



Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: WEDNESDAY, 25 JUNE 2014

TIME: 5:30 pm

**PLACE: THE OAK ROOM, GROUND FLOOR, TOWN HALL, TOWN
HALL SQUARE, LEICESTER.**

Members of the Committee

Councillor Westley (Chair)

Councillors Alfonso, Dr Chowdhury, Desai, Grant, Dr. Moore and Naylor

Members of the Committee are summoned to attend the above meeting to consider the items of business listed overleaf.

for Monitoring Officer

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PUBLIC SESSION

AGENDA

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members are asked to declare any interests they may have in the business to be discussed.

3. MINUTES OF THE PREVIOUS MEETING

The Minutes of the previous meeting of the Audit and Risk Committee held on 15th April 2014 have been circulated, and Members will be asked to confirm them as a correct record.

4. PROCEDURAL GUIDANCE AND RECENT CHANGES IN ARRANGEMENTS FOR CASH HANDLING AT THE COUNCIL [Appendix A](#)

The Director of Finance presents to the Committee the current procedure rules on cash handling and security and the supplementary guidance issued by Internal Audit. The Committee are asked to note the report and to make such comments and recommendations as they see fit to the Director of Finance.

5. POLICY FOR ENGAGEMENT OF EXTERNAL AUDITORS FOR NON-AUDIT WORK [Appendix B](#)

The Director of Finance submits a report to seek the Audit and Risk Committee's approval of the 'Policy for Engagement of External Auditors for Non-Audit Work'.

6. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT [Appendix C](#)

The Director of Finance submits a report which provides the Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities. The Committee is recommended to receive the report and note its contents, and make any recommendations or comments it sees fit either to the Executive or the Director of Finance.

7. PROPOSED SCHEDULE OF MEETINGS FOR THE FINANCIAL YEAR 2014-15 [Appendix D](#)

The Director of Finance presents to the Committee the schedule of meetings and their agendas for the Financial Year 2014-15 agreed at the meeting of 19th March 2014. The Committee is recommended to note the plan and content,

and raise any issues or questions with the report author of the Director of Finance.

8. ANY OTHER URGENT BUSINESS



Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

25 June 2014

Procedural guidance and recent changes in arrangements for cash-handling at the Council

Report of the Director of Finance

1. Purpose of Report

- 1.1. This report presents to the Committee the current procedure rules on cash-handling and security and the supplementary guidance issued by Internal Audit. It was requested by the Committee at its meeting on 15 April 2014, as recorded in the minutes at item 74.

2. Recommendations

- 2.1. The Committee are asked:
- (i) To note this report
 - (ii) To make such comments and recommendations as they see fit.

3. Summary

- 3.1. At its meeting on 15 April 2014, the Committee considered the Internal Audit Plan for the financial year 2014-15 and resolved:

that a report on cash handling and implemented changes be brought to a future meeting.

- 3.2. This report presents to the Committee:

- (i) The relevant sections of the Finance Procedure Rules, at Appendix 1
- (ii) The current cash-handling guidelines issued by Internal Audit, at Appendix 2. These are also summarised in a checklist for managers, as set out in Appendix 3.
- (iii) A brief outline of the main changes in the arrangements for cash-handling at the Council.

4. **Report**

4.1. **Cash-handling procedures**

- 4.1.1. All City Council officers who handle cash, whether income or petty cash and change floats, are bound by the Council's Finance Procedure Rules (FPRs). These are part of the Council's constitution and the relevant extracts are given at **Appendix 1**. It should be noted that the FPRs are out of date with reference to New Walk Centre. Amendments will be made as part of the next update.
- 4.1.2. Internal Audit's remit includes advice on and audit testing of cash-handling procedures at Council establishments. To help colleagues in ensuring that their processes meet good practice and thus avoid the weaknesses encountered in audit reviews, Internal Audit has published supplementary guidance as set out in **Appendix 2**. This version has recently been updated and is available on the City Council *InterFace* intranet.
- 4.1.3. Internal Audit has also provided a checklist for managers responsible for cash and cheques. This is also available on the Council's intranet and is set out in **Appendix 3**.

4.2. **Recent changes in cash-handling at the Council**

- 4.2.1. There have been numerous recent changes in cash-handling arrangements at the Council, including:
- The closure of area housing offices
 - The move of the central cash office to York Road
 - Increasing use of payment cards and on-line payments
 - The opening of the new Customer Services Centre on Granby Street
 - Rationalisation of the processing of various financial transactions through the creation of the Business Service Centre.
- 4.2.2. One aim of these initiatives is to reduce the volume of cash involved and replace cash with other, usually electronic, methods of collecting income or making payments. More work is in progress on this and future management effort will be directed towards reducing cash-handling to a practical minimum. Internal Audit reviews will be directed towards ensuring that effective controls are in operation. This includes ensuring that staff understand the rules and that there is proper management of these controls.

5. **FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

5.1. **Financial Implications**

Robust procedures for the control of cash are important to minimise the risk of accidental or fraudulent loss and to protect the staff with cash handling responsibilities. It is also important to continue to develop alternatives to cash; for example, expanding the on-line payment options available for residents and customers and making available payment cards that can be used to pay the Council in local shops.

Colin Sharpe, Head of Finance, x37 4081

5.2. Legal Implications

There are no direct legal implications arising from this report.

Kamal Adatia, City Barrister & Head of Standards, x37 1401

5.3. Climate Change Implications

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

Duncan Bell, Senior Environmental Consultant, Environment Team, x37 2249

6. Other Implications

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	Whole report. Part of the purpose of Internal Audit and the guidance and recommendations made is to give assurance on the controls in place to prevent fraud, theft and other irregularity associated with the handling of cash.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns good practice in the handling of cash, which is traditionally a high-risk activity. A main purpose of the internal audit process is to give assurance to Directors and this Committee that risks are being identified and managed appropriately by the business.

7. Background Papers – Local Government Act 1972

Files held by Internal Audit.

8. Consultations

Head of Revenues & Benefits, Financial Services

Head of Business Services Centre, Financial Services

9. Report Author

Steve Jones, Audit Manager, Internal Audit, Financial Services, x37 1622

steve.jones@leicester.gov.uk

3.6 Income**Cash Income**

- 3.6.7 Officers responsible for the collection of money shall ensure that money collected is recorded and banked without undue delay.
- 3.6.8 Subject to the following Rules, all receipt forms, tickets and other types of controlled stationery by which income is acknowledged shall be ordered and supplied to divisions by the Director of Finance; and Divisional Directors shall be responsible for the safe custody of such documents.
- 3.6.9 Receipts and other forms of controlled stationery which are specific to a particular function may be ordered and controlled by the appropriate Divisional Director, in accordance with arrangements approved by the Director of Finance.
- 3.6.10 All cash received must be acknowledged at once by the issue of an official receipt or ticket, or an entry on a payment card provided for the purpose. No officer or agent of the Council shall give a receipt for cash received on behalf of the Council in any form other than an official receipt. No acknowledgement need be given for payment by cheque, however, unless requested by the debtor.
- 3.6.11 All money received must be accounted for and paid into an approved bank account, either directly, or via Cash Collection centres at New Walk Centre or the Area Housing Offices, on the day of the receipt, or as soon as practicable thereafter, dependent on the values involved and arrangements for the safe custody of cash (i.e. ensuring insurance value limits are not exceeded). An officer may on no account borrow any money temporarily for their own use, nor should they, except in the case of expenses they incur whilst travelling on Council business, make payments on behalf of the Council from their own pocket. Arrangements may be made with the Director of Finance for an officer who is handling small sums to bank less frequently.
- 3.6.12 An officer is responsible for the safe custody of any money she or he has received until it has been balanced and banked or handed over to another officer for banking. If the money is handed over to another officer, a receipt should be obtained from the officer receiving it. If the money is in a sealed container, the officer should obtain a receipt for the container.
- 3.6.13 Whilst money is in their custody, officers should, at no time, leave it unattended unless it is locked in a safe place, to which the officer alone has access, and which fulfils insurance requirements.
- 3.6.14 All officers who pay money into any of the Council's bank accounts shall list the amount of every cheque on the paying-in slip and the counterfoil or duplicate, together with some reference, such as an account number, which will connect the payment with the debt; or failing this, the name and address of the debtor.
- 3.6.15 Cash received by officers on behalf of the Council shall not be used to cash postal orders, personal or other cheques.
- 3.6.16 The Director of Finance is responsible for approving all systems for the processing of payments by debit, credit and top up payment cards.

Extracts from Finance Procedure Rules – cash

3.10 Cash Advances, Petty Cash floats and Imprest accountsDefinitions

3.10.1 For the purposes of this sub-section of the Finance Procedure Rules the following definitions shall apply:

A **cash advance** is a specific cash loan made to an employee to enable them to purchase appropriate items/services in connection with their employment by the City Council.

A **petty cash float / imprest account** is an amount of money provided for the purpose of funding small cash payments incurred on behalf of the City Council.

A **petty/imprest cash book** is a record of cash payments made from a petty cash /imprest account.

A **cash voucher** is a receipt or other document evidencing the making of a payment from petty cash float / imprest account, supplied by the vendor.

A **petty cash float / imprest account holder** is an officer authorised by their Divisional Director to hold a petty cash float or imprest account.

Rules

3.10.2 The Director of Finance may provide cash advances from the main Cash Office, or other designated distribution points, to employees for such amounts as are considered necessary by Divisional Directors for the purpose of meeting expenses. Divisional Directors are responsible for ensuring that employees promptly return any unused advances together with valid receipts to support monies expended, to the appropriate distribution point. Where this does not occur the Director of Finance may authorise deduction of the appropriate sum from the employee's next salary payment.

3.10.3 The Director of Finance may provide petty cash floats / imprest accounts of such amounts as are considered necessary by Divisional Directors for the purpose of meeting minor expenses.

3.10.4 Divisional Directors are responsible for making arrangements for the safe keeping and proper use of all petty cash / imprest accounts.

3.10.5 Each petty cash float / imprest account must be in the sole charge of a single petty cash float / imprest account holder, who is responsible for the proper use and safety of the sums held. Divisional Directors shall ensure that petty cash float / imprest account holders sign a document to confirm receipt when first acquiring a petty cash float / imprest account. The petty cash float / imprest account holder may use the account to make payments in respect of expenditure legitimately incurred for Council purposes, and must record payments made in a petty cash / imprest cash book. The petty cash float / imprest account holder shall obtain cash vouchers for all payments made, and such cash vouchers shall adequately record any VAT incurred and have VAT receipts attached. The person receiving the cash sum shall sign the voucher.

