

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Tuesday, 17th June 2008 at 6.00pm in the Scrutiny Meeting Room, Civic Offices, Telford

PRESENT: D.Wright (Chairman), I.T.W.Fletcher (Vice-Chairman), R.K.Austin, T.J.Hope, L.Lomax and W.L.Tomlinson.

AUC-1 MINUTES

RESOLVED – that the minutes of the meeting of the Standards & Audit Committee held on 3rd April 2008 in respect of those items within the remit of the Audit Committee be confirmed and signed by the Chairman.

AUC-2 APOLOGIES FOR ABSENCE

None.

AUC-3 DECLARATIONS OF INTEREST

Councillor I.T.W.Fletcher declared a minor personal interest in Agenda Item 8 – Appendix F on the basis that he was a governor for Redhill Primary School which was specifically referred to within the report.

AUC-4 EXTERNAL AUDIT – ANNUAL AUDIT & INSPECTION PLAN 2008/09

The Committee welcomed Dianne Thomas – the Council's Corporate Area Assessment Lead from the Audit Commission. She informed Members that she was the primary point of contact with the Council for the inspection work and was also responsible for the co-ordination of the audit and inspection work between KPMG and inspectorates, government offices and other key stakeholders.

In connection with the provision of detailed information in connection with the audit work she stated that she would be unable to comment as this fell within the remit of KPMG. It was confirmed to the Committee that representatives from KPMG would be attending the meeting to be held on 22nd July and any questions would be raised with them..

In answer to a specific enquiry about the fee she did point out to the Committee that whilst acknowledging that the fee had increased substantially this was as a result of the recently undertaken Corporate Assessment Inspection.

RESOLVED – that the Annual Audit & Inspection Plan 2008/09 be agreed.

AUC-5 INTERNAL AUDIT ANNUAL REPORT 2007/08

The Committee received the report of the Corporate Director: Resources which presented the Internal Audit Annual Report for 2007/08. Members were advised that in accordance with the CIPFA Code of Practice for Internal Audit

in Local Government the Head of Internal Audit was obliged to provide a written report to those members who were charged with governance timed to support the Statement on Internal Control.

This report was the seventh annual report on Internal Audit which summarised the key areas for 2007/08 and supported the Council's 2007/08 Annual Governance Statement. The system of internal control helped the Council to manage and control the risks which could affect the achievement of its objectives rather than eliminate them completely.

Members were referred to Appendix A within the report which indicated the main areas of work that had been undertaken during the year. Based on this work and the implementation by management of the recommendations made in those areas it was noted that Internal Audit could provide assurance that the systems of internal control within the Council had operated adequately and effectively. An area of concern that Internal Audit had reported on was catering in schools. Internal Audit had been supporting Catering Management over the last two years to implement new computer systems and controls. Although some controls required further work and continued assistance would be required and as a result it would remain as an area for improvement in the Action Plan annexed to the Annual Governance Statement.

The Committee was informed that KPMG became the Council's External Auditors from April 2007 and there had been continual liaison between Internal and External Audit to ensure that Internal Audit was undertaking the appropriate work upon which External Audit could rely and thus keep the external audit fee down. It was further reported that Internal Audit had delivered all the work for 2007/08 upon which External Audit placed reliance. Members were further informed that Internal Audit had been assessed by the External Auditor against the code. KPMG had confirmed that Internal Audit had complied with the code except in a few minor points as set out in the service's action plan. Internal Audit was re-assessed as part of the Audit Commission's update of the CPA Use of Resources in September 2007, which resulted in the overall Use of Resources score of 3. However the Internal Control sub-section (which includes Internal Audit) had secured an overall score of 4.

Members were also referred to the final outturn information in connection with local performance indicators that had been formulated by Internal Audit. These indicators showed that 100% of the work had been completed for the external auditor. The unit had also completed 90% of the other planned work, which was considered best practice. The target was 100% but reasons for the actual figure included the delayed start of an Assistant Auditor; removal of additional resource from the budget through the savings process and various pieces of unplanned investigations, complaints and corporate work beyond the contingency allocation. It was noted that this was the same level that the team achieved in 2006/07. For 2008/09 a more realistic target of 92% had been set which was appropriate to the team's current performance.

It was reported that during the year the team would continually investigate new/alternative ways of service delivery (practices, use of technology,

procedures and standard documentation) based on customer feedback, sharing best practice with other local authorities and service providers.

In addition to the service efficiencies that had been made the team had also contributed over the last 3 years to the Council's efficiency targets. For 2007/08 just over £39,000 savings had been achieved. Internal Audit was also a member of the CIPFA benchmarking club (membership of 165 local authorities). Results over the years had shown that the unit compare very well with other unitary authorities in a number of comparative measures and indicators.

Internal Audit also received customer feedback in the following ways Informal feedback from auditees during the audit; seeking feedback from auditees at draft report discussion meetings; Completion of a post audit questionnaire and the Annual Corporate Support Services survey. Members were referred to the various results from this feedback as outlined within the report.

In February 2008 Directors, Heads of Service and Business Managers were invited to take part in the annual corporate support services satisfaction survey. The results were published in March 2008 and the specific information for Internal Audit was included in the report. This indicated that Internal Audit had maintained a very high performance appearing in the top 4 for overall satisfaction, improved service and value for money service.

RESOLVED – that the Annual Internal Audit Report for 2007/08 be noted.

AUC-6 ANNUAL REPORT ON RISK MANAGEMENT 2007/08

The purpose of this report was to provide the Committee with an update on the Council's Risk Management activities for the 2007/08 Municipal Year. Members were advised that good governance and the Council's Risk Management Strategy required an annual report on Risk Management activity to be agreed by Members – this was the fourth such annual report.

The report highlighted the background and achievements for the 2007/08 Council Year. The Council had integrated risk management into service and business planning which demonstrated good management practice. The risk management function promoted the corporate risk management process and supported the whole Council in ensuring risks and opportunities were identified and managed appropriately. It was further noted that the principle of Risk Management was now well embedded within the Council's management processes and that further work to support this had been undertaken during the year.

The Committee were referred to the key achievements that had been achieved during the year at Strategic level, individual Portfolio level and by Business Units together with all Projects and Partnerships as outlined within the report.

Members were also informed as to how risk management was making a difference within the Council. The Committee was advised that a detailed risk workshop had previously been held with the relevant stakeholders of the

Small & Medium Enterprise Warehouse Project (which was part of Donnington Rail Freight Project). The results of the workshop were presented to the Rail Freight Project Board and it was agreed that the Warehouse Project was not a viable proposition for the Council, as a result the Project was withdrawn.

Members were finally informed of the key issues for 2008/09 as outlined within the report.

RESOLVED – that the contents of the Risk Management Annual Report 2007/08 and the Cabinet’s continued commitment to the Council’s risk management processes and good governance be noted.

AUC-7 THE ANNUAL GOVERNANCE STATEMENT 2007/08

The purpose of this report was for the Audit Committee to approve the Annual Governance Statement 2007/08 prior to the statement being signed by the Leader and Chief Executive and being presented to the Council with the 2007/08 annual accounts.

Members were informed that the Council was required to produce an Annual Governance Statement that was signed by the Chief Executive and Leader of the Council and that this statement must be included within the Annual Accounts. This was a new requirement for English Authorities however since 2004/05 the Council had produced a combined Assurance Statement for both Annual Assurance and Statement on Internal Control.

The Committee was referred to the Annual Governance Statement for 2007/08 as attached at Appendix B of the report which had been developed based on the requirements of the regulations and the guidance that had been received from CIPFA in late April 2008. The statement also included an action plan that would be used to ensure that the Council continued to improve the current governance arrangements.

In connection with the action plan that had been attached to the 2006/07 statement this had been reviewed and updated during the year and the current position was attached within Appendix C to the report with any outstanding actions being included within the 2007/08 statement.

The Annual Governance Statement outlined that the Council had adhered to the Local Code of Corporate Governance, and had continually reviewed and improved its procedures to maintain and demonstrate good corporate governance and that robust systems of internal control were in place. Members were advised of how assurance was provided and evidenced within the Council in connection with the annual governance statement.

Currently, the Council was awaiting the results of its Comprehensive Performance Assessment and Joint Area Review which had taken place in May 2008, and these results may further inform future actions within the annual governance action plan.

RESOLVED – that the Annual Governance Statement attached to the report be approved and the information supporting the report be noted.

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AUC-8 INTERNAL AUDIT UPDATE ON QUARTER 4 (JANUARY – MARCH 2008)

The purpose of this report was to update members on the work of Internal Audit during quarter 4 – January – March 2008. The report provided information on the work of Internal Audit during January to end of March 2008 together with an update on the progress of previous audit reports issued (January to December 2007). The Committee was advised that Internal Audit had during the reporting period had particularly focussed on completion of the fundamental audits, completion of the planned Primary Financial Management Standard in Schools assessments and planning for 2008/09.

There were no specific issues to bring to the attention of members of the Committee. It was further reported that the appropriate management teams had agreed action plans and commenced implementation in connection with the 4 amber reports summarised in Appendix D of the report. Internal Audit was confident that the recommended controls would continue to improve in these areas but would report back after follow up, if required.

Internal Audit reported last year that all Secondary Schools met the Financial Management Standard in Schools (a new government requirement). Primary schools had been introduced on a phased basis from April 2007. The Committee was informed that all those schools that had been visited during 2007/08 had also met the standard.

RESOLVED – that the contents of this report be noted.

AUC-9 INTERNAL AUDIT ICT PLAN 2008/09

The report of the Corporate Director: Resources was received which sought to provide to the Committee detailed information on the ICT Audit Plan 2008/09 that was summarised in the 2008/09 Internal Audit Plan.

Members were advised that the Standards and Audit Committee approved the Internal Audit Plan 2008/09 at their meeting on 3rd April 2008. However, the detail of the ICT audit work had not been finalised due to the desire to consult with the new Head of ICT who started with the Council in March 2008. It was agreed that the detailed information would be presented to the Committee when available.

