specialist Support	£16.9m	£18.6m	£10.9m	+4%
Early Intervention and Prevention			£6.9m	
Strategy, Planning and Performance	£14.5m	£10.6m	£8.7m	-40%
Total Spend	£31.4m	£29.2m	£26.5m	-16%

NB: The 2009-10 figures were based on the old structure of Children's Social Care, SureStart, Inclusion and Education and Schools, whereas 2010-11 is based on two services, Integrated Delivery and Improvement and Achievement, and moving into 2011-12 there are now three service areas.

- 4.5 Children's Services are working from a high cost-base that has arisen due to an increase in the number of children cared for by the Local Authority since it was created in 2009, and the reliance on historic procurement of expensive out of area placements. The service is aiming to reduce costs through redesign of children's care services which involves improvements in the commissioning of residential care provision and intervening in the lives of children at an earlier stage to prevent the recourse to costly statutory provision at a later point.

In some cases within the department, external funding has been withdrawn and redundancies have been necessary to avoid incurring ongoing costs. In such examples, staffing costs may appear to show a saving, but some of the linked income has also been lost, and therefore there is no net change. An example of this is the schools improvement programme, with more resources being delegated to schools and schools taking responsibility for service provision formerly provided by the Council.

The Service has been restructured twice since LGR. Therefore comparisons of financial data are also very difficult. Some services

move between areas across the years, and some expenditure has historically been funded through grants (e.g. SureStart, DSG, Standards Fund) which further complicates comparison.

Places

- 4.6 The figures below illustrate that savings are being made on staffing costs.

Service Area	2009-10 Spend	2010-11 Spend	2011-12 Budget	Overall Change
Environmental Services	£18.0m	£16.6m	£15.3m	-15%
Safer & Stronger Communities	£4.6m	£4.3m	£4.6m	0%
Planning & Housing	£5.9m	£6.3m	£5.9m	0%
Regeneration*	£5.3m	£5.0m	£4.8m	-10%
Total Spend	£33.7m	£32.2m	£30.5m	-9%

* excluding Integrated Transport Unit

- 4.7 Across the Places Directorate, redundancies have been made in order to manage within budgets and to deliver savings targets since LGR.

In Environmental Services, redundancies sampled within the Highways Service provide assurance that savings in staffing costs have been delivered and have contributed to achievement of budget policy savings, despite challenging service demand pressures. The audit sample also noted the changing nature of the Service, including closure of the Geotech Lab shared service and related redundancy and re-deployment of staff.

Redundancies within Safer & Stronger Communities have supported effective management within budgets and achievement of policy changes. The same may be said in respect of the Planning & Housing Service (where the increase of £0.4m in 2010/11 relates principally to bringing in-house the Homelessness functions previously carried out by Cheshire Peaks & Plains and Wulvern Housing).

Similarly, redundancies made within Regeneration have contributed to the achievement of budget policy savings. A post sampled in the audit had been made redundant at the end of an externally funded economic development project.

Performance and Capacity

- 4.8 The figures below illustrate that savings are being made on staffing costs.

Service Area	2009-10 Spend	2010-11 Spend	2011-12 Budget	Overall Change
Borough Solicitor	£3.7m	£4.0m	£3.5m	-5%
Borough Treasurer & Head of Assets	£21.8m	£19.8m	£17.4m	-20%
HR & Organisational Development	£3.8m	£4.0m	£4.0m	+5%
Policy & Performance	£7.3m	£5.9m	£5.5m	-25%
Transformation	£0.0m	£0.4m	£0.4m	New service
Total Spend	£36.5m	£34.1m	£30.8m	-16%

4.9 A sample of redundancies from corporate support services identified a variety of circumstances in which redundancies were made and the varying effects that the redundancies may have had on achieving savings.

- The International Unit has now ceased with the closure of the Brussels office. This was a Cheshire East hosted shared service and the Shared Services Joint Committee decided that the responsibilities would pass to the newly formed prosperity commission, which itself has replaced the existing Cheshire and Warrington Economic Alliance. It is anticipated that this option will deliver savings.
- There have been savings from redundancies within Human Resources; however, due to a number of approved policy options that have impacted the staffing area e.g. transfer of Unison budget, the net effect over the period has been a small increase.
- The Corporate Improvement Team incurred two redundancies and there has been a subsequent reduction in staffing budget. However, due to service developments the overall budget has increased and is now more than the total service costs in 2010-11.
- In Policy and Performance, those redundancies sampled were part of a larger scheme of savings including non-filling of vacancies. This has resulted in significant savings in staffing costs of 25%.

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 30th June 2011
Report of: Head of Policy & Performance
Subject/Title: Risk Management Policy Review

1.0 Report Summary

- 1.1 The Council's Risk Management Policy forms part of the overall internal control framework and corporate governance arrangements. An internal control system with risk management at its core will facilitate the effective and efficient operation of the Council by enabling it to respond appropriately to risks. This increases the likelihood of the Council achieving its strategic objectives.
- 1.2 The present risk management strategy was last amended and approved by Cabinet at its meeting on 14 July 2009, and is, therefore, due for review. The review of the risk management strategy by the Corporate Risk Management Group showed that, whilst the majority of the strategy components appeared to be appropriate, there were a number of areas that required updating. This paper presents an updated Risk Management Policy from the Corporate Risk Management Group for consideration and approval.

2.0 Recommendation

- 2.1 The Audit and Governance Committee is requested to consider and comment on the updated Risk Management Policy prior to the policy being submitted to Cabinet for approval. The policy is to be reviewed annually.

3.0 Reasons for Recommendations

- 3.1 In order to form an opinion on the effectiveness of the Council's risk management arrangements, the Audit and Governance Committee needs to be assured that the Council publishes a clear risk management policy covering risk management philosophy and responsibilities.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 N/A

6.0 Policy Implications (including Climate Change/Health)

- 6.1 Risk Management is integral to the overall management of the authority and, therefore, considerations regarding key policy implications and their effective

implementation are considered within departmental risk registers and as part of the risk management framework.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 None

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 As well as the need to protect the Council's ability to achieve its strategic aims, and to operate its business, general principles of good governance require that it should also identify risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework, and this report is aimed at addressing that requirement.

9.0 Risk Management

9.1 This report relates to overall risk management; the Audit and Governance Committee should know about the most significant risks facing the Council and be assured that the risk management process is working effectively.

10.0 Background

10.1 A copy of the updated Risk Management Policy is attached for comment at **Annex A** to this report; this includes a sub-section on Business Continuity. Attached for reference and information at **Annex B** to this report is a copy of the present Risk Management Strategy.

10.2 The policy does not include details of the risk management process or the procedures and documentation. These are held separately and it is intended that these will be included in a risk management handbook or toolkit for staff and Members and include information on risk management of partnerships and projects.

11.0 Access to Information

11.1 The background papers relating to this report can be inspected by contacting the report writer:

Name: Vivienne Quayle
Designation: Head of Policy & Performance
Tel No: 01270 686859
Email: vivienne.quayle@cheshireeast.gov.uk

CHESHIRE EAST COUNCIL - RISK MANAGEMENT POLICY**1.0 Introduction**

- 1.1 A risk is concerned with a threat or a possible future event which will adversely or beneficially affect Cheshire East Council's ability to achieve its objectives. Risk management is the process that informs strategic development through the identification and treatment of risk such that, objectives are more likely to be achieved, damaging actions or events are avoided or minimised and opportunities maximised.

2.0 Purpose

- 2.1 This risk management policy forms part of Cheshire East Council's internal control and corporate governance arrangements. The purpose of this policy is to clearly outline the council's commitment to risk management, describe the objectives of risk management and provide a framework for embedding risk management across the organisation, with defined roles and responsibilities and a structured process. Through the implementation and embedding of an effective risk management framework, Cheshire East Council will ensure that it is better placed to manage its performance, achieve its corporate objectives and provide an enhanced level of service to the community.
- 2.2 The following key principles outline the Council's approach to risk management and internal control:
- Council and Cabinet have responsibility for overseeing risk management within the council as a whole
 - an open and receptive approach to understanding the challenges of risk management is adopted by Cabinet and Council
 - the Chief Executive and the Corporate Management Team support, advise and implement policies approved by Cabinet and Council
 - the Council makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
 - there will be a range of appetites and tolerance levels for different risks which will vary over time but these will be approved and communicated appropriately
 - the Senior Management Team are responsible for encouraging good risk management practice within their Service Areas
 - key risk scores and indicators of levels of risk are identified and closely monitored on a regular basis.

3.0 Commitment to Risk Management

- 3.1 Cheshire East Council is committed to adopting best practice in the identification, evaluation and cost effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximise opportunities to achieve the council's objectives and deliver core services. It is acknowledged that some risks will always exist and will never be eliminated.
- 3.2 All officers must understand the nature of the risk and accept responsibility for risks associated with their area of work, including an understanding of how reputation value for the Council is added or lost. In doing this they will receive the necessary support, assistance and commitment from senior management and Members.

Risk Management Policy Review – Annex A

- 3.3 The council's risk management objectives are a long term commitment and an inherent part of good management and governance practices. The objectives need the full support of Members and active participation of managers.

4.0 Benefits of Good Risk Management



- 4.1 Good risk management increases the probability of success, and reduces both the probability of failure and uncertainty of achieving Cheshire East Council's overall objectives.

Risk Management Policy Review – Annex A

5.0 Objectives of the Risk Management Approach

5.1 The six key objectives of the approach to risk management are to:

- Embed risk management into the ethos, culture, policies and practices of the council.
- Ensure the council successfully manages risks and opportunities at all levels – strategic, operational, programme, project and partnership.
- Manage risk in accordance with all statutory and best practice requirements.
- Ensure that risk management is a key and effective contributor to Corporate Governance and the Annual Governance Statement.
- Ensure that risk management helps to secure efficient and effective arrangements to identify and achieve successful local and national priority outcomes.
- Embed an effective business continuity management framework to provide continuous service delivery in the event of an emergency.

5.2 These objectives will be achieved by:

- Establishing a risk management framework and risk management handbook for employees and Members.
- Clearly defining the roles, responsibilities and reporting lines within the council for risk management.
- Ensuring there is appropriate leadership and monitoring of corporate risks and key corporate project risks.
- Risk management being an integral part of and included in the council's processes, policies and documents, including service and project planning, writing reports and considering decisions.
- Providing advice, guidance, suitable information and training on risk management to employees and Members.
- Maintaining a hierarchy of risk registers, that are regularly reviewed and monitored, to demonstrate the management of risks linked to the council's business, corporate and operational objectives and to working in partnership. Working in collaboration with partners to ensure a joint successful approach to the management of risks.
- Using national and best practice guidelines on risk management and engaging in relevant risk management forums and benchmarking exercises to identify further opportunities for improvement in our approach to risk management.
- Providing opportunities for shared learning on risk management across the council and with other authorities, partners and stakeholders where appropriate.
- Heads of Service completing statements as to the effectiveness, or otherwise, of their systems for identifying, monitoring and managing corporate and operational risks.
- Ensuring that internal audit coverage is driven by a deep understanding of the risks, challenges and opportunities facing the Council. Some of the risks will be unique to individual services; others will be common to all services and other Authorities, giving opportunities for benchmarking.
- Preparing and testing contingency plans to secure business continuity where there is a potential for an event to have a major impact upon the council's ability to function.
- Identifying and seizing opportunities which risk management provides for the organisation.

6.0 Our Approach

6.1 It is essential that a single risk management approach be utilised at all levels throughout the authority. By effectively managing our risks and opportunities, which is all part of good governance,

Risk Management Policy Review – Annex A

we will be in a stronger position to deliver our objectives, provide improved services to the public, work better as a partner with other organisations and achieve value for money. The council has closely integrated risk management into its planning and objective-setting process, enabling it to manage its risks in a more consistent, uniform way.

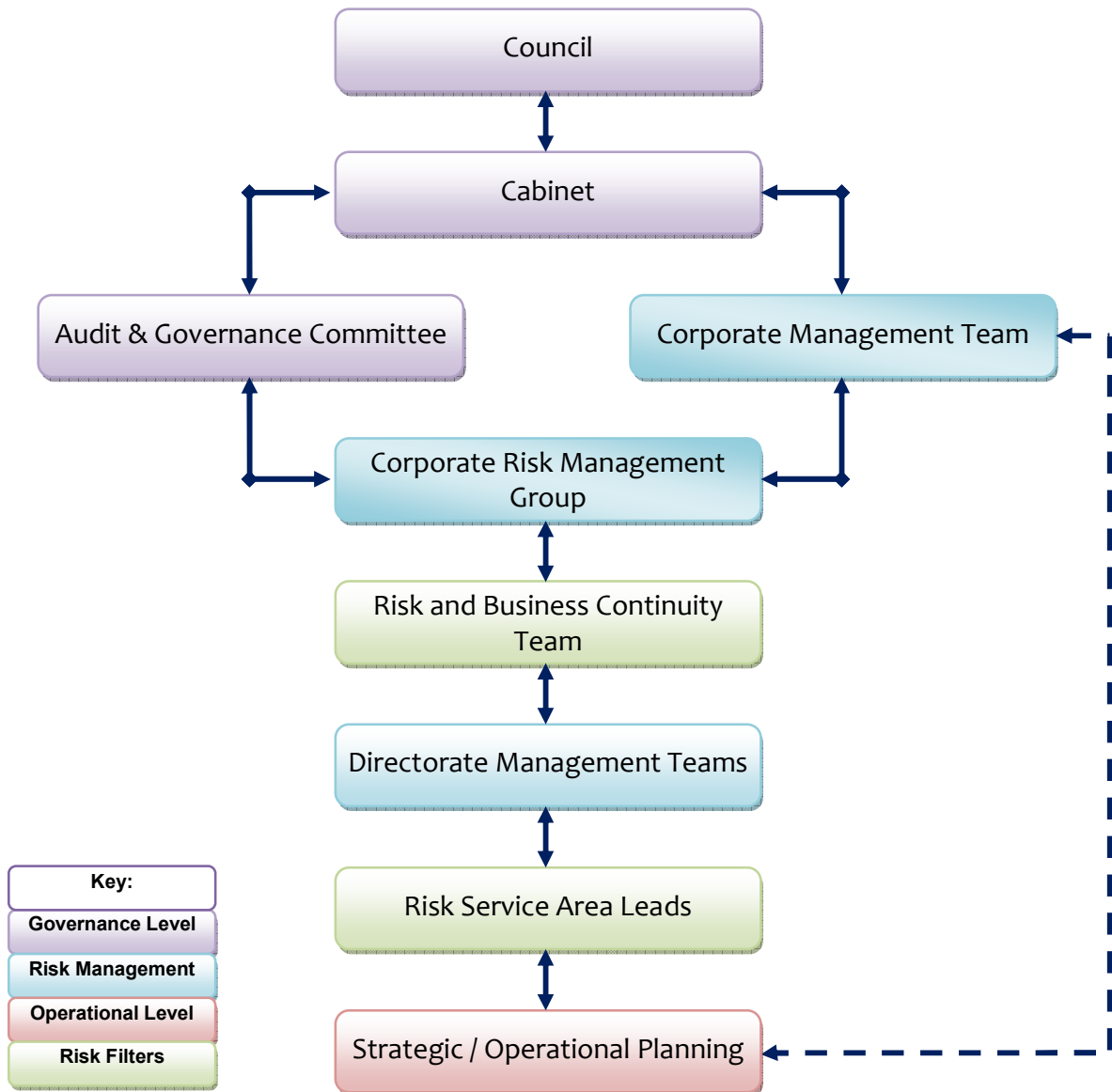
- 6.2 By integrating risk management with the council's strategic planning process and individual service delivery plans we are able to monitor risks to achieving the objectives, determine which risks have the most significant impact, and prioritise resource accordingly. This approach to risk management will inform the council's business processes, including:-
- Strategic planning
 - Financial planning
 - Service planning
 - Policy making and review
 - Performance management
 - Project management
 - Partnership working
 - Internal Audit planning
- 6.3 For those with responsibility for achieving objectives, responsibility also lies in identifying and assessing risks and opportunities; developing and implementing controls and warning mechanisms; and reviewing and reporting on progress. The identified risks and relevant control measures will be recorded on the council's risk registers and will be monitored, reported and reviewed by the Corporate Risk Management Group.
- 6.4 Some objectives could be reliant upon external groups that the authority may work with, such as other organisations, partners, contractors etc. This partnership working could affect the achievement of an objective and therefore the risk management process will be incorporated into the way the council works within these partnerships through Partnership Protocols.
- 6.5 The management of risk will become an integral part of corporate policy decisions and the initiation of major projects, which will include a statement on risk to help inform the decision making process.
- 6.6 This will assist Members and officers to ensure that new risks are detected and managed, by providing more detail on the process for managing risk, where each stage builds upon the other and provides basic practical guidance on how to identify, assess and treat risks, and monitor their progress. To assist with this approach to risk management and to ensure consistency across the authority, a risk management handbook will be prepared, reviewed on an annual basis and reported to the Audit and Governance Committee for approval and adoption.
- 7.0 Risk Appetite / Tolerance**
- 7.1 Understanding and setting a clear risk appetite or tolerance level is essential to achieving an effective risk management framework and should be done before managers consider how to treat risks. Establishing and articulating the risk tolerance level helps to ensure that consideration in the way management, Cabinet and Council respond to risk is consistent and that there is a shared vision for managing risk. There are risks for which the Council is custodian on behalf of the public and the environment, where tolerance levels may be very low, and there may be risks with choices about investment in projects, research and delivery roles, where risk taking may be encouraged.
- 7.2 Cheshire East Council recognises that in pursuit of its objectives it may choose to accept an increased degree of risk. The council will establish and articulate risk tolerance levels for the

Risk Management Policy Review – Annex A

differing areas of its business. Where the council chooses to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

8.0 Roles and Responsibilities

8.1 Responsibility for risk management should run throughout the authority. Clear identification of roles and responsibilities ensure the successful adoption of risk management and demonstrate that it is embedded in the culture of the organisation. Everyone has a role to play in the risk management process. The council's reporting lines framework is shown on the diagram below:



Risk Management Policy Review – Annex A

8.2 A summary of the roles and responsibilities of groups and individuals in relation to risk management is given in the table below:-