3.10.6 When a petty cash float /imprest account needs replenishing, the petty cash float /imprest account holder shall summarise payments made on a record in a form approved by the Director of Finance. The record must be certified as correct by an authorised officer, who must check the petty/imprest cash book, the cash vouchers and any cash

Extracts from Finance Procedure Rules – cash

- held. The completed record, and such other documentation as the Director of Finance shall require, shall be presented to the Director of Finance for reimbursement.
- 3.10.7 Each petty cash float /imprest account must be kept in a lockable box to which the petty cash/imprest account holder alone has access. The box shall be kept securely, for example in a lockable cupboard or safe, in accordance with arrangements specified by the Director of Finance (Specific requirements for Insurance cover must be met).
- 3.10.8 On ceasing to hold a petty cash float /imprest account, the petty cash /imprest account holder must produce the petty/imprest cash book, vouchers and any unspent balance to an authorised officer for checking and retention. The advance will then be handed over to a successor nominated by the Divisional Director, or returned to the Director of Finance.
- 3.10.9 Petty cash float /imprest account should only be used for small transactions where it is quicker and more efficient to buy the goods locally rather than by official order.
- 3.10.10 Travelling, subsistence and post-entry training expenses should be reimbursed through the appropriate allowance payment systems, and not from petty cash float /imprest account.
- 3.10.11 No income should be paid into a petty cash float/imprest account.
- 3.10.12 For the purposes of closure of the Council's accounts each financial year end, the Director of Finance will require a certificate from each petty cash float /imprest account holder, which should be countersigned by an authorised officer, providing such details as the Director of Finance shall specify.
- 3.10.13 Divisional Directors shall keep up-to-date records of petty cash float / imprest account holders.

Ends

Leicester City Council - Internal Audit Guidance on Cash-Handling Procedures

1.0 Introduction

This guidance note has been written to help City Council staff whose duties include the collection and security of cash. It is designed to ensure that staff are aware of good cash handling procedures. Staff should follow these guidelines in order to minimise errors and loss and to ensure that, in the event of such occurrences, problems can be resolved swiftly. Such procedures exist to inform staff of good practice and to protect everyone's interests in the event of queries. In this note, cash includes cheques as well.

2.0 Cash Collection

- 2.1 Handling of cash must be restricted to designated responsible officers only.
- 2.2 In the event of the use of temporary and agency staff, the line manager must make them aware of the Finance Procedure rules and these Cash Handling guidelines prior to commencement of their duties. All temporary and agency staff must be closely supervised by the line manager.
- 2.3 Officers must issue an official receipt for all cash collected and received on behalf of the City Council (Finance Procedure Rule 3.6.10).
- 2.4 Receipt books must be serially numbered and controls must be exercised over their issue, use and safe custody, receipts should be used in a sequential order to help identify if any are missing (Finance Procedure Rule 3.6.8 and 3.6.9).
- 2.5 Officers must ensure that cash collected is recorded, safeguarded and banked intact without undue delay (Finance Procedure Rule 3.6.7).

3.0 Cash Security

- 3.1 Officers are responsible for the safe custody of all cash collected and received within and outside normal office hours (Finance Procedure Rule 3.6.12).
- 3.2 Officers must ensure that cash collected and received is not left unattended at any time (Finance Procedure Rule 3.6.13).
- 3.3 Officers must ensure that cash is locked in a safe place such as a lockable safe or drawer which fulfils insurance requirements and whose access is restricted to authorised personnel only (Finance Procedure Rule 3.6.13).
- 3.4 Cash collectors, and others carrying cash outside of council premises, should ensure that they comply with Risk Management guidelines.
- 3.5 Officers must notify Leicester City Council's Corporate Counter-Fraud Team (37 4044) immediately of all breaches of security relating to cash.

4.0 Banking

- 4.1 Officers must ensure that all monies collected and received are recorded and paid into an approved bank account on the day of receipt, or as soon as is practicable thereafter, dependent on the values involved and arrangements for the safe custody of cash (Finance Procedure Rule 3.6.11).

Leicester City Council - Internal Audit Guidance on Cash-Handling Procedures

- 4.2 Officers must ensure that paying-in slips are reconciled against initial receipt records and the cash-book before cash is banked.
- 4.3 Division of duty must exist to ensure that officers collecting and receiving cash are not responsible for updating records and preparing the banking.

5.0 Accounting for Cash

- 5.1 Cash collected must be reconciled to relevant till audit rolls and banking and cash received records on a daily basis by two officers. The reconciliation must be in writing and signed off by both officers in attendance. All discrepancies should be clearly recorded.
- 5.2 Where cash shortages and surpluses (overs & unders) are identified as per 5.1, the cash must be recounted in the presence of another officer and re-reconciled back to cash received records. All discrepancies must be documented in an unders and overs book and those of £5.00 and over should be investigated by the Line Manager. Any unresolvable differences must be notified to the Corporate Counter-Fraud Team on 37 4044.
- 5.3 Officers are prohibited from borrowing any money or making any payments out of cash received on behalf of the City Council (Finance Procedure 3.6.11).

6.0 Petty Cash & Imprest Accounts

- 6.1 Petty cash floats and imprest accounts are amounts of money provided for the purpose of funding small cash payments incurred by employees on behalf of the City Council. Reimbursement of petty cash floats is from a council cash office and is arranged by departmental finance sections. Imprests have a bank account that is reimbursed by BACS by departmental finance sections; the imprest holder has a chequebook and withdraws cash from the bank.(Finance procedure Rule 3.10.1)
- 6.2 The petty cash float or imprest account must be managed and controlled by a designated responsible officer (Finance Procedure Rule 3.10.7).
- 6.3 The responsible officer must sign a Petty Cash Certificate document to confirm receipt when first acquiring a petty cash or imprest account (Finance Procedure Rule 3.10.5).
- 6.4 The responsible officer must only use the petty cash or imprest for legitimate expenditure incurred for Council purposes (Finance Procedure Rule 3.10.9).
- 6.5 The responsible officer must ensure that a VAT receipt is obtained, where possible, for each expenditure transaction that is reimbursed via petty cash or imprest (Finance Procedure Rule 3.10.5).
- 6.6 The responsible officer must ensure that petty cash or imprest is only used for small transactions (up to an indicative value of £15 per item) where it is quicker and more efficient to buy the goods locally rather than by official order (Finance Procedure Rule 3.10.9).
- 6.7 The responsible officer must ensure that petty cash or imprest transactions are recorded in a cash-book, which is balanced and reconciled at least weekly (Finance Procedure Rule 3.10.5).
- 6.8 The responsible officer must ensure that petty cash or imprest cash is locked in a safe place such as a lockable safe or drawer which fulfils insurance requirements and whose access is restricted to authorised personnel only (Finance Procedure Rule 3.10.7).

Leicester City Council - Internal Audit Guidance on Cash-Handling Procedures

- 6.9 The responsible officer must ensure that the petty cash book, vouchers and unspent balance are returned to Control & Support Section (Resources Department) for reconciliation and retention, on cessation of a petty cash float (Finance Procedure Rule 3.10.8). On cessation of an imprest account, all chequebooks, cash and vouchers must be returned to the departmental finance section for reconciliation.

Ends

Cash-handling checklist

A handy checklist for managers responsible for cash and cheques

Income

1. Your team members should be aware that *they* are responsible for the safe custody of cash and accountable for the monies that they collect
2. Cash should be locked away at all times and not left unattended
3. You should be aware of the insurance requirements for security of cash
4. Your team should comply with insurance guidelines for transporting cash
5. Only designated officers should handle cash and there should be clear accountability at all times
6. Access to the safe should be limited to a small number of authorised staff, to maintain accountability
7. Safe keys should be taken off the premises outside of work hours
8. Keys to cash tins should be kept separately from the cash tins
9. An official receipt should be issued for all cash collected
10. Receipt books should be kept securely and accessible only by authorised staff
11. Cash should be reconciled to till rolls or other receipts before banking
12. Reconciliations should be signed off by two people
13. Cash should be banked on a daily basis, or as frequently as practically possible
14. **All** takings should be banked each time (none retained for floats etc; floats are issued separately)
15. Details of all cheques banked should be listed on paying-in slips
16. At least two people should be involved in the processes of collection and banking of cash
17. At least two people should count cash and sign paying-in slips
18. Your team should be aware that money must not be borrowed, and payments must not be made from cash collected
19. Unders and overs should be monitored, and any unresolved discrepancies over £5 reported to Corporate Counter-Fraud Team (x37 4047)
20. An annual certificate for change floats should be completed and sent to Control & Support

Cash-handling checklist

Petty cash & imprest accounts

1. One officer alone should be responsible for each float or imprest
2. Access to the float should be restricted only to the designated officer to ensure clear accountability
3. Cash should be locked in a safe or other secure place
4. Use of the petty cash or imprest should be restricted only to legitimate Council purposes
5. Each payment should be supported by documentation – e.g. VAT receipt
6. Each payment should be below the value of £15
7. All transactions and running balance should be recorded in a cashbook
8. A voucher should be fully completed, and signed received and authorised for each transaction
9. The cashbook should be reviewed and authorised by a manager prior to every reimbursement
10. Reimbursements should be undertaken at least fortnightly
11. Reimbursement claims should be checked to actual cash by a manager before signing and submitting
12. An annual petty cash certificate should be completed and sent to Control & Support

*Note: the above should be read in conjunction with the Finance Procedure Rules within the Constitution on InterFace
You may find it helpful to introduce more detailed service-specific financial procedures for your staff*

If you have a query or would like some advice on implementing the above processes, please contact Internal Audit
internal.audit@leicester.gov.uk or x37 1623



Leicester
City Council

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FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Strategic Management Board

27 May 2014

Audit & Risk Committee

25 June 2014

Policy for Engagement of External Auditors for Non-Audit Work

Report of the Director of Finance

1. Purpose of Report

- 1.1. To consult with the Board prior to seeking the Audit and Risk Committee's approval of the *Policy for Engagement of External Auditors for Non-Audit Work*.

2. Recommendations

- 2.1. The Board is recommended to agree the attached *Policy for Engagement of External Auditors for Non-Audit Work* prior to the approval for this policy being sought from the Audit and Risk Committee in June.

3. Summary

- 3.1. At its meeting, on 8 May 2013, the Audit and Risk Committee approved the *Policy for Engagement of External Auditors for Non-Audit Work*.
- 3.2. The Audit and Risk Committee's Terms of Reference (and this policy itself) require this policy to be reviewed and approved annually.

4. Report

- 4.1 See attached policy for Engagement of External Auditors for Non-Audit Work at **Appendix 1**.
- 4.2 The purpose of this is:
 - To protect the Council's interests by ensuring that any such work is properly arranged and approved
 - To protect the external auditor's independence and objectivity.
- 4.3 This policy does not replace the Council's existing Procurement processes, but adds an extra layer of security into that process where the External Auditors are concerned. The Policy outlines the approval processes and corporate reporting mechanisms that will be put in place for any non-audit work that the External Auditors are asked to perform.