As part of the assurance work for the authority a separate ICT Audit Plan had been produced. This plan linked with the general Internal Audit Plan 2008/09 and would provide reasonable assurance to the authority on the internal control arrangements. In accordance with good practice, the ICT Audit Plan was mainly linked with key ICT risks across the authority. This allowed finite Audit resources to be focused on ICT areas which could potentially have the greatest impact on the authority achieving its objectives.

The ICT Audit Plan 08/09 included the review of key corporate systems including the Council's Financial, Human Resources/Payroll and Revenues & Benefit systems. The Council's External Auditors (KPMG) placed reliance on this internal audit IT work which contributed to minimising the External Audit

fee. In addition to the section 151 officer, the Heads of ICT and Customer Services & Business Transformation had had been consulted and agreed the 2008/09 ICT Audit plan.

Members were referred to the approved ICT Audit Plan 2008/09 that was attached as Annex 1 to the report.

RESOLVED – that the contents of the report be noted.

AUC-10 APPOINTMENT OF CO-OPTEES

The Committee were referred to the previous meeting of the former Standards & Audit Committee that was held on 3rd April 2008 and in particular ST-60 and in particular the resolution that membership of the Audit Committee should include an external independent person.

Following a discussion it was considered that Committee members would be in a position to act robustly with future business items and that at this time this particular resolution would not be pursued. However it was agreed that this would be reviewed as part of the proposed review of the effectiveness of the system of internal audit and the Audit Committee that would be undertaken at the January 2009 meeting.

AUC-11 TIMING OF MEETINGS

The Chairman enquired as to whether members were in agreement with the future starting time of meetings of the Committee. Following a discussion it was agreed that 6.00 pm was a suitable commencement time.

AUC-12 DATES OF FUTURE MEETINGS OF THE COMMITTEE

It was noted that the dates of future meetings were as follows Tuesday 22nd July, Tuesday 16th September and 30th October 2008 and Thursday 27th January and Tuesday 31st March 2009.

Members also received a programme of proposed business items for the future meetings of the Committee.

The meeting ended at 7.25 pm

Chairman:

Date:

A&I Plan

June 2008



Audit and Inspection Plan

Telford and Wrekin Council

Audit 2008/09

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Copies of this report

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Introduction

- 1 This plan sets out the audit and inspection work that we propose to undertake for the 2008/09 financial year. The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA). It reflects:
 - audit and inspection work specified by the Audit Commission for 2008/09;
 - current national risks relevant to your local circumstances; and
 - your local risks and improvement priorities.
- 2 During 2008/09, the role of Relationship Manager will be replaced by the post of Comprehensive Area Assessment Lead (CAAL). The CAAL will provide the focal point for the Commission's work in your local area, lead the CAA process, and ensure that the combined inspection programme across all inspectorates is tailored to the level and nature of risk for the area and its constituent public bodies. The Commission has become the statutory gatekeeper of all inspection activity involving local authorities.
- 3 As the Audit Commission's CAAL, I will be taking responsibility for the delivery of the planned inspection work. The audit work will be undertaken by the appointed auditor, KPMG LLP, and their team is led by Mike McDonagh.
- 4 As KPMG have not yet completed their audit for 2007/08, the audit planning process for 2008/09, including the risk assessment, will continue as the year progresses, and the information and fees in this plan will be kept under review and updated as necessary.

Responsibilities

- 5 The Audit Commission and the Council's appointed auditor will comply with the statutory requirements governing our audit and inspection work, in particular:
 - the Audit Commission Act 1998;
 - the Local Government Act 1999 (best value inspection and audit); and
 - the Code of Audit Practice.
- 6 The Code of Audit Practice (the Code) defines auditors' responsibilities in relation to:
 - the financial statements (including the annual governance statement); and
 - the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 7 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies (from April 2008) sets out the respective responsibilities of the auditor and the Authority. The Audit Commission has issued a copy of the Statement to every audited body.
- 8 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and our audit work is undertaken in the context of these responsibilities.

Fees

- 9 The details of the structure of scale fees are set out in the Audit Commission's work programme and fee scales 2008/09. Scale fees are based on a number of variables, including the type, size and location of the audited body.
- 10 The total indicative fee for the work included in this audit and inspection plan for 2008/09 is £372,470 which compares to the planned fee of £246,925 for 2007/08. The audit element of the fee for 2008/09 remains broadly similar overall to that of 2007/08. The inspection fee for this year represents a significant increase on the fee in 2007/08. This is mainly as a result of the Corporate Assessment to be carried out during 2008.
- 11 Appendix 2 contains further details of the fee and the underlying assumptions. The risk factors which have contributed to the determination of the fee are set out in Appendix 3.
- 12 The audit and inspection fee is summarised in Table 1. As described below, this Plan includes the 2007/08 Use of Resources assessment to be completed during 2008 and also the element of the 2008/09 assessment planned to be completed before March 2009. This additional element has been separated out in the table below to ensure comparability of the fee with previous years.

Table 1 Audit and inspection fee

| Audit area | Planned fee 2008/09 | Planned Fee 2007/08 | Page |
|--|----------------------------|----------------------------|-------------|
| Use of resources 2008/09 - work completed prior to 31 March 2009 | £10,000 | N/A | |
| Other audit work | £235,000 | £240,300 | |
| Total audit fee | £245,000 | £240,300 | |
| Total inspection fee | £127,470 | £6,625 | |

- 13 The fee proposed for 2008/09 is 19 per cent below the scale fee specified by the Commission.
- 14 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.

- 15 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Authority. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.
- 16 The planned audit fee for 2008/09 varies from 2007/08 planned fee as a result of:
- cost inflation, net of efficiency savings;
 - the requirement for the 2008/09 Plan to include part of the work on the 2009 Use of Resources assessment;
 - changes to the certification requirements over the Housing and Council Tax Benefit claim which are expected to reduce the fee for this work; and
 - KPMG's revised risk assessment for the audit of the Authority's accounts, set out in Appendix 3.

Process for agreeing any changes in audit fees

- 17 As set out in paragraph 4, it is possible that the initial risk assessment will change as the year progress. Where this is the case, we will discuss this in the first instance with the Chief Executive. If required, supplements to the plan will then be issued and discussed with you to record revisions to the risk and the impact on the fee.

Auditor's report on the financial statements

- 18 KPMG are required to issue an audit report giving our:
- opinion on whether the financial statements present fairly the financial position of the Authority as at 31 March 2009; and
 - conclusion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial statements

- 19 **KPMG have undertaken an initial risk assessment of the Authority's audit risks, shown fully at Appendix 3. This will be updated following the 2007/08 audit to reflect changes in the level of risk.**
- 20 At this stage KPMG are aware of the following risks that are likely to affect the audit of the financial statements.
- Accounting standards for local authorities are specified in CIPFA's Statement of Recommended Practice (SORP). One of the changes to the SORP in 2006/07 was the new requirement for a Statement of Total Recognised Gains and Losses (STRGL) in the accounts. This proved challenging for many authorities, including Telford and Wrekin, and the Authority and the issues raised by this change are still being investigated. KPMG will review the required revisions as part of the 2007/08 audit. KPMG will need to assess critically how the Authority has addressed changes to the SORP in 2008 and 2009.
 - The timetable for the adoption of International Financial Reporting Standards (IFRS) in local government has now been determined: IFRS-compliant accounts will now be required in 2010/11. In practice, this means that the closing 2008/09 balance sheet position will need to be made IFRS-compliant. Based on the experience of private sector IFRS conversion, implementation of the new standards will require a significant level of work, so the Authority will need to formulate its approach to implementation soon. KPMG will discuss this project plan with officers and review working papers for the proposed changes as they become available.
 - The Authority is currently in the process of implementation of Single Status. KPMG will consider the impact of implementation on the financial standing of the Authority. Failure to implement a Single Status agreement would expose the Authority to risk of equal pay claims.
 - KPMG will discuss progress with Campus Telford and Wrekin, the Authority's Building Schools for the Future initiative, with officers and discuss accounting implications, such as the treatment of project costs, as they arise. Additionally, given the scale of the project, it is relevant to KPMG's Use of Resources assessment, as described in Appendix 3.

- 21 KPMG will continue to work with the Council to ensure that emerging risks are adequately addressed.

VFM conclusion

- 22 In reaching his conclusion, the appointed auditor, KPMG will review evidence that is relevant to the Authority's performance management and financial management arrangements.
- 23 The key risks highlighted from the planning are summarised in the table below with details of planned work to mitigate the risks. Full details of the risk assessment is outlined in Appendix 3. In summary the risks relevant to the VFM conclusion include the following.
- The Council's implementation of Single Status has potentially substantial financial consequences which need to be considered within service and financial planning. KPMG will need to consider implementation progress and the financial consequences in relation to the Financial Standing and Value for Money assessments.
 - KPMG will discuss the progress of Campus Telford and Wrekin, the Council's Building Schools for the Future programme, with officers and will discuss the accounting implications of the Outline Business Case and the treatment of project costs as they arise. Additionally, given the scale of the project, it is relevant to KPMG's Use of Resources assessment, as described in Appendix 3.

Use of Resources 2007/08

- 24 This audit plan covers the last year of the current regime for Use of Resources assessment as part of the CPA framework. The work required to arrive at the 2007/08 Use of Resources assessment is fully aligned to that required to arrive at the auditor's 2007/08 Value for Money conclusion.
- 25 Appendix 1 outlines the criteria and scoring.
- 26 The initial risk assessment for use of resources work is shown in Appendix 3. This will be updated through the continuous planning process as the year progresses.

Use of Resources 2008/09

- 27 2009 will be the first year of a new use of resources assessment which will form an element of the CAA framework. The Audit Commission has specified that auditors will complete a use of resources assessment for 2008/09.
- 28 There have been significant changes to the criteria for 2008/09. Appendix 1 outlines the criteria assessed as part of our use of resources work and our VFM conclusion. For each of the significant risks identified in relation to our use of resources work, we consider the arrangements put in place by the Authority to mitigate the risk, and plan our work accordingly.
- 29 This Plan and its fee contain only the element of the work which is undertaken prior to 31 March 2009; the remainder of the work will be included within the 2009/10 Annual Audit and Inspection Plan.

Mandated work

30 As part of the audit, the mandated work programme comprises:

- data quality 2007/08;
- whole of government accounts; and
- National Fraud Initiative.