Individual or Group	Summary of Role & Responsibilities
Council	Monitors, receives reports and assurance on risk management activity and management of corporate and significant risks. Approves risk appetite / tolerance levels. Approves the risk management and business continuity policies. Approves public statements on internal control and provides assurance on risk management to the public.
Cabinet	Oversees the effective management of risk throughout the council, ensuring officers develop and implement an all encompassing approach to risk management. Monitor the content of the key corporate and significant risk registers and comment on mitigation as appropriate. Ensure that risks are fully considered when making decisions. Consider and endorse the risk management policy and risk appetite / tolerance levels for ratification by Council.
Audit and Governance Committee	Provide independent assurance on the effectiveness of the risk management framework and associated control environment, and independent scrutiny of the council's financial performance. Hold Members and officers to account to consider mitigating action for risks and how appropriate / effective it is. Receive regular reports on the management of the top council risks.
Scrutiny Committee	Reviews the portfolios, Cabinet and organisational performance as a whole. Ensure that officers and Members discharge their responsibilities effectively and efficiently including the identification and management of risks.
Portfolio Holder - Lead	To take a strategic lead for risk management in the council, from a Member's perspective, promoting and supporting the development and implementation of the risk management policy and ensuring that Members take risk management into account when making decisions.
Corporate Management Team (CMT)	Gain an understanding and promote the risk management process and benefits, oversee the implementation of the risk management policy and agree any inputs and resources required supporting the work corporately. Manage strategic and cross-cutting risks. Report to elected members on the management of risks. Monitor and consider the mitigating actions for significant new and emerging corporate and operational risks as escalated and reported by the Corporate Risk Management Group.
Corporate Risk Management Group (CRMG)	Assist the Council with the management of risks to achieving its strategic priorities and service delivery by reviewing all matters concerning the development, maintenance and implementation of the council's risk management framework, including monitoring and reporting arrangements. Identify and communicate risk management issues to CMT and services
Internal Audit	Challenge and test the risk management process, including the identification and evaluation of risk and provide independent assurance to officers and Members on the effectiveness of the risk management framework and internal controls. The audit coverage is driven by a deep

Risk Management Policy Review – Annex A

Individual or Group	Summary of Role & Responsibilities
	understanding of the risks, challenges and opportunities facing the Council. Some of the risks are unique to individual services; others will be common to all services and other Authorities, giving opportunities for benchmarking. The programme of work is planned annually but constantly reviewed to ensure it remains up to date and appropriate and encompasses a wide range of financial and non-financial risks. The audits are creative, thoughtful and useful pieces of work. They provide robust assurance and offer pragmatic ideas for development.
External Audit	External audit provides feedback to the Audit and Governance Committee on the operation of the internal financial controls reviewed as part of the annual audit.
Section 151 Officer	Ensure that the risk management processes are considered as specified in the Finance Procedure Rules.
Risk and Business Continuity Team	Receive all the approved top risks from local registers, senior management meetings and governance committees. Act as filters to eliminate duplicates and help with consistency. Collates and coordinates a comprehensive report for presentation to CRMG. Reports back to local level, CMT, Cabinet, Council, Audit & Governance Committee, Scrutiny Committee and Corporate Governance Group. Facilitate regular meetings of Risk Service Area Leads . Share good practice and provide professional support, guidance and training across the council on risk management. Maintain the council's corporate and significant risk registers and the risk management system.
Directors	Ensure that risks are managed effectively in each service area in accordance with the risk management policy and procedure. Nominate and support a risk management representative to represent the Directorate on the CRMG and identify risk service area leads within the Directorate. Identify, analyse and prioritise directorate risks as part of the business planning process. Determine risk management action plans and delegate responsibility and control. Act as filter groups, identify and approve the top council risks, escalating emerging risks where these could have a significant and strategic impact. Consider risk as regular agenda items at DMT meetings reviewing the Directorate risk registers and monitoring progress.
Service Heads and Managers	The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Identify, analyse and prioritise service risks as part of the business planning process. Progress and performance towards meeting business plan objectives is monitored regularly. Ensure that risk is managed effectively in their service area in accordance with the risk management policy and procedure. Produce, test and maintain Service Continuity Plans. Promote risk management and establish training requirements within service areas. Manage significant risks on a daily basis and report on mitigation.
Risk – Service Area Leads	Support the Directorate and Service Teams in maintaining local risk registers. Remind risk owners when risk update reports are required. Provide details of the top risks to the Risk and Business Continuity Team. Liaise with Directorate risk representatives to ensure operational and strategic risks are properly managed. Coordinate with the Risk and Business Continuity Team and other Risk Service Area Leads to ensure

Risk Management Policy Review – Annex A

Individual or Group	Summary of Role & Responsibilities
	that risks affecting all services are managed cohesively. Align risk registers with relevant partners.
Transformation and Project Managers	Ensure that we are capable of delivering major and complex projects across many of our services and are key to achieving the council's objectives. Identify, analyse and prioritise project risks as part of the project management process. Ensure that project risks are managed effectively, throughout the life of the project, in accordance with the risk management policy and procedure. Report on mitigation and effectiveness and escalate project risks that could impact on the achievement of directorate and corporate objectives.
Other specialist risk support services: <ul style="list-style-type: none"> • Insurance • Health & Safety • Climate Change • Legal • Emergency Planning • Human Resources • Environmental • Communications & Media Relations 	Advise Corporate and Directorate Management Teams on policies, procedures and implications of strategic and operational risk decisions. Ensure that risk management is embedded into business planning, operational and performance processes. Seek to develop a shared and consistent corporate approach to risk management so that the council can demonstrate a clear systematic assessment and control of risk. Protect and manage risks to employees and public, Council reputation and financial values.
Planning and Performance Management	The business planning and performance management process is used to set objectives, agree action plans, and allocate resources. Progress and performance towards meeting business plan objectives is monitored regularly, including the control and operational actions to mitigate risk.
Officers	Manage risk effectively in their roles, liaising with their line manager to assess areas of risk and identify new or changing risks.

9.0 Internal Control

9.1 The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the council to respond to a variety of operational, financial and commercial risks. These elements include:-

a. *Policies and procedures*

Attached to significant risks are a series of policies that underpin the internal control process. The policies are approved by Cabinet and Council and implemented and communicated by senior management to staff. Written procedures support the policies where appropriate.

b. *Quarterly reporting*

Comprehensive quarterly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Corporate Management Team and Cabinet if appropriate.

c. *Business Continuity*

The business continuity process is essentially risk management applied to the whole organisation and its ability to continue with its service provision in the event of a catastrophic event. The council has therefore developed a complimentary policy to the Risk Management Policy on Business

Risk Management Policy Review – Annex A

Continuity to address this important aspect of risk management and is attached as **Appendix 1** to this Policy.

d. *Anti-Fraud and Corruption*

The council has an anti-fraud and corruption strategy, which directs the council towards ensuring a professional and ethical approach to combating fraud. As part of the council's anti-fraud and corruption framework, the council also has an anti-money laundering policy, which directs the council towards ensuring a professional approach to combating money laundering.

e. *Whistleblowing*

Cheshire East Council is committed to the highest possible standards of openness, probity and accountability. Employees, Members, contractors, suppliers to or consultants with, the authority are often the first to realise that something wrong may be happening within. The Whistleblowing Protocol is intended to help those who have concerns over any potential wrong-doing within the council.

f. *Audit, Inspectorate and Accreditation reports.*

The Council makes reference to and acts upon the results of the work of the internal and external auditors and on information and recommendations received from other Council feedback mechanisms, including inspectorates, professional bodies and accreditation bodies.

10.0 Document History

Version	Date	Approved by	Minute Ref
V1	17 May 2011 7 June 2011 30 June 2011 4 July/1 Aug 2011	Corporate Risk Management Group Corporate Management Team Audit & Governance Committee Cabinet	
V2			

Risk Management Policy - Appendix 1**CHESHIRE EAST COUNCIL - BUSINESS CONTINUITY STRATEGY****1.0 Purpose**

- 1.1 The purpose of this strategy is to clearly outline the Council's commitment to business continuity planning and its links to risk management. In addition it defines and clarifies roles and responsibilities.

2.0 Background and Requirements

- 2.1 The Civil Contingencies Act (2004) (CCA) provides the framework for Civil Protection in the UK, and places a number of duties on Local Authorities regarding preparation for and response to emergencies. Cheshire East Borough Council, as a Category 1 (front-line responder) is required to develop and maintain business continuity plans, so that key functions can continue to be delivered in an emergency. This also involves consideration of the resilience of those organisations on whom the Council relies to maintain key services, including any third parties who provide services on its behalf.
- 2.2 As well as implementing Business Continuity Plans, the CCA also requires Local Authorities to promote and provide general business continuity management advice to commercial and voluntary organisations in the area. This duty aims to enable local businesses to better maintain critical elements of their service and recover more quickly should an incident arise, therefore lessening the economic and social impact on the local community.
- 2.3 Business continuity management (BCM) is a planned process aimed at managing the many and varied operational risks inherent in the day-day activities involved in delivering services, and, therefore, it is an essential element of risk management, helping to create a resilient organisation and one which is able to provide continuous service delivery and effective use of resources. Effective risk management can reduce the likelihood of an incident occurring, whilst business continuity planning can reduce the impact if it does occur. As well as increased resilience, there are many benefits to having to having a structured and consistent BCM process in place:
- Credibility – protecting and enhancing the reputation of Cheshire East Borough Council.
 - Supporting corporate governance and the requirement to produce an Annual Governance Statement
 - Reduced costs – protecting assets, working more efficiently, reducing recovery cost, assurance of third party providers of services (who may be required to demonstrate effective resilience as part of any tender for business), lower insurance premiums, where the Council can demonstrate proactive management of continuity risks.

3.0 Objective of the Strategy

- 3.1 The objective of this strategy is to set out the requirement for Cheshire East Council to take steps to ensure that, in the event of a service interruption, essential services will be maintained and normal services restored as soon as possible. To ensure that this happens, the Council must have in place robust business continuity and service recovery plans that are regularly reviewed and tested. In addition, the Council will promote and provide business continuity advice to local businesses and voluntary organisations, in order to ensure, in conjunction with the Joint Cheshire Emergency Planning Service, that the Cheshire East region is well prepared for any unforeseen events.

Risk Management Policy Review – Annex A

4.0 Implementation and Responsibilities

- 4.1 Business continuity requires senior management commitment and support, and dedicated resource allocated within the Authority to ensure that plans are developed, maintained, reviewed, and, most importantly, tested, so that they are fit for purpose. It also needs to be built into the change management process to ensure the implications of any change are fully considered prior to implementation and that resilience is built into the project deliverables.
- 4.2 Because business continuity is an essential element of risk management, it will be managed as part of the Cheshire East Risk Management Policy, and responsibility for its delivery will be incorporated into the roles outlined in the Risk Management Policy.

Members and Portfolio Holder Strategic Lead – ensure an effective Business Continuity Policy is in place.

Cabinet – receive monitoring reports and annual report on the progress of Business Continuity within the Council.

Governance and Constitution Committee – provide independent assurance of the adequacy and effectiveness of the Council's resilience as part of the Risk Management framework.

Directors and Chief Officers – ensure the production, communication, review and testing of Business Continuity plans for their Directorate/Services and ensure all staff are fully aware of these plans.

Corporate Risk Management Group – monitor the progress and status of business continuity planning and the Council's level of resilience. Report quarterly to the Corporate Management Team, Cabinet and Governance and Constitution Committee.

Directorate Risk Management Groups – coordinate the Directorate's business continuity planning response and report quarterly on its progress and status to the Corporate Risk Management Group.

Risk and Business Continuity Team - Provide training, support, guidance and advice, as well relevant templates and documentation to aid the planning process. Provide support in the coordination and implementation of testing. Liaise with the Joint Cheshire Emergency Planning Team and the Cheshire Local Resilience Forum, to ensure that the Council is aware of and fully incorporated into the regional emergency and continuity planning processes. Lead in the promotion of business continuity planning to local businesses and voluntary organisations.

Internal Audit

Provide an independent assessment of the robustness, or otherwise, of the Business Continuity Plans within Services.

Other members of staff

Ensure that they are fully aware of the Business Continuity Plans for their particular area of work, and take proactive steps to improve resilience wherever possible.

Risk Management Policy Review – Annex A

5.0 Developing Plans

- 5.1 **Understanding the operation** – Business impact analyses (BIA) need to take place to identify and agree critical processes or services and the potential damage or loss that may be caused to the Council and the community as a result of a disruption. A BIA must consider the minimum level of staffing, skills and resources required to enable essential services to continue operating at a minimum acceptable level. Following this, risk assessments must be undertaken to identify internal and external threats to the Council, the likelihood of these occurring, and therefore the potential impact.
 - 5.2 **Strategies** – strategies must be developed to offset the identified risks, e.g. eliminate single points of failure, implement better controls, etc.
 - 5.3 **Developing and implementing plans** – these must be documented and available for use within any type of emergency incident. They must also include ‘stand-by’ arrangements, including accommodation and specialist equipment, as well as IT systems and telecommunications. They need to tie in with plans already in place, such as the Cheshire East Council Major Emergency Plan and the Emergency Rest Centre Plan.
 - 5.4 **Building and embedding a BCM culture** – there is a need to have an effective education and awareness programme in place to ensure that all staff are fully aware of the impact of an unforeseen event, and their roles and responsibilities in a recovery situation.
 - 5.5 **Exercising, maintenance and audit** – there must be a regular testing programme in place within Directorates and Services, to ensure that the critical components of the plans are exercised.
- 6.0 Review**
- 6.1 This strategy will be reviewed on an annual basis alongside the review of the risk management policy.

Risk Management Policy Review - (Previous Policy) ANNEX B

CHESHIRE EAST BOROUGH COUNCIL

RISK MANAGEMENT STRATEGY

1.0 Purpose

The purpose of this strategy is to clearly outline the Council's commitment to risk management, describe the objectives of risk management and provide a framework for embedding risk management across the organization, with defined roles and responsibilities and a structured process.

The strategy does not contain detailed methodologies and processes as these will be developed by the Corporate Risk Management group and will be adaptable as the authority develops.

2.0 Commitment to Risk Management

2.1 Risk Management is one of the principal elements of Corporate Governance and a key contributor to ensuring a sound internal control environment. Through the implementation and embedding of an effective Risk Management framework, Cheshire East Borough Council will ensure that it is better placed to manage its performance, achieve its corporate objectives and provide an enhanced level of service to the community.

2.2 The Council will develop and maintain a systematic framework and process for managing strategic, operational, programme, project and partnership risks and review this framework annually. This will include assessing risks for likelihood and impact, identifying and allocating responsibility for their mitigation, and receiving assurances about the management of these risks.

2.3 The key benefits of an effective framework and a strong risk management culture throughout the organisation are:

- A consistent focus on what needs to be done to achieve our objectives
- Enhanced partnership working to identify, manage and mitigate the risks facing the community
- Improvements in meeting the needs of the community, minimising complaints and achieving improvements in service delivery
- Support the use of innovative approaches to improving outcomes and better value for public money
- Better management of change programmes
- Greater control of insurance costs
- Protect and enhance the reputation of the Council

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- Anticipate and respond to changing social, environmental and legislative requirements

2.4 Cheshire East is committed to genuinely embedding risk management and all Members, employees, service providers, partners and stakeholders are encouraged and expected to commit to developing the culture, ethos and practice of effective risk management in every activity which they undertake. The approach will focus on pragmatic, meaningful assessment and treatment of risks and will discourage the capturing of generic, intangible corporate risks.

3.0 Objectives of the Risk Management Approach

3.1 The six key objectives are to:

- Embed Risk Management into the ethos, culture, policies and practices of the Council.
- Ensure the Council successfully manages risks and opportunities at all levels – strategic, operational, programme, project and partnership.
- Manage risk in accordance with all statutory and best practice requirements.
- Ensure that Risk Management is a key and effective contributor to Corporate Governance and the Annual Governance Statement.
- Clearly identify roles and responsibilities, and ensure that all parties understand how they should contribute to effective risk management
- Ensure that Risk Management helps to secure effective arrangements to identify and achieve successful local and national priority outcomes.

4.0 ACHIEVEMENT OF OBJECTIVES

4.1 Embed Risk Management into the ethos, culture, policies and practices of the Council

(i) Risk Management will be an integral part of and included in the Council's processes, policies and documents, including, but not limited to:

- Constitution
- Local Area Agreement
- Sustainable Community Strategy
- Corporate Plan
- Medium Term Financial Strategy
- Service Planning
- Code of Corporate Governance
- Code of Practice on Procurement
- Project Management and Guidance

Risk Management Policy Review - (Previous Policy) ANNEX B

- Reports to support key decisions
- Performance Management
- Policy Planning
- Financial Management

(ii) The co-ordination of risk management will form part of a Compliance Team within Internal Audit. Full consultation and involvement of service managers is integral to the approach. Training and evaluation will be ensure continuous improvement.

4.2 Ensure the Council successfully manages risks and opportunities at all levels – strategic, operational, programme, project and partnership.

A Risk Management framework (See Appendix A) will be established and will include:

- Corporate Risk Management Group – responsible for the production of the Corporate Risk Register, and ongoing review, monitoring and reporting of these risks.
- Directorate Risk Management Teams – responsible for producing, reviewing and monitoring Directorate Risk Registers to ensure their responsibilities within the Corporate Risk Register are successfully managed.
- Where appropriate, Service Risk Registers to be produced and reviewed and monitored by the Service/Departmental Management Teams.
- Responsibility for Lead Officers in Partnerships to identify any risks for the Council and to ensure they are appropriately managed. (Guidance to be provided within the Code of Practice on Partnerships.)
- Responsibility for Project Boards and Project Managers to ensure that risk profiles are developed, maintained and managed, in accordance with Project Guidance.
- An effective reporting system to ensure that risks are being identified and effectively managed. This will include reports from the Directorate Risk Management Teams to the Corporate Risk Management Group and from the Corporate Risk Management Group to Cabinet, Governance and Constitution Committee and Corporate Management Team.

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4.3 Manage risk in accordance with all statutory and best practice requirements

To achieve this, the Council will

- Include any national or best practice guidelines relating to risk management into the framework.
- Engage in relevant risk management forums and benchmarking exercises to identify further opportunities for improvement in our approach

4.4 Ensure that Risk Management is a key and effective contributor to Corporate Governance and the Annual Governance Statement.

To achieve this:

- Confirmation will be obtained from the Corporate Governance Review Group, Cabinet, Governance and Constitution Committee and the Audit Commission that the Council's Risk Management Framework is judged to be sufficiently robust, and that assurance statements properly reflect the risk environment and its management of these risks.
- Heads of Service will be required to make statements as to the effectiveness, or otherwise, of their systems for identifying, monitoring and managing corporate and operational risks. This will be confirmed by each Director/Chief Officer signing a Controls Assurance Statement.
- The Corporate Risk Register will be a key factor in internal audit planning.

4.5 Clearly identify roles and responsibilities, and ensure that all parties understand how they should contribute to effective risk management

- (i) The Finance Procedure Rules (as part of the constitution) clearly define responsibility for risk management and its implementation under Section C of the procedure rules.
- (ii) The Corporate Risk Management Team and the Directorate Risk Management Teams will ensure that all parties understand their roles and responsibilities in the management of risk within the Council, by:
 - Defining and communicating the roles of all parties. (See Appendix B)
 - Providing appropriate advice, guidance and training to all parties.
 - Well planned and wide ranging communication strategies.

Risk Management Policy Review - (Previous Policy) ANNEX B

4.6 Ensure that Risk Management helps to secure effective arrangements to identify and achieve successful local and national priority outcomes.

To achieve this the Council will:

- Identify and manage the risks/barriers to achievement of its objectives and outcomes stated in the Corporate Plan, Local Area Agreement, Local Strategic Partnership and the Sustainable Communities Strategy.
- Ensure risk management is an integral part of service and project planning
- Work in collaboration with partners to ensure a joint successful approach to the management of risks.

5.0 Review and Continuous Improvement

5.1 This strategy will be reviewed on an annual basis and the effectiveness of the arrangements for managing risk will be considered by the Governance and Constitution Committee in conjunction with the internal audit section.