- 4.4 The role of the Committee in the approval process for non-audit work by the external auditor is included in the Terms of Reference for the Committee. These are also reviewed and approved annually.
- 4.5 The policy has been reviewed and there are no changes proposed to this policy this year.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

None specific beyond the statutory duties to maintain effective arrangements for financial administration, prepare and publish financial statements and submit them for audit.

5.2. Legal Implications

KPMG’s responsibilities as the Council’s external auditors are set out in the Audit Commission Act 1998 and the Audit Commission’s *Code of Audit Practice*. The Council’s requirements for preparing and publishing its financial statements and annual governance statement, which are subject to external audit, are set out in the Accounts and Audit (England) Regulations 2011.

6. Other Implications

Other Implications	Yes/No	Paragraph or references within the report
Equal Opportunities	No	
Climate Change	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The report concerns the Council’s governance and assurance processes, a purpose of which is to give assurance that risks are being managed appropriately by the business.

7. Report Author

Tony Edeson, Head of Internal Audit and Risk Management – 37 1621

Policy for Engagement of External Auditors for Non-audit Work

1. Introduction and purpose of this policy

It is important that the independence of our external auditors in reporting to those charged with governance and to management of Leicester City Council (the Council), does not appear to be compromised but equally the Council should not be deprived of expertise where it is needed and can be leveraged from KPMG as a whole.

This policy therefore seeks to set out what threats to audit independence theoretically exist and thus provides a definition of non-audit work which can be shared by the Council and KPMG. It then seeks to establish the approval processes and corporate reporting mechanisms that will be put in place for any non-audit work that KPMG is asked to perform.

2. Threats to independence

The Institute of Chartered Accountants in England and Wales sets out threats to independence as:

Self interest	Where an interest in the outcome of their work or in a depth of relationship with the Council may conflict with the auditors' objectivity
Self-Audit	where the auditors may be checking their own colleagues work and might feel constrained from identifying risks and shortcomings
Advocacy	may be present in an engagement but could become a threat if an auditor becomes an advocate for an extreme position in an adversarial matter
Familiarity	where the level of constructive challenge provided by the auditor is diminished as a result of assumed knowledge or relationships that exist

3. Defining types of non-audit work and the associated approval process

In order to provide the Council with a transparent mechanism by which non-audit work can be reviewed and progressed without too great an administrative burden falling on the Council, the following three categories of work have been agreed as applying to the professional services available from KPMG:

3.1. ***Statutory and audit related work not requiring Audit and Risk Committee approval***

There are certain projects where the work is clearly audit related and the external auditors are best placed to do the work e.g. acting as agents to the Audit Commission for grants certification work.

Policy for Engagement of External Auditors for Non-audit Work

It is proposed that such assignments do not require Audit and Risk Committee approval. However, recognising that the level of non-audit fees may also be a threat to independence, a limit of £97,200 is set, above which prior Audit and Risk Committee approval should be sought for such work.

3.2 *Audit related and advisory services requiring prior Audit and Risk committee approval*

There are projects and engagements where the auditors are best placed to perform the work:

- Due to their network within and knowledge of the business (e.g. taxation advice, due diligence and accounting advice);
- Due to their previous experience or market leadership.

It is proposed that prior Audit and Risk Committee approval is sought for projects of this nature.

3.3 *Projects that are not permitted*

There are some projects that are not to be performed by the external auditors. These projects represent a real threat to the independence of the audit team such as where the external auditors would be in a position where they are auditing their own work (for example, systems implementation).

The Audit and Risk Committee is responsible for approving all non-audit work undertaken by the external auditors and reporting any instances to the Council. These proposed categories of non-audit work along with the related approval levels are set out below. More detail on each type of work is set out in Appendix A.

For the avoidance of doubt, seeking approval from the Audit and Risk Committee involves the business sponsor of the proposed work obtaining a proposed scope and fee estimate from KPMG before the work commences. If the fee exceeds the proposed limits or falls into a category of work that requires approval, details of the scope and fee proposal should be submitted to the Audit and Risk Committee Chairman and Director of Finance. If approved, the project should be logged by the Audit and Risk Committee secretary to be raised at the next Audit and Risk Committee meeting in order that a schedule of non-audit fees can be maintained and Council updated.

In cases where it is undecided which category services fall into they will default to the category that requires Audit and Risk Committee approval and be expected to take that route until such as time as this policy is reviewed and updated by the Audit and Risk Committee.

Policy for Engagement of External Auditors for Non-audit Work

4. Reviewing and updating this policy

KPMG will include within our annual ISA 260 report (report to those charged with governance) an appendix that summarises any additional work that they have performed for the Council and a review of the effectiveness of this policy.

The Audit and Risk Committee will formally agree on an annual basis that it is content with the structure, content and operation of this policy.

Examples of Work Types

The table below sets out examples of the different work types that could be requested from KPMG. As it would not be practical to consider all the services provided by KPMG we have documented the characteristics that drive the classification of services into the different work steams. This table is intended to provide illustrative examples of how the implementation of this policy would be approached should the Council request assistance from KPMG.

	Statutory and audit related (Not requiring Audit and Risk Committee approval, unless in excess of £97,200)	Audit and assurance related and non-audit advisory services (Sensitive projects requiring referral without de minimis)	Projects that are not permitted
Characteristics	<ul style="list-style-type: none"> Advice on areas core to the financial statements audit 	<ul style="list-style-type: none"> Requiring independent objective assessment of information or procedures Staff secondments Other advisory services 	<ul style="list-style-type: none"> Participation in management
Acquisitions / Disposals	<ul style="list-style-type: none"> Accountants reports Reporting on financial assistance Audit of carve out financial statements 	<ul style="list-style-type: none"> Due diligence and related advice Completion accounts audit Agreement of price adjustment as a result of completion accounts Advice on integration activities Preparation of forecast of investment proposals 	
Internal Audit and Risk Management Services	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Provision of specialist skills / training Advice on methodology and systems Co-sourcing Advice and design of policies, systems or procedures. 	<ul style="list-style-type: none"> Full outsourcing Systems implementation
Taxation	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Preparation of draft returns Submission of returns and correspondence with tax authorities Advice on tax matters Transfer pricing Valuation for the purposes of taxation 	<ul style="list-style-type: none"> Preparation of accounting entries for tax Handling taxation payments

Examples of Work Types

	Statutory and audit related (Not requiring Audit and Risk Committee approval, unless in excess of £97,200)	Audit and assurance related and non-audit advisory services (Sensitive projects requiring referral without de minimis)	Projects that are not permitted
General Accounting	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Advice on accounts preparation and application of accounting standards • Training for accounting and risk management projects • Booking keeping services 	<ul style="list-style-type: none"> • Preparation of accounting entries • Preparation of financial information



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

25 June 2014

Risk Management and Insurance Services Update Report

Report of the Director of Finance

1. Purpose of Report

To provide the Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

2. Summary

The Committee has agreed a reporting schedule to keep it informed of:-

- Risk management activity within the Council;
- Information about the work of the Council's Risk Management and Insurance Services (RMIS) team; and,
- Information about other on-going initiatives in the Council to control risks it faces in the delivery of its services.

3. Recommendations

The Committee is recommended to:

- 3.1 Receive the Report and note its contents.
- 3.2 Make any recommendations or comments it sees fit either to the Executive or Director of Finance.

4. Report

4.1 The Risk Management and Insurance Services team have responsibility for three critical functions:

- Risk Management Support and Advice;
- Insurance; and
- Business Continuity Support and Advice.

4.2 This report provides an update, in the previously agreed format, on work carried out by the RMIS team since the last meeting, reporting to you progress made against their objectives. It assures you, where possible, that risks within the business continue to be managed effectively.

4.2.1 Risk Management Support and Advice

The Council maintains a Strategic Risk Register and an Operational Risk Register. These registers contain the most significant unmitigated risks which the Council is managing and they are owned by Strategic and Divisional Directors respectively. Whilst there are other key risks, in the view of Directors, these are sufficiently mitigated for them not to appear in these registers.

To allow the Committee to better understand these registers, attached as Appendix 1 is the current risk assessment scoring guide and matrix. The Risk Registers as at the 31 April are attached - Appendix 2 (Operational Risk Register) and Appendix 3 (Strategic Risk Register).

The 2014 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business in October 2013. The risk training sessions (an annual programme of events running since January 2011) continue to be supported by the business areas, with any falling attendances being brought to the attention of the Strategic and Divisional Directors by the Head of Internal Audit and Risk Management. These Boards have, and continue to, fully support the work of the team.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the financial year 1 April 2013 to 31 March 2014 is attached - Appendix 4. The first of this year's reports is also attached as Appendix 5. These appendices show both successful and repudiated claims, breaking these down into business areas and type of claim i.e. slips and trips, potholes etc. Members should remember that one claim may be reported in more than one policy category – for example a Motor claim may also have a Personal Injury or Public Liability claim too, and that for new claims a value may not have been applied whilst initial investigations conclude.

The figures in brackets represent claims in those areas in the same period last year. The year on year figures continue to show the benefits of handling these claims in-house as fewer are being paid and those that are paid are being settled, on the

whole, at lower levels and much quicker – hence avoiding inflated Legal fees. The impact of the Jackson Reforms has also helped in this regard.

Since the last report to the Committee, the Council has had one case go to Court. This particular case was the first one to get to Court since we began handling our own injury cases in house, so the outcome was awaited with 'baited breath'. Thankfully, we were successful allowing the return to our reserves of £29,200 and the Judge also awarded us costs totalling almost £6,000.

Loss Reduction Fund – In the last Financial Year (1 April 2013 to 31 March 2014) RMIS received 57 bids for assistance from the fund for a total of £356,444. Of these bids, 43 applications were approved and the fund provided an amount of £231,305 to business areas. In addition, there is 1 bid for as total of £10,000 currently held awaiting further information.

4.2.3 Business Continuity/Emergency Planning updates

There has been one significant event since the last meeting affecting the Council that required the intervention or use of business continuity plans. On the 30 April, the Council suffered a significant loss of all of its networked services owing to a combination of unusual events. At 7am (the incident happened around 1am) the ICT team invoked their business continuity plan following a discussion with the Head of Internal Audit and Risk Management. An acceptable level of service was restored by 10am. Many areas reported issues around their own plans and the Risk Management Team have attended ten 'lessons learned' meetings held within the Divisions to ensure that plans were updated as appropriate. Fuller information on this event will be given at the meeting, if required, by the Head of Internal Audit and Risk Management.

There were three minor incidents earlier in April which did not require invocation of plans, but caused some minimal disruption. There was intermittent loss of the Lync telephony system during the 4 April. This was traced to issues within the Virgin Communications technology and resolved. There had also been damage to a high voltage cable on De Montfort Street on the 3 April (no link to above incident) and the road closures needed to allow the utility company to deal with that meant an evening lecture planned for New Walk Museum had to move to the University of Leicester.