Appendix 1 highlights the work to be undertaken.

CPA and inspection

- 31 From April 2009, the Audit Commission, jointly with the other public service inspectorates, will be implementing Comprehensive Area Assessment (CAA). Therefore, 2008/09 is the last year in which corporate assessments and programme service inspections will be undertaken as part of the CPA framework.
- 32 The Audit Commission's CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance.
- 33 The Council's CPA category is, therefore, a key driver in the Commission's inspection planning process. For CPA 2007, the Authority was categorised as four stars.
- 34 We have applied the principles set out in the CPA framework, 'CPA – The Harder Test', recognising the key strengths and areas for improvement in the Authority's performance.
- 35 Strengths in the Authority's performance include:
 - working well with key partners such as English Partnerships to deliver innovative capital projects such as the regeneration of Woodside, transformation of the town centre and the Hadley PFI project;
 - delivering high quality services to Children and Adults; and
 - the Council has strong governance and internal control arrangements.
- 36 Areas for improvement in the Authority's performance include:
 - highways maintenance and street lighting; and
 - the need to reduce absence rates at secondary schools and the number of teenage pregnancies.

- 37 On the basis of the planning process we have identified where inspection activity will be focused for 2008/09 as follows.

Table 2 Summary of inspection activity

| Inspection activity | Reason/impact |
|--|--|
| Comprehensive Area Assessment Lead (CAAL) role | To act as the Commission's primary point of contact with the Authority and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders. |
| Direction of Travel (DoT) assessment | An annual assessment, carried out by the CAAL, of how well the Authority is securing continuous improvement. The DoT statement will be reported in the Annual Audit and Inspection Letter. The DoT assessment summary will be published on the Commission's website. |
| Corporate assessment | As part of the agreed process for CPA, we will carry out a corporate assessment in line with the processes set out in 'CPA – The Harder Test' to assess the Council's corporate abilities and achievements. |

Advice and assistance

- 38 Under paragraph 9 of Schedule 2A of the Audit Commission Act 1998 the Audit Commission has powers to provide 'advice and assistance' (A&A) to another public body where this is requested.
- 39 If you wish the Commission to provide additional services under these powers, please contact Dorothy Welsh at d-welsh@audit-commission.gov.uk or your CAAL.

The audit and inspection team

- 40 The key members of the audit and inspection team for the 2008/09 audit are shown in the table below.

Table 3 Audit and inspection team

| Name | Contact details | Responsibilities |
|--|--|--|
| Dianne Thomas Corporate Area Assessment Lead | di-thomas@audit-commission.gov.uk 07901 513884 | Dianne is the primary point of contact with the Authority for inspection work and is responsible for coordinating audit and inspection work between KPMG and inspectorates, government offices and other key stakeholders. |
| Mike McDonagh Partner KPMG engagement lead | michael.a.mcdonagh@kpmg.co.uk 0121 335 2440 | Mike is responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive and audit committee. |
| Andrew Cardoza KPMG Senior Manager | andrew.cardoza@kpmg.co.uk 0121 232 3879 | Andrew is responsible for the management and delivery of the audit elements of this Plan. |
| Tim Pearce KPMG Manager | timothy.pearce@kpmg.co.uk 0121 232 3149 | Tim is responsible for the on-site delivery of all the audit elements of this Plan. |
| Peter Evans KPMG Assistant Manager | peter.evans@kpmg.co.uk 0121 232 3879 | Peter will work with Tim to plan and deliver KPMG's on-site work. |

Quality of service

- 41 We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact your CAAL or Appointed Auditor in the first instance. Alternatively, you may wish to contact the [name of (sub) Region] Head of Operations, [Head of Operations name] For any complaints concerning audit work, you may wish to contact KPMG's national contact partner for Audit Commission work, Trevor Rees (trevor.rees@kpmg.co.uk).
- 42 If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet 'Something to Complain About', which is available from the Commission's website (www.audit-commission.gov.uk) or on request.

Planned outputs

- 43 Reports will be discussed and agreed with the appropriate officers before being issued to the Standards and Audit Committee.

Table 4 Planned outputs

| Planned output | Indicative date | Responsibility |
|---|-----------------|-----------------|
| Audit and Inspection Plan | May 2008 | CAA Lead & KPMG |
| Interim audit memorandum | May 2009 | KPMG |
| Annual governance report (ISA260) | September 2009 | KPMG |
| Auditor's report giving an opinion on the financial statements and value for money conclusion | September 2009 | KPMG |
| Annual Audit Letter | TBC | KPMG |
| Corporate Assessment | July 2008 | CAA Lead |
| Direction of Travel Assessment | March 2009 | CAA Lead |

Appendix 1 – Elements of our work

Financial statements

- 1 KPMG will carry out our audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 2 KPMG are required to issue an opinion on whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year.
- 3 KPMG are also required to review whether the Annual Governance Statement has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the Annual Governance Statement is misleading or inconsistent with our knowledge of the Authority.

Value for money conclusion

- 4 The Code requires your appointed auditor to issue a conclusion on whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. The Code also requires the auditor to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at their conclusion.
- 5 In meeting this responsibility, KPMG will review evidence that is relevant to the Authority's corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators, KPMG will normally place reliance on their reported results to inform our work.
- 6 KPMG will also follow up our work from previous years to assess progress in implementing agreed recommendations.

Use of resources assessment 2007/08

- 7 The Use of Resources themes and KLOE are outlined below.
- 8 KPMG will arrive at a score of 1 to 4, based on underlying key lines of enquiry, for each of the following themes.

Table 1 Use of resources assessment criteria 2007/08

| Theme | Description |
|----------------------|---|
| Financial reporting | <ul style="list-style-type: none"> • Preparation of financial statements • External reporting |
| Financial management | <ul style="list-style-type: none"> • Medium-term financial strategy • Budget monitoring • Asset management |
| Financial standing | <ul style="list-style-type: none"> • Managing spending within available resources |
| Internal control | <ul style="list-style-type: none"> • Risk management • System of internal control • Probity and propriety |
| Value for money | <ul style="list-style-type: none"> • Achieving value for money • Managing and improving value for money |

- 9 The details of the scores and judgements will be reported to the Council. The scores will be accompanied, where appropriate, by recommendations of what the Council needs to do to improve.
- 10 The auditor's scores are reported to the Commission and are used as the basis for its overall use of resources judgement for the purposes of the CPA.

Use of resources assessment 2008/09

- 11 The Commission has now consulted on its proposals for the 2008/09 Use of Resources assessment. It proposes that the work required to arrive at the 2008/09 use of resources assessment is fully aligned with that required to arrive at the auditor's 2008/09 value for money conclusion.
- 12 The Commission proposes that the assessment will be based upon the evidence from three themes.
 - Managing money.
 - Managing the business.
 - Managing other resources.
- 13 The Commission proposes that Data Quality will become an element of the Use of Resources framework from 2008/09.

Data quality

- 14 The Audit Commission has specified that auditors will be required to undertake audit work in relation to data quality. This is based on a three-stage approach covering:
 - Stage 1 – management arrangements;
 - Stage 2 – analytical review; and
 - Stage 3 – risk-based data quality spot checks of a sample of performance indicators.
- 15 Work will be focused on the overall arrangements for data quality, particularly on the responsibility of the Authority to manage the quality of its data including data from partners where relevant.
- 16 Our fee estimate reflects an assessment of risk in relation to the Authority's data quality arrangements and performance indicators. This risk assessment may change depending on our assessment of your overall management arrangements at Stage 1 and we will update our plan accordingly, including any impact on the fee.

Whole of government accounts

- 17 KPMG are required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office.

National Fraud Initiative

- 18 The Authority participates in the National Fraud Initiative, which is the Audit Commission's computerised data matching exercise designed to detect fraud perpetrated against public bodies. KPMG will review the Authority's approach to addressing data matches and periodically monitor its progress.
- 19 This work will be carried out by an individual appointed to assist in the audit of the Authority's accounts (in accordance with section 3(9) of the Audit Commission Act 1998).

Certification of grant claims and returns

- 20 KPMG will continue to certify the Authority's claims and returns on the following basis.
 - Claims below £100,000 will not be subject to certification.
 - Claims between £100,000 and £500,000 will be subject to a reduced, light-touch certification.
 - Claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims.

Appendix 2 – Basis for fee

- 1 The Audit Commission and KPMG are committed to targeting work where it will have the greatest effect, based upon assessments of risk and performance. This means planning audit and inspection work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. It also means making sure that our work is coordinated with the work of other regulators, and that our work helps you to improve.
- 2 KPMG's audit risk assessment process starts with the identification of the significant financial and operational risks applying at the Authority with reference to:
 - cumulative audit knowledge of the Authority;
 - planning guidance issued by the Audit Commission;
 - the specific results of previous and ongoing audit work;
 - the Authority's strategic risk register;
 - interviews with Authority officers;
 - liaison with internal audit; and
 - the results of other review agencies' work where relevant.

Assumptions

- 3 In setting the fee, KPMG have assumed that:
 - you will inform us of significant developments affecting our audit, including accounting, financial reporting, legality and control issues;
 - internal audit meets appropriate professional standards;
 - internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
 - you will identify and implement any changes required under the CIPFA SORP within your 2008/09 financial statements;
 - your financial statements will be made available for audit in line with the timetable we agree with you;
 - good quality working papers and records will be provided to support the financial statements by the agreed audit start date;
 - requested information will be provided within agreed timescales;
 - prompt responses will be provided to draft reports; and
 - additional work will not be required to address questions or objections raised by electors.

- 4 Where these assumptions are not met, KPMG will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the opinion audit plan.
- 5 Changes to the plan will be agreed with you. These may be required if:
 - new audit risks emerge;
 - additional work is required by the Audit Commission, KPMG or other regulators; or
 - additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.
- 6 Below is a detailed breakdown of the audit and inspection fee for 2008/09.
- 7 The fee (plus VAT) will be charged in four equal instalments from June 2008 to March 2009.