Appendix B

CHESHIRE EAST BOROUGH COUNCIL

BUSINESS CONTINUITY POLICY AND STRATEGY

1.0 Purpose

- 1.1 The purpose of this strategy is to clearly outline the Council's commitment to business continuity planning and its links to risk management. In addition it defines and clarifies roles and responsibilities.

2.0 Background and Requirements

- 2.1 The Civil Contingencies Act (2004) (CCA) provides the framework for Civil Protection in the UK, and places a number of duties on Local Authorities regarding preparation for and response to emergencies. Cheshire East Borough Council, as a Category 1 (front-line responder) is required to develop and maintain business continuity plans, so that key functions can continue to be delivered in an emergency. This also involves consideration of the resilience of those organisations on whom the Council relies to maintain key services, including any third parties who provide services on its behalf.
- 2.2 As well as implementing Business Continuity Plans, the CCA also requires Local Authorities to promote and provide general business continuity management advice to commercial and voluntary organisations in the area. This duty aims to enable local businesses to better maintain critical elements of their service and recover more quickly should an incident arise, therefore lessening the economic and social impact on the local community.
- 2.3 Business continuity management (BCM) is a planned process aimed at managing the many and varied operational risks inherent in the day-day activities involved in delivering services, and, therefore, it is an essential element of risk management, helping to create a resilient organisation and one which is able to provide continuous service delivery and effective use of resources. Effective risk management can reduce the likelihood of an incident occurring, whilst business continuity planning can reduce the impact if it does occur. As well as increased resilience, there are many benefits to having a structured and consistent BCM process in place:

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- Credibility – protecting and enhancing the reputation of Cheshire East Borough Council.
- Supporting corporate governance and the requirement to produce an Annual Governance Statement
- Reduced costs – protecting assets, working more efficiently, reducing recovery cost, assurance of third party providers of services (who may be required to demonstrate effective resilience as part of any tender for business), lower insurance premiums, where the Council can demonstrate proactive management of continuity risks.

3.0 Objective of the Strategy

- 3.1 The objective of this strategy is to set out the requirement for Cheshire East Council to take steps to ensure that, in the event of a service interruption, essential services will be maintained and normal services restored as soon as possible. To ensure that this happens, the Council must have in place robust business continuity and service recovery plans that are regularly reviewed and tested. In addition, the Council will promote and provide business continuity advice to local businesses and voluntary organisations, in order to ensure, in conjunction with the Joint Cheshire Emergency Planning Service, that the Cheshire East region is well prepared for any unforeseen events.

4.0 Implementation and Responsibilities

- 4.1 Business continuity requires senior management commitment and support, and dedicated resource allocated within the Authority to ensure that plans are developed, maintained, reviewed, and, most importantly, tested, so that they are fit for purpose. It also needs to be built into the change management process to ensure the implications of any change are fully considered prior to implementation and that resilience is built into the project deliverables.
- 4.2 Because business continuity is an essential element of risk management, it will be managed as part of the Cheshire East Risk Management Strategy, and responsibility for its delivery will be incorporated into the roles outlined in the Risk Management Strategy.

Members and Member Champion – ensure an effective Business Continuity strategy is in place.

Cabinet – receive monitoring reports and annual report on the progress of Business Continuity within the Council.

Governance and Constitution Committee – provide independent assurance of the adequacy and effectiveness of the Council's resilience as part of the Risk Management framework.

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Directors and Chief Officers – ensure the production, communication, review and testing of Business Continuity plans for their Directorate/Services and ensure all staff are fully aware of these plans.

Corporate Risk Management Group – monitor the progress and status of business continuity planning and the Council's level of resilience. Report quarterly to the Corporate Management Team, Cabinet and Governance and Constitution Committee.

Directorate Risk Management Groups – coordinate the Directorate's business continuity planning response and report quarterly on its progress and status to the Corporate Risk Management Group.

Internal Audit – Risk Management (Compliance Team)

Provide training, support, guidance and advice, as well relevant templates and documentation to aid the planning process.
Provide support in the coordination and implementation of testing.
Liaise with the Joint Cheshire Emergency Planning Team and the Cheshire Local Resilience Forum, to ensure that the Council is aware of and fully incorporated into the regional emergency and continuity planning processes.
Lead in the promotion of business continuity planning to local businesses and voluntary organisations.

Internal Audit

Provide an independent assessment of the robustness, or otherwise, of the Business Continuity Plans within Services.

Other members of staff

Ensure that they are fully aware of the Business Continuity Plans for their particular area of work, and take proactive steps to improve resilience wherever possible.

5.0 Developing Plans

5.1 Understanding the operation – Business impact analyses (BIA) need to take place to identify and agree critical processes or services and the potential damage or loss that may be caused to the Council and the community as a result of a disruption. A BIA must consider the minimum level of staffing, skills and resources required to enable essential services to continue operating at a minimum acceptable level. Following this, risk assessments must be undertaken to identify internal and external threats to the Council, the likelihood of these occurring, and therefore the potential impact.

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- 5.2 **Strategies** – strategies must be developed to offset the identified risks, e.g. eliminate single points of failure, implement better controls, etc.
- 5.3 **Developing and implementing plans** – these must be documented and available for use within any type of emergency incident. They must also include ‘stand-by’ arrangements, including accommodation and specialist equipment, as well as IT systems and telecommunications. They need to tie in with plans already in place, such as the Cheshire East Council Major Emergency Plan and the Emergency Rest Centre Plan.
- 5.4 **Building and embedding a BCM culture** – there is a need to have an effective education and awareness programme in place to ensure that all staff are fully aware of the impact of an unforeseen event, and their roles and responsibilities in a recovery situation.
- 5.5 **Exercising, maintenance and audit** – there must be a regular testing programme in place within Directorates and Services, to ensure that the critical components of the plans are exercised.
- 6.0 **Review**
- 6.1 This strategy will be reviewed on an annual basis alongside the review of the risk management strategy.

Audit and Governance Committee

Date of Meeting: 30th June 2011
Report of: Head of Policy and Performance
Subject/Title: Risk Management Update Report

1.1 The Audit and Governance Committee has a key role in providing an oversight of the effectiveness and ‘embedding’ of risk management processes, and in testing and seeking assurance about the effectiveness of control and governance arrangements. In order to form an opinion on these arrangements, it needs to establish how key risks are identified, evaluated and managed, and the rigour and comprehensiveness of the review process. The purpose of this paper is to provide the Audit and Governance Committee with a summary of the key corporate risks and risk management work undertaken since the last report so that it may undertake this oversight.

2.1 The Audit and Governance Committee is requested to consider and review the update report on risk management which is for information.

3.1 In order to form an opinion on the effectiveness of the Council's risk management arrangements, the Audit and Governance Committee needs to establish how key risks are identified, what the key risks are and how they are evaluated, managed and reviewed.

4.1 All

5.1 N/A

6.1 Risk Management is integral to the overall management of the authority and, therefore, considerations regarding key policy implications and their effective implementation are considered within departmental risk registers and as part of the risk management framework.

7.0 Financial Implications (Authorised by the Borough Treasurer)

7.1 None

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 As well as the need to protect the Council's ability to achieve its strategic aims, and to operate its business, general principles of good governance require that it should also identify risks which threaten its ability to be legally compliant and operate within the confines of the legislative framework, and this report is aimed at addressing that requirement.

9.0 Risk Management

9.1 This report relates to overall risk management; the Audit and Governance Committee should know about the most significant risks facing the Council and be assured that the risk management process is working effectively.

10.0 Background

10.1 It is considered good practice to include an update to Audit and Governance Committee at every meeting on progress against key risks. This monitoring should summarise general direction of travel in order to clearly demonstrate progress being made on specific risk items. If all is well then no discussion may be required; if all is not well then it is easy to identify the issues to pursue.

10.2 Attached at **Appendix A** is a summary of the Council's Key Corporate Risks and the net risk rating for each risk. The summary provides a tracking of the direction of travel of risks, with a commentary for any risks that change. This can then be utilised as a tool to ensure that any risks not being managed to an acceptable level are monitored, reported on and escalated as required.

10.3 At its meeting on 17 May 2011, the Corporate Risk Management Group discussed, considered and endorsed the risk ratings for the following key risks:-
Key Corporate Risk 2 – Financial Control
Key Corporate Risk 3 – Community Safety
Key Corporate Risk 4 – Vulnerable Children
Key Corporate Risk 5 – Vulnerable Adults
Key Corporate Risk 7 - Partnerships
Key Corporate Risk 8 – Health Partnerships
Key Corporate Risk 9 – Education
Key Corporate Risk 10 - Workforce
Key Corporate Risk 13 – Transformation

10.4 As detailed on **Appendix A**, two of the key corporate risks, KCR3 Community Safety and KCR9 Education, have been assessed as having a 'Low' net risk rating. The Corporate Risk Management Group agreed that these two risks may be removed from the Corporate Risk Register and monitored at Directorate Risk Register level. The Group also agreed to increase the likelihood rating for key corporate risk 10 – Workforce, increasing the net risk rating from 9 – Medium to 12 High.

10.5 Given that the recent election may have resulted in different Members as Portfolio Holders than those previously, it was suggested that any changes to Strategic

Leads on the risk register be discussed on an individual basis with the relevant Portfolio Holders.

- 10.6 The assessment methodology used to score the risks is attached at **Appendix B** to this report for information.
- 10.7 For the benefit of new members to the Audit & Governance Committee an extract from the full Corporate Risk Register is provided at **Appendix C** to this report.

11.0 Other Work undertaken on Risk Management

11.1 Risk Tolerance / Appetite

The Corporate Management Team (CMT) agreed that the Council should articulate its risk appetite and define key risk area tolerance statements. The Risk and Business Continuity Team will work with Directors and Heads of Service to define key factors and then define limits. The ideal approach is to set the tolerance levels in line with the Council's strategic and operational plans as this will provide the advantage of clarity for risk taking and risk management reporting.

- 11.2 A number of workshops will be held with the Directors and their relevant Management Teams to review collated risk registers and get an overview of the risk exposure that the business areas face and to allocate a risk tolerance level using a scale of 1 to 5 (1 being Zero risk appetite and 5 being High risk appetite). For each business area a qualitative high level statement of risk preferences can then be defined. This is a shifting process that will become clearer after the initial meetings but an example of what this may look like is attached at **Appendix D** to this report.

11.3 Risk Service Area Leads

To embed risk management we need to integrate a consistent approach and develop a cultural shift to a risk confident environment. If we implement risk management through existing decision-making and reporting structures we can ensure a smooth transition to Council wide integration. In developing a more mature risk management framework we need to ensure that the identification of risk is comprehensive, as complete as possible and is consistently identified and recorded across the Council. We need to draw on resource through existing structures to implement and integrate the risk management policy and proactively address risk. It is suggested that Directors and Heads of Service nominate appropriate representatives (perhaps those who have been involved in service planning) to be Risk Service Area Leads.

- 11.4 It is envisaged that Risk Service Area Leads will be an operational support for the Directorate Risk Representatives in fulfilling their strategic role of raising the profile and promoting the benefits of risk management within their Directorate and through membership of the Corporate Risk Management Group. The Directorate Risk Representatives are the focal point through which Risk Service Area Leads can feed views on the operational risk management, as key influencers of the strategic risk management process. The Leads will assist the Directorate Representatives by furnishing them with up to date risk information so that they are well positioned to challenge the contents of the Directorate Risk Registers and the Significant and Corporate Risk Registers and ensure that these are suitably robust.

11.5 Risk Management Training and Workshops

The Risk and Business Continuity Team held risk management training sessions and workshops with the Legal and Democratic Services Management Team, Senior

Managers in the Adult, Community Health and Wellbeing Directorate and in the Children and Families Directorate.

11.6 Risk Management Networking

The Risk and Business Continuity Team has shared and discussed its updated Risk Management Policy with colleagues in Cheshire West and Chester Council and internally with Cheshire East's Insurance Team. The Risk Team recently met with risk consultant colleagues from Zurich Municipal to discuss the Council's intended approach to risk management and new risks facing the public sector. The Team also had a joint meeting with Risk Management Consultants from Aon Risk Solutions (Aon is the Council's Insurance Broker) to review our approach to risk and to see if there were any gaps that we needed to review. The networking meetings all went well and colleagues were happy with the Council's intended approach.

11.7 Risk Management Policy Review

A review of the Council's risk management strategy has been undertaken and an updated Risk Management Policy will be submitted to the Committee for consideration in a separate paper.

12.0 Access to Information

12.1 The background papers relating to this report can be inspected by contacting the report writer:

Name: Vivienne Quayle
Designation: Head of Policy & Performance
Tel No: 01270 686859
Email: vivienne.quayle@cheshireeast.gov.uk

Key Corporate Risks Summary – June 2011

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
KCR1	Service Delivery Prioritisation: Risk that poor management of service prioritisation causes ineffective and inefficient delivery of services such that we fail to achieve our key priorities and corporate objectives.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	12 High	↔	Review due now
KCR2	Financial Control: Risk that the Council fails to manage expenditure within budget and maintain an adequate level of reserves, thereby threatening financial stability and service continuity and preventing the achievement of corporate objectives.	Lisa Quinn, Borough Treasurer	Cllr Wesley Fitzgerald	12 High	↔	Reviewed March 11 no change to net risk rating– next review due Sept 11
KCR3	Community Safety: Risk that ineffective management of community safety causes poor perception and poor provision of safety, leading to an increase in crime and anti-social behaviour and impacting on our ability to enhance the Cheshire East environment and improve opportunities for all.	John Nicolson, Strategic Director Places	Cllr Rachel Bailey	4 Low	↓	The risk description around Community Safety has been amended to include ‘crime’. The net risk rating has been reduced from 6 Medium to 4 Low. Additional actions now in place especially around sub-regional working and mainstreamed activity reduce the impact to 2 as any adverse impact would be fairly local (affecting only 2 or 3 wards) and be relatively short lived. To be removed from Key Corporate Risk Register and monitored at Directorate Level.
KCR4	Vulnerable Children: Failure to recognise and act accordingly to safeguard and mitigate the risks of significant harm to children, resulting in an inability to ensure better outcomes in life and possible death.	Lorraine Butcher, Director of Children & Families	Cllr Hilda Gaddum	12 High	↔	Reviewed April 11 no change to net risk rating – next review due July 11

Key Corporate Risks Summary – June 2011

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
KCR5	Vulnerable Adults: Failure to recognise and act accordingly to safeguard and mitigate the risks to vulnerable adults, resulting in an inability to ensure better outcomes in life for the most vulnerable , undermining the reputation of the Council and possibly resulting in significant legal and financial consequences.	Phil Lloyd, Director of Adult, Community Health & Wellbeing Services	Cllr Roland Domleo	12 High	↑	Reviewed Mar 2011. The net risk score has increased from 8 to 12 due to an increase in the likelihood of the risk occurring from a 2 to a 3. This increase in likelihood is due mainly to the pressures of the economic climate for all partners and providers involved in safeguarding adults, and the resulting reduction in staff and collective capacity.
KCR6	Equality Gap: Risk that we fail to accurately recognise community needs and/or address those needs by taking the most appropriate action to close the equality gap across Cheshire East, thus preventing us from improving life opportunities and health for all.	Phil Lloyd, Director of Adult, Community Health & Wellbeing Services / Lorraine Butcher, Director of Children & Families	Cllr Roland Domleo / Cllr Hilda Gaddum / Cllr David Brown	9 Medium	↔	Reviewed Mar 2011 no change to net risk rating – next review due July 11
KCR7	Partnerships: Risk that we fail to effectively engage with partners (third parties/private sector/voluntary sector) and/or lack the ability to fund partnerships, resulting in lack of service delivery affecting service users, poor reputation, and damage to future engagement opportunities and our ability to be an excellent council, working with others to deliver for Cheshire East.	Vivienne Quayle, Head of Policy & Performance	Cllr David Brown	6 Medium	↔	Reviewed March 11 no change to net risk rating– next review due now.

Key Corporate Risks Summary – June 2011

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
KCR8	Health Partnerships: Risk that we fail to integrate with Health partners, resulting in fewer opportunities to maximise health benefits and reduced efficiency gains, and affecting our ability to meet our corporate objectives to work with others to improve health.	Phil Lloyd, Director of Adult, Community Health & Wellbeing Services	Cllr Peter Hayes	12 High	↔	Reviewed March 11 no change to net risk rating– next review due July 2011
KCR9	Education: Risk that we fail to manage and maintain effective working relationships with all educational settings, resulting in potentially increasing an inability to maintain educational standards or to intervene where necessary. This will impact on our ability to improve life opportunities for children and young people in Cheshire East.	Lorraine Butcher, Director of Children & Families	Cllr Hilda Gaddum	4 Low	↔	Newly articulated corporate risk for Education. Existing controls to manage this risk include strong relationships with Schools and Partners. To be removed from Key Corporate Risk Register and monitored at Directorate Level.
KCR10	Workforce: Risk that we fail to retain and motivate an effective and engaged workforce, such that the staffing infrastructure fails to support the Council in being excellent and achieving the corporate objectives.	Paul Bradshaw, Head of HR & Organisational Development	Cllr Peter Mason	12 High	↑	Reviewed May 11. The net risk score has increased from 8 to 12 due to an increase in the likelihood of the risk occurring from a 3 to a 4. This increase in likelihood is due to the consultation with all staff about a review of terms and conditions of employment.
KCR11	Opportunities: Risk that we fail to position the Authority to maximise opportunity, resulting in an inability to build up potential, capability and resource to respond to future needs and a sustainable Cheshire East.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	9 Medium	↔	Review due now.
KCR12	Long-Term Planning: Risk that we fail to plan effectively for long term success, threatening the future viability and sustainability of Cheshire East.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	9 Medium	↔	Review due now.