Finally, the on-call team were contacted by the Fire Service on the 31 March when an LCC vehicle was set on fire in Loughborough Road. The vehicle was destroyed before the fire could be extinguished but was removed safely and there was no

injury to any staff or members of the public. It had been an arson attack by vandals.

The Risk Management Team have also been heavily involved with the ICT and HR teams respectively in planning for the Data Centre move over the weekend of the 4/5/6 July and the potential for a national day of strike action within the Public Sector on 10 July.

4.2.4 Key Risk Issues arising within the Business

The key significant risk issues arising within the business have not altered since the last meeting of this Committee. They remain those surrounding the trade unions' potential for, and actual, industrial action across areas of the public sector.

The two main teaching unions (NUT and NASUWT) had agreed strike action back in October last year. NUT members took strike action on 26 March and both Unions had planned further strikes in the week commencing 23 June. However, these plans will be put on hold if the rest of the Public Sector, currently being balloted, decides to strike on the 10 July. The teaching unions will then support his action. The ballot results will be known on the 23 July.

Much of the work of the RM team these past few weeks (as mentioned above) has been in helping businesses plan for the disruption this will cause, even though the lead Divisional team for this is HR.

The Fire Brigades Union held a series of strikes since September 2013. These have been a mixture of discontinuous actions and full strike action. The Head of Internal Audit and Risk Management continues to provide Directors and Heads of Service with updates from the Fire Service as they are received. Currently we await the next call for action, but colleagues from the Fire Service within our Local Resilience Forum (LRF) advise that talks continue and remain positive.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Local Resilience Forum Business Continuity Practitioners Group where the risks for LRF members arising from any strike action, and the LRF member's response to deal with these incidents, are reviewed. If any further strike action is confirmed he shall, again, co-ordinate the Council's response with the support of the Chief Operating Officer.

Critical areas considered most at risk of disruption remain – schools – because of the impact on LRF partners and their staff if they fail to open; highways – emergency repairs and response

to adverse weather conditions; and, housing – emergency repairs and maintenance.

Finally, the committee should be aware that, currently, there are a series of Driver Training courses running. This was an item picked up on by this committee at its last meeting when reviewing the insurance claims figures. The Insurance team have identified several drivers who had suffered more than 2 ‘fault’ accidents in the last 18 months. The course consists of a two and a half hour theory test and three hours of supervised driving.

4.2.5 Horizon Scanning – events in other Public Sector agencies and the Private sector that may impact upon the Council.

A report published on 2 April by law firm Weightmans LLP said that councils are at risk from a new ‘compensation culture’. They fear that fabricated claims are being ‘encouraged’ or ‘deliberate “crash for cash” type’ tactics are being undertaken in staged workplace accidents. This follows the government reforms to the personal injury claim system introduced last year, which appears to be resulting in some claimant solicitors and claims management companies migrating to new claims in a bid to overcome these changes. This committee is aware that we handle all our claims in house and thoroughly investigate each and every one and challenge all costs. The committee may have seen the article on the front page of the Mercury on Saturday 31 May which was very balanced and made this point.

DCLG announced on the 14 April 123 more communities will be taking control of neighbourhood schemes to boost employment, combat crime and improve the health of residents. This is under the umbrella of the ‘Our Place Programme’. Of the 123 successful communities, 11 were in the East Midlands; 2 were in Leicester and 1 was a Leicester City Council initiative in the Beaumont Leys ward.

On the 29 May the Information Commissioner’s Office announced that they had ordered Wolverhampton City Council to train staff in data protection after it showed a ‘startling lack of urgency’ over information security. This enforcement action follows a string of warnings dating back over two years.

The Head of Internal Audit and Risk Management will continue to send to and/or discuss with relevant managers and directors any issues and the potential impacts they may have on the Council.

5. Financial, Legal Implications

There are no direct financial or additional legal implications arising from this report. These implications will rest within (and be reported by) the business areas that have day-to-day responsibility for managing their risk.

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Risk Management	Yes	All of the paper.

7. Report Author/Officer to contact:

Tony Edeson, Head of Internal Audit and Risk Management, Financial Services - Ext 37 1621

13 June 2014

Appendix 2 – Risk Assessment Scoring Guide and Matrix 2014

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA	CRITICAL/ CATASTROPHIC	5	<ul style="list-style-type: none"> • Multiple deaths of employees or those in the Council's care • Inability to function effectively, Council-wide • Will lead to resignation of Chief Executive and/or Leader of the Council • Corporate Manslaughter charges • Service delivery has to be taken over by Central Government • Front page news story in National Press (e.g. Baby P) • Financial loss over £10m
	MAJOR	4	<ul style="list-style-type: none"> • Suspicious death in Council's care • Major disruption to Council's critical services for more than 48hrs (e.g. major ICT failure) • Noticeable impact in achieving strategic objectives • Will lead to resignation of Strategic Director and/ or Cabinet Member • Adverse coverage in National Press/Front page news locally • Financial loss £5m - £10m
	MODERATE	3	<ul style="list-style-type: none"> • Serious Injury to employees or those in the Council's care • Disruption to one critical Council Service for more than 48hrs • Will lead to resignation of Divisional Director/ Project Director • Adverse coverage in local press • Financial loss £1m - £5m
	MINOR	2	<ul style="list-style-type: none"> • Minor Injury to employees or those in the Council's care • Manageable disruption to internal services • Disciplinary action against employee • Financial loss £100k to £1m
	INSIGNIFICANT/ NEGLIGIBLE	1	<ul style="list-style-type: none"> • Day-to-day operational problems • Financial loss less than £100k

LIKELIHOOD	SCORE	EXPECTED FREQUENCY
ALMOST CERTAIN	5	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.
PROBABLE/LIKELY	4	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue.
POSSIBLE	3	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.
UNLIKELY	2	Event NOT EXPECTED . Do not expect it to happen/recur, but it is possible it may do so.
VERY UNLIKELY/RARE	1	EXCEPTIONAL event. This will probably never happen/recur.

Appendix 2 – Risk Assessment Scoring Guide and Matrix 2014

LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	15-25	IMMEDIATE MANAGEMENT ACTION
Medium Risk	9-12	Plan for CHANGE
Low Risk	1-8	Continue to MANAGE

LIKELIHOOD (A)	Almost Certain 5	5	10	15	20	25
	Probable/Likely 4	4	8	12	16	20
	Possible 3	3	6	9	12	15
	Unlikely 2	2	4	6	8	10
	Very unlikely/ Rare 1	1	2	3	4	5
		<i>Insignificant/ Negligible</i> 1	<i>Minor</i> 2	<i>Moderate</i> 3	<i>Major</i> 4	<i>Critical/ Catastrophic</i> 5
IMPACT (B)						

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
1. Adult Social Care & Safeguarding - Integration agenda. Risks associated with large programme of change in challenging financial context.	Failure against national commitments on integration. Services are not aligned; Financial risk; Conflict between priorities of organisations; Transformation programme targets are not met.	High visibility at partnership forums; Support to frontline staff to maintain operational relationship management; Communication strategy for transformation in context of integration includes partners.	4	4	16	Establish clear partnership arrangement to agree and deliver Integrated Care in Leicester; maximise BCF opportunity.	3	3	9		Ruth Lake	BCF plan complete; implementaion planning through 2014/15
2. Adult Social Care & Safeguarding - Meet H&S expectations in regulated provision. Fail to maintain safe water systems in all units; Failure to maintain essential health and safety in intermediate care provision.	Ill health or death to residents and/or staff or visitors from water borne infections or poor H&S practices.	Water hygiene monitoring practice in place	5	3	15	Ensure all registered managers go on required training and fully understand the requirements for temperature checking, flushing regimes, tap cleaning etc and can closely monitor those carrying out these tasks.	5	2	10		Ruth Lake	31 March 2015 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence <i>/effect: what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
3. Adult Social Care & Safeguarding - Failure to deliver satisfactory Intermediate care capacity. Ineffective partnership working with Leicester City NHS results in failure to impement new IC unit.	Failure to deliver intermediate care priorities and make efficiency targets; capital/reputational /political risks.	Strategy and redesign work to establish cross-economy commitment to intermediate care models	4	4	16	Engage with H&WB as it establishes; establish programme board with CCG input	3	3	9		Ruth Lake	Work will be ongoing throughout 2014 to 2016
4. Information & Customer Access - Telephony - Failure to achieve smooth close down of old PBX technology and full move to Lync	Risk is: • Council ceases to function totally or in part through loss of voice services • Alternative voice solution not in place ahead of NWC move causing delays within moves	Decommissioning of smaller switches in hand. Detailed project plan. Fortnightly progress meetings involving Director.	5	3	15	Plan for NWC switch to be developed	4	2	8		Jill Craig	Apr-14

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence <i>/effect: what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
5. Information & Customer Access - Failure to complete move of corporate data centre in a timely manner and Project costs exceeding budget	Risk Is: Migration of Infrastructure and Server hardware over a 2 to 3 month period. Failure of Hardware component during migration. System misconfiguration at new DC and time contingency for the move has been severely eaten into and cannot be recovered.	Professional suppliers to be utilised to carry out Hardware transportation. Third party consultancy brought in to review design and planning activity. Detailed, documented and interlocking team and service plans to be prepared for migration and acceptance testing at every stage. Refreshed Project Management Team and Review by Div Director	5	4	20	Advance warning to users when their service is likely to be impacted. Comprehensive and documented user Acceptance Testing . a) UAT from Suppliers for handover of DC b) UAT from Infrastructure for handover to Server Team c) UAT from Server Team for Core Services d) UAT from users when their server migrated.	5	3	15		Jill Craig	Aug-14

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
6. Information & Customer Access - Managing delivery of continuing levels of service with vacancies resulting from increasing retention & recruitment difficulties and staff churn. Difficulties within the recruitment internal and external pools to find suitable resources. Staff departures due to ever increasing budget pressures.	<ul style="list-style-type: none"> • Staff departure Single Points of (Human) Failure Unable to recruit to posts/loss of key staff • General and/or major degradation of council ability to function Failure to deliver key service improvement projects. Inability to meet resourcing needs for major site moves including NWC and DC as well as deliver Lync etc. 	1. Internal promotions and developmental opportunities 2. Explore Graduate recruitment 3. Extend recruitment search 4. Agencies 5. Consider use of third party support.	4	4	16	Work closely with HR to achieve more effective recruitment e.g. targetted advertising. Actively utilise new corporate processes within current recruitment freeze. Establish flexible third party support to supplement internal resource	4	2	8		Jill Craig	Mar-14