Table 1 Detailed audit and inspection fee

| Audit area | Planned fee 2008/09 | Planned fee 2007/08 | Page |
|--|---------------------|---------------------|------|
| Audit | | | |
| Financial statements | 122,000 | 115,000 | |
| Use of resources - current year assessment | 36,500 | 35,000 | |
| Use of resources 2008/09 - work completed prior to 31 March 2009 | 10,000 | N/A | |
| Data quality | 26,000 | 25,000 | |
| Whole of government accounts | 3,300 | 3,200 | |
| National Fraud Initiative | 2,200 | 2,100 | |
| Certification of claims and returns (estimate) | 45,000 | 60,000 | |
| Total audit fee | 245,000 | 240,300 | |
| Inspection | | | |
| Relationship management | 11,197 | N/A | |
| Direction of Travel | 11,197 | 6,625 | |
| Corporate Assessment inspection | 105,076 | N/A | |
| Total inspection fee | 127,470 | 6,625 | |
| Total audit and inspection fee | 372,470 | 246,925 | |

Appendix 3 – Risk assessment

The table below shows KPMG's risk assessment of the Authority's audit risks.

| Significant risks identified | Issue | Action in response to residual audit risk | Link to auditors' responsibilities |
|---|--|--|---|
| <p>Financial Reporting and changes in the 2008 SORP</p> | <p>One of the major changes to the accounts introduced in 2007 was the requirement to prepare a Statement of Total Recognised Gains and Losses (STRGL). This Statement reconciles the opening and closing balance sheet positions for the financial year. Preparing the STRGL was a challenge for many authorities in 2006/07, including Telford and Wrekin, where officers are currently working on a prior period adjustment to include in the 2007/08 accounts.</p> <p>The requirement to prepare a STRGL continues in 2007/08 and future years, so the Authority will need adequate resources and quality assurance procedures to be in place in order to manage the compilation of the STRGL effectively.</p> <p>Further accounting changes have been introduced more recently, including changes to accounting for financial instruments and fixed assets which take effect in 2007/08, as reported in our 2007/08 Annual Audit and Inspection Plan. The 2008 SORP will bring in further changes for the 2008/09 financial year. Whilst it has not yet been finalised, it is expected to introduce changes including:</p> <ul style="list-style-type: none"> • new requirements on accounting for back pay arising from equal pay claims; • changes which reflect the replacement of Local Area Agreement grant with Area Based Grant; and • amended disclosure requirements for retirement benefits following the amendment of FRS17. <p>The Authority will need to review the changes once the SORP is finalised and determine what additional work will be needed to ensure that its accounts comply with the totality of SORP requirements, with a particular focus on the recent changes outlined above.</p> | <p>We will also need to assess critically how the Authority has addressed SORP changes in 2008 and 2009, and may respond to the risk through increasing the use of more senior and specialist staff.</p> <p>We will need to assess the Authority's approach to reviewing and addressing changes in accounting standards, in particular examining the improvements made in response to the difficulties experienced with the STRGL in 2007.</p> | <p>This risk is relevant to the audit of the Authority's financial statements and the Financial Reporting element of the Use of Resources Assessment.</p> |

| Significant risks identified | Issue | Action in response to residual audit risk | Link to auditors' responsibilities |
|---|--|---|---|
| Implementation of International Financial Reporting Standards | <p>The timetable for the implementation of International Financial Reporting Standards (IFRS) has now been announced; CIPFA has confirmed that IFRS-compliant accounts will be needed from the 2010/11 financial year.</p> <p>In practice, this means that the opening comparative balance sheet - ie the position as at 1 April 2009 - will need to be IFRS-compliant.</p> <p>With the exception of the specific areas described in IFRS1 (First-time Adoption of IFRSs), new accounting policies would need to be applied fully retrospectively. Gathering the information to make this possible will therefore be a time-consuming exercise, making early planning essential.</p> | <p>We will meet with officers to discuss their project plan for IFRS implementation. We will also discuss the areas which officers have identified as potentially challenging and, where possible, will review advance work completed on changes to the accounts and disclosures.</p> | <p>This risk is relevant to the audit of the Authority's financial statements and the Financial Reporting element of the Use of Resources Assessment.</p> |
| Single Status | <p>The Authority has a project plan in place to implement Single Status by the end of the 2008/09 financial year. This will be a complex process, given that the Authority will need to complete pay modelling, conclude negotiations with trades unions and update personnel and pay records prior to the implementation date</p> <p>The process of implementing Single Status has significant potential financial implications. These include the one-off costs of settling back pay claims, and also the ongoing increased payroll costs which typically arise from the revised pay structures.</p> <p>Failure to implement the Single Status agreement would expose the Authority to the risk of equal pay claims, which would in themselves have a significant effect on its financial standing.</p> <p>As such, this is a key financial risk to the Authority.</p> | <p>We will consider the progress made towards the implementation of Single Status, and how the Authority has refined its estimates of the potential cost of back pay and the ongoing effect of increased pay costs.</p> | <p>This risk is relevant to KPMG's consideration of the Authority's financial standing as part of the accounts opinion and within the context of the Use of Resources assessment.</p> |

| Significant risks identified | Issue | Action in response to residual audit risk | Link to auditors' responsibilities |
|-------------------------------------|--|--|--|
| <p>Campus Telford and Wrekin</p> | <p>Campus Telford and Wrekin is the Authority's £200 million local implementation of the government's Building Schools for the Future (BSF) programme.</p> <p>Since the time of our previous audit plan, the Authority has made progress with the programme, with its Strategy for Change receiving approval and progress being made towards finalising the Outline Business Case. Continuing robust project management arrangements will be needed to keep the programme on track and to ensure that the Authority's objectives are achieved.</p> | <p>We will consider the Authority's progress with BSF, including its arrangements in place to achieve value for money and deliver its objectives for the BSF programme. We will also discuss with officers the accounting treatment which is followed for BSF programme costs.</p> | <p>This risk is relevant to KPMG's audit of the financial statements and Value for Money Assessment.</p> |

Appendix 4 – Independence and objectivity

- 1 We are not aware of any relationships that may affect the independence and objectivity of the KPMG engagement lead and the audit staff, which we are required by auditing and ethical standards to communicate to you.
- 2 We comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised below.
- 3 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of my appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).
- 4 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 5 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
 - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
 - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.
- 6 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the audit committee. The auditor reserves the right, however, to communicate directly with the Authority on matters which are considered to be of sufficient importance.
- 7 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

- 8 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows.
- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit and Inspection Plan as being 'additional work' and charged for separately from the normal audit fee.
 - Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
 - The Appointed Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years.
 - The Appointed Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.
 - The Appointed Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

Appendix 5 – Sustainability

- 1 The Audit Commission is committed to promoting sustainability in our working practices and we will actively consider opportunities to reduce our impact on the environment. This will include:
 - reducing paper flow by encouraging you to submit documentation and working papers electronically;
 - use of video and telephone conferencing for meetings as appropriate; and
 - reducing travel.



INFRASTRUCTURE, GOVERNMENT AND
HEALTHCARE

Telford and Wrekin Council

Interim Audit Report 2007/08

June 2008

AUDIT

The contacts at KPMG in connection with this report are:

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This report is addressed to all the members of Telford and Wrekin Council ("the Authority") and has been prepared for the sole use of the Authority. We take no responsibility to any officer or member acting in their individual capacities, or to third parties.

Any party other than the Authority that obtains access to this report and chooses to rely on it (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Authority.

The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Mike McDonagh, who is the engagement partner to the Authority, on 0121 335 2440 or by email at michael.a.mcdonagh@kpmg.co.uk. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, email trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Team, Nicholson House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SU or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0117 975 3131, textphone (minicom) 020 7630 0421.

Executive summary

1.1 Scope of this report

This report summarises the findings of our planning and interim audit work at Telford and Wrekin Council (“the Authority”).

A significant proportion of our accounts audit work is completed before we receive the Authority’s financial statements. In particular, our work to date covers the following three areas.

- 1. Audit planning:** We have held discussions with officers to identify the main risks over the accounts process. The main areas identified were changes to accounting standards and the implementation of Single Status. We have set out our current understanding of these risk areas in section 2 of this report.
- 2. Controls testing:** We have performed testing on controls over the core financial systems, including IT general controls. We rely on the work of Internal Audit wherever possible, and also complete an assessment of the internal audit function as part of this work. We have reported our findings in section 3 of this report.
- 3. Understanding year end balances:** We audit some areas of the accounts by gaining an understanding of the factors which influence them; this enables us to predict the year end values. We also consider the Authority’s financial position as part of this work, and have commented on this in section 4 of this report.

We have commented by exception on each of these areas where we have issues to raise.

1.2 Summary of findings

Audit planning – risks in the accounts production process

We have held initial discussions with officers on the changes in accounting requirements which are being introduced in 2007/08. These include the introduction of a Revaluation Reserve for fixed assets, new standards on accounting for financial instruments (which include cash, investments and loans) and the new requirement to prepare an Annual Governance Statement.

Officers have made good progress in considering the actions which will be needed to address these changes. However, we cannot provide feedback that all the changes have been dealt with correctly until we have reviewed the detailed workings as part of our final accounts work.

As part of our planning work, we also reviewed the Authority’s 2006/07 accounts to consider how the previous year’s accounting changes were implemented. We specifically considered the Statement of Total Recognised Gains and Losses (STRGL), which was a new requirement in 2006/07 and was problematic for a number of Authorities. We identified a reconciling difference in the STRGL which will need to be investigated and may need to be adjusted for as part of the 2007/08 accounts. The issue is explained further in section 2 of this report.

The control environment

Based on our work to date, the Authority has generally sound financial controls. We have made three recommendations which would further strengthen the control environment.

We have also assessed the internal audit function against relevant standards and confirmed overall compliance.

The Authority’s financial position

The Authority has a clear risk assessment process in place to determine the level of reserves which it needs. This is a sound process and is also beneficial to members in that it communicates clearly the reasons why a given level of reserves is felt to be needed. Where in some cases the financial impact of a risk is difficult to quantify, officers make assumptions to ensure that some provision is made where appropriate – for example, in relation to Single Status which is an area where developments are ongoing.

Executive summary

1.3 Acknowledgements

We would like to take this opportunity to thank officers and members for their help and co-operation throughout our work.