Key Corporate Risks Summary – June 2011

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Net Risk Rating	Direction of Travel	Comments
KCR13	Transformation: Risk that we fail to manage the scale of change of transformation projects to effectively and efficiently shape our services, deliver essential benefits, resulting in a possible loss of continual improvement and a possible inability to deliver our key corporate objectives.	Ceri Harrison, Head of Corporate Improvement	Cllr Wesley Fitzgerald	12 High	↔	Reviewed Mar 11 no change to net risk rating– next review due July 2011
KCR14	Information, Research & Business Intelligence: Risk that we fail to invest in / make effective use of information / business intelligence, which leads to poor decision making, and undermines our ability to effectively and efficiently deliver the corporate objectives.	Vivienne Quayle, Head of Policy & Performance	Cllr David Brown	12 High	↔	Review due now
KCR15	Reputation: Risk that consideration is not given and management action is not taken, to effectively maintain the reputation of the Council, leading to a loss of public confidence, threatening the stability of the Council and our ability to deliver the corporate objectives.	Vivienne Quayle, Head of Policy & Performance	Cllr David Brown	12 High	↔	Reviewed Mar 11 no change to net risk rating– next review due July 2011
KCR16	External Environment: That development and changes as a result of government policy and reviews, such as the comprehensive spending review and the abolition of some quangos, compromise the Council's ability to deliver its key strategic aims.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	12 High	↔	Review due now

Scoring Chart for Risk

APPENDIX B

Scoring chart for IMPACT

	Factor	Score	Effect on Corporate Objectives	Effect on Service/Project	Embarrassment/ Reputation	Personal Safety	Financial Implications
THREATS	Critical	4	Critical impact on corporate objectives and performance and could seriously affect reputation. Long term damage that may be difficult to restore with high costs.	Service - Major loss of several important areas. Disruption 5+ Days Project - Complete failure or extreme delay (3 months or more)	Adverse and persistent national media coverage Adverse central government response	Death	> £1m Or >£5m for corporate risks
	Major	3	Major impact on corporate objectives and performance, could be expensive to recover from and would adversely affect reputation in the medium to long term.	Service - Complete loss of an important area. Major effect to services in one or more areas for a period of weeks Disruption 3-5 Days Project - Significant impact on project or expected benefits fail/ major delay (2-3 months)	Adverse local publicity of a major and persistent nature Adverse publicity in professional/municipal press arena	Major injury	Between £1m and £500,000
	Significant	2	Significant impact on corporate objectives, performance and quality, could have medium term effect and be potentially expensive to recover from.	Service - Major effect on an important area or adverse effect on one or more areas for a period of weeks Disruption 2-3 Days Project - Adverse effect on project/ significant slippage (3 weeks–2 months)	Adverse local publicity /local public opinion aware	Severe injury	Between £500,000 and £100,000
	Minor	1	Minor impact on the corporate objectives and performance, could cause slight delays in achievement. However if action is not taken, then such risks may have a more significant cumulative effect.	Service - Brief disruption of important area Significant effect to non-crucial service area Disruption 1Day Project - Minimal impact to project/ slight delay less than 2 weeks	Complaint from individual/small group	Minor injury or discomfort	Less than £100,000
OPPORTUNITIES	Exceptional	4	Result in major increase in ability to achieve one or more strategic objectives	Major improvement to service, generally or across a broad range	Positive national press National award or recognition by national government	Major improvement in health, welfare & safety	Producing more than £50,000
	Significant	3	Impact on some aspects of the achievement of one or more strategic objectives	Major improvement to service or significant improvement to critical service area	Recognition of successful initiative Sustained recognition and support from local press	Significant improvement in health, welfare & safety	Producing up to £50,000

Scoring Chart for Risk

APPENDIX B

Scoring Chart for LIKELIHOOD

Factor	Score	THREATS - Description	Indicators	OPPORTUNITIES (Favourable Outcome) - Description	Indicators
Very likely	4	>75% chance of occurrence	Regular occurrence Frequently encountered - daily/weekly/monthly	>75% chance of occurrence or achieved in one year.	Clear opportunity, can be relied on with reasonable certainty to be achieved in the short term.
Likely	3	40% - 75% chance of occurrence	Within next 1-2 yrs Occasionally encountered (few times a year)	40% to 75% chance of occurrence. Reasonable prospects of favourable results in one year.	May be achievable but requires careful management. Opportunities that arise over and above the plan.
Unlikely	2	10% - 40% chance of occurrence	Only likely to happen 3 or more years	<40% chance of occurrence or some chance of favourable outcome in the medium term.	Possible opportunity which has yet to be fully investigated by management.
Very unlikely	1	<10% chance of occurrence	Rarely/never before	<10% chance of occurrence	Has happened rarely/never before

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Risk Matrix – Likelihood and Impact

Likelihood						THE RISK MATRIX (With Scores)			
Very Likely	4	LOW	MEDIUM	HIGH	HIGH	4	8	12	16
Likely	3	LOW	MEDIUM	MEDIUM	HIGH	3	6	9	12
Unlikely	2	LOW	LOW	MEDIUM	MEDIUM	2	4	6	8
Very Unlikely	1	LOW	LOW	LOW	LOW	1	2	3	4
Impact		Minor 1	Significant 2	Serious 3	Major 4				

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Gross Score (without controls)			Existing Controls & Evidence	Net Score (as it is now)			Direction of Travel for Residual Risk	Planned Actions	Future Issues	Expected Score (after actions & issues)		
				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
1	Service Delivery Prioritisation: Risk that poor management of service prioritisation causes ineffective and inefficient delivery of services such that we fail to achieve our key priorities and corporate objectives.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	3	4	12	A robust business planning process which has started for the planning cycle for 2011-2014. There is an efficiency / challenge process with senior members and officers reviewing the efficiency of service delivery areas. Weekly business planning group meeting with key Council staff members from Finance, Policy and Performance and Corporate Improvement. A documented service planning process making the links between services and the overall corporate plan. Quarterly performance reporting to Cabinet and CMT and a suite of mostly national indicators. Quarterly reporting to the PACE Executive on key performance outcomes. Reports include updates on mitigating actions. There are a series of external inspections and assessments which help ensure that resource and service delivery is effective (for example, OFSTED, CQC, Audit Commission). The sustainable community strategy was developed through major consultation and in conjunction with other key strategies for example the transport strategy and the local development framework. The 7 key priorities of the SCS are being used by the LAPS and all Strategic Partner O We have a comprehensive financial planning process which is now aligned The Corporate Scrutiny Committee scrutinised the budget setting process	3	4	12	↕	An improved service planning process, which includes a review of previous service delivery and is better linked to the financial planning process for the 2011/12 year. This will be reviewed after quarter 1 in 2011. Establishing more robust performance management across all service areas including implementing a new ICT system and periodic Portfolio Holder Challenge meetings. Improved business intelligence through the Joint Strategic Needs Assessment and individual research analysis through MOSIAC. Undertake and utilise the findings of the Quality of Life Survey of Cheshire East residents. Use the priorities within the SCS to continually develop the LAP delivery plans and report to the PACE Board.	Extent of political changes in relation to priorities The culture in relation to performance indicators Embedding the culture of performance management within the organisation.	3	4	12
2	Financial Control : Risk that the Council fails to manage expenditure within budget and maintain an adequate level of reserves, thereby threatening financial stability and service continuity and preventing the achievement of corporate objectives.	Lisa Quinn, Borough Treasurer	Cllr Wesley Fitzgerald	4	4	16	CFO is professionally qualified, report directly to the Chief Executive and is a member of the Corporate Management Team. Experienced, dedicated Finance Team with significant complement of professionally qualified and part qualified staff. Clearly defined financial roles, responsibilities and decision making processes, set out in the Council's Constitution, Finance & Contract Procedure Rules and local Schemes of Delegation. Standard templates for Member level decisions require financial implications and risks to be clearly set out. Fully integrated financial management system (Oracle), with comprehensive system access and security controls. Well developed suite of financial reporting tools providing scheduled and ad-hoc reports for management and monitoring purposes. These have recently been upgraded and access to Financial reports will be improved through extension of the existing Dashboard. Robust medium term financial planning linked to service performance and corporate objectives, as part of the corporate Business Planning process. Permanent impact of out-turn issues/experience addressed as pa Budget risk assessment framework now developed and is to be implement Reserves Strategy incorporating specific analysis of financial risks, forward Quarterly financial updates, incorporating variance analysis and out-turn p On-going review by Internal and External Audit teams, of the adequacy and Robust anti-fraud and corruption framework comprising :- Anti Fraud & Co Some financial training undertaken – 'Understanding Local Government Fi Business Management model now agreed and work on developing support Oracle R12 upgrade has been undertaken, including financial reporting ent	3	4	12	↕	Further develop financial training programme to ensure clear understanding of roles and responsibilities and promote financial literacy at officer and member level. Ongoing work on identifying key cost drivers for significant service activities and develop appropriate monitoring arrangements to allow for early identification of out-turn issues. Support managers to make best use of on-line and self-serve reporting tools, including financial 'dashboards'. Implement the budget risk assessment framework and realign to ensure resources are focussed on high risk budgets and issues. Provide financial support to a range of transformation and improvement projects and initiatives with a view to securing long term financial sustainability. Review service fees & charges and identify new income generation opportunities.	Further changes in local government funding regime. Failings of other providers, financial collapse leaving Cheshire East to deal with the economic impact etc. New service responsibilities – e.g. public health will need to be balanced against resources made available through funding transfers. Changes to service delivery models nationally and locally e.g. welfare reform, outsourcing, academies, shared services, will require significant changes to operational and budget management arrangements.	3	4	12

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				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
3	Community Safety: Risk that ineffective management of community safety causes poor perception and poor provision of safety, leading to an increase in crime and anti-social behaviour and impacting on our ability to enhance the Cheshire East environment and improve opportunities for all.	John Nicolson, Strategic Director Places	Cllr Rachel Bailey	4	3	12	Dedicated Senior Management Post and Team for the development and monitoring of safer and stronger communities. Safer Cheshire East Partnership (SCEP) established made up of all 6 statutory partners i.e. Cheshire East Council, Police, Police Authority, Fire Service, Primary Care Trust and Probation Service. There are 6 thematic working groups within the SCEP for each priority area, for example, groups may look at town centre problems or anti-social behaviour in a specific area. There are monthly meetings on joint tasking and co-ordination around many areas where the partners share information and statistics and agree on specific actions for issues (e.g. Halloween / bonfire night advice, events etc.) National Indicators are presently used to measure how well Safer Cheshire East Partnership is performing which are collected quarterly and are reviewed at SCEP meetings. If any indicators give cause for concern then action plans are agreed and taken forward through a thematic group. SCEP may give funding for intervention on particular theme problems such as Domestic Abuse, Road Safety etc. 2011/12 Grants now mainstream Evidence of the controls is through the organisation structures, partnership Sub-national Community Safety & Justice Commission established to take Agreed new local partnership structures such that the focus is on delivery	2	2	4	↓↓	Following demise of NI set, SCEP looking at developing better local performance measures and to review how effective previous interventions have proved in impacting on key outcomes. Police Reform and Social Responsibility Bill may require further development of the sub-national partnership infrastructure and local delivery. Sub-national business cases being developed for joint working on IOM (integrated offender management), Community Safety, Domestic Abuse and Emergency Planning. Development of neighbourhood delivery model for road safety.	Police Reform Bill impact (appointment of Police and Crime Commissioners) Effectiveness of the SCEP structure. Future budget reductions.	2	2	4

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Gross Score (without controls)			Existing Controls & Evidence	Net Score (as it is now)			Direction of Travel for Residual Risk	Planned Actions	Future Issues	Expected Score (after actions & issues)		
				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
4	Vulnerable Children: Failure to recognise and act accordingly to safeguard and mitigate the risks of significant harm to all children, resulting in an inability to ensure better outcomes in life and possible death.	Lorraine Butcher, Director of Children & Families	Cllr Hilda Gaddum	4	4	16	A robustly chaired and managed Local Safeguarding Children Board (LSCB) (includes partners) Appropriately skilled and trained workforce in Children's Services Principle Manager Safeguarding in post. Initial supervision file audits Introduction of Locality Panels to identify 'stuck' CAF cases Triaging of Children and Vulnerable Adults (CAVA) referrals to ensure that there is a process to make an informed assessment of the level of risk for a child, this is done through a multi-agency complex needs panel. Implementation of a safeguarding training programme for early years settings (informed by the Plymouth Review and subsequent cases). Provision of single and multi-agency safeguarding training. There are a set of safeguarding policy and procedures endorsed by the Local Safeguarding Children's Board and complimentary internal policies and procedures. Multi agencies and public referrals where children at risk, make contact with Children's Services. There are documented flowcharts for referrals – under working together to safeguard children which is statutory guidance. Professional standards. There are clear thresholds for agencies to recognise risks of significant harm The Chair of LSCB sits on the Children's Trust so that the Trust can hold the Children's Trust setting multi-agency strategic direction and objectives for There is a serious case review process and all agencies and services are held to account Regular review process for all children with complex and specialist needs. Raised awareness by all partners of their responsibility to take action, education and training A common assessment framework (CAF) an early assessment toolkit where appropriate A Children's Assessment Team (Single Front Door) has been implemented Established specialist long-term teams of Child Protection, Child in Need and Child of Concern Corporate Parenting Board has been established and a Corporate Parenting Plan is in place	3	4	12	↑	Recruitment of two quality assurance managers in Children's Services Implementation of integrated model for targeting early intervention and prevention. New Head of Early intervention and prevention now in post Continuing to improve the quality of s47 enquiries, initial and core assessments. Strengthen the 'Front-Door' processes for contact and referrals into appropriate services. Strengthening monitoring review of all early years settings (such that providers meet required standards) Reviewing the safer recruitment process to ensure that we meet high recruitment standards. Reviewing advice to schools re safeguarding duties – in particular before and after school care Review safeguarding practice in relation to children with complex disabilities. Launch of Levels of Need guidance through multi-agency workshops. Desire to develop a risk register for LSCB. Early intervention strategies to tackle the cause and reduce the number of children at risk of significant harm. A robust information and response system for identifying and responding to children missing from home / school / care etc. – multi-agency requirement Carrying out Equality Impact Assessments. To capture the 'voice' of the children and then utilise this information for improvement To fully embed a quality assurance process of safeguarding activity. To embed locality panels to identify 'stuck' CAF cases. Development of the child death over-view panel (CDOP) in partnership with the police Implementation of the actions arising from the most recent SCR to safeguard children Progression of an improved methodology for learning from SCR's	Expect to see fewer serious case reviews Reduction/appropriate contact and referrals to statutory services due to the comprehensive assessment level. Ofsted Inspection Outcome could have an impact. Professor Monroe's major government review outcomes may have an impact. Funding pressures. High staff vacancy/turnover resulting in a loss of key skills and expertise.	3	4	12

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				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
5	Vulnerable Adults: Failure to recognise and act accordingly to safeguard and mitigate the risks to vulnerable adults, resulting in an inability to ensure better outcomes in life for the most vulnerable , undermining the reputation of the Council and possibly resulting in significant legal and financial consequences.	Phil Lloyd, Director of Adult, Community Health & Wellbeing Services	Cllr Roland Domleo	4	4	16	Local Safeguarding Adults Board (LSAB), Local Safeguarding Childrens Board, Cheshire East Domestic Abuse Partnership and Domestic Abuse Family Safety Unit, MARAC – Multi-Agency Risk Assessment Conference as the Police lead on potentially dangerous persons, MAPA – Multi-Agency Protection Arrangements (for those in the criminal justice system). Local Safeguarding Adults Board has a risk register that is reviewed by Partners and the Board formally twice a year, Board members are responsible for alerting Board of any changes to risks at each meeting. Safeguarding Services undertake quality monitoring with the Council and other external providers. Contract section undertakes contract compliance checks with providers. Critical review of practice. Meet with Care Quality Commission. Training is undertaken by all stakeholders including basic safeguarding awareness. Where concerns are identified the LSAB has multi disciplinary meetings are used to co-ordinate interventions to attempt to reduce the risks faced. Risk assessment is used to assist with this as well as information giving to facilitate the persons understanding of the risks they pose to them. Electronic system PARIS captures referrals and investigation reports. Work Recruitment checks for people working in children and adult care including Risk assessments undertaken and reviewed through local independent living 'Critical Few' List most vulnerable individuals reviewed at Director level the Emergency Duty Team in place across both Children's and Adults Services. Approved mental health professionals and best interest assessors to ensure LSAB has a prevention sub group with terms of reference in place and co-ordinated. The LSAB has a Dementia Strategy in place with an Ageing Well Strategy in place.	3	4	12	↑↑	Prevention activity - raising awareness within Cheshire East on adult abuse and adult protection and related information. How to report concerns to professionals to access help. Work with LINKS to connect safeguarding monitoring activity via enter and view checks within provider settings. LSAB to develop the expertise of partner organisations engaged with providers and explore the viability of volunteers visiting those who have no family support in formal care settings. This will ensure a broader view of care provided to our most vulnerable citizens. Board to commission, through its sub group structure, an Adult Safeguarding Concern Process to provide enhanced reporting arrangements. Near Miss Group to review safeguarding matters that don't meet the SCR criteria but importantly requires agencies to review how they work collaboratively together.	Funding issues with Local safeguarding Board as partner contributions may be at risk. Training grant funding could be at risk. Recession impact means that unemployed increases / benefits reduced conditions for abuse are more common. Risk of providers failing to deliver services [financially, reduced staffing] lack of awareness as staff not undertaking training or refreshers.	3	4	12

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				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
6	Equality Gap: Risk that we fail to accurately recognise community needs and/or address those needs by taking the most appropriate action to close the equality gap across Cheshire East, thus preventing us from improving life opportunities and health for all.	Phil Lloyd, Director of Adult, Community Health & Wellbeing Services / Lorraine Butcher, Director of Children & Families	Cllr Roland Domleo / Cllr Hilda Gaddum / Cllr David Brown	4	3	12	Target resources to meet needs of community, targeted local delivery. Targeting initiatives re closing the equality gap, e.g. free school meals. Targeted drive around education attainment for children in care. Targeted approach to reduce teenage conceptions. Targeted support for transition into work for cared for children. Sustainable strategy identified as a key priority and is addressing health priorities e.g. Drive at the causes of poor health. Recession mitigation working group aims to mitigate the impact of the recession on business and residents of Cheshire East. Cabinet approved Equalities Action Plan. We commission an interpretation service for assessments as part of the commissioning strategy. Quality impact assessment on commissioning strategies. Personalisation offers a more tailored approach to meeting people's needs. Discussion with key agencies re travellers so that we can undertake a bespoke approach to support. Corporate Equalities Group and Equalities Group for Adults, specific post re Quality Impact Assessments until end of March. Joint strategic needs assessment tells us about the needs of our population based on demograp	3	3	9	↕	Need to maintain a sphere of influence Embedding targeted work at a locality level Strengthening the advocacy for vulnerable children who are living at the margins (White Paper will clarify LA role and responsibilities in respect of holding schools to account)	Housing allocations (JN's area) will affect this Funding delivery model – pupil premium allocations may be lower (- issues with rural schools)	3	3	9
7	Partnerships: Risk that we fail to effectively engage with partners (third parties/private sector/voluntary sector) and/or lack the ability to fund partnerships, resulting in lack of service delivery affecting service users, poor reputation, and damage to future engagement opportunities and our ability to be an excellent council, working with others to deliver for Cheshire East.	Vivienne Quayle, Head of Policy & Performance	Cllr David Brown	4	4	16	Strong partnerships between LA and education providers Strong volunteering and faith sector in Cheshire East Governance structure with Partnership Agreement to support this approved by Audit & Governance and adopted by Local Strategic Partnership Executive Board. Partnerships management group which is an operational group to catch-up and ensure that aims are working in practice and that delivery has taken place. Regular meetings with Cheshire CVS (Council Voluntary Services) which is an umbrella organisation to ensure effective engagement. Cross working group with the community and voluntary sector to look at how we engage and fund activity at a strategic level. There are key staff across the organisation to work and facilitate actions with key partners. We work at a sub-regional level and are included in sub regional structures such as the Leaders Group which includes the 3 Council Leaders for Cheshire East, Cheshire West and Warrington and the Chief Executives for the Fire Service and Police Authority. There is a management group below that and we are working through the Director of We work with 160 voluntary groups and each has a separate agreement with Presently continue to review performance against Local Area Assessment (LAA) Work undertaken to ensure that we understand priorities and needs of the community We have identified key partnerships across the Council and key contacts for We have a PACE newsletter to promote partnerships on a bi-monthly basis There are regular press releases on the Local Area Partnerships and work carried out There are articles included about partnership work in Cheshire East News.	2	3	6	↕	Threat of reduced financial capacity but also opportunity that we might be able to achieve same or better – more focused commissioning. Reviewing our service delivery against reduced funding may lead to more effective targeting. Joint commissioning with partners through Children's Trust. Best value principles Working more effectively with parents. Ensure each service looks at how we facilitate effective partnership working. Partnerships Business Manager will review significant operational risks in relation to Partnership themes from services and directorates. Continual review of new and emerging governance arrangements re partnerships to ensure they are robust and fit to deliver. Will review the performance management framework and key indicators post LAA. Member and staff training to be given on the Localism Bill	May be lack of high quality providers Localism Bill may be an opportunity Risks through reduced funding but opportunities through increased volunteering Ability to continue to commission appropriate service delivery through external partners Ability to establish robust new partnerships (here we are also referring to schools as partners) Reduced funding may lead to loss of key posts which facilitate partnership working.	2	3	6