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
7. Information & Customer Access - Service provision may fail and be unable to deliver product either internally or to key partner (Police), public demands for product copy under DPA or FoIA will not be met. CCTV does not operate as a cohesive service nor is there a corporate strategy within which to operate. Funding is not guaranteed and comes from a basket of sources not all of which cater for capital and revenue. Key manager has recently left leaving the service dangerously exposed. A mixed of technical platforms including one which is effectively end of life and is unreliable.	Technical support of critical Highways and Community Safety reliant services would be unavailable • CCTV System coverage would start to fail leaving “black holes” across the city • Unaccpetable redction to or loss of security management service Housing tower blocks • Police operational coverage demands funded under partnership working agreements would be undeliverable	HoS is being freed up to set in place robust management solution. Negotiations commenced with key partner Divisions. Service management and technical support structures currently being reviewed. Extensions to current technical platform supplier contracts negotiated to provide headroom for preparation of a single platform solution tender. Changing profile of service use demand has been identified and is being explored to identify the basis for a more appropriate line of command	5	3	15	Paper to obtain Executive agreement to direction of travel being prepared. • Monitoring staffing levels being examined • Management structure proposals being prepared • Funding envelopes being identified • Corporate Strategy to be prepared and agreed • Technical platforms re-tender being prepared and other contracts being examined for greater exploitation	3	2	6		Jill Craig	Jul-14

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence <i>/effect: what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
8. Human Resources & Workforce Development - Efficiencies arising from the HR Review lead to capacity pressures on service and delays in progressing vital casework	Risk to wider organisation of its ability to implement significant organisational change, linked to budget setting proposals.	Regular monitoring of casework undertaken. Resource allocation to casework monitored by Senior HR Manager - Operations, including greater independence of managers in HR matters where considered appropriate.	4	4	16	Management development programmes to be reviewed to ensure that managers are able to become more self sufficient in HR matters. On-going management of resource allocation and increased prioritisation of HR involvement in key areas.	3	3	9		Steph Holloway	01/03/2014
9. Property - Schools Capital. Raising educational achievement.	Reduction in capital investment in schools with ageing school stock and deteriorating condition. Potential to not meet statutory building requirements. Reputational damage to the council	Assessing a range of construction options (e.g. modular, pre-fab) to reduce build costs - to be completed by May 2013.	4	4	16	Develop long term strategy across the primary school estate	4	2	8	Staff time	Mark Lloyd	30/04/2015 and then ongoing, subject to 6 monthly reviews.

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
10. Property - Maintaining Income (Capital and Revenue) on behalf of the Council	Economic downturn affecting budget	Monthly on voids and financial implications thereof to DMT and Mayors Property Briefing.	4	4	16	Send rent demands, reviews and renewals on time - collect rent on time. Manage tenants in arrears.	3	4	12	Staff time	Mark Lloyd	30/04/2015 and ongoing
11. Property - BCM re Asbestos	Closure of buildings	1. Findings of asbestos action plan being implemented. 2. Asbestos monitoring returns to be reported to DivMT and Heads of Property monthly. To OB and SMB if cause for concern. 3. Action plan works now completed, signed off by H&S and now being monitored.	5	3	15	1. Ensure 100% compliance with asbestos returns with accurate data by holding BROs to account. 2. Ensure all buildings have an asbestos register	3	2	6	Staff time	Mark Lloyd	30/04/2015 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
12. Property - BCM re Water Hygiene	Closure of buildings	1. Implementation of control regime comprising ongoing regular monitoring, reports, risk assessment reviews and maintenance with allocated budgets. 2. Water hygiene monitoring returns to be reported to DivMT and Heads of Property monthly. To OB and SMB if cause for concern. 3. Spend of allocated capital budget for water hygiene and production of ongoing prioritised schedule of works ongoing. 4. Water hygiene responsibilities in non-op estate have been confirmed and necessary action taken.	5	3	15	1. Seek 100% compliance with water hygiene returns with accurate data. 2. Further budget for 13/14 works approved in capital programme. 3. More rigorous audit of BRO monitoring to be undertaken.	3	2	6	Staff time	Mark Lloyd	30/04/2015 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
13. Care Services & Commissioning (ASC) - Financial Risk – A methodology has been developed to base the fees uplift for the independent residential providers to prevent possible JR.	External professional support has been sought to assist with the process	Specialist professional support and legal advice has supported the process. The Executive is fully informed	4	4	16	External professional and legal advice is being sought as a means of limiting a possible JR challenge	3	1	3	A JR legal challenge could cost the authority several millions if the methodology used by the Council is not robust	Tracie Rees	Final consultation is in progress - ends 17 April 2014.
14. Care Services & Commissioning (ASC) - Quality of care provision in the council's residential homes falls below required standards.	Detriment (harm) to individuals, groups or the Council (financial or reputational)	Management audits of practice and development of plans to promote improvements	5	3	15	Audit processes in places via ASC contracts and assurance team. This is in addition to CQC inspections.	5	2	10		Tracie Rees	31 March 2015 and ongoing
15. Care Services & Commissioning (ASC) - Failure to maintain quality, safe services	Reduced quality, safeguarding, staff sickness	Addecco opening up the market, developing induction days and tools, benchmarking training and using the Swedish Derogation rule for consistency.	4	4	16	Monitor and engage with Addecco to ensure development measures are undertaken. Monitor quality of agency staff (Reed replaced Addecco wef 21/10/2013).	2	3	6		Tracie Rees	31 March 2015 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence <i>/effect: what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
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16. Care Services & Commissioning (ASC) - Failure to carry out effective statutory consultation will result in financial and reputational damage to the council. vices uses large percentage of agency staff.	Council could face legal challenge through judicial review	Consultations being run as a dedicated project overseen by a senior manager with some temporary additional resource	5	4	20	A lean sign off process needs to be developed and agreed to avoid creating last minute changes and pressures	5	1	5	A JR legal challenge could cost the authority several millions if the methodology used by the Council is not robust	Tracie Rees	31 March 2015 and ongoing

Appendix 2 - Leicester City Council Operational Risk Register

Risk Register Owner: Andy Keeling, COO

Risks as at: 30 April 2014

Risk What is the issue: <i>whats is the root cause/ problem – what could go wrong</i>	Consequence /effect: <i>what would occur as a result, how much of a problem would it be ?, to whom and why</i>	Existing actions/controls	Risk Score with existing measures (See Scoring Table Below)			Further management actions/controls required	Target Score with further management actions/controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
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17. Care Services & Commissioning (ASC) - Future of the Councils 8 Elderly Persons Homes - High risk politically, however failure to implement carries high financial risks in terms of deteriorating buildings and reducing occupancy levels.	An Executive decision was made (15.10.2013) to close 4 of the homes and sell 4 to achieve budget savings and address falling numbers	A Programme Board which will report to the CPMO has been established to implement the Executive decision over 3 years	5	4	20	To provide factual information and support to staff that may be impacted on by any proposed changes via Trade Unions, HR, and Amica. Care management teams to support and inform residents and carers.	4	3	12	There are budget savings of £3.5m associated with the future of the homes	Tracie Rees	2015/16 based on a phased approach.

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18. Delivery, Communications and Political Governance UNPLANNED ELECTION EVENT The service may struggle to manage a number of unplanned, additional elections, as well as a number of different type of elections e.g. House of Lords, Referendums etc.	Elections not performed appropriately/ challenges are received Reputation damaged Adverse effect on finance Media coverage Public complaints Increase in resource requirement A number of elections are planned for 2015 reducing the capacity for staff to absorb unplanned elections	Returning officer and nominated deputies are in place. - Insurance is in place. - Many elections can be planned and have set dates. Those dates which have been communicated have been planned during 2014.	4	4	16	Need to identify and break down the critical activities and align these to the relevant staff, should the event of restricted resources occur. Match/Map these to required expectations. - Ensure that there is a robust planning support structure in place. Develop a potential 'business continuity plan' to build resilience and stability. - Use external or peer support where feasible e.g. from other local authorities. - Consider training/up-skilling a pool of contingency staff. - Review further as a management team. (Actions required to maintain risk score)	4	4	16		Miranda Cannon	Jun-14

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<p>19. Delivery, Communications and Political Governance - STAFF CAPACITY & CAPABILITY - Skill shortages - Currently there is a lack of business expertise and experience within the Council. Furthermore there is a lack of available resources within the market place making it difficult to recruit which may leave posts vacant resulting in reliance on existing staff</p>	<p>Increase in key person dependency and increased dependency on line managers to deliver a number of technical capabilities.</p> <ul style="list-style-type: none"> - Lean staffing structures. - Critical expertise cannot be found. - Existing staff health and wellbeing may deteriorate, including morale. - Service demand cannot be met. - Members demand/expectations cannot be met. - Tasks are not completed/delivered and/or critical projects may be halted. 	<p>Exploring/started implementing options to work collaboratively.</p> <ul style="list-style-type: none"> - HR strategic work programme, which incorporates a number of pillars such as process, knowledge, key dependency, absence etc. This is supported by work to develop an approach and culture around service redesign and transformation - Some areas have commenced skills matrix working. - 'Unofficial' secondments within marketing and comms have been created to support sharing of skills and expertise. - Internal jobs market initiative - Workforce planning function is in place and work has commenced with managers to prepare and raise awareness of the role 	4	4	16	<ul style="list-style-type: none"> - Further secondments and matrix management to share skills and expertise - Ensure staff engage and connect fully with service transformation and ensure that objectives are met and quality is delivered. - Raise Managers awareness to allow them to recognise importance of organisational transformation in their role. 	3	3	9		Miranda Cannon	Jun-14

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19. Delivery, Communications and Political Governance STAFF CAPACITY & CAPABILITY - Continued	Statutory/regulatory requirements may not be adhered to and deadlines breached. - Reputational damage. - Adverse effect on finances. - Specialist expertise and knowledge is not available to deliver the required duties. - In the area of business resilience, the loss of staff may mean that there is limited expertise/skills to support the business resilience programmes. - Limited resources are available to deliver fire, manual handling training.	- Internal audit are utilised to review processes where available. - Policies and procedures are in place. - Use of graduate and other entry level roles to bring in additional capacity - HR framework and management tools are in place and presented to Management.				- Workforce planning/succession planning to understand impacts of loss of staff and key roles in terms of service delivery and value. This should include more formalised and centralised workforce planning to minimise key person dependency (matrix working etc.) - Consider methods of measuring staff engagement and satisfaction e.g. surveys, diagnostic approach. - Further engagement with youth/apprentice programmes. - More collaboration and connectivity across service areas. - Strive to gain greater support to achieve better compliance.						