Report timetable:

| Stage | Date |
|-----------------------------|--------------|
| Formal draft issued | 23 May 2008 |
| Authority comments received | 13 June 2008 |
| Revised draft issued | 20 June 2008 |
| Authority comments received | 26 June 2008 |
| Final report issued | 30 June 2008 |

The accounts production process

2.1 Background to the changes in accounting requirements

In our 2007/08 Annual Audit and Inspection Plan, we noted that the key issue for the 2007/08 accounts is the need to comply with changes to the SORP which take effect this year, since these will have a significant effect on the accounts. This follows on from 2006/07, when there were also substantial changes in accounting requirements.

As part of our planning work, we have carried out a desk-top review of the Authority's 2006/07 accounts, with a particular focus on how the 2006/07 SORP changes were implemented.

One of the changes to requirements in 2007 was the requirement to compile a Statement of Total Recognised Gains and Losses (STRGL). The purpose of this statement is to summarise all changes to the Authority's net worth, bringing together transactions in the Income and Expenditure Account (I&E) with other gains and losses, such as revaluation gains, which do not appear in the I&E. Many authorities found the process of compiling the STRGL was very challenging.

The table below summarises the position shown by the STRGL and the actual movement recorded on the balance sheet. This shows that the STRGL records total gains of £29.5m, whereas the Balance Sheet only shows total gains of £0.265m. We would expect these figures to agree, so a difference of £29.235m needs to be explained.

| | £000 | £000 |
|--|--------|--------|
| <i>Balance sheet position</i> | | |
| Balance sheet total as at 31 March 2007: | 78,666 | |
| Balance sheet total as at 31 March 2006: | 78,401 | |
| Movement on balance sheet (increase): | | 265 |
| <i>STRGL position</i> | | |
| Total gains reconciled during 2006/07 | | 29,500 |
| Unreconciled difference | | 29,235 |

Whilst this is a significant adjustment to the presentation of the accounts, the correction of the difference is unlikely to affect the Authority's financial position.

Officers believe that they have identified the items which make up this difference. We are currently discussing this in order to agree the adjustments which will be required as part of the 2007/08 accounts.

2.2 Changes in accounting requirements for 2007/08

Our work on the current year's SORP changes remains in progress. We have reviewed the preparations which the Authority has made during 2007/08, but have not reviewed year end accounting entries, since the closedown process remained ongoing at the time of our work.

We intend to continue working with officers to address any queries on these accounting changes as they arise.

Introduction of the Revaluation Reserve

This change requires authorities to account for revaluations and impairments on an asset-by-asset basis. This entails additional record-keeping, since the amount by which each asset has historically been revalued needs to be recorded, and also changes year end accounting entries.

The accounts production process

We have confirmed that the asset register has been updated to accommodate the new information requirements and discussed some of the accounting implications with officers. However, because most of the accounting entries are not made until after year end, we have not been able to confirm how these changes have been implemented.

Accounting for financial instruments

This SORP change significantly alters how the Authority accounts for investments, borrowings and other financial assets and liabilities, and affects both the Balance Sheet (the classification and valuation of the items) and the Income and Expenditure Account (for example, the amount of interest payable or receivable to show in the accounts during the year). Whilst these changes are unlikely to have a substantial effect on the Authority's financial position, they will increase the amount of work needed in the accounts closedown process, particularly in this first year of implementation.

Officers are currently considering their response to each aspect of the new requirements and we have held some preliminary discussions with officers on the areas which they feel will have the greatest impact.

However, at the time of our on-site work, officers were still working through the implications of the changes in consultation with the Authority's treasury management advisors. We will follow the issue up in subsequent meetings with officers and during our final audit visit.

Introduction of the Annual Governance Statement

Since 2003, local authorities have been required to produce an assurance statement as part of their accounts. Initially, this covered only financial controls, but was subsequently expanded to cover all aspects of how the Authority achieves its objectives.

For 2007/08, the remit of the assurance statement has been expanded further to include an assessment of the effectiveness of members' roles in the Authority's governance. This therefore requires the Authority to have suitable mechanisms in place to provide assurance over these areas.

Some progress has been made to develop this. Current structures provide for informal engagement of members in the assurance framework, through the involvement of the Cabinet Member for Resources who is responsible for governance, discussions at Portfolio level (for example, where risks are discussed between the Cabinet Member and Corporate Director) and, at the end of the year, the formal sign-off of the Governance Statement at year end.

However, the Authority is already making progress to deepen members' involvement. For example, we recommended in our *Use of Resources and Data Quality Report* that the Standards and Audit Committee review its effectiveness. This review has been initiated and, additionally, a decision has been taken to amend the structures to separate the standards and audit roles into separate committees. This is, in part, triggered by the changing role of local authority standards committees, but will also strengthen the audit remit. We understand that the Authority is considering giving the new Audit Committee an enhanced role in relation to the assurance framework, which should further strengthen the review of governance underlying the annual statement.

Recommendation 1: Managing changes to the SORP

Whilst we recognise that the Authority is making progress in addressing this year's SORP changes, we would reiterate the importance of focusing on technical accounting changes in order that they are implemented correctly.

2.3 Single Status

The Authority has branded its Single Status implementation programme "Beyond Excellence Through People" (BETP). Its project plan aims to implement revised pay structures before the end of the 2008/09 financial year.

Job evaluation is now largely complete with some minor issues remaining to be resolved before detailed pay modelling commences. However, it will only be at this stage that the financial implications of the BETP programme will become known with greater certainty.

We will need to follow up progress with officers regularly through the year to determine whether the project plan is being achieved and, in particular, to discuss and agree any implications of Single Status for the 2007/08 accounts.

The control environment

3.1 Financial controls

We have reviewed the controls over the Authority's financial systems, covering both IT general controls (such as controls over access to systems and to maintain data integrity) and other aspects of the Authority's material financial processes. In the course of our work, we have identified three areas where financial controls should be further enhanced.

Reconciliation between the debtors system and cash receipting system

Internal Audit reviewed this control and identified a reconciling difference of approximately £100,000 between the two systems. Finance staff have now completed further work and reduced the reconciling difference to £7,933. Nonetheless, we would reiterate the importance of Internal Audit's recommendation that the remaining imbalance be resolved and that the reconciliation should be kept promptly reconciled in the future.

Access to the HR/payroll system

We reviewed arrangements for security to IT systems. We found that payroll users can access both payroll and HR data. This presents the risk that there may not be segregation of duties between the HR and payroll functions, and could allow "ghost" employees to be set up on the HR system and added to the payroll.

To mitigate this risk, officers produce a daily report of all changes made on the system. These are independently reviewed, and so should detect entries which are unauthorised or made in error. We tested this control and concluded that it operates effectively.

Whilst this control mitigates the risk, it would nonetheless be beneficial to address the configuration of access rights on the system; this could bring efficiencies through reducing the need for the manual control. We understand that the Authority has previously approached the system supplier, but they were not able to make this change. However, we recommend that officers again investigate whether it would be possible for the supplier to make this configuration change. Where the change could be implemented but would attract a cost, this should be compared with the benefits and savings which would arise in reaching a decision.

Recommendation 2: IT security

The Authority should discuss with its HR/payroll software supplier whether access rights to the system can be amended so that payroll staff are prevented from amending HR data. Where the change could be implemented but would attract a cost, this should be compared with the benefits and savings which would arise in reaching a decision.

Reviewing establishment lists

One of the key controls we expect to see in place over the payroll system is regular review of establishment lists. This involves managers in each area of service reviewing a list of employees provided by HR to verify that they are genuine and details are correct, and confirming this to HR staff as evidence of their review. This helps detect invalid "ghost" employees on the payroll.

In our discussions, we identified that HR staff only produce regular establishment lists for schools, and only issue them to managers in other service areas when requested. Moreover, staff reviewing the lists normally only confirm the results of their review to HR when an issue has been identified. This means that HR staff do not have assurance that the establishment has been confirmed across the Authority.

Other controls, such as budgetary control, help to mitigate this risk. However, as a good practice point, we recommend that establishment lists be issued regularly to officers covering all of the Authority's functions and that all officers confirm the findings of the review to HR staff.

The control environment

Recommendation 3: Payroll controls

Establishment lists should be issued regularly to officers across the Authority, who should formally confirm the results of their review to HR staff.

3.2 Assessment of the internal audit function

Compliance with the Code of Practice for Internal Audit

We have prepared a Joint Working Protocol in conjunction with Internal Audit which aims to facilitate our reliance on their work to avoid duplication of effort and reduce audit costs to the Authority. The Protocol has assisted us in relying on relevant Internal Audit work.

During our interim visit we have identified minor improvements to audit documentation which would further aid our reliance and have discussed and agreed these with the Audit and Risk Manager. The same documentation requirements should also be applied to audit work performed by contractors.

Standards for internal auditors in local government are set out in the *Code of Practice for Internal Audit in Local Government*, issued by CIPFA. We have reviewed the internal audit function's self assessment against these requirements and confirmed that it complies with the *Code* except in the minor respects set out in the service's action plan.