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Gross Score (without controls)			Existing Controls & Evidence	Net Score (as it is now)			Direction of Travel for Residual Risk	Planned Actions	Future Issues	Expected Score (after actions & issues)		
				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
8	Health Partnerships: Risk that we fail to integrate with Health partners, resulting in fewer opportunities to maximise health benefits and reduced efficiency gains, and affecting our ability to meet our corporate objectives to work with others to improve health.	Phil Lloyd, Director of Adult, Community Health & Wellbeing Services / Lorraine Butcher, Director of Children & Families	Cllr Andrew Knowles	4	4	16	Through Children’s Trust have coordinated activity – e.g. reduce teenage pregnancies, improving immunisation rates – reducing childhood obesity and prioritising childrens mental health Working on joint commissioning with progress report due in new year. Devolved to GPs discussion whether GPs wish to retain commissioning or for this to be done across the Borough. Set up partnership arrangements with GP Consortia – this has been received well. Transition Plan for transition element of PCT to Cheshire East. Transition Board has been set-up and meets regularly. Commitment from CMT to strengthen the Joint Strategic Needs Assessment (JSNA) and work is now underway in order to meet the challenges of the future health arrangements. Establishment of a dedicated post within Childrens Services to drive improvements and work across the Agencies to childrens health priorities. Growing awareness and knowledge of health landscape and changes internally (weekly briefings to Chief Executive) Senior post oversight of health agenda. Work already going on in Adults Directorate to integrate the Commissioning Portfolio Holder responsible for Health Portfolio. Have a comprehensive public health transition programme which has a start date. Report went to CMT recently identifying the various other elements of the transition. Cheshire East has been accepted as an Early Implementer of the Health and Wellbeing Green Paper. Health Oversight Group meets with Chief Exec and Portfolio Holder on fortnightly basis.	3	4	12	↕	Development of Health and Wellbeing Board Public Health transferring to LA Targeted locality work around early intervention Integrated commissioning Establishing working with GP consortia and health professional Health and Wellbeing Board to come into being from Apr 13 but will be in shadow form beforehand from Apr 12 although planned to do this before then. LSP and thematic groups will require a review. Considering integrating continuing healthcare with local authority e.g. assessment warrants full healthcare such as residential care or nursing care Cheshire East intends to apply for Early Implementer status of ‘Healthwatch’ which is a government proposed learning opportunity from feedback from consumers. To clarify schools responsibilities for health & well being for children Planned integrated delivery of services at the front line for childrens services e.g. health visiting, school nurses Future consideration of the implications of the SEN and Disability Green Paper	Increasing numbers of teenager with mental health difficulties Focus on healthy schools initiatives to improve health and wellbeing School meals guidance Substance misuse support Mental health initiatives (TAMS) Continued support PHSCE PCT will disappear. PCT clusters will come into existence from June 11 which may cause additional risks and opportunities in transition. Radical approach – more White Papers on the Horizon.	3	4	12

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Gross Score (without controls)			Existing Controls & Evidence	Net Score (as it is now)			Direction of Travel for Residual Risk	Planned Actions	Future Issues	Expected Score (after actions & issues)		
				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
9	Education: Risk that we fail to manage and maintain effective working relationships with all educational settings, resulting in potentially increasing an inability to maintain educational standards or to intervene where necessary. This will impact on our ability to improve life opportunities for children and young people in Cheshire East.	Lorraine Butcher, Director of Children & Families	Cllr Hilda Gaddum	4	3	12	Existing good relationships with Schools Existing good relationships with Education Improvement Partners – clusters of schools and settings Small take up of Academy status but good relationship maintained through effective communication Continue to provide services for schools through a buy-back option – relationships with schools provides a unique selling point Effective Governance arrangements in place with meetings with core groups – e.g. Director reports to Schools, Governor Forums, Schools Forum, Focus Groups, Head Teacher Associations and through local authority representation of governing bodies. Effective communication – e.g. Schools Bulletin. Consultation with schools provides evidence that they want to maintain their relationship with the Authority. School Improving Outcomes Programme which sets out clearly our responsibilities towards schools causing concern Close working relationship with the Diocese which enhances relationships with Faith Schools. We have robust data set about standards, attendance, special needs which informs the targeted support that schools receive. Head of Virtual School ensures education provision for cared for children is Children’s Service employs consultants with educational expertise to deliver School Improvement Partner visits for all schools which ensures that each The local authority attends OFSTED feedback following inspections. The LA Data sharing protocols – schools and settings performance Internal Ofsted inspections in all Children’s Centres Development of Local Leaders of Education which provide leadership support	2	2	4	↕	C+F service will maintain a number of existing measures Education Strategy in draft which sets out the future relationship with schools – involvement of Head Teachers in the process. Clarity about which services will continue to be delivered by the LA maintains consistency and quality Greater transparency about the LA’s role in intervening in failing schools will secure better relationships with schools as Children’s Service budget for intervention and prevention strategy for schools which don’t meet expected standards Improved website and school bulletin will maintain and improve communication with schools Establish a new Professional Development Partnership which will secure through effective governance learning and development opportunities for school based staff Strategic dialogue around structural solutions for schools and settings Further delegation of designated schools grant will ensure the schools have clarity about what functions and resources have been retained by the LA and which have been passported to schools	The number of schools converting to academy status has the potential to reduce the influence we have with schools and may impact negatively on the LAs ability to intervene and prevent schools falling below expected standards	3	3	9

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Gross Score (without controls)			Existing Controls & Evidence	Net Score (as it is now)			Direction of Travel for Residual Risk	Planned Actions	Future Issues	Expected Score (after actions & issues)		
				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
10	Workforce: Risk that we fail to retain and motivate an effective and engaged workforce, such that the staffing infrastructure fails to support the Council in being excellent and achieving the corporate objectives.	Paul Bradshaw, Head of HR & Organisational Development	Cllr Peter Mason	4	3	12	Workforce Planning / Workforce Development Planning – Document owned by Organisational Development. Bespoke CEC People Strategy in place – Available on Intranet (owned by HR Strategy), progress to be reported to Staffing Committee annually. Harmonisation & Equal Pay / Job Evaluation – to be completed in 2011. Positive relations with Trade Unions – ongoing. Evident at Corporate TU meetings and through Staffing committee. Learning & Development – Corporate Training Programme now in place for all staff. Health & Safety – Corporate H&S team that work closely with service to minimise risk and identify H&S risks. Equalities & Diversity – Single Equality Scheme Action plan. Modern apprenticeships - opportunities to recruit and develop young people. Exit interviews – to better understand why people leave the organisation and what we can learn from that (to improve retention of key members of staff). Staff Survey and follow up ‘People’ focus groups – Assess staff motivation and engagement levels through the staff survey and follow up actions/improvements through the focus groups. Recognition Scheme (based on ASPIRE) – Corporate recognition scheme through Appraisals – opportunity to review performance, address skills gaps, discuss	4	3	12	↑↑	Further develop workforce plans and workforce development plans at service level. Succession planning Framework to be designed and implemented. Implement Oracle Learning Management to better enable the Council to manage development resources and identify skills gaps in key areas. Development of a Stress Management Toolkit jointly with HR, H&S and OHU to further support employees. We are currently out to consultation with all staff about a review of terms and conditions of employment. This will result in changes to the Council's terms and conditions and any such changes will need to be considered in terms of the impact on retention, motivation and engagement.		3	3	9
11	Opportunities: Risk that we fail to position the Authority to maximise opportunity, resulting in an inability to build up potential, capability and resource to respond to future needs and a sustainable Cheshire East.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	4	3	12	Sub-regional partnership working and group architecture. Leader and Chief executive meet regularly with their equivalents across the sub-region to ensure joint working and maximising opportunities of working together. We are heavily involved in work to establish a Local Enterprise Partnership (LEP). LEP has been established and will commence operation from February. We have joined the AGMA – Association of Greater Manchester Authorities and are able to make connections and realise benefits of working with the Manchester region. Presently undertaking work on Shared Services and have conducted a workshop with Cheshire West & Chester and four other local authorities to get people to buy into the shared services model. In light of increased freedom for local authorities through localism, we are looking to identify opportunities as well as efficiencies through the Local Strategic Partnerships.	3	3	9	↕	Joint working with health partners to integrate public health activity and maximise opportunities for improving health outcomes and reduce inefficiencies. As part of Service Planning process and review, maximising external opportunities will be an integral aspect. Total Place Activity sponsored through PACE Board will assist in maximising opportunities across all partner aims.		3	3	9

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Gross Score (without controls)			Existing Controls & Evidence	Net Score (as it is now)			Direction of Travel for Residual Risk	Planned Actions	Future Issues	Expected Score (after actions & issues)		
				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
12	Long-Term Planning: Risk that we fail to plan effectively for long term success, threatening the future viability and sustainability of Cheshire East.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	3	4	12	Sustainable Community Strategy has a 15 year vision with priorities. Local transport plan and local development framework all have 15 year time horizons. Regeneration strategy work underway for Crewe and Macclesfield which is key for long-term planning for a sustainable Cheshire East. Monthly meeting of Place Shaping Group – this is cross-directorate and ensures joined up thinking of services such as transport, housing, health and well being, local development framework and economic development. Ageing Well Strategy is a 5 year plan from April (includes Dementia Strategy), on the Adult, Community and Wellbeing side there are plans to shift resource in the long-term from reaction to prevention. There is a 'Lifestyle Concept' to integrate health and well being in adults to create a healthier population to reduce the demand on health and well care services. A robust business planning process (including financial planning, staffing and organisational structure planning) which has started for the planning cycle for 2011-2014. There is an efficiency / challenge process with senior members and officers. Weekly business planning group meeting with key Council staff members from all departments. A documented service planning process making the links between services and the budget. The authority is statutorily required to have a budget and strategic financial plan. The Council has a reserves strategy.	3	3	9	↑↓	Make better link with Ageing Well Strategy. Need to look at demographic changes and resulting expectations of services provided. Integration of NHS activities. Keeping an eye on regional and national issues, developments and initiatives (e.g. localism bill). Working with strategic partners to link all organisations to 7 priorities in the SCS Targeted activities through the LAPS based on 'Total Place' concept. Joint planning with the LEP. Formal process to escalate issues to MPs and lobby where appropriate. Implementation of the Transformation programme. Production of core strategy and local development framework (due Oct 11 and end 2012)	Many unknowns due to extent and uncertainty of political and policy changes. Influencing relevant influencing bodies e.g. LGA	3	2	6
13	Transformation: Risk that we fail to manage the scale of change of transformation projects to effectively and efficiently shape our services, deliver essential benefits and savings, resulting in a possible loss of continual improvement and a possible inability to deliver our key corporate objectives.	Ceri Harrison, Head of Corporate Improvement	Cllr Wesley Fitzgerald	4	4	16	Dedicated post and team reporting directly to Chief Executive and member of Corporate Management Team, responsible for the development and monitoring of the corporate improvement programme. A revised transformation programme for the whole Council has been produced and presented to CMT. Some external consultancy and advice currently employed to assist with transformation. Service specific resources dedicated to the delivery of major improvement and transformation projects with individual governance arrangements, supplemented by significant input from Account Managers within the Corporate Improvement Service Some programme management methodology in place. Purchased Project Management Module within CorVu and agreed the implementation of this as the key project management system for the Authority by CMT. In the process of populating CorVu system with the key projects in partnership with Directors and Heads of Service. Produced and agreed a Benefits Realisation Plan which identifies specific actions and timescales to deliver the £31m savings target in the 2011-12 budget. The savings target is contingent upon the delivery of the Transformation Agreement by Cabinet and CMT to carry out monthly monitoring of the Benefits Realisation Plan. The Authority has agreed a Transformation Agreement that we will consider progress against the Transformation Programme.	3	4	12	↑↓	The Team in partnership with CMT will develop the cultural aspect of transformational leadership and corporate improvement and ensure there is a comprehensive training programme for project and service managers involved in delivering the transformation programme There are plans to initiate a 'virtual network' with key contacts for projects and big change jobs in different service areas and periodic meetings to report on progress.	Ownership and buy in across the organisation. Leadership on difficult decisions. Resource and capacity is an issue, talent required, capable staff. Culture. Political considerations e.g. elections. Effective team working – no silos. Relationship between Corporate Improvement Service and Directorates	2	4	8

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Gross Score (without controls)			Existing Controls & Evidence	Net Score (as it is now)			Direction of Travel for Residual Risk	Planned Actions	Future Issues	Expected Score (after actions & issues)		
				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
14	Information, Research & Business Intelligence: Risk that we fail to invest in / make effective use of information / business intelligence, which leads to poor decision making, and undermines our ability to effectively and efficiently deliver the corporate objectives.	Vivienne Quayle, Head of Policy & Performance	Cllr David Brown	4	4	16	There is a dedicated business intelligence team and there are Service Planners within Adult and Childrens Services who use data to influence future planning. There is a core data set contained with the Joint Strategic Needs Assessment (JSNA) which is used to influence commissioning of health provision and adult social care. New performance management system – CorVu has been purchased and is currently being implemented (phase 1 underway). We have set of performance indicators that are regularly reported on to Cabinet, Scrutiny and CMT. Working at sub-regional levels ‘DORIC’ about efficiency savings and developing sub-regional links with Cheshire West and Warrington. Research team tools such as Mosaic to profile and plan where services are best aimed and delivered. Use of the PARIS system by both Childrens Services and Adult Services to ensure future service planning. Supporting the census to improve the comprehensiveness of intelligence to understand the people and demographics for Cheshire East. Economic forecasting providing information particularly to Regeneration Team. Undertaking the Quality of Life Survey. We have an Equality and Diversity Policy and Action Plan based on current Use of inspection outcomes and reports to improve delivery and ensure co	3	4	12	↕	Using the 2011 census to improve the comprehensiveness of intelligence to understand the people and demographics to influence service planning for Cheshire East. Disaggregating information from all sources (e.g. census, previous surveys, economic analysis) by people and LAP areas. Implementing the Action Plan from the Quality of Life Survey. Implementing the Action Plan for Equality & Diversity. Developing improvement actions against the performance indicators. Adapting the performance indicators to the localism agenda and the single data set. Implement the findings of the JSNA peer review to better use the data to influence commissioning. Develop culture and raise awareness of better use of business intelligence to make decisions. Review the action taken as a result of the mosaic reports. Data Quality Policies and Procedures to be revisited.	Impact of Shared Service proposals for the sub-region for Business Intelligence. Changing the requirements of the JSNA as a result of the health reforms	3	4	12
15	Reputation: Risk that consideration is not given and management action is not taken, to effectively maintain the reputation of the Council, leading to a loss of public confidence, threatening the stability of the Council and our ability to deliver the corporate objectives.	Vivienne Quayle, Head of Policy & Performance	Cllr David Brown	4	4	16	The democratic process and the constitution ensures the openness and authorisation of decision making. Media Relations Protocol agreed by Cabinet and published on Centranet Media Relations Training in place in Members Training programme Members of Communications Team attend Directorate DMT's Member of Media Relations Team on call 24/7 Media monitoring service that reports on positive, negative and neutral coverage which is used to influence Cabinet members on informing the Communications Team and Senior Managers about issues earlier. Communications Team have a slot on the Induction Session – will cover what is reputation management, why it is so important, when it goes wrong and when it goes right, how measure on collective basis – tips and hints. We have Customer Services standards and a Customer Services Strategy We have a Customer Complaints Process. Children Services and Adult Services maintain high quality standards of performance. We have a corporate objective “Being an excellent Council and working wi We did a Quality of Life Survey to gain customer feedback on a variety of is We did a ‘mystery shopping’ survey on customer outlets to assess the effe Strong quality control within the Contact Centre, we record every call and	3	4	12	↕	Reputational Management Strategy to be drafted. Wider training on reputational management based on the strategy. Ownership and awareness of customer service standards. Learning from Customer Complaints Setting performance measures for customer standards for individuals. Measure output of service plans to ensure that we achieve the individual and corporate objectives (obj 5). Producing an Action Plan as a result of the Quality of Life Survey. Further developing the Mystery Shopper Survey across other areas. To include a prompt within the decision making process about Reputation Risk. To further utilise the media monitoring service that reports on positive, negative and neutral coverage to inform and develop future strategies. Review of national performance indicators.	The election may impact on reputation Grant settlement and budget settlement may impact due to the extent of the savings. NHS reform will impact on the reputation. Difficulty in changing the culture. Harmonisation and workforce changes.	3	4	12

Risk Ref	Risk Description	Agreed Risk Owner	Cabinet Member Strategic Lead	Gross Score (without controls)			Existing Controls & Evidence	Net Score (as it is now)			Direction of Travel for Residual Risk	Planned Actions	Future Issues	Expected Score (after actions & issues)		
				Likelihood	Impact	Total Score		Likelihood	Impact	Total Score				Likelihood	Impact	Total Score
				L	I	LxI		L	I	LxI				L	I	LxI
16	External Environment: That development and changes as a result of government policy and reviews, such as the comprehensive spending review and the abolition of some quangos, compromise the Council's ability to deliver its key strategic aims.	Erika Wenzel, Chief Executive	Cllr Wesley Fitzgerald	4	4	16	The Council subscribes to a number of national research and analysis networks/services to obtain up to date information on the latest policy and financial developments, so that key changes can be reflected in planning assumptions , policy reviews and financial modelling. The Council participates in national consultation exercises, surveys etc, and briefs local MPs and MEPs, with a view to influencing and informing national policy thinking and ensuring CEC's position is fully represented regionally and nationally. Members and CMT are regularly briefed on finance and policy developments, so that decision making can take into account key issues and changes for CEC. The Council works through research and lobby groups, and through professional associations to promote national debate on issues of key local interest e.g. balances of funding review. Round table discussions are had through the LSP to undertake horizon scanning and raise topics that may impact on other partners. Director of Adult, Community and Wellbeing Services is a member of the Association of Directors of Adult Services, this is a powerful body that negotiates Regular internal policy briefings issued to Senior Staff and Members. Transition Plan for public health transfer.	4	3	12	↕	To improve joint working with policy to pool thinking. Tailoring the Policy Briefings specifically to Cheshire East and ensuring actions are taken.	Health Reform Schools Policy Localism Policies Impact of benefits changes Child Welfare Increasingly ageing population Continuing pace of policy change and the detailed understanding of impacts	4	3	12