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<p>20. Delivery, Communications and Political Governance LEGAL CHALLENGE Increased legal challenges may heighten the need to ensure that processes are effective, efficient, communicated in a uniform manner and that managers and staff follow explicit guidance. EIAs are likely to become an increasingly targeted area for Legal Challenge.</p>	<p>Communications are not performed in a uniform manner, not consistently worded, communicated or the tone are appropriate, leading to legal challenge. - Equalities Impact Assessments due to constant changes and/or lack of centralised guidance around legislation give rise to non compliance. - Lack of legal expertise/appropriate resources. - Potential for legal challenge by providers, staff etc.</p>	<p>Internal audits and assessments (EIAs) are performed to help ensure the Council meets the Public Sector Equality Duty. - On-going reviews of guidance and legislation are conducted. - Processes and procedures in place. - Staff are aware of duties and responsibilities. - Expert support eg HR, equalities, CPMO in place.</p>	4	4	16	<p>Build organisational consulting and communication strategies. - Review processes and gap analysis to explore the exposure. - Review external practice eg from other Local Authorities, which have been deemed as best practice and implement locally as appropriate. - Ensure the correct resources, with the relevant skills and experience are allocated to roles. - Ensure HR support is available.</p>	4	3	12		Miranda Cannon	Jun-14

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21. Housing - Impact of Welfare Reform on HRA rental income collection. Universal Credit (UC) is to be fully implemented in 2017 . Under UC, claimants will receive all their benefits, including housing costs element the, directly themselves, monthly in arrears. They will have to pay their FULL rent out of this. The biggest challenge to the HRA will be to collect the full rent from those working age claimants whose housing costs are no longer paid directly to the Landlord (LCC) as they are now.	Higher numbers of tenants in rent arrears leading to loss of rental income will adversely affect the HRA income. Could lead to greater number of evictions.	Promote setting up of Credit Union Bank Accounts with tenants., Focus STAR team support on those affected. maximise the number of tenants claiming DHP for bedroom tax affected cases. Identified tenants who are over-occupying in order to help with down-sizing. Promotion/awareness to tenants of Discretionary Housing Payments (DHP). Income Management team strengthened. Amending Allocations policy to advise downsizing	4	4	16	Develop IT system to support paperless direct debits. Consider amending tenancy agreement for all new tenants to make it a requirement that they pay rent either by direct debit or CUBA account.	4	3	12		Ann Branson	31.09.2014

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22. Learning Services - Schools in Ofsted categories or below floor standard converted to academies by order of the secretary of state.	Schools no longer LA schools; impact on overall schools budget and reputation of authority. Difficult to maintain an overview of Children /young people that the LA continue to be responsible for	School improvement strategy and LA support plans S2S partnership are in place.	4	5	20	Targeted support packages in place for schools in scope for conversion. Half termly progress checks through team around the school meetings	4	4	16		Margaret Libreri	Review 31.03.2015 and Ongoing
23. Learning Services - Leicester could be subject to a targeted OfSTED inspection with multiple inspections across schools followed by LA inspection.	LA can provide evidence to support positive outcome but resource demands would be significant	School improvement reserve budget	4	4	16	Provide training/briefings on new framework for schools. Offer ' healthchecks to schools due Ofsted as part of risk- management process	3	4	12		Margaret Libreri	Review 31.03.2015 and Ongoing

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24. Learning Services - SEND Services - Risk of not meeting the individual needs of pupils with SEND. Introduction of new SEN legislation impacting on LA ability to control SEND needs led budgets. Pressure on specialist places in Early Years/primary due to population increase	Loss of education Pupils not achieving their potential due to lack of support. Litigation from parents/former pupils. Dissatisfaction of parents/CYP . NEET levels rising – increasing possibility of criminal activity. Danger of big increase in independent SEND school places impacting on SEN budgets	CEIPs/CBii projects addressing mental health needs of CYP proactively. Primary Behaviour Strategy – preventative measures. Redesign of SEN processes in line with new govt proposals through the Pathfinder project for implementation in September 2014. Engagement of schools, families and professionals in changes. Engagement in funding reform proposals both pre and post 16. co operative working with school organisation section. Increase in capacity of City Special Schools through redesign, eg. Ellesmere or mobiles - Oaklands to increase primary specialist provision.	4	4	16	Monitoring of effectiveness of changes to policies, procedures and funding. Joint commissioning strategy with Health and social care to ensure value for money and appropriate/adequate provision for C&YP with SEND. Projects Strategies Constant Review, close liaison with finance section SEND provision added as key strand to pupil place/primary capital planning	3	3	9		Margaret Libreri	Review 30.04.2014 and Ongoing

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25. Public Health - LPT not disaggregating invoices.	Payments may not be made promptly to service providers. Invoices cannot be paid until purchase orders are on the system. Cost allocation into the MI may be slow or incorrect. MI is not sufficient to enable robust and accurate decisions to be made. Risk of overpayment.	Existing financial management process operated by the Council. Results are presented and reviewed through star chambers. Rigorous forecasting arrangements required from period 4 onwards. Although detailed cost centre data may not be available in the short term, high level actual spend to budget will be presented, considered and reviewed monthly. Financial management and reporting process, which incurs challenge and support from the finance function has been in place from August 2013.	3	5	15	1) Continue to speak/work with providers to ensure that the information presented on invoices is sufficient to enable effective analysis and coding by the Finance team. which in turn will enhance the financial management reports. 2) Work with Procurement and Assurance Section to seek way forward.	3	4	12		Rod Moore	31-May-14

Appendix 3 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2014

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1. Financial challenges - the Council fails to respond adequately to the cuts in public sector funding over the coming 2 - 3 years.	Council is placed in severe financial crisis. Reputational damage to the Council. Significant job losses leading to potential to destabilise the Council and difficult industrial relations. Mismatch between service demand and budget availability may lead to an increase in financial instability in some instances. Pressure may be created between 'demand led services' (social care) and other priorities.	Budget approved to 2014/15, and balanced on paper to 15/16. Work commenced on spending review programme which takes into account the Government's spending intentions as at March 2014. The first spending review has now concluded. SMB and Executive monitoring closely implementation of the existing agreed savings.	5	4	20	£6m service transformation fund exists, and its use needs to be planned.	5	2	10		Andy Keeling Alison Greenhill	31.03.2015 and Ongoing

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2. Organisational flux - the level of changes needed to deliver the budget savings in particular the reductions in staffing destabilises the Council	As a result of organisational change there is a requirement for completely new skill sets that underpin a transformed business model, such as supplier management. Staff morale severely impacted and results in a drop in productivity. Not able to deliver priority outcomes and targets. Reputational damage to the Council	Council wide recruitment strategy in place to support budget delivery. Programme in place to seek volunteers for redundancy on an annual basis. Established and developing programme of engagement and communications with staff including question time events, is in place. Initial discussions with SMB regarding strategic workforce planning are starting to take place and work is underway to take this forward.	4	4	16	Implement regular monitoring of progress and impact by SMB. Continue to deliver and further develop cascade communications to staff. HR to continue to develop a more robust and strategic approach to workforce planning. Approach to workforce development to be fundamentally reviewed in the light of this.	4	3	12		Andy Keeling	31.03.2015

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<p>3. Partner relationships - LCC fails to further develop and improve the way it works in Partnership(s). Tensions and strained relationships with key partners and stakeholders including the voluntary and community sector due to financial and other pressures. Continuing a productive partnership relationship with LC CCG is particularly important in light of the importance for Adult Social Care of the Integration Transformation Fund (ITF).</p>	<p>Failure of local agreements and partnership arrangements to deliver agreed levels of performance, the impacts of which may reflect negatively on the Council adversely affecting its reputation. Potential litigation where it impacts on formal contractual relationships. Financial risk if ITF plans are inadequate or not agreed</p>	<p>Mechanisms in place for regular dialogue including formal partnerships via the Strategic Theme Groups including the new Health and Wellbeing Board. New City Mayor Faith and Community Forum is in place to engage specifically with faith communities. Review of support to the VCS and to engagement via the VCS is underway.</p>	4	4	16	Close involvement of Elected Mayor and Members in key partnerships. Regular review and evaluation of the current position by SMB. Complete VCS review and implement findings	4	3	12		Miranda Cannon All Strategic Directors	01.10.2014

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3. Partner relationships (continued)	Partnership working will be an expensive bureaucracy and fail to add value to improving outcomes for the citizens of Leicester. Reputational damage to the Council from the perspective of partners. Partnership working fails to take into account the needs of all communities. There is no common vision or consensus across key partners in the city and therefore the work of individual organisations pulls in different and potentially conflicting directions.	Partnership working arrangements in the city were further reviewed following the election of the City Mayor and adoption of new governance arrangements. The City Partnership Board has been established and is meeting quarterly focusing on major themes for the city. Partnership sub-structure has been reviewed and found generally to be fit for purpose. Cllr Sood now has partnership working within her portfolio. Work underway to redevelop mechanisms for engaging at strategic level with the VCS				Keep arrangements under review. Continue to develop and embed the approach to working strategically with the VCS						

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<p>4. Crisis recovery - Inadequate emergency or business continuity response to a major event adversely affecting the Council, its employees, the people in its care or the citizens of Leicester.</p>	<p>Insufficiently prepared management leads to disorder in the rapid restoration of business critical activities and the control of the emergency plan. The emerging risk environment increasingly makes 'resilience' a significant focus for all organisations. Budget cuts and rationalisation may also challenge the ability of Category 1 responders (which LCC are) to fulfil their statutory duty.</p>	<p>All members of the Senior Management Team have roles in either a Corporate BCM Team or act as Emergency Controllers. LCC been actively engaged in reviewing the role of the Resilience Partnership and agreeing a 3 year funding strategy and approach for the partnership. LCC recently participated in a fitness for purpose review of the LRF. Executive and SMB recently had presentations in February 2014 to update them on emergency management arrangements including the role of the LRF and Resilience Partnership.</p>	5	3	15	Further embedding of business continuity management approach.	5	2	10		Andy Keeling	31.03.2015 and Ongoing

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5. Operational Risks - Significant Operational risks may seriously impair delivery of priority outcomes and targets and impact on the financial position of the Council	Less than optimal services provided to the citizens of Leicester. Operational issues may require resource 'earmarked' for strategic projects or programmes, leading to these being delayed or cancelled.	Operational Board identify, monitor and manage significant Operational risks.	4	3	12	Operational Board to identify, monitor and manage significant Operational risks. Chief Operating Officer and Strategic Directors to discuss significant Divisional Risks with individual Divisional Directors (at least quarterly) in their regular 121 meetings.	3	2	6		Andy Keeling / Elaine McHale / Frank Jordan / Deb Watson	31.03.2015 and Ongoing
6. ASCT Programme - The Council fails to transform and modernise social care in line with statutory requirements and the future cost of social care cannot be contained within the Council's budget.	Impacts on quality of care and choice provided to service users and carers. Impacts on outcomes relating to vulnerable adults and older people including the safety of these service users. Failure to meet Government defined targets. Planned efficiencies are not secured which impacts on Council budgets. Unable to manage the additional demands made on the service.	Following the recent quality assurance review of the programme the governance arrangements have been changed to create an internal board to ensure individual projects are progressed. An external steering group has also been created to enable users, carers and other stakeholders to have an input into the programme.	4	4	16	Monitor closely the progress of the programme.	4	3	12		Deb Watson	31.03.2015 and Ongoing