We have provided a summary of our assessment in the table below.

| The standards | Commentary on the Authority's internal audit function |
|---|---|
| (1) Scope of internal audit | Internal Audit's annual plan was approved by the Standards and Audit Committee on 29 March 2007 and covers all the core financial systems. It also includes operational reviews, ICT and corporate governance. |
| (2) Independence | Whilst the Internal Audit function performs some operational work (for example performing credit checks on suppliers and employees applying for car loans), this is limited and does not compromise its independence. Auditors submit annual declarations of interests. The Audit and Risk Manager has the freedom to report on any matter and to any level of the Authority. |
| (3) Ethics for Internal Auditors | Staff are required to adhere to a Code of Conduct. Audit staff additionally submit a declaration of interests form annually. |
| (4) Audit committee (or equivalent) | Internal Audit reports quarterly as a minimum to the Standards and Audit Committee. This committee is to be split in 2008/09 with Internal Audit reporting to a separate Audit Committee; this will strengthen members' engagement with audit issues. |
| (5) Relationships with management, other auditors and other review bodies | The responsibilities and freedom to report of Internal Audit are set out in the Council Constitution. Internal Audit consult with management on timing and scope of reviews. KPMG have a documented, agreed Joint Working Protocol with Internal Audit to clarify mutual roles, responsibilities and expectations. |
| (6) Staffing, training and development | The internal audit function completes its work within its existing resource base, with contractors used where needed to meet skill or resource gaps. Training needs of auditors are identified through the annual Personal Performance Development (PPD) process. |

The control environment

| The standards | Commentary on the Authority's internal audit function |
|---|---|
| (7) Audit strategy and planning | Internal Audit's Business Plan covers a three year period. It is reviewed quarterly and refreshed annually. The Annual Audit Plan draws on the strategic and portfolio risk registers and is drawn up in consultation with Corporate Directors, Heads of Service and business unit managers. |
| (8) Undertaking audit work | <p>Internal Audit has two local PIs. These monitor the percentage of planned work completed and the percentage of work requested by the external auditor which has been completed.</p> <p>Internal Audit is piloting a new indicator which measures the percentage of draft reports issued within 15 days of completion of the fieldwork. We understand that this will formally become part of Internal Audit's PI set later in the current financial year.</p> |
| (9) Due professional care | All Internal Audit staff are appropriately qualified or training for relevant qualifications (eg. CIPFA, IIA) and therefore bound by the standards of their respective institutes. Procedures also require files to be reviewed by a Group Auditor or above, which also helps ensure that audit work is thorough and underpinned by sufficient evidence. |
| (10) Reporting | The Audit and Risk Manager reports to the Standards and Audit Committee quarterly as a minimum. Individual reports on reviews follow a set format and give an opinion on the adequacy of the controls operating in the system under review. Recommendations are followed up six months following issue of the report. |
| (11) Performance, Quality and Effectiveness | Internal Audit's quality assurance process includes appropriate review of audit work. An audit manual is available to audit staff. |

National Fraud Initiative (NFI)

The NFI is led by the Audit Commission and seeks to identify fraud and error by comparing data sets across a large number of public bodies. Internal Audit lead on NFI investigations within the Authority.

We have reviewed the Authority's arrangements for NFI and found that sound processes are in place and good progress has been made in dealing with matches. However, at present, these arrangements are not formalised or documented in the Authority's Anti Fraud and Corruption policy, and recommend that this change be introduced to strengthen arrangements further.

Recommendation 4: National Fraud Initiative

The Authority should formalise its approach to the National Fraud initiative in a policy document – for example, as part of the Anti Fraud and Corruption Strategy.

The Authority's financial position

As part of our Use of Resources work in 2007, we reviewed the Authority's risk-based approach to managing its financial reserves. We assessed this as an effective approach. In particular, the risk analysis is beneficial for members, because it describes important factors which affect the Authority's financial position.

The risk assessment process determines a target level of reserves which should reflect the main risks which the Authority faces. The Authority is currently forecasting an underspend of £0.31m against its original budget, and so expects the target level of reserves to be achieved.

As noted above, however, there is considerable uncertainty over the financial impact of some risks, such as Single Status. The Authority is working to quantify the financial impact of Single Status more fully, building on the budget provision made in 2007/08 to ensure that the figures in the 2007/08 accounts and 2008/09 budget monitoring are as accurate as possible given the information available.

Given the April 2007 implementation date for the Single Status Agreement, the Authority will, as a minimum, need to apply any new pay structures back to this date, even if a further back pay liability does not arise. As such, the financial impact of the uncertainty increases over time: moving into the 2009/10 budget setting cycle, there is the need to consider the costs for 2007/08 and 2008/09, as well as the period 2009/10 to 2011/12 covered by the Medium Term Financial Plan itself.

Given that both the financial and operational impacts of Single Status will both be significant, it is important for ongoing work on implementation to inform organisational planning and to reduce the uncertainties which the organisation faces. For example, the pay scale modelling which officers have already started to undertake has the potential to inform planning, since it gives a view on the costs of each option which can be used to guide financial planning.

Recommendation 5: The impact of Single Status on service and financial planning

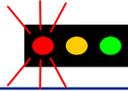
The Authority should continue to work towards implementing the Single Status Agreement. In particular, in completing this work, it should have regard to the uncertainties which Single Status creates within service and financial planning, identifying and implementing as early as possible those stages which would inform planning and help reduce these uncertainties.

We will follow up the Authority's final outturn position for 2007/08, including the impact of progress made in implementing Single Status, as part of our accounts audit later in the year.

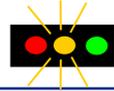
Appendix A: Action plan

Priority rating for recommendations

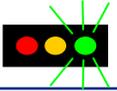
High: Issues that are fundamental and material to your system of internal control.



Medium: Issues that have an important effect on internal controls.



Low: Issues that would, if corrected, improve internal control in general but are not vital to the overall system.



| Risk | Recommendation | Management response | Officer and due date |
|--------------------|--|---|--------------------------------------|
| 1 ● (medium) | Managing changes to the SORP Whilst we recognise that the Authority is making progress in addressing this year's SORP changes, we would reiterate the importance of focusing on technical accounting changes in order that they are implemented correctly. | To increase capacity, we are reorganising resources within Finance to bring in an additional senior accounting resource recognising the increasing requirements and workloads on the Corporate Finance team. | Head of Finance 30/09/2008 |
| 2 ● (medium) | IT security The Authority should discuss with its HR/payroll software supplier whether access rights to the system can be amended so that payroll staff are presented from amending HR data. Where the change could be implemented but would attract a cost, this should be compared with the benefits and savings which would arise in reaching a decision. | HR management agree to approach the system supplier again to discuss the issue in the context to the changes we are making to maintain the establishment control as per the response to recommendation 3 below in relation to payroll controls. | Head of HR 31/12/2008 |
| 3 ● (low) | High level controls – payroll Establishment lists should be issued regularly to officers across the Authority, who should formally confirm the results of their review to HR staff. | The Council is currently in the process of introducing a new dynamic monitoring tool to ensure that managers have access to establishment data that will be agreed and subsequently used for payroll purposes. | Head of HR 31/03/2009 |
| 4 ● (low) | National Fraud Initiative The Authority should formalise its approach to the National Fraud initiative in a policy document – for example, as part of the Anti Fraud and Corruption Strategy. | This change will be included in the update of the Anti-Fraud & Corruption Policy which is due in September 2008. | Audit and Risk Manager 30/09/2008 |

Appendix A: Action plan

| Risk | Recommendation | Management response | Officer and due date |
|-----------------|--|---|--|
| 5 ● (medium) | <p>The impact of Single Status on service and financial planning</p> <p>The Authority should continue to work towards implementing the Single Status Agreement. In particular, in completing this work, it should have regard to the uncertainties which Single Status creates within service and financial planning, identifying and implementing as early as possible those stages which would inform planning and help reduce these uncertainties.</p> | <p>There are robust governance arrangements for the implementation of Single Status and the negotiation team includes the Heads of Audit & Democratic Services, Finance and HR amongst others. There is a Project Plan which identifies the related financial tasks and timings. These include modelling and scenarios with which the Corporate Finance team will be involved alongside union representatives and other officers. When this work commences in the next few months it will feed into the service and financial planning process as it progresses to give a firmer view of possible impacts, though the final package is unlikely to be concluded before the 2009/10 budget is set. The process over the next few months should however help to reduce these uncertainties.</p> | <p>Head of HR</p> <p>Ongoing during Single Status implementation</p> |

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE 22 JULY 2008

INTERNAL AUDIT UPDATE ON QUARTER ONE (APRIL – JUNE 2008)

**JOINT REPORT OF THE HEAD OF AUDIT AND DEMOCRACY and AUDIT & RISK
MANAGER**

1 PURPOSE

- 1.1 To update members on the work of Internal Audit during quarter one April – June 2008.

2 RECOMMENDATIONS

- 2.1 That Members of the Audit Committee note the update on quarter one work.

3 SUMMARY

- 3.1 The Audit Committee receives a quarterly update of the work of Internal Audit. This is the update report for quarter one April – June 2008.

4 PREVIOUS MINUTES

- 4.1 Audit Committee 17th June 2008 (Quarter 4 2007-08 Update Report).

5 INFORMATION – QUARTER ONE UPDATE (APRIL – JUNE 2008)

- 5.1 This section of the report provides information on the work of Internal Audit during April to the end of June 2008 and provides an update on the progress of previous audit reports issued (April 2007 to March 2008).
- 5.2 Internal Audit activity during this period has particularly focussed on completion of the audits set out in the Internal Audit Plan and the review of a sample of Performance indicators across all Portfolios including arrangements for information collection systems and data quality.
- 5.3 There is a follow up to the amber catering report currently in progress (a verbal update will be provided at the meeting). In addition a computer systems audit is also being undertaken on the PCS (Plastic Card Services) catering system. The results of this audit will inform the work already undertaken in this area.
- 5.4 At the previous meeting members requested information on the catering arrangements in the Council's schools. All the primary schools buy into the Council's education catering arrangements. Secondary schools have a choice and currently the following schools use the Council's catering arrangements:

- 1) Lord Silkin
- 2) Phoenix
- 3) Newport Girls High
- 4) Sutherland

- 5) Wrockwardine Wood Arts College
- 6) Ercall Wood Technology College
- 7) Madeley Academy
- 8) Abraham Darby (until 31/08/08 when it will transfer to the Academy)

The secondary schools not using the Council's catering arrangements are Burton Borough, BRJ, Adams Grammar, HLC and Charlton.

- 5.5 The Corporate Parenting – 16+ Team follow up was completed during the quarter. This was a follow up of the red report issued in October 2007. The follow up is categorised as amber due to management controls implemented still not working as effectively as they could. Audit continues to work with management in this area to improve controls and a further follow up review will be undertaken in September 2008.
- 5.6 There are no other issues to bring to the attention of members of the Committee. The appropriate management teams have agreed action plans and have commenced implementation for the 2 amber reports summarised in Appendix D. Internal Audit are confident that the controls have and will continue to improve in these areas but will report back after follow up, if required.
- 5.7 Information has been attached to the report as the following appendices:
- i) Appendix A – List of final reports issued quarter one with our grading – red, amber, yellow or green and any appropriate comment on internal controls.
 - ii) Appendix B – List of all work undertaken for quarter one of 1 day or more.
 - iii) Appendix C- Previous graded reports from April 2007 to March 2008 and their current status.
 - iv) Appendix D – Further information for the 3 amber reports.