I1 x i1 = 1 Low	Terminate	New Risk	1	⇕	1
I1 x i2 = 2 Low	Transfer	Enduring Risk	2	⇔	2
I1 x i3 = 3 Low	Treat	Dying Risk	3	⇓	3
I1 x i4 = 4 Low	Tolerate	Dead Risk			4
I2 x i1 = 2 Low	Exploit	Re-emerging Risk			
I2 x i2 = 4 Low	Share	Climate Change Risk			
I2 x i3 = 6 Med	Enhance				
I2 x i4 = 8 Med	Ignore				
I3 x i1 = 3 Low					
I3 x i2 = 6 Med					
I3 x i3 = 9 Med					
I3 x i4 = 12 High					
I4 x i1 = 4 Low					
I4 x i2 = 8 Med					
I4 x i3 = 12 High					
I4 x i4 = 16 High					

SCORING CHART FOR IMPACT						
	Factor	Score	Effect on Service/Project	Embarrassment/reputation	Personal Safety	Financial Implications
THREATS	Major	4	Service - Major loss of several important areas. Disruption 5+ Days Project - Complete failure or extreme delay (3 months or more)	Adverse and persistent national media coverage Adverse central government response	Death	> £1m Or >£5m for corporate risks
	Serious	3	Service - Complete loss of an important area. Major effect to services in one or more areas for a period of weeks Disruption 3-5 Days Project - Significant impact on project or expected benefits fail/ major delay (2-3 months)	Adverse local publicity of a major and persistent nature Adverse publicity in professional/municipal press arena	Major injury	Between £1m and £500,000
	Significant	2	Service - Major effect to an important area or adverse effect in one or more areas for a period of weeks Disruption 2-3 Days Project - Adverse effect on project/ significant slippage (3 weeks–2 months)	Adverse local publicity /local public opinion aware	Severe injury	Between £500,000 and £100,000
	Minor	1	Service - Brief disruption of important area Significant effect to non-crucial service area Disruption 1Day Project - Minimal impact to project/ slight delay less than 2 weeks	Complaint from individual/small group	Minor injury or discomfort	Less than £100,000
OPPORTUNITIES	Exceptional	4	Major improvement to services, generally or across a broad range	Positive national press National award or recognition by national government	Major improvement in health, welfare & safety	Producing more than £50,000
	Significant	3	Major improvement to service or significant improvement to critical service area	Recognition of successful initiative Sustained recognition and support from local press	Significant improvement in health, welfare & safety	Producing up to £50,000

SCORING CHART FOR LIKELIHOOD					
Factor	Score	THREATS - Description	Indicators	OPPORTUNITIES (Favourable Outcome) Description	Indicators
Very likely	4	>75% chance of occurrence	Regular occurrence Frequently encountered - daily/weekly/monthly	>75% chance of occurrence or achieved in one year.	Clear opportunity, can be relied on with reasonable certainty, to be achieved in the short term.
Likely	3	40% - 75% chance of occurrence	Within next 1-2 yrs Occasionally encountered (few times a year)	40% to 75% chance of occurrence. Reasonable prospects of favourable results in one year.	May be achievable but requires careful management. Opportunities that arise over and above the plan.
Unlikely	2	10% - 40% chance of occurrence	Only likely to happen 3 or more years	<40% chance of occurrence or some chance of favourable outcome in the medium term.	Possible opportunity which has yet to be fully investigated by management.
Very Unlikely	1	<10% chance of occurrence	Rarely/never before	<10% chance of occurrence	Has happened rarely/never before

EXAMPLE ONLY:**Risk Management Update Report:****APPENDIX D**Business Area Risk Appetite and Tolerance Matrix for **POLICY & PERFORMANCE**

Business Area	Risk Appetite Statement	Risk Tolerance Level
Communications and Marketing <ul style="list-style-type: none"> • Strategic communications advice • Media Relations and evaluation • Creative Services procurement • Photography procurement • Communications project management • Delivery of marketing campaigns • Crisis communications • Online & social media communications • Cheshire East News • Internal Communications • Reputation management 	Modest risk appetite as we try to seek a positive balance in external media coverage and messages	3 – Modest Risk Appetite: The Council is willing to accept some risks in certain circumstances that may result in reputation damage, financial loss or exposure, if it is considered that the overall balance of the risk and associated reward to the Council is acceptable.
Customer Services <ul style="list-style-type: none"> • Customer Service Contact • Web Team • Customer Service Delivery 	Low risk appetite to take the lead in developing and embedding a culture of customer service excellence but may accept some risk as early adopters of solutions or developments that meet the needs of our customers.	2 – Low Risk Tolerance: The Council is not willing to accept risks in most circumstances that may result in reputation damage, financial loss or exposure; even if it is considered that the overall balance of the risk and associated reward to the Council is acceptable.
Internal Audit & Compliance <ul style="list-style-type: none"> • Internal Audit • Freedom of Information / RIPA / Data Protection • Corporate Compliments, Suggestions & Complaints • Risk Management • Business Continuity 	Zero risk appetite as compromising these obligations would not be acceptable	1 – Zero Risk Tolerance: The Council is not willing to accept risks under any circumstances that may result in reputation damage, financial loss or exposure; even if it is considered that the overall balance of the risk and associated reward to the Council is acceptable.
Performance & Partnerships <ul style="list-style-type: none"> • Planning and Performance • Partnerships 	Moderate risk appetite as the Council plans to achieve its objectives and priorities through service delivery and partnerships for the people of Cheshire East	4 – Moderate Risk Tolerance: The Council is willing to accept risks that may result in reputation damage, financial loss or exposure, if it is considered that the overall balance of the risk and associated reward to the Council is acceptable.

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CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 30th June 2011
Report of: Head of Policy & Performance
Subject/Title: Business Continuity Update

1.0 Report Summary

- 1.1 A paper was submitted to the Audit and Governance Committee at its meeting on 29th March, 2011 outlining the steps taken by the Council to develop business continuity plans to ensure that key functions can be delivered in an emergency. A copy of that report is attached at **Appendix A**. The Committee asked to be updated on business continuity arrangements on a quarterly basis, and this report aims to provide a summary of progress and key current issues.

2.0 Recommendation

- 2.1 That the Audit and Governance Committee note the actions in place to ensure that the Council is prepared to deliver key functions in an emergency.

3.0 Reasons for Recommendations

- 3.1 Business continuity management is an essential element of risk management, helping to create a resilient organisation and one which is able to provide continuous service delivery and effective use of resources. As Audit & Governance Committee has a key role in providing an oversight of the effectiveness and embedding of risk management processes, it is considered good practice for this Committee to review business continuity arrangements as part of this, in order to gain assurance that the Authority is well prepared and able to continue with its service provision in the event of an emergency.

4.0 Wards affected

- 4.1 Potentially all.

5.0 Local Ward Members

- 5.1 Potentially all.

6.0 Policy Implications (including Climate Change/Health)

- 6.1 The effects of climate change are likely to increase the instances of environmental emergencies such as heatwaves, drought and flooding, and it is important that the Council anticipates and prepares to respond to such events.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 Effective business continuity planning can lead to reduced costs by protecting assets, working more efficiently, assurance of third party providers of services (who may be required to demonstrate effective resilience as part of any tender), and lower insurance premiums, where the Council can demonstrate proactive management of continuity risks.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 As well as the requirement to be legally compliant, general principles of good governance require that the Council should identify risks which threaten its ability to achieve its strategic aims, and to operate its business, and put into place key controls in the form of business continuity plans to mitigate these risks.

9.0 Risk Management

- 9.1 Business Continuity planning is managed and coordinated by the Risk Team within Compliance. It is, therefore, an integral part of risk management within the Authority.

10.0 Update

10.1 Developing plans

It is important to identify and prioritise key services to be delivered in an emergency. Departments have categorised activities into three priorities:

Priority 1 – to be delivered within 0-5 days of an incident

Priority 2 – to be delivered within days 6-14 on an incident

Priority 3 – can be suspended for at least 14 days

Appendix B details the activities which it is considered must be delivered within 0-5 days of an emergency, i.e. Priority 1.

Services have developed plans to ensure that they can deliver Priority 1 activities. In developing the plans, various scenarios are considered, e.g:

- reduction in staff due to illness, bad weather, road network problems
- loss of building, due to site evacuation or loss of utilities
- loss of IT, key systems, telephony, network

In addition, scenarios are considered which might be particularly relevant to certain services, for instance, fuel shortages, or which might be particularly critical at certain times of the year, e.g. year end for Finance. In developing plans, Services consider all resources required to deliver the critical activities, and identify any internal and external interdependencies, including, and especially, key suppliers and partners. Services are encouraged to ensure they are confident with the level of continuity planning undertaken by their key suppliers. Plans also include arrangements for communicating with staff and the public and with other internal and external stakeholders in an emergency.

11.0 Community resilience and support for local businesses

- 11.1 The Risk and Business Continuity Team recently attended an event for local businesses in the Macclesfield area, arranged by the Economic Regeneration Unit, in order to promote more self-resilience, and it is planned to attend similar events in the future.

12.0 Joint working with other Local Authorities

- 12.1 Regular meetings are routinely held with Cheshire West and Chester Business Continuity Representatives and Shared Services representatives to ensure that there are robust continuity plans in place for HR, Finance and IT.
- 12.2 In addition, in conjunction with the Joint Cheshire Emergency Planning Team (who currently coordinate Emergency Planning for Cheshire East Council and Cheshire West and Chester Council), discussions are in progress with Halton Borough Council and Warrington Borough Council to pursue opportunities for more joint working.

13.0 Access to Information

- 13.1 The background papers relating to this report can be inspected by contacting the report writer:

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Designation:	Compliance Unit Manager
Tel No:	01270 685865
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CHESHIRE EAST COUNCIL**REPORT TO AUDIT & GOVERNANCE COMMITTEE**

Date of meeting: 29 March 2011

Report of: Head of Policy & Performance

Title: Business Continuity Update

1.0 Report Summary

- 1.1 The Civil Contingencies Act 2004 requires that Local Authorities, amongst other organisations, are prepared to deliver key functions in an emergency. This report aims to provide assurance that Cheshire East Council has business continuity plans in place to provide critical services under a number of different emergency scenarios.

2.0 Recommendations

- 2.1 Audit and Governance Committee to note the requirements of the Civil Contingencies legislation and the actions in place to ensure that the Council complies with these requirements.

3.0 Reasons for Recommendations

- 3.1 Business continuity management is an essential element of risk management, helping to create a resilient organisation and one which is able to provide continuous service delivery and effective use of resources. Effective risk management can reduce the likelihood of an incident occurring, whilst business continuity planning can reduce the impact if it does occur. Because Audit & Governance Committee has a key role in providing an oversight of the effectiveness and embedding of risk management processes, it is considered good practice for this Committee to review business continuity arrangements as part of this, in order to gain assurance that the Authority is well prepared and able to continue with its service provision in the event of an emergency.

4.0 Wards affected

- 4.1 Potentially all.

5.0 Local Ward Members

- 5.1 Potentially all.

6.0 Policy Implications including Climate change and Health

- 6.1 The effects of climate change are likely to increase the instances of environmental emergencies such as heatwaves, drought and flooding, and it is important that the Council anticipates and prepares to respond to such events.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 Effective business continuity planning can lead to reduced costs by protecting assets, working more efficiently, assurance of third party providers of services (who may be required to demonstrate effective resilience as part of any tender), and lower insurance premiums, where the Council can demonstrate proactive management of continuity risks.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 As well as the requirement to be legally compliant, general principles of good governance require that the Council should identify risks which threaten its ability to achieve its strategic aims, and to operate its business, and put into place key controls in the form of business continuity plans to mitigate these risks.

9.0 Risk Management

- 9.1 Business Continuity planning is managed and coordinated by the Risk Team within Compliance. It is, therefore, an integral part of risk management within the Authority.

10.0 Background

- 10.1 The Civil Contingencies Act (2004) (CCA) provides the framework for Civil Protection in the UK, and places a number of duties on Local Authorities regarding preparation for and response to emergencies. As part of this, Cheshire East Council, as a Category 1 (front-line responder) is required to develop and maintain business continuity plans, so that key functions can continue to be delivered in an emergency. This also involves consideration of the resilience of those organisations on which the Council relies to maintain key services, including any third parties who provide services on its behalf.
- 10.2 As well as implementing Business Continuity Plans, the CCA also requires Local Authorities to promote and provide general business continuity management advice to commercial and voluntary organisations in the area. This duty aims to enable local businesses to better maintain critical elements of their service and recover more quickly should an incident arise, therefore lessening the economic and social impact on the local community.
- 10.3 As well as increased resilience, there are a number of benefits to having a structured and consistent continuity process in place. In addition to the financial benefits mentioned above, the ability to respond effectively and efficiently to internal and external events and maintain service provision through adversity should protect and enhance the reputation of the Council.
- 10.4 Business continuity requires senior management commitment and support and dedicated resource allocated within the Authority to ensure that plans are developed, maintained, reviewed and, most importantly, tested, so that they are fit for purpose. It is also necessary to build this into the change management process to ensure the implications of any change are fully considered prior to implementation, and that resilience is built into the project deliverables.
- 10.5 It is within the remit of the Corporate Risk Management Group (which comprises the Portfolio Holder for Policy and Performance, members of the Corporate Management Team and members of the Senior Management Team)

to monitor the progress and status of business continuity planning and the Council's level of resilience and report quarterly to the Corporate Management Team, Cabinet and Audit and Governance Committee on this.

- 10.6 The Risk Team liaise closely with the Joint Cheshire Emergency Planning Team and the Cheshire Local Resilience Forum to ensure that the Council is aware of and fully incorporated into the regional emergency and continuity planning processes. In conjunction with senior managers from key services, the teams recently participated in Exercise Watermark. This was a nationwide exercise, involving government departments, agencies, emergency responders and communities, to test the country's response to groundwater, surface water, reservoir, river and coastal flooding. This followed a recommendation from the Pitt Review, as a result of the floods in 2007.
- 10.7 There is also close liaison with the Authority's Climate Change Officer in identifying risks associated with climate change, and supporting the services in developing plans to respond to these risks.

10.8 Developing plans

- 10.8.1 It is necessary that plans are documented and available for use within any type of emergency incident. They should also include stand-by arrangements, including accommodation and specialist equipment, as well as IT systems and telecommunications. Consequently, these plans need to link in with other plans such as the IT Disaster Recovery Plan, Cheshire East Major Emergency Plan and the Emergency Rest Centre Plan.
- 10.8.2 A significant amount of planning was carried out at the inception of Cheshire East Council in response to the threatened flu pandemic. Also, services have been required to implement emergency and business continuity plans in response to the severe weather over the past two winters. Consequently, there is a good level of level of preparedness across the Council. Additionally, there is regular liaison with Cheshire West and Chester Council and Shared Services to ensure joint resilience.
- 10.8.3 It is, however, essential to review, update and test these plans on a regular basis, to ensure that the critical components of the plans are relevant and appropriate. There is also the need to have an effective education and awareness programme in place, to ensure that all staff are fully aware of the impact of an unforeseen event and their roles and responsibilities in a recovery situation. Accordingly, the Risk team is currently in discussion with all services to ensure that these actions are put into place.

11.0 Community resilience and support for local businesses

- 11.1 Work has been undertaken over recent months with the Emergency Planning Team and the Local Area Partnerships team in the development of Community Resilience Emergency Plans, so that communities are better prepared to respond to local incidents and can also complement the support and response provided centrally.
- 11.2 In order to provide support to local businesses, Cheshire East Council is a founder member of the Cheshire Continuity Forum, which was set up to provide a forum for local businesses to meet with the front-line responders in Cheshire (i.e. the Local Authorities, Police, Fire and Rescue, etc.) with the aim of sharing

information and best practice in relation to business continuity. In addition, discussions are currently underway with the Cheshire East Economic Development Team to seek other opportunities to interact with and support the business and voluntary sectors in continuity planning.

12.0 Recommendation

Audit and Governance Committee to:

- Note the arrangements in place to ensure that the Council ensures compliance with the Civil Contingencies Act (2004) in relation to business continuity planning and promotion.

13.0 Access to Information

13.1 The background papers relating to this report can be inspected by contacting the report writer:

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PRIORITY ACTIVITIES IN THE EVENT OF AN EMERGENCY

SERVICE	ACTIVITY
ENVIRONMENTAL SERVICES	
Bereavement Services	<ul style="list-style-type: none"> • Burials and Cremations
Grounds and Cleansing	<ul style="list-style-type: none"> • Removal of dangerous/fallen trees • Collection of hypodermics and dead animals
Highways	<ul style="list-style-type: none"> • Emergencies Out of Hours/RTC/Spillage/Flood • Emergencies In Hours/RTC/Spillage/Flood • Highways Maintenance • Winter Services (Highways)
Waste and Recycling	<ul style="list-style-type: none"> • Waste Collection
SAFER AND STRONGER COMMUNITIES	
Emergency Planning	<ul style="list-style-type: none"> • Emergency Civil Protection Response
Environmental Health	<ul style="list-style-type: none"> • Environmental Health – maintain services based on existing risk assessed approach, eg. Rats in domestic premises, public health pests, communicable diseases, etc.
PLANNING AND POLICY	
Building Control	<ul style="list-style-type: none"> • Response to reports relating to Dangerous Structures
Housing Strategy	<ul style="list-style-type: none"> • Homelessness/emergency housing • Emergency enforcement action • Allocations – Cheshire Homechoice

PRIORITY ACTIVITIES IN THE EVENT OF AN EMERGENCY

SERVICE	ACTIVITY
REGENERATION	
Tatton Park Highways and Transportation	<ul style="list-style-type: none"> • Animal welfare • Transportation services, particularly for vulnerable users
CHILDREN AND FAMILIES	
	<ul style="list-style-type: none"> • Residential care for vulnerable children and young people • Emergency foster care • Payments to foster carers, adopters and care leavers • Child protection services • New referrals to Children's Social Care • Youth offending team – urgent support for young offenders • Critical incident support team for schools
ADULT SERVICES	
	<ul style="list-style-type: none"> • Essential care for high priority service users already in receipt of domiciliary and residential services needs • Assessment of priority one referrals in order to identify critical needs and risks • Essential care for people living alone and/or isolated with critical needs • Essential care for people with significant mental health needs, including dementia related conditions, experiencing sudden deterioration or instability and not in need of hospital admission • Essential care for people with complex physical care needs experiencing sudden deterioration or instability, not eligible for Rapid Response services and not in need of hospital admission. • Essential care for people in supported care settings such as ALD network accommodation. • Carer breakdown (with no alternative identifiable support).

PRIORITY ACTIVITIES IN THE EVENT OF AN EMERGENCY

SERVICE	ACTIVITY
	<ul style="list-style-type: none"> • Adult safeguarding. • Responsibilities under the Mental Health Act.
POLICY AND PERFORMANCE	
Customer Services Communications	<ul style="list-style-type: none"> • Website – provision of emergency public communications, latest news and numbers for self-delivery options • Contact Centre – first line of contact for telephone enquiries for a range of council services. • Media relations/crisis media management (including contribution to the Emergency Plan at local and sub-regional level) • Services Communications – particularly public health issues
LEGAL AND DEMOCRATIC SERVICES	
	<ul style="list-style-type: none"> • Registration of deaths • Registration of still births • Marriage and Civil Partnership ceremonies • Conduct of elections • Emergency legal advice and support to departments • Emergency childcare work • Maintaining public access to agendas, reports and minutes for decision making. • Ensuring that legislation is complied with in respect of decision making.
HR AND OD	
	<ul style="list-style-type: none"> • Provision of health and safety advice and guidance re potential risks and hazards to service users, staff and members of the public.