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7. Accommodation - Council fails to respond adequately to the structural issues relating to New Walk Centre	Significant risk to health and safety of employees and others. Major disruption to services when vacation of NWC is required. Major reputational damage. Significant financial implications	Accommodation programme in place to take forward the required work. Detailed plans agreed for relocation and programme being progressed to manage the transition. Demolition strategy in place for NWC site.	5	3	15	Close monitoring of the programme. Engagement of staff teams in detailed planning work. Change management process and implementation being led by COO.	5	2	10		Frank Jordan	01.08.2014
8. Community tensions - Council fails to identify tensions arising in the city (particularly as the financial challenges impact on communities) leading to unrest in specific communities / areas of the city.	Impacts on reputation of the city and Council. Places a strain on resources and services to manage.	The Council/ Police have now arranged a Community Gold meeting which meets approx once a month and includes LPU commanders, the BCU commander and council officers from LASBU, youth services, community services. This tracks and agrees joint actions to address any known tensions in communities. This is supported by a shared system between front line officers from the police and the council to track community tension. Community joint management group now in place which creates a regular conduit for engagement with community leaders.	5	3	15	. Now need to fully embed CTM within the Council.	5	2	10		Frank Jordan	31.03.2015 and Ongoing

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9. Information Security - the Council fails to adequately secure confidential and sensitive data that it holds	Major loss of public confidence in the organisation. Potential litigation and financial loss to the Council. Reputational damage to the Council. With data held in a vast array of places and being transferred between supply chain partners, data becomes susceptible to loss; protection and privacy risks.	Clear policies and protocols in place.	5	4	20	Clear and ongoing communications to staff to reinforce policies and protocols. Regular review and monitoring of arrangements across services by Service Managers supported by Information Security / Governance Teams	5	2	10		Andy Keeling	31.03.2014 and Ongoing
10. Breaches in standards / corporate policies and procedures - Local management use discretion to apply inconsistent processes and misinterpret Corporate policies & procedures, perpetuating varying standards across business units.	Places the organisation at risk eg fraud, data loss etc. Potential financial losses / inefficient use of resources.	Regular reporting from Internal Audit to SMB and Operational Board. Approach to the annual corporate governance review revised and a more effective process established	4	3	12	Continue to reinforce key standards and policies via regular communication. Ensure Managers are appropriately trained and requirements are clearly set out in JDs and reinforced via appraisals. Ensure Internal Audit findings are acted on in a timely manner.	4	2	8		Kamal Adatia	31.03.2015 and Ongoing

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			Impact	Probability	Risk		Impact	Probability	Risk			
11. Project / programme delivery - project and programme controls fail to deliver	Major infrastructure transformation initiatives, process re-engineering and organisational change programme projects may be challenged by cost over-runs and failure to meet expectations by not completing on time or with significant budget overspend. Failure to co-ordinate projects and project resource leads to scope creep. Impacts on ability to drive improved outcomes and targets for the citizens of Leicester.	CPMO in place with monthly reporting on the portfolio. Support for Project and Programme Managers in place eg training, Project Managers Network. Formal programme of assurance reviews in place. Capital advisory board established to ensure robust gateway reviews are in place for capital projects	4	3	12	Continued embedding of arrangements to ensure robust management and delivery of the overall portfolio of programmes and projects.	4	2	8		Andy Keeling All Strategic Directors	31.03.2015 and Ongoing
12. Safeguarding - the Council fails to adequately safeguard vulnerable groups eg children and young people, elderly, those with physical and learning disabilities	Death or serious injury. Serious case reviews initiated. Reputational damage to the Council. Citizens lose confidence in the Council. Negatively impacts on relationships with stakeholders. Impacts severely on staff morale.	Safeguarding Adults and Children's Boards in place. Regular reviews of procedures and close supervision of staff. Range of quality assurance processes exist within the Divisions. Range of developments exist within the Divisions to manage, support recruit and retain staff.	5	3	15	1. Board performance and framework development. 2. Chair of Board has direct accountability through Chief Operating Officer 3. Regular bi-monthly meetings with Mayor and Adults and Childrens Lead Members	5	2	10		Deb Watson/ Elaine McHale	31.03.2015 and Ongoing

Appendix 3 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2014

Risk What is the issue: whats is the root cause/ problem – what could go wrong	Consequence /effect: what would occur as a result, how much of a problem would it be ?, to whom and why	Existing actions/controls	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
<p>13. Breach of Health and Safety Regulations - City Council fails to respond effectively to the requirements of HSE/Government proposals and/or legislation which places health and safety responsibilities on local authorities.</p>	<p>Possibility of serious injury or death of member of staff or service user/members of the public. Failure to meet statutory responsibilities. Reputational damage to the Council.</p>	<p>Day to day management of Health and Safety responsibility rests with the Operational Directors and their Heads of Service. Corporate Health and Safety team available to assist. Risk is reported and controlled through the Divisional Directors Operational Risk Registers (presented to Operations and Strategic Management Boards each quarter) and these are underpinned by registers at Heads of Service level that are reviewed and discussed at Divisional Management Teams each quarter. Regular inspections and reports by the Corporate Health and Safety team with all actions being followed up within a reasonable time.</p>	5	3	15	Strategic monitoring and reporting in relation to H&S being reviewed to raise profile and ensure responsibilities are reinforced from the top.	5	2	10		All SMB Members.	31.03.2015

Appendix 3 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2014

Risk What is the issue: whats is the root cause/ problem – what could go wrong	Consequence /effect: what would occur as a result, how much of a problem would it be ?, to whom and why	Existing actions/controls	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
<p>14. Impact of Climate Change - City Council fails to respond effectively to the requirements of Government proposals and/or legislation which places climate change responsibilities on local authorities.</p>	<p>An increase in inclement weather patterns (flood, heat, waves, drought, windstorm, increased snow fall etc) building the right infrastructure and new statutory flood and water risk management duties. Having sufficient financial resources and flexibility to address these challenges becomes increasingly difficult.</p>	<p>Corporate Management of this is outlined in the carbon action plan which covers all areas of management activity across the Council and its partners to reduce carbon. Implementation is monitored through a carbon management board. Day to day management of climate change responsibility rests with the Operational Directors and their Heads of Service. Risk is reported and controlled through the Divisional Directors Operational Risk Registers (presented to Operations and Strategic Management Boards each quarter) and these are underpinned through regular reviews as part of the revised EMAS system.</p>	5	3	15	<p>Public engagement and city wide flood defence programmes are being developed jointly with the Environment Agency. This provides a two - pronged approach to manage the risk of severe flooding arising from climate change</p>	5	2	10		All SMB Members.	31.03.2015

Appendix 3 - LCC Strategic Risk Register

Risk Register Owner: Andy Keeling, COO

Date completed: 30 April 2014

Risk What is the issue: whats is the root cause/ problem – what could go wrong	Consequence /effect: what would occur as a result, how much of a problem would it be ?, to whom and why	Existing actions/controls	Risk Score with (See Scoring			Further management actions/controls required	Target Score controls required (See Scoring Tables Below)			Cost	Risk Owner	Target Date
			Impact	Probability	Risk		Impact	Probability	Risk			
15. Employee Development and Management - Lack of future workforce planning and appropriate development of managers and employees leaving the Council exposed to service failure in the future. The Council loses knowledge, experience and skills through staff leaving the Council as posts are made redundant and deleted.	The Council does not have the right skills, behaviours and competencies in terms of the workforce to deliver the city's vision and priorities. The Council fails to maximise the potential of its key resource. Staff become demotivated which impacts on productivity and delivery across the Council. Disruption to service delivery. Impacts on continuity of services. Creates risks in delivery because information on processes / procedures etc is lost	HR review has built in capacity for longer-term workforce planning and a more strategic approach. Strategic HR work programme agreed which captures this	4	4	16	Continue to develop the Council's workforce planning approach and fundamentally review how workforce development will support this in future	4	2	8		Miranda Cannon	01.09.2014
16. Voluntary and Community Sector (VCS) - Council fails to engage / commission appropriately from the VCS. LCC is at risk of judicial challenge if we fail to manage the contractual relationships effectively and in line with statute	Reputational damage from the perspective of the sector. The Council does not get maximum benefit from a thriving VCS in the city. The resilience and viability of the VCS is damaged. Risk of formal challenge e.g. judicial review from not engaging and consulting effectively with the sector.	Continued working with the VCS and Public Sector Strategy Group to refocus how it operates and maximise its impact. VCS Engagement Manager role is focused on managing the strategic VCS relationship. Review underway to look at how the Council supports and engages the VCS	4	3	12	Complete the review and implement outcomes. VCS Engagement Manager to review overall approach to working with the VCS.	4	2	8		Miranda Cannon	01.10.2014

Appendix 4 - Insurance Claims Data Last Financial Year

LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2013 - 31 March 2

Claims received and being dealt with

Total Claims	Repudiated	In Progress	Paid	Amount Paid
817 (679)	406 (280)	220 (327)	191 (72)	412876 (237,286)

Breakdown by Area and Type of Claim										
Division		Responsible Director			Claim Type					
					Employers Liability	Public Liability	Professional Indemnity	Personal Injury	Motor	Total Number
Env & Enforcement Services		Frank Jordan (Acting)			5	48		16	92	161 (123)
Plan, Trsport & Economic Dev.		Andrew L Smith			4	233	2	114	88	441 (330)
Child Soc Care & Safeguarding		Andy Smith				2				2 (3)
Housing		Ann Branson			8	173		51	121	353 (293)
Human Resources & W/Fce Dev		Miranda Cannon/Alison Greenhill				1		1		2 (1)
Adult Soc Care & Safeguarding		Ruth Lake			1			1		2 (7)
Del, Comms & Pol Governance		Miranda Cannon							1	1 (1)
Information & Cust Access		Jill Craig							1	1 (2)
Property		Mark Lloyd			2	3		4		9 (7)
Learning Services (incl Schools)		Margaret Libreri			3	19		19	12	53 (28)
Finance		Alison Greenhill								0 (0)
Legal Services		Kamal Addatia				1		1		2 (0)
Culture & Neighbourhood Svcs		Liz Blythe			1	10		4	1	16 (12)
City Public Health & Health Imp		Rod Moore								0 (0)
Care Svcs & Commissioning		Tracie Rees				1		1		2 (2)
		Total			24	491	2	212	316	1045 (809)

Last 12 months rolling repudiation rate - 77%

014

Value
70337
69163
28274
228989
620
13363
2130
412876

Insurance Claims Data

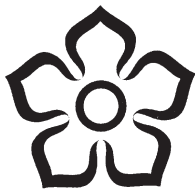
LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2014 - 30 April 2014

Claims received and being dealt with

Total Claims	Repudiated	In Progress	Paid	Amount Paid
62 (119)	21 (2)	38 (114)	3 (3)	5048 (2414)

Breakdown by Area and Type of Claim												
Division		Responsible Director			Claim Type					Total Number	£ Value	
					Employers Liability	Public Liability	Professional Indemnity	Personal Injury	Motor			
Env & Enforcement Services		Frank Jordan (Acting)				2			1	12	15 (18)	42
Plan, Trsport & Economic Dev.		Andrew L Smith				17			9	8	34 (54)	3887
Child Soc Care & Safeguarding		Andy Smith				1			1	1	3 (0)	1069
Housing		Ann Branson				6			1	8	15 (39)	50
Human Resources & W/Fce Dev		Miranda Cannon/Alison Greenhill									0	
Adult Soc Care & Safeguarding		Ruth Lake									0	
Del, Comms & Pol Governance		Miranda Cannon									0	
Information & Cust Access		Jill Craig			1						1 (0)	
Property		Mark Lloyd									0 (2)	
Learning Services (incl Schools)		Margaret Libreri			1						1 (4)	
Finance		Alison Greenhill									0	
Legal Services		Kamal Addatia									0	
Culture & Neighbourhood Svcs		Liz Blythe									0 (2)	
City Public Health & Health Imp		Rod Moore									0	
Care Svcs & Commissioning		Tracie Rees								1	1 (0)	
		Total			2	26	0		12	30	70 (119)	5048

Last 12 months rolling repudiation rate - 76%



Leicester
City Council

WARDS AFFECTED
All

Appendix D

FORWARD TIMETABLE OF CONSULTATION AND MEETING

Audit and Risk Committee

25 June 2014

Proposed Schedule of Meetings for the Financial Year 2014-15

Report of the Director of Finance

1. Purpose of Report

- 1.1. To present to the Committee the schedule of meetings and their agendas for the Financial Year 2014-15 agreed at the meeting of 19 March.