6 OTHER CONSIDERATIONS

| AREA | COMMENTS |
|---------------------------------|---|
| Equal Opportunities | All members of Audit Services have attended equal opportunities/diversity training. If any such issues arose during an audit they would be notified to the appropriate manager. |
| Environmental Impact | Such issues would be notified to the appropriate manager during or immediately following the audit. |
| Legal Implications | Audit Services classify recommendations as either Statutory, Financial regulation, Policy/Procedure or Best Practice. This means that where service areas are not operating within statutory requirements there is an obligation to implement the recommendations as soon as possible. These recommendations are followed up within 6 months. Audit Services can only, within their resource constraints provide reasonable assurance (rather than "absolute assurance") to the authority upon the operation of controls. |
| Links with Corporate Priorities | The audit plan is linked to corporate priorities via the risk management process. Where high risks are identified then Audit Services undertakes work on a more regular basis. |
| Risks and Opportunities | The role of internal audit includes a review of the controls in place to manage the risks within service areas. The reports produced assist the Council in improving systems and controls (reducing risks) and therefore the delivery of services and achievement of objectives. |

| | |
|------------------------|---|
| | In addition Internal Audit have reviewed the Council's risk management process during the year and concluded that it is operating effectively |
| Financial Implications | Audit Services operated within budget 2007/08 with a small under spend due to a delay in filling a vacant post. Where recommendations are made by Audit Services, if possible, cost implications are identified. |
| Ward Implications | Internal Audit is responsible for the internal audit of all the Council's activities and at all Council locations. They therefore operate within all Council Wards. |

7 BACKGROUND PAPERS

Annual Audit Plan 2008/09

Report by Jenny Marriott, Audit & Risk Manager 383101

TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE – 22nd JULY 2008.

REVIEW OF THE KEY STRATEGIC RISK REGISTER – May 2008

REPORT OF THE CORPORATE DIRECTOR RESOURCES

1 PURPOSE

- 1.1 For the Audit Committee to note the revised key strategic risk register following the review in May 2008.

2 RECOMMENDATIONS

- 2.1 That the Audit Committee note the changes to key risks shown in paragraphs 6.1 - 6.3 and detailed in Appendix A.

3 SUMMARY

- 3.1 The Council needs to review the Key Strategic Risk Register regularly in order to reflect the constant changes affecting the Council, its risks and the effectiveness of the controls implemented to manage these risks.

4 PREVIOUS MINUTES

- 4.1 Standards and Audit Committee 3rd April 2008
Standards and Audit Committee 5th December 2007

5 BACKGROUND INFORMATION

- 5.1 The last formal review of Key Strategic Risks was in January 2008. The results of the May 2008 review of Key Strategic Risks are shown in Appendix A. Changes since January are shown in red and bold.

6 PROPOSED AMENDMENTS FOR MAY 2008

- 6.1 **New Key Risk – (shown in red and bold and shaded)**
Risk ID 18 (Risk 35) – Outcome of Sub National review of economic development and regeneration adversely impacts on T&W. **Raised by Chief Executive.** The proposed residual risk score is 7 (medium likelihood and High impact).

- 6.2 **Amendments to existing Key Risks** (shown in red and in bold in Appendix A):

| Risk | Proposed Changes May 2008 |
|--|--|
| Risk ID 11 (Risk 8) Failure to effectively transform the town centre | <ul style="list-style-type: none">Risk Description has been changed to reflect the current risk the council is facing, and controls and actions have been updated to bring the risk in to line with the risk on the E&R Portfolio Risk Register. |

| Risk | Proposed Changes May 2008 |
|---|---|
| | <p>Previous risk description was:</p> <p>Failure to transform the Town Centre and Borough towns results in:</p> <ul style="list-style-type: none"> • Failure to retain well educated young people and graduates in the area • Failure to achieve economic growth • Failure to increase jobs in the area • Gives a poorer image of the Borough |
| Risk ID 5 and 8 | <ul style="list-style-type: none"> • Amended risk description and controls and actions since January 2008 |
| Risk ID 1, 2, 3, 4, 6, 7, 9, 12, 13, 14, 15, 16 and 17 | <ul style="list-style-type: none"> • Amendment to controls and or actions since January 2008 |

6.3 Risks Removed – 2 risks have been removed from the key strategic risk register in this review – details are shown at the bottom of the register:

- Failure to achieve major transport investment – removed as a separate risk as it is covered in the actions of risks 8, 9 and 10
- Jigsaw fails to deliver the required outcomes for C&YP – no longer a key risk as the residual score has been reduced as a result of additional controls being implemented.

6.4 In January 2008, there were **19** Key Strategic Risks identified on the Key Strategic Risk Register. Following the review in May 2008 there are now **18 Key Strategic Risks**. The next review is planned for September 2008.

7 OTHER CONSIDERATIONS

| AREA | COMMENTS |
|---------------------------------|--|
| Equal Opportunities | The identification of risks and proper management of them in respect to equalities and diversity will ensure that legislation and the Council's policies and ambitions in respect to equality and diversity are met. |
| Environmental Impact | The identification of risks and proper management of them in respect to sustainability and environmental issues will help ensure that legislation and the Council's policies and ambitions in respect to sustainability and the environment are met. |
| Legal Implications | The proper management of risks should reduce the likelihood of litigation and claims against the Council. |
| Risk Management | Agreeing the revised Key Strategic Risk Register will give further opportunities to demonstrate that we are identifying and managing risks appropriately at every level of the Authority in order to deliver our priorities. |
| Links with Corporate Priorities | Managing risks as per the Council's risk management processes will help the Council to deliver effectively all the Council's priorities. |

| | |
|------------------------|--|
| Financial Implications | The management of risks in respect to claims and litigation and reviewing how risks are controlled could result in reduced financial costs to the Council. Good risk management contributes to the efficient use of resources. |
| Ward Implications | Good management of the key strategic risks will impact on the Council and therefore all the wards within the Borough. |