PRIORITY ACTIVITIES IN THE EVENT OF AN EMERGENCY

SERVICE	ACTIVITY
	<ul style="list-style-type: none"> • RIDDOR – reporting of accidents – reporting time frame varies between 24 hours and 10 days (depending upon severity of incident and injuries) • Provision of critical HR advice • Provision of occupational health advice • Processing of pay
TREASURY AND ASSETS	
Assets ICT Finance	<ul style="list-style-type: none"> • Facilities management helpdesk • Emergency building management • Provide and maintain ICT infrastructure – systems, servicers, desktops, laptops, printers, etc. • Provide and maintain technological infrastructure to support telephones • Operational running and maintenance of applications • Provide support to users (e.g. Help Desk) • Staffing to provide critical system developments in time to meet legislative deadlines • Processing of benefits and other personal transfer payments, e.g. foster care allowances, direct client payments, care leaver allowances • Treasury/cash flow management • Income Collection

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of meeting: 30 June 2011
Report of: Head of Policy & Performance
Title: Whistleblowing Policy
Portfolio Holder: Councillor Wesley Fitzgerald

1.0 Report Summary

- 1.1 This report advises the Committee on the content of the revised Whistleblowing Policy.

2.0 Decision Requested

- 2.1 That the Committee be advised of, and endorse, the revised Whistleblowing Policy as set out in Appendix A and note that final approval of the Policy will be for full Council, following reference to and recommendation from the Constitution Committee, because it forms part of the Constitution.

3.0 Reasons for Recommendation

- 3.1 In November 2010 this Committee received and endorsed a number of proposed changes to the Council's Whistleblowing Policy following a review of the document against the *Whistleblowing Arrangements Code of Practice Publicly Available Specification 1998:2008*. Following consultation with the unions the Policy has been revised (see Appendix A).
- 3.2 The Audit and Governance Committee is responsible for overseeing the Council's Whistleblowing arrangements and, therefore, needs to be aware of and endorse the revised Whistleblowing Policy prior to formal approval.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Wards Affected

- 5.1 Not applicable.

**6.0 Policy Implications including – Climate Change
– Health**

6.1 Not applicable.

7.0 Financial Implications

7.1 Unless employees have confidence in the Council's whistleblowing arrangements, they are likely to stay silent where there is a threat to the employer or the wider public interest. Such silence denies the organisation the opportunity to deal with a potentially serious problem before it causes real damage. The costs of such a missed opportunity can be great in terms of fines, compensation or higher insurance premiums.

8.0 Legal Implications

8.1 The Public Interest Disclosure Act 1998 protects employees against detrimental treatment or dismissal as a result of any disclosure of normally confidential information in the interests of the public. The Act only covers protected disclosures under six categories, namely; crime, illegality, miscarriage of justice, damage to health and safety, damage to the environment, and 'cover-ups' about these issues.

8.2 To obtain protection employees must first disclose the information to the employer or to a body prescribed by the Secretary of State for the purposes of receiving such information. A list of the prescribed bodies is available on the government's website, along with a useful Guide on the Act.

8.3 The Council will introduce this Whistleblowing Policy in line with the Act.

9.0 Risk Assessment

9.1 Without clear arrangements which offer employees safe ways to raise a whistleblowing concern, it is difficult for an organisation to effectively manage the risks it faces.

10.0 Background and Options

10.1 Employees are often the first to realise that there may be something seriously wrong within an organisation. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the organisation. They may also fear harassment or victimisation.

- 10.2 In order to mitigate this risk the Council introduced a whistleblowing policy that is intended to encourage and enable all to raise serious concerns within the organisation rather than overlooking a problem.
- 10.3 The Public Interest Disclosure Act (PIDA) provides that employers should not victimise any worker who blows the whistle in one of the ways set out in the legislation. Although there is no statutory requirement in the PIDA for organisations to have a whistleblowing policy the Government expects public bodies to have a policy in place and the whistleblowing schemes in local authorities in England are assessed regularly as part of their external audit and review.
- 10.4 Furthermore, it should also be noted that, under PIDA, the adequacy of an organisation's whistleblowing arrangements is one of the factors that tribunals and courts look at when they consider whether a wider public disclosure is protected under the legislation.
- 10.5 Finally, and importantly, regulators and the courts are increasingly looking at the adequacy of whistleblowing and other risk management arrangements to determine whether an offence has been committed by an organisation under regulatory or criminal laws, and is also a factor when determining the level of fine or penalty.
- 10.6 It is, therefore, necessary to regularly review the Council's Policy to ensure that it remains compliant with best practice. As such the Policy has been revised in accordance with the Publicly Available Specification (PAS) which sets out good practice for the introduction, revision, operation and review of effective whistleblowing arrangements. This is because the recommendations and guidance in the PAS are of particular relevance to public bodies. Members are referred to the Policy contained in Appendix A to this report.
- 10.7 The Whistleblowing Policy includes a series of measures designed to encourage staff to raise concerns and the steps to be taken to investigate such concerns. The Committee is asked to endorse the Policy prior to final approval by full Council, following reference to and recommendation from the Constitution Committee.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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CHESHIRE EAST COUNCIL WHISTLEBLOWING POLICY

1. INTRODUCTION

- 1.1 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.2 Cheshire East Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we encourage employees, and others who work with us, with serious concerns about any aspect of the Council's work to come forward and voice those concerns. This policy makes it clear that this can be done without fear of victimisation, discrimination or disadvantage.
- 1.3 This whistleblowing policy is intended to encourage and enable employees to raise serious concerns **within** the Council rather than overlooking a problem or 'blowing the whistle' outside as premature or unnecessary publicity may damage the Council's reputation, impede proper investigations, or hurt individuals unnecessarily.
- 1.4 The policy applies to all employees, Members, contractors, suppliers and consultants and provides them with a secure basis for reporting suspicions of impropriety, in the knowledge that if requested the matter will be treated confidentially.
- 1.5 The procedures contained within this policy are in addition to the Council's complaints process and any other statutory reporting procedure that applies within individual departments.
- 1.6 This policy has been discussed with the relevant trade unions and has their support.

2. AIMS AND SCOPE OF THIS POLICY

- 2.1 The Whistleblowing Arrangements Code of Practice Publicly Available Specification developed by the British Standards Institute and Public Concern at Work defines whistleblowing as;

The popular term used when someone who works for or in an organisation raises a concern about a possible fraud, crime, danger or other serious risk that could threaten customers, colleagues, shareholders, the public or the organisation's own reputation.

- 2.2 Whistleblowing can therefore be described in simple terms as a disclosure made by an employee who has concerns about a danger or illegality that has a public interest to it, usually because it threatens others.
- 2.3 A grievance or private complaint is, by contrast, a dispute about an employee's own employment position and has no public interest to it.
- 2.4 This Whistleblowing Policy has been developed in line with best practice as described in the code of practice and aims to:
- encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice
 - provide avenues for you to raise those concerns and receive feedback on any action taken
 - provide reassurance that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have made any disclosure in good faith.
- 2.5 The whistle-blowing policy is intended to cover major concerns that fall outside the scope of other procedures. These include:
- conduct which is an offence or a breach of law
 - health and safety risks, including risks to the public as well as other employees
 - damage to the environment
 - the unauthorised use of public funds
 - possible fraud and corruption
 - sexual or physical abuse of clients, or
 - other unethical conduct
- 2.6 If your concerns relate to your own employment then they do not fall under the scope of this policy and should be raised via the Grievance Procedure or Dignity at Work Policy.
- 2.7 This policy does not cover members of the public and any report received will be dealt with under the corporate comments, compliments and complaints policy or as a tip off via the Anti Fraud and Corruption Strategy.
- 2.8 Staff in schools should report any concerns that they may have through their school's own whistleblowing policy.

3. SAFEGUARDS

- 3.1 Cheshire East Council is committed to good practice and high standards and wants to be supportive of employees.
- 3.2 We recognise that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice.
- 3.3 As a result, we will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith.
- 3.4 If someone is found to have subjected a bona fide whistleblower to any form of victimisation or harassment this will be dealt with under the council's disciplinary procedure.
- 3.5 Please be aware however, that should you already be the subject of disciplinary or redundancy procedures, the procedures will not be halted as a result of the whistleblowing report.

4. OPEN DISCLOSURES

- 4.1 The best culture is one where employees have sufficient faith in the whistleblowing arrangements and culture of the council to allow them the confidence to make open disclosures. This is where those involved know what the issues are along with who raised them.
- 4.2 This is the aim for Cheshire East Council and it is hoped that any employee with a whistleblowing concern will feel able to raise their issues openly
- 4.3 This openness makes it easier to assess the report, gather additional information and carry out an investigation.
- 4.4 It also allows any hidden agendas to be identified, helps to prevent witch hunts and reduces the risk of mistrust and paranoia developing within the area being investigated.

5. CONFIDENTIALITY

- 5.1 It is, however, recognised that some employees may not feel that they can make such a report. Where this is the case the policy provides the whistleblower with the option of requesting that their name remains confidential.
- 5.2 Where confidentiality is requested we will do our best to ensure that your name is not revealed. This cannot, however, be guaranteed as there are certain circumstances where the name of the whistleblower may be made known. For example:

- The report is found to be clearly false or malicious, or
- Disclosure is ordered by the courts.
- A formal statement is required as part of a police investigation.

5.3 Whilst it is possible to keep the name of a whistleblower confidential, it is not possible to prevent others from trying, often successfully, to work out the source of a report. This can lead to speculation and an unpleasant atmosphere that could have been avoided by making an open disclosure.

6. ANONYMOUS ALLEGATIONS

6.1 This policy encourages you to put your name to your allegation whenever possible and actively discourages anonymous reports.

6.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.

6.3 In exercising this discretion the factors to be taken into account would include:

- the seriousness of the issues raised
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

6.4 Anonymous reports also raise a specific problem with regard to the legal requirement that personal data should only be collected fairly.

6.5 In addition, people making anonymous reports are not covered by the safeguards put in place to protect named whistleblowers.

7. UNTRUE ALLEGATIONS

7.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you.

7.2 If, however, you make malicious or vexatious allegations, then disciplinary action may be taken against you.

8. HOW TO RAISE A CONCERN

8.1 As a first step, you should normally raise concerns with your immediate manager or their superior. However, depending upon the seriousness and sensitivity of the issues involved and who is suspected of the malpractice, this may not be appropriate.

- 8.2 Where this is the case the following officers are identified as appropriate contacts within this policy;
- The Chief Executive
 - The Borough Solicitor who is also the Monitoring Officer
 - The Internal Audit Manager
- 8.3 There are two ways to formally make a whistleblowing disclosure;
- Verbally, either face to face or by telephone, or
 - In writing, either by sending a letter to one of the named contacts or by emailing cheshireeastwhistleblowing.gov.uk.
- 8.4 It is preferable for concerns to be raised in writing and where this is the case the following details are requested;
- Your name and contact details
 - background information and history including details as to why you are concerned
 - whether the issue has already been reported to management and the outcome of this
 - whether you wish your name to remain confidential
 - whether you want feedback
 - the names and jobs of any other employees/Members who may support your concern.
- 8.5 Where reports are made verbally to one of the named officers they should attempt to ascertain the same information.
- 8.6 The earlier you express the concern the easier it is to take action.
- 8.7 Although you are not expected to prove beyond doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.
- 8.8 Should you wish to obtain independent advice in relation to a potential whistleblowing report then Public Concern at Work operate a confidential helpline 02074046609. Further advice and guidance can also be found on their website www.pcaw.co.uk.
- 8.9 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 8.10 You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

9. HOW THE COUNCIL WILL RESPOND

- 9.1 The Council will respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.
- 9.2 As part of this process contact will be made with you to clarify your concerns and obtain any further information that you may have. You will also be provided with details of who to contact should you require further support.
- 9.3 Where appropriate, the matters raised may:
- be investigated by management, internal audit, or through the disciplinary process
 - be referred to the police
 - be referred to the external auditor
 - form the subject of an independent inquiry.
- 9.4 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 9.5 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 9.6 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the officer will seek further information from you.
- 9.7 Where any meeting is arranged, off-site if you so wish, you can be accompanied by a union or professional association representative or a friend.
- 9.8 The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Council will arrange you to receive advice about the procedure.
- 9.9 The Council understands that you may wish to be assured that the matter has been properly addressed. Therefore, subject to legal constraints, if requested we will inform you of the outcome of any investigation.

10. THE RESPONSIBLE OFFICER

- 10.1 The Council's Monitoring Officer has overall responsibility for the maintenance and operation of this policy. That officer will maintain a record of concerns raised and the outcome and will report as necessary to the Council.
- 10.2 If requested the Monitoring Officer will do everything that can lawfully be done to protect your identity but you should be aware that it may need to be disclosed to the police or courts as part of an investigation or subsequent prosecution.

11. HOW THE MATTER CAN BE TAKEN FURTHER

- 11.1 This policy is intended to provide you with an avenue to raise concerns within the Council and it is hoped that you will utilise it. However, should you feel unable to raise your concerns internally, the following are possible alternative contact points:

- Public Concern at Work 020 7404 6609
- the external auditor
- UNISON whistleblower's hotline 0800 597 9750
- Audit Commission whistleblower's hotline 0845 052 2646
- the police.

- 11.2 It is stressed that this list is not exhaustive and you are free to contact any organisation that you feel will be able to deal properly with your concerns. This may include;

- your local Councillor
- your solicitor
- other relevant professional or regulatory bodies.

You are encouraged, however, to take further advice before reporting an issue to a body other than those specified above to ensure that you are making a protected disclosure.

- 11.3 You will be protected under the Public Interest Disclosure Act 1988 if you raise your concerns with any of the above, provided that;

- you make the disclosure in good faith
- you reasonably believe that the information disclosed, and any allegation contained in it, are substantially true
- you do not make the disclosure for personal gain.

- 11.4 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information.

12. THE LAW

- 12.1 This policy has been written to take into account the Public Interest Disclosure Act 1988, which protects workers making disclosures about certain matters of concern, where those disclosures are made within the act's provisions. The Act is incorporated into the Employment Rights Act 1996, which already protects employees who take action over, or raise concerns about, health and safety at work.

13. EQUALITY

- 13.1 Cheshire East Council will ensure that, when implementing the Whistleblowing Policy, no employee will be disadvantaged on the basis of their gender or transgender, marital status or civil partnership, racial group, religion or belief, sexual orientation, age, disability, pregnancy or maternity, social or economic status or caring responsibility. This means that the Policy may need to be adjusted to cater for the specific needs of an individual including the provision of information in alternative formats where necessary.

14. MONITORING

- 14.1 Data relating to Whistleblowing cases will be collated and monitored regularly to ensure that the Policy is operating fairly, consistently and effectively. Issues that are identified from the data will be dealt with appropriately.

15. REVIEW

- 15.1 The policy will be reviewed in the light of operating experience and/or changes in legislation.

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 30 June 2011

Report of: Head of Policy & Performance

Title: Anti-Fraud and Corruption Arrangements

Portfolio Holder: Councillor Wesley Fitzgerald

1.0 Report Summary

- 1.1 As part of our ongoing efforts to ensure that the systems and procedures in place within the Council remain relevant and meet best practice the Anti-Fraud and Corruption arrangements have been reviewed against the guidance issued by CIPFA in the publication "*Managing the Risk of Fraud – Actions to Counter the Risk of Fraud-Red Book 2*". This report advises the Committee of the findings of the review.

2.0 Recommendation

- 2.1 The Audit Committee is asked to note this report.

3.0 Reasons for Recommendations

- 3.1 The Council recognises that, as a large organisation, it is at risk of loss due to fraud and corruption both from within the organisation and external to it. The Council's Anti-Fraud and Corruption arrangements include a series of measures aimed at deterrence, prevention, detection, investigation, sanction and redress. In order to establish fitness for purpose Internal Audit has risk assessed these arrangements against the guidance issued by CIPFA in the publication "*Managing the Risk of Fraud – Actions to Counter the Risk of Fraud-Red Book 2*" by using the Better Governance Forum's Fraud Risk Evaluation Diagnostic (FRED1) tool.
- 3.2 In order to ensure that the council has robust arrangements to counter the threat of loss through fraud and corruption it is essential that the relevant systems and procedures are subject to regular review against best practice and that identified weaknesses are managed.

- 3.3 The Audit and Governance Committee's role in overseeing the Council's Counter Fraud arrangements is crucial for the Council to achieve its anti fraud and corruption objectives.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Ward Members

- 5.1 Not applicable.

**6.0 Policy Implications including - Climate change
- Health**

- 6.1 Not applicable.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 An overriding responsibility of the Council is the provision of effective and efficient services in a manner that seeks to ensure the best possible protection of the public purse in its delivery arrangements. Hence the Council must have appropriate policies and mechanisms to safeguard the Council's resources and reduce losses to fraud and corruption in all areas to an absolute minimum.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The responsibilities of public sector entities in relation to the prevention and detection of fraud and error are set out in statute, standards and other guidance. Local Government entities have a statutory duty to make arrangements for the proper administration of their financial affairs and appoint an officer to have responsibility for the administration of these arrangements.

9.0 Risk Management

- 9.1 The Council as a large organisation is at risk of loss due to fraud and corruption both from within the Council and outside it. The impact of fraud on the Council can have consequences that are serious and often far reaching. Financial loss is the obvious key risk but the undermining of public confidence that can result from the discovery of a fraudulent or corrupt act can inflict a much greater damage than the act itself. In order to mitigate this risk the Council needs to explicit about the way fraud will be regarded and dealt with.

10.0 Background and Options

10.1 In order to demonstrate fitness for purpose Internal Audit has used the Better Governance Forum's Fraud Risk Evaluation Diagnostic (FRED1) tool to evaluate the counter fraud arrangements in place at the Council. The tool, which is based on the CIPFA publication "*Managing the Risk of Fraud – Actions to Counter the Risk of Fraud- Red Book 2*" allows the Council to:

- identify and manage risk
- target resources where the need is greatest
- align arrangements with best practice

10.2 The key findings of the assessment together with actions to improve or develop the Council's counter fraud arrangements and minimise any areas of weakness are detailed below.

10.3 The Committee is asked to note that actions to improve or develop the Council's counter fraud arrangements have been built into the internal audit plan and that update reports on the effectiveness of measures will be provided to Members periodically.

Strategy

Adopting the right strategy

10.4 Cheshire East Council has an Anti Fraud & Corruption Strategy in place along with supporting policies such as Whistleblowing and Benefit specific policies and procedures.

10.5 In order to further develop this area the strategy should be updated to ensure that it fully reflects best practice and a Fraud Response Plan should be produced to ensure a consistent approach to investigations and the application of sanctions. The Housing Benefit policies should be reviewed to ensure that they remain aligned with the updated strategy.