2. Recommendations (or OPTIONS)

- 2.1. The Committee is recommended to:-
 - Note the plan content – Appendix 1; and,
 - Raise any issues or questions with the report author or the Director of Finance.

3. Summary

- 3.1. The meetings of the Committee have traditionally been scheduled based on historic occurrence, with each meeting agenda following the same pattern. This year, the Committee were presented with a plan for the following year toward the end of the previous financial year. This allowed the established members to agree on the forward format of meetings – both timing and agendas – based on their experience throughout the past year.
- 3.2. The Internal Audit Manager has also taken the opportunity to try to group reports for the Committee into a series of themed meetings.

4. Report

- 4.1. For many years the Audit and Risk Committee meetings have been scheduled to take place around the same time each year based on past occurrence. Similarly, the agenda for these meetings has followed the same pattern.

- 4.2. By changing this approach, members get the opportunity to feed in their thoughts and comments relating to both the timing (and number) of meetings as well as the agenda content. By trying to bring to as many meetings as possible, papers that are similar in nature or content to the same meeting, it is hoped that this makes life a little easier for members to understand and digest their content. This means that, wherever possible, all of the papers and reports aligned to Fraud Prevention activity will come to the same meeting(s) for example.
- 4.3. This approach also makes it easier to schedule the 'training' session at the start of each meeting to assist members with their understanding of the papers that they will later be reviewing. Wherever possible, the pre-meeting 'training' session will cover a topic that will appear on that meetings agenda.
- 4.4. The timing of this report is also important to ensure that existing Committee members, who will have 'served' at least a year on the Committee, are agreeing the plan, rather than bringing the report to the first meeting of the year when there may be a number of new members with limited knowledge of the Committee along with its aims and objectives.
- 4.5. The agreed plan is attached as Appendix 1.

5. FINANCIAL AND LEGAL IMPLICATIONS

5.1. Financial Implications

- 5.1.1 There are no financial implications of note relating to this paper.
Colin Sharpe, Head of Finance – 37 4081.

5.2. Legal Implications

- 5.2.1 There are no legal implications of note relating to this paper.
Kamal Adatia, City Barrister and Head of Standards – 37 1401.

6. Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within Supporting information
Risk Management	Yes	All of the paper.
Climate Change	No	
Equal Opportunities	No	
Policy	Yes	All of the paper.
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7. Report Author

7.1. Tony Edeson, Head of Internal Audit and Risk Management – 37 1621

AUDIT & RISK COMMITTEE 2014-15 - ANNUAL TIMETABLE (OUTLINE) This version 13/06/14

Grey shaded = meeting passed			
	Author	Notes, frequency	Purpose
June (25/6/14)			
Theme: Setting the scene for the forthcoming year			
Demonstration Prior to Main Meeting: Customer Data Interface System	Head of Enterprise Services		Training
Cash Handling Procedures	Head of Internal Audit & Risk Mgt (present) Head of Business Service Centre	One-Off	Committee to note
Annual Approval of the Policy covering non-audit Work undertaken by the External Auditors	Head of Internal Audit & Risk Mgt	Annual	Approval
Risk Management and Insurance Services - Update report including April RRs	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Confirmation of A&RC Planned Agendas for 2014/15	Head of Internal Audit & Risk Mgt	Annual	Committee to note
July (30/7/14)			
Theme: The Council's draft accounts and reporting back on the last financial year			
Training Session Prior to Main Meeting - Financial Accounts - 30 minutes	Director of Finance Principal Accountant (Fin Strategy)		Training
A Guide to the Role of the External Auditor (Verbal)	External Auditor		Training
Draft Statutory Statement of Accounts for the financial year 2013-14	Director of Finance	Annual	Committee to note
Counter-Fraud/Housing and Council Tax Fraud Annual Report for the Financial Year 2013-14	Principal Investigations Officer Head of Revenues & Benefits	Annual	Committee to note
Internal Audit Update Report for Q4 2013/14	Head of Internal Audit & Risk Mgt Audit Manager	Quarterly	Committee to note
Internal Audit Plan Q2 2014/15	Head of Internal Audit & Risk Mgt Audit Manager	Quarterly	Committee to note
Review of the Effectiveness of System of Internal Audit in 2013-14	Director of Finance	Annual	Approval
Annual Review of Internal Audit Charter	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval

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Grey shaded = meeting passed

September (29/9/14) Theme: Statutory final accounts and governance reporting on the last financial year			
Training Session Prior to Main Meeting - RIPA	City Barrister and Head of Standards Information Governance Manager	Requested by Chair and offered by KA	Training
Update on RIPA Stats and Performance Report covering period 1 January 2014 to 30 June 2014	Information Governance Manager	Annual	Committee to note
Revisions to the Corporate Procurement Rules	Head of Corporate Procurement	One -Off	Committee to Note
Half Yearly Update Report on the Procurement Plan	Head of Corporate Procurement	Annual	Committee to note
Anti-Fraud, Bribery & Corruption Strategy and Policy - annual review and update.	Head of Revenues & Benefits	Annual	Approve
The Statement of Accounts, Annual Governance Report and Letter of Representation	Director of Finance Principal Accountant (Fin Strategy)	Annual	Approval
Annual Governance Report (External Auditor)	External Auditor	Annual	Approval
The Council's Draft Annual Governance Statement for the financial year 2013-14	Monitoring Officer Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval
Draft of the Committee's Annual Report to Council for the financial year 2013-14	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval
The Summary of Internal Audit Conclusions for the financial year 2013-14 including Internal Audit annual report for 2013-14	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Committee to note
Annual Review of Internal Audit Strategy	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval
Risk Management and Insurance Services - update report, including: - July Risk Register update - Draft Risk Management Strategy 2015 - for Committee input - Draft Business Continuity Management Strategy and Policy 2015 - Committee input - Risk Management benchmarking results	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note

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Grey shaded = meeting passed			
December (3/12/14) Theme: Fraud			
Training session 'How Fraud Looks Now/ Benefits/Tenancy Fraud .	Head of Revenues and Benefits Fraud Manager(s)	One-off	Training
External Auditor's Annual Audit Letter 2013-14	External Auditor	Annual	Committee to note
Internal Audit Update - to include: Update Report Q1 and Q2 2014-15; Plan Q3 and Q4 2014-15;	Head of Internal Audit & Risk Mgt Audit Manager	Quarterly	Committee to note
Risk Management and Insurance Services - update report, including: - October Risk Register update - Draft Risk Management Strategy 2015 - for Committee input - Draft Business Continuity Management Strategy and Policy 2015 - Committee input - Risk Management benchmarking results	Head of Internal Audit & Risk Mgt	Annual	Consultation
Annual Report on the National Fraud Initiative	Head of Revenues & Benefits Fraud Manager	Annual	Committee to note
Counter-Fraud including Revenues & Benefits and Housing - update report for the first half of 2014-15	Head of Revenues & Benefits	Half-yearly	Committee to note - B Agenda?
Risks Arising from Decision to Transfer R&B Fraud Investigation Team Staff to DWP	Head of Revenues & Benefits	One-off	Note
Disclosures Policy/Whistleblowing Annual Summary for 2013-14 (re A&RC meeting request from 18/9/2012)	City Barrister (Monitoring Officer)	Annual	Committee to note
February (4/2/15) Theme: Fraud including Policy updates for next year and Internal Audit planning			
Training Session Prior to Main Meeting - Internal Audit role and planning	Audit Manager		Training
Anti-Fraud, Bribery & Corruption Strategy and Policy - annual review and update.	Head of Revenues & Benefits	Annual	Approval
Risk Management and Insurance Services - update report inc RM and BCM Strategy and Policy 2015;	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note
Internal Audit Update - to include: draft Annual plan for 2015-16;	Head of Internal Audit & Risk Mgt Audit Manager	Quarterly	Consultation Committee to note

AUDIT & RISK COMMITTEE 2014-15 - ANNUAL TIMETABLE (OUTLINE) This version 13/06/14

Grey shaded = meeting passed

March (24/3/15)			
Training Session Prior to Main Meeting - Feedback workshop to review past year and inform future training	Head of Internal Audit & Risk Mgt Audit Manager		Training
Annual Report - Certification of Claims and Returns (Grants)	External Auditor	Annual	Committee to note
External Audit plan for financial year 2014-15	External Auditor	Annual	Committee to note
Procurement Plan 2015-16	Head of Corporate Procurement	Annual	Committee to note
The Assurance Framework on which we will base the Annual Governance Statement for the current financial year, including annual review of Local Code of Corporate Governance and the annual review of the IA Charter.	Head of Internal Audit & Risk Mgt Audit Manager City Barrister (Monitoring Officer)	Annual	Approval
Annual review of the Committee's Terms of Reference	Head of Internal Audit & Risk Mgt	Annual	Approval
Internal Audit Plan 2015-16 - final for approval; Q1 Plan 2015/16	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Approval
2015-16 A&RC Planned Agendas and Meeting Dates	Head of Internal Audit & Risk Mgt Audit Manager	Annual	Committee to note and comment
Update on RIPA Stats and Performance Report covering period 1 July 2014 to 31 December 2014	Information Governance Manager	Annual	Committee to note
Risk Management and Insurance Services - update report inc January RRs	Head of Internal Audit & Risk Mgt	Quarterly	Committee to note