Accurately identifying the Risks

10.6 Internal Audit has completed a Fraud Risk Assessment to take into account the findings of the National Fraud Authority 'Annual Fraud Indicator' and the Audit Commission publication 'Protecting the Public Purse'. The risk areas identified during this exercise were drivers in the production of annual Audit Plan, in particular with respect to the introduction of pro active anti fraud work.

10.7 Risk is also taken into account in planning the focus of pro active work carried out by the Housing Benefit Fraud Team.

- 10.8 This area of assurance will continue to develop over time with the identification of local issues resulting from wider ranging work identified by national bodies.

Creating and Maintaining a strong structure

- 10.9 Cheshire East Council has a Principal Auditor in post with responsibility for reviewing the overarching arrangements for anti fraud and corruption work and the development of pro active exercise to identify control weaknesses across services. In addition to this role, there is a well established Housing Benefit Fraud Team.
- 10.10 These officers have been provided with an appropriate level of authority to enable effective investigation of potential frauds.
- 10.11 Fraud staff are subject to regular training in fraud awareness, the conduct of interviews under caution and the impact of RIPA. Fraud awareness training is also provided to staff in revenues, benefits and customer services and specific training on the verification of original documents has been provided to HR staff to assist in the pre employment propriety checking process for new staff.
- 10.12 Close working relationships are in place with neighbouring authorities to ensure that common risks are shared and the HB Fraud Team have formal arrangements with organisations such as the DWP.
- 10.13 The NFI exercise has highlighted pre employment checks as an area of risk that requires additional focus from Internal Audit during 2011/12.

Culture

Taking action to tackle the problem -

- 10.14 The review has identified that Cheshire East Council has arrangements in place, in both Internal Audit and the HB Fraud Team, to ensure that the following areas are effectively managed:
- deterrence
 - prevention
 - detection
 - investigation
 - sanction/redress
- 10.15 However, as a relatively young authority, the anti fraud culture is still developing and it is important that this development continues and is driven by an Anti Fraud and Corruption Strategy and supporting policies that clearly reflect the commitment to a zero tolerance approach by both members and management.

- 10.16 This will be achieved by rolling out and publicising these documents to all staff and stakeholders and by ensuring that they are subject to regular reviews of their effectiveness.
- 10.17 It would also be advisable to include fraud awareness as an item on the corporate induction programme.

Defining Success

- 10.18 In defining success it is important to ensure that there is a focus on outcomes as well as activity. This will enable the organisation to learn from instances of fraud and corruption and develop controls to mitigate the risk of it happening again in the future.
- 10.19 The review has shown that detailed monitoring is carried out of all fraud investigations and that this feeds into a risk based approach to planning future work. In addition, regular reports are produced to relevant officers and Committees informing them of the outcomes of investigations that impact upon their area of responsibility.

11.0 Access to Information

- 11.1 The background papers relating to this report can be inspected by contacting the report writer:

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Designation: Head of Policy and Performance

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CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of Meeting: 30 June 2011

Report of: Head of Policy & Performance

Title: Work Plan

Portfolio Holder: Councillor Wesley Fitzgerald

1.0 Report Summary

- 1.0 To present an updated Work Plan to the Committee for consideration.

2.0 Recommendations

- 2.1 That the Committee:

- (1) consider the Work Plan and determine any required amendments;
- (2) note the changes made to the plan since it was last discussed in March 2011; and
- (3) note that the plan will be periodically brought back to the Committee for development and approval.

3.0 Reasons for Recommendations

- 3.1 The Audit and Governance Committee has a key role in overseeing and assessing the risk management, control and corporate governance arrangements and advising the Council on the adequacy and effectiveness of these arrangements. A forward looking programme of meetings and agenda items is necessary to ensure that the Committee fulfils its responsibilities.

4.0 Wards Affected

- 4.1 All wards.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including - Climate change - Health

- 6.1 Not applicable.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 When reviewing the Work Plan, Members will need to consider the resource implications of any reviews they wish to carry out both in terms of direct costs and in terms of the required officer support.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Work Plan must take account of the requirements of the Accounts and Audit Regulations 2011.

9.0 Risk Management

- 9.1 Effective internal control and the establishment of an audit committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position. However, an effective audit committee can:

- raise awareness of the need for robust risk management, control and corporate governance arrangements and the implementation of audit recommendations
- increase public confidence in the objectivity and fairness of financial and other reporting
- reinforce the importance and independence of internal and external audit and any other similar review process
- provide additional assurance through a process of independent and objective review

- 9.2 A comprehensive Work Plan is necessary to ensure that the Committee fulfils its responsibilities.

10.0 Background and Options

- 10.1 A forward looking programme of meetings and agenda items to ensure comprehensive coverage of the Committee's responsibilities has been attached at Appendix A of this report. The Committee is asked to consider the contents of the Work Plan and establish any additional agenda items/training/briefing sessions that will enable it to meet its responsibilities. In doing so it should be noted that the following changes have been made to the programme that was discussed in March 2011:

- Business Continuity update – The Work Plan has been amended, at the request of Members, to include a quarterly Business Continuity update report.

- Anti Fraud & Corruption Policy - A final draft of the Anti Fraud and Corruption Policy has been carried forward to the September Agenda. Work on Fraud Risk has, however, continued throughout the quarter. This includes meeting the requirements of the National Fraud Initiative (NFI), analysis of the Council's arrangements using the CIPFA Fraud Evaluation Diagnostic Tool (FRED1) and developing the Council's Whistleblowing Policy.
- A report has been included on the June Agenda in order that External Audit can update Members on the audit to date.

10.2 Furthermore, the Committee is asked to note that new regulations (cited as the Accounts and Audit Regulations 2011) came into force on 31 March 2011. The impact of the new regulations on the Work Plan can be summarised as follows:

- The regulations have removed the requirement for the accounts to be formally reviewed and approved by the Audit and Governance Committee prior to audit i.e. before the end of June, although they must still be signed by the responsible financial officer (Borough Treasurer and Head of Assets) at that date.
- Members must now consider and approve the accounts no later than 30th September following the financial year end. The AGS should be approved and published at the same time as the statement of accounts i.e. by 30 September.
- The draft Statement of Accounts will, therefore, be made available to the Committee after they have been signed by the responsible financial officer together with a full draft version of the AGS. As previously discussed this allows further time to close the accounts, which is beneficial as this is the first year of reporting under International Financial Reporting Standards (IFRS).
- A training/briefing session will be held in early September that will address both the structure and content of the accounts together with the AGS and the accompanying assurances. This will allow Members to review the statement of accounts, together with the AGS, during the audit of the accounts and raise any points that may need to be addressed. This complies with CIPFA's recommendation that the statement of accounts should be put to the Committee for initial consideration at a meeting prior to that at which the accounts will be formally approved i.e. near to 30 September.
- The new regulations have replaced the need for the Council to conduct an annual review of the effectiveness of the system of internal audit to an annual review of the effectiveness of its internal audit. This would include the contribution made by internal audit but would also cover the wider assurance framework and the audit committee itself. In light of the adopted regulations, CIPFA's Audit

Panel is currently considering drafting further guidance to support practitioners.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

Name: Vivienne Quayle

Designation: Head of Policy and Performance

Tel No: 01270 685859

Email: Vivienne.quayle@cheshireeast.gov.uk

<u>Committee</u> <u>Date/Agenda Item</u>	<u>Notes</u>
<u>29 March 2011</u>	
Grants Report to those charged with Governance	Members received the Grants Certification Report from the Council's External Auditors who are required to report annually on the issues, amendments and qualifications arising from certification work of grant claims and returns.
Progress Report	A report was presented to Members on progress against the 2010/11 External Audit Plan together with an updated risk assessment.
Final Accounts Memorandum – Action Plan	<p>Members noted the progress on preparations for producing year end accounts. The report included:</p> <ul style="list-style-type: none"> • an update on the issues contained within the Audit Commission's Final Accounts Memorandum • progress to date on the implementation of International Financial Reporting Standard (IFRS) compliant accounts • updated accounting policies • potential changes to how the Accounts are presented to Members for approval in the future
Regulation of Investigatory Powers Act (RIPA)	The Committee noted the requirements of RIPA legislation and the actions in place to ensure that the Council complies with the requirements.
Business Continuity Update	The Committee noted the requirements of the Civil Contingencies legislation and the actions in place to ensure that the Council complies with the requirements.
Risk Management update	Members considered and reviewed the report on the effectiveness of the Council's risk management arrangements.
Internal Audit Plan for 2011/12	The Committee received and approved the Internal Audit Plan for 2011/12.
AGS update	The Committee noted the progress made in reviewing the Council's governance arrangements.

<u>Committee</u> <u>Date/Agenda Item</u>	<u>Notes</u>
<p>Audit Committee self assessment</p> <p>Sale Of County Hall</p> <p>Work Plan</p>	<p>The report advised members on a self assessment of the Audit and Governance Committee using the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'.</p> <p>Members received a report from the Audit Commission in respect of the sale of County Hall.</p> <p>The Committee received the changes to the programme of meeting and agenda items and noted that the Work Plan acknowledged the requirements of the Accounts and Audit Regulations 2003 (as amended) together with the changes proposed by the DCLG as detailed in the consultation document 'Revision and consolidation of the Accounts and Audit Regulations 2003 (SI 2003 No 533) as amended'.</p> <p><i>The Committee received a presentation on reputational risk management.</i></p>
<p><u>30 June 2011</u></p> <p>Draft Statement of Accounts/Annual Governance Statement (AGS)</p> <p>External Audit Update</p> <p>Internal Audit Annual Report</p> <p>Whistleblowing Policy</p> <p>Risk Management Strategy & Business Continuity Strategy</p>	<p>A report on the process and timetable for the approval of the Statement of Accounts/AGS. The Draft Statement of Accounts and AGS to be made available to Members who wish to see them following the meeting.</p> <p>Progress report on the audit to date.</p> <p>The Committee will receive the Internal Audit Annual Report for 10/11. The report is timed to support the production of the draft AGS.</p> <p>A revised Whistleblowing Policy has been developed in line with the report presented to the November 2010 meeting. This document will be put before the Committee prior to formal approval and adoption.</p> <p>In considering the effectiveness of the Authority's risk management arrangements the Committee must be aware of the Risk Management Strategy and any proposed changes to it.</p>

<u>Committee Date/Agenda Item</u>	<u>Notes</u>
<p>Risk Management update</p> <p>Business Continuity update</p> <p>Anti Fraud & Corruption</p> <p>Work Plan</p>	<p>The Risk Management function will report on whether best practice is being followed in the management of risk and how new risks are identified and existing risks are changing.</p> <p>The Committee will be made aware of how the authority manages its own contingency and business recovery plans.</p> <p>The results of a review of the Council's anti fraud arrangements against those prescribed in the CIPFA publication 'Managing the Risk of Fraud Actions to Counter Fraud and Corruption' will be reported to the Committee.</p> <p>A forward looking programme of meetings and agenda items to ensure comprehensive coverage of the Committee's responsibilities.</p>
<p><u>29 September 2011</u></p> <p>Annual Governance Report, Auditors' report on Financial Statements and Value for Money conclusion.</p> <p>Statement of Accounts</p>	<p>The Committee will receive the 2010/11 Annual Governance Report produced by the External Auditor.</p> <p>The External Auditors will present a report on the findings, conclusions and recommendations of the audit work undertaken on the financial statements and an assessment of how well the Council manages its resources to deliver Value for Money giving an opinion on whether:</p> <ul style="list-style-type: none"> • the accounts presented fairly the financial position of the authority and its expenditure and income for the year in question; and • the accounts have been prepared properly in accordance with relevant legislation and applicable accounting standards. <p>The Committee will be asked to approve the final Statement of Accounts for 2010/11 in order to comply with the Accounts and Audit Regulations and increase public confidence in the objectivity and fairness of the Statements</p>

<u>Committee Date/Agenda Item</u>	<u>Notes</u>
AGS	The Committee will be asked to approve the AGS the purpose of which is to provide a continuous review of the Council's governance arrangements to give assurance on the effectiveness of the processes and/or to address identified weaknesses
Internal Audit Update	The purpose of this report is to facilitate compliance with the requirements of the Code of Practice for Internal Audit and, consequently, it provides Members with emerging issues in respect of the whole range of areas to be covered in the formal annual report for 11/12. It enables the Committee to monitor Internal Audit's performance.
Annual Governance Statement 2011/12	The Accounts and Audit Regulations require the production of an Annual Governance Statement. It is good practice to agree the process to establish the statement for 11/12 with Members in advance
Risk Management Update	The Risk Management function will report on whether best practice is being followed in the management of risk and how new risks are identified and existing risks are changing.
Business Continuity update	The Committee will be made aware of how the authority manages its own contingency and business recovery plans.
Anti Fraud & Corruption Policy	A final draft of the Anti Fraud and Corruption Strategy will be presented to the Committee taking into account the findings of the review of the existing policy as presented to this Committee, comments from Members and the outcome of consultation with the unions.
Work Plan	A forward looking programme of meetings and agenda items to ensure comprehensive coverage of the Committee's responsibilities.
<u>31 January 2012</u>	
Final accounts memorandum	This report provides the Council with the detailed messages from the audit of the 2010/11 main financial statements, with the aim of helping the Council to improve the quality of its financial statements further in future years.

<u>Committee Date/Agenda Item</u>	<u>Notes</u>
Annual Audit Letter	The purpose of preparing and issuing annual audit letters is to communicate to the audited body and external stakeholders, including members of the public, the key issues arising from the External Auditors' work, which they consider should be brought to the attention of the Council. The annual audit letter covers the work carried out since the previous annual audit letter was issued.
Opinion Plan	The Plan identifies the work that is planned by the External Auditor to give an opinion on the Council's Financial Statements for the financial year 2011/12.
AGS Action Plan	The Committee will be asked to note the progress made in implementing the Annual Governance Statement (AGS) action plan for 2010/11. Failure to consider and monitor the AGS action plan could result in agreed improvements to the governance arrangements not being implemented.
Freedom of Information and Data Protection	This report provided Members with an update on FOI and DP issues including volumes of requests and trends
Compliance with International Auditing Standards	<p>In order to comply with a number of International Standards on Auditing, external audit are required to obtain the Audit Committee's understanding of the following:</p> <p>1) Management processes in relation to:</p> <ul style="list-style-type: none"> • undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud • identifying and responding to risks of fraud in the organisation • communication to employees of views on business practice and ethical behavior • communication to those charged with governance the processes for identifying and responding to fraud <p>2) How the Committee oversees management processes to identify and respond to the risk of fraud and possible breaches of internal control</p>

<u>Committee Date/Agenda Item</u>	<u>Notes</u>
<p>Internal Audit Update</p> <p>Risk Management Update</p> <p>Business Continuity update</p> <p>Work Plan</p>	<p>3) How the Committee is made aware of actual, suspected or alleged frauds</p> <p>4) How it gains assurance that all relevant laws and regulations have been complied with.</p> <p>The purpose of this report is to facilitate compliance with the requirements of the Code of Practice for Internal Audit and, consequently, it provides Members with emerging issues in respect of the whole range of areas to be covered in the formal annual report. It enables the Committee to monitor Internal Audit's performance.</p> <p>The Risk Management function will report on whether best practice is being followed in the management of risk and how new risks are identified and existing risks are changing.</p> <p>The Committee will be made aware of how the authority manages its own contingency and business recovery plans.</p> <p>A forward looking programme of meetings and agenda items to ensure comprehensive coverage of the Committee's responsibilities.</p>
<p><u>27 March 2012</u></p> <p>Grants Report to those charged with Governance</p> <p>Internal Audit Plan for 2012/13</p> <p>Audit Committee self assessment</p>	<p>External Auditors are required to report annually on the issues, amendments and qualifications arising from certification work of grant claims and returns. This report is important because it gives feedback on how effectively the Authority is managing the grants and subsidies it receives and administers.</p> <p>The Head of Internal Audit must prepare a risk-based audit plan designed to implement the audit strategy that is fixed for a period of no longer than one year. The Committee is responsible for approving (but not directing) the plan.</p> <p>The Committee will be asked to agree the self-assessment – using the CIPFA document “measuring the effectiveness of the Audit Committee”.</p>

<u>Committee Date/Agenda Item</u>	<u>Notes</u>
Risk Management Update	The Risk Management function will report on whether best practice is being followed in the management of risk and how new risks are identified and existing risks are changing.
Business Continuity Update	The Committee will be made aware of how the authority manages its own contingency and business recovery plans.
Regulation of Investigatory Powers Act (RIPA)	To provide assurance that Cheshire East Council is complying with the requirements for covert surveillance under the Regulation of Investigatory Powers Act, 2000, (RIPA).
Anti Fraud & Corruption	The Anti–Fraud and Corruption Strategy includes a series of measures designed to prevent any attempted fraudulent or corrupt act and the steps to be taken if such an act occurs. Periodically Internal Audit should assure the Committee that the measures prescribed by the Strategy are operating effectively.
Governance	The Council’s Management is responsible for the governance arrangements (including the system of internal control). Periodically, Management should assure the Committee that the arrangements prescribed by the Code of Corporate Governance and described within the AGS are operating effectively. The Committee must be informed of any major changes made to the arrangements.
Whistleblowing	The Whistleblowing Policy includes a series of measures designed to encourage staff to raise concerns and the steps to be taken to investigate such concerns. Periodically Management should assure the Committee that the policy is operating effectively
Work Plan	A forward looking programme of meetings and agenda items to ensure comprehensive coverage of the Committee’s responsibilities.
<u>Unallocated</u>	It should be noted that the following items will be presented to the Committee but have not, as yet, been allocated to a specific agenda.
Internal Audit Terms of Reference	The terms of reference for Internal Audit will be amended and put to the Committee for approval following publication of CIPFA’s <i>‘The Role of the Head</i>

<u>Committee Date/Agenda Item</u>	<u>Notes</u>
Internal Audit Strategy	<p><i>of Internal Audit in Local Government'</i></p> <p>A revised Internal Audit Strategy will be put to the Committee for approval, but not direction, following publication of CIPFA's '<i>The Role of the Head of Internal Audit in Local Government</i>'</p> <p>It should be noted that the following items may, subject to requirement, be presented to the Committee.</p>
Code of Corporate Governance	<p>The Committee is responsible for developing the Council's Code of Corporate Governance which is used as a basis for self-assessment, continuous improvement and as a contributor to producing the AGS. Hence it needs to approve any proposed changes to it.</p>
Customer Complaints	<p>The Committee is charged with seeking assurance that customer complaint arrangements are robust.</p>
Insurance	<p>The Committee is responsible for, overseeing and agreeing the arrangements for Members to be indemnified for and insured against risks and liabilities arising from the performance of their duties as Members of the Council, and as the Council's representatives on outside bodies.</p>
Anti-Money Laundering	<p>The Council is required to have procedures in place for the detection and disclosure of incidents of suspected money laundering and terrorism financing. This Policy aims to establish prudent and responsible anti-money laundering controls and reporting arrangements designed to detect and avoid involvement in the offences described in Regulations The Policy is considered by the Committee before approval by Cabinet. Hence it needs to be made aware of and endorse any changes to the Policy.</p> <p>Periodically Management could assure the Committee that the measures prescribed by the Policy are operating effectively.</p>
Treasury Management	<p>CIPFA's Code of Practice requires that members are tasked with treasury management responsibilities, including scrutiny of the treasury management function.</p>