8 **BACKGROUND PAPERS**

Risk Management Strategy 2007.
Key Strategic Risk Register January 2008

Report by Heather Gumsley, Principal Risk Officer 01952 383112

Key Strategic Risks in Residual Score Order – May 2008

APPENDIX A

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|---|---|-------------|--|----------------|---|---|---------------------|
| 1. | 33 | <p>The outcome of Investing for Health and Darzi reviews regionally and nationally results in significant issues on future provision of acute health services</p> <p>Raised Sept 2007 by Corporate Director ACC</p> | OP STRAT FIN PEO REP POL | 9 | <ol style="list-style-type: none"> 1. Current public consultation and strength of previous public and political response to previous consultation 2. Council Officers involved in local and regional discussions 3. Interim findings have been published with final report due in October 2008. 4. Regular reviews of issues and implications with PCT 5. Richard Webb contributing nationally via Association of Directors of Adult Social Services (ADASS) 6. Joint T&W / SCC position statement March 2008 7. Richard Webb is part of the Clinical Leads Forum 8. There are T&W representatives on each of the 8 Pathway Development Groups | 8 | <ol style="list-style-type: none"> 1. On-going lobbying, monitoring and involvement 2. Scrutiny will need to consider final recommendations and could reject the proposals at a local level if they feel the consultation process is inappropriate | <p>Corporate Director ACC</p> <p>Cabinet Member: Jacqui Seymour</p> | ALL |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|--|---------------------------|-------------|--|----------------|--|--|---------------------|
| | | | | | 9. Cabinet Member is Co-Chair of Governance Group | | | | |
| 2. | 25 | Demographic changes across the Borough in terms of age and complexity of need places increased pressures on budgets and service capacity Raised Sept 06 | OP FIN STRAT REP | 9 | <ol style="list-style-type: none"> 1. Service and financial planning framework 2. Transition protocols in place between Children's Services and Adult Services 3. Eligibility Criteria for Services. 4. Panel and review arrangements for Care Packages. 5. New service provision arrangements are being put in place by Capital Programme and BSF Programme (e.g. Jigsaw and new inclusion centres) 6. CSR is settled from C&YP point of view in terms of pupil placed planning and BSF Strategy for Change Part 1 7. On-going lengthy programme of review is underway of Community Care which focuses on access and re-enablement 8. Benchmarking with other Local Authorities and other agencies indicates this is a national trend | 8 | <ol style="list-style-type: none"> 1. National Consultation on the future of Adult Social Care funding – T&W will contribute to this debate 2. Further develop transition protocols between C&YP, ACC and partner agencies (e.g. Connexions and LSC) 3. Further develop transitions for Young People with complex social circumstances who may need assistance as they leave school environment 4. Rethinking Community Care will consider implications of Personal Budgets and the move towards universal social care services. 5. The work of the integrated housing project is also contributing to addressing this risk. | <p>Corporate Directors Adult and Consumer Care and Children & Young People</p> <p>Cabinet Members: Stephen Burrell and Jacqui Seymour</p> <p>ACC Portfolio Risk and CYP Portfolio Risk</p> | 2,5,6 |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|---|---|-------------|--|----------------|--|--|---------------------|
| | | | | | 9. Improved links between Children with Disabilities Services and Adults with Learning Disabilities Services (ALD) 10. Transition Team has been established – led by ACC 11. Workshop held with ALD staff on service pressures and budgets 12. On-going implementation of the actions that came out of the joint stock-take between the CYP and ASC senior management teams to review transition, Team around the Child & 16-19 arrangements | | | | |
| 3. | 1 | Failure to respond effectively to major disaster or emergency (raised June 06) | OP STRAT FIN REP LEG REG | 9 | 1. Interim structure for Civil Resilience team in place with gaps due to maternity leave and vacant project officer role which has now been filled – start date July 2008. 2. Dedicated Emergency Response Centre in place 3. Local community risk assessments undertaken & agreed risk register is in place with regular | 7 | 1. Accommodation review for Pergo House to increase working space and provide work base for civil resilience team 2. Corporate Directors Board has approved amendments to the Emergency Plan, agreed recruitment & training to roles, and arrangements for exercising the plan during July 2008 3. Crisis Commander | Corporate Director Adult and Consumer Care Cabinet Member: Jacqui Seymour ACC Portfolio Risk | ALL |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|----------------------------|---------------|-------------|---|----------------|--|------------|---------------------|
| | | | | | <p>reviews</p> <p>4. SMT has exercised the generic emergency plan and agreed amendments in policy & procedure</p> <p>5. A updated generic emergency plan & incident specific plans are in place and are periodically reviewed and updated</p> <p>6. Activation procedures are in place and tested via SF&RS control pager system to an EP duty manager</p> <p>7. EP training programme for 2008/09 agreed and being finalised with delivery focused primarily on the revised E/Plan roles – to be delivered in May & June 2008</p> <p>8. Inter-agency liaison structures are in place & functioning (LRF / GWG / sleeping silver)</p> <p>9. Corporate BCM plan and governance framework in place & approved</p> <p>10. HoS / BM's completed service based BCP's to common</p> | | <p>software purchased and initial training completed</p> <p>4. Need to further improve / test communications systems, including role out of phase 2 resilient communications system</p> <p>5. Need to audit 2008/09 business plans or updated service based BCPs for all services</p> <p>6. Need to resolve issues regarding SF&RS activation of EPDM pager</p> <p>7. SMT on-call rota to be implemented by end June 2008</p> <p>8. Procedures for power failures at CO/DH agreed in principle – detail to be developed and implemented by end July 2008</p> <p>9. Consultant commissioned to review the corporate BCP including achieving BSI standard</p> | | |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|--|-------------------|-------------|---|----------------|--|---|---------------------|
| | | | | | <p>framework. Now included within business planning template</p> <p>11. Completed an internal audit of BCPs with agreed actions identified</p> <p>12. Pandemic flu planning (BCP) event held for the independent sector</p> <p>13. 'Sleeping silver' has reviewed Operation Tangent plan and agreed significant revisions – ongoing work</p> | | | | |
| 4. | 29 | Land Stability in the Gorge (raised May 07) | FIN REP PEO | 9 | <p>1. Regular monitoring in place</p> <p>2. Lloyds Phase 2 and Lloyds Head Stabilisation scheme is under way and Phase 1 is now complete</p> <p>3. Project Board in place to oversee project</p> <p>4. Emergency Plan in place</p> <p>5. High level cross departmental ministerial meetings planned to discuss the issue of stability in the Gorge</p> | 7 | <p>1. GOWM is assisting with lobbying the Government at ministerial level for long term funding.</p> <p>2. In process of submitting a bid to EU for further funding.</p> | <p>Corporate Director Environment and Regeneration</p> <p>Cabinet Member: Stephen Bentley</p> <p>E&R Portfolio Risk</p> | ALL |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|--|----------------------------------|-------------|--|----------------|---|--|---------------------|
| 5. | 5 | <p>Failure to deliver an affordable “Beyond Excellence Through People” Strategy</p> <ul style="list-style-type: none"> • Potential significant financial implications for the council to implement the outcome of single status • Potential significant impact on staff morale • Potential loss of key staff before the outcome of single status is announced and after • Difficulties in recruiting new staff <p>(Raised June 06, Description amended Sept 2007 and May 2008.)</p> | OP REP PEO STRAT FIN | 9 | <ol style="list-style-type: none"> 1. BETP project Team and Governance Structure is in place with Risks identified and being managed 2. Detailed project plan now in place with dedicated project manager 3. Communication and consultation mechanisms with employees and trade unions 4. Effective research and management information around issues such as workforce profile, pay rates 5. Sufficient Job Evaluation expertise has been retained post main phase to complete JE schedule 6. Member Involvement and buy-in. 7. Trade Union involvement and buy-in 8. Structured job evaluation process based on national scheme 9. Visits undertaken to authorities who have completed Single Status | 7 | <ol style="list-style-type: none"> 1. Resources needed to complete the Project on time need to be made available following revised detailed project plan 2. Effective budget modelling of Single status impact – check PSE data is accurate 3. Pilot an appropriate scheme for Senior Managers job evaluation 4. On-going communication at all levels on progress 5. On-going review of JE results to ensure there is consistency and rigour in future application of pay strategy 6. Complete pay modelling 7. Develop Market factors Policy 8. Negotiate attractive terms and conditions package 9. Need to secure agreement of workforce and Trade Unions and Council Members to final proposals 10. Consider a bid to national government | <p>Corporate Director Resources</p> <p>Cabinet Member: Adrian Lawrence</p> <p>Resources Portfolio Risk</p> | 7 |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|--|---------------------|-------------|--|----------------|---|--|---------------------|
| | | | | | <p>10. Project is monitored and reviewed to timetable.</p> <p>11. Updated Scrutiny on the process</p> <p>12. 2008/09 budget includes additional funding</p> <p>13. Senior management job evaluation has been undertaken and its calibration with NJC scheme</p> <p>14. Equality Impact Assessment of current proposed pay and grading structures undertaken</p> | | <p>for dispensation to capitalise back pay if appropriate</p> <p>11. Introduce systematic support mechanisms for managers and staff (e.g. job re-design)</p> <p>12. Revise re-deployment policy to include re-skilling and ensure appropriate resources are made available</p> | | |
| 6. | 10 | <p>Failure to deliver housing 'growth' target.</p> <p>(raised June 06) Updated description May 2007, description amended Sept 2007).</p> | STRAT REP FIN | 9 | <p>1. Secured place in BCBC City Region.</p> <p>2. Regional growth targets require increased growth in places such as Telford.</p> <p>3. Received significant funding from New Growth Points initiative to fund Housing Growth Initiatives</p> <p>4. Supportive Development Planning and Framework Control processes in place</p> <p>5. Extensive involvement in Regional Planning activity.</p> <p>6. Established Integrated Housing Project</p> | 7 | <p>1. Continue to seek local / political support</p> <p>2. Work with partners to develop an approach</p> <p>3. Complete LDF documents to secure policy framework for future development</p> <p>4. Adopt and progress Integrated Housing Project</p> <p>5. Seek further funding for infrastructure / development e.g. Greyhound link</p> <p>6. Action Plan in place for temporary accommodation with monthly monitoring via Communities and</p> | <p>Corporate Director Environment & Regeneration and Corporate Director ACC</p> <p>Cabinet Members: Stephen Bentley and Eric Carter and Jacqui Seymour</p> <p>E&R Portfolio Risk</p> | ALL |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|--|---------------|-------------|--|----------------|---|---|---------------------|
| | | | | | 7. Cabinet have confirmed support for the level of growth recommended by the West Midlands Regional Assembly as part of the phase 2 revision of the Regional Spatial Strategy | | Local Government (CLG) – however, potentially high risk in view of the current market conditions 7. Discussions with CLG and HACA are planned 8. £14m for affordable housing has been agreed over the next 3 years to be delivered by Integrated Housing Project 9. Recruit to HoS Economic Development post | | |
| 7. | 6 | Insufficient financial resources (both Internal and External) in the medium term to deliver services, priorities and ambitions (raised June 06, amended Sept 06 Description amended Sept 2007) | FIN REP STRAT | 9 | 1. Prudent financial management controls and reporting. 2. Clear and effective service and financial planning processes 3. Early dialogue with members to clarify priorities in the context of the financial outlook for 08/09 budget and there is on-going consultation 4. Developed and implemented programme of corporate projects / work streams designed to identify significant savings through e.g. | 7 | 1. Maintain effective dialogue with Members with early consideration of implications for later years, especially savings targets 2. Secure English Partnerships (EP), Housing Corporation (HC) and Advantage West Midlands (AWM) resources through Local Area Agreement (LAA). 3. Improve resourcing for partners through continued lobbying 4. Identify and allocate adequate resource to deliver project outcomes | Corporate Director Resources Cabinet Member: Adrian Lawrence Resources Portfolio Risk | ALL |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|---|--|-------------|--|----------------|--|--|---------------------|
| | | | | | <p>alternative service delivery models, business transformation and pursuit of additional external funding</p> <ol style="list-style-type: none"> 5. Received positive RSG settlement for 2008/09 6. Secured specific growth funding from Government. 7. VfM scrutiny group to provide challenge 8. Joint working with other "like" Local Authorities 9. Lobbying strategy and campaign advised by Citigate and supported by partners including LGA. 10. Achieved BCBC (Black Country, Birmingham and Coventry) City Region approval for West Midlands including Telford and Wrekin | | | | |
| 8. | 31 | <p>Failure to implement Infra-Structure Project on time, within budget :</p> <ul style="list-style-type: none"> • Impacts on Business Transformation Programme • Impacts on the development of | OP REP FIN STRAT PEO INFO | 9 | <ol style="list-style-type: none"> 1. Project Team in place 2. Project Board in place with effective governance arrangements including reporting to TTG Board 3. Project Plan being finalised 4. Money has been earmarked from | 7 | <ol style="list-style-type: none"> 1. Implementing new governance arrangements 2. Project team are working alongside DELL to ensure delivery of the Infrastructure is completed in 2008 and a success | <p>Corporate Director Resources</p> <p>Cabinet Member: Adrian Lawrence</p> | ALL |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|---|---------------|-------------|--|----------------|--|---|---------------------|
| | | <p>key systems in the council</p> <ul style="list-style-type: none"> • Impacts on the ability to deliver continuity across the council • Impacts on Revenues and Benefits ability to deliver front line services <p>(Raised Sept 07 description amended May 2008)</p> | | | <p>Business Transformation Programme and Spend has been agreed by Cabinet</p> <p>5. Cabinet Member Resources will be kept updated</p> <p>6. Infrastructure Project Contract now awarded to Dell – 12 month implementation period will now commence</p> <p>7. HoS currently reviewing the DELL proposals</p> | | | Resources Portfolio Risk | |
| 9. | 23 | <p>Failure to deliver an effective waste disposal service</p> <p>(Raised Sept 06)</p> | FIN REP STRAT | 9 | <p>1. Effective waste collection system with high levels of re-cycling and general public support</p> <p>2. Monitoring of performance</p> <p>3. Waste Disposal Project Team and Project Board in place to consider long term disposal issues.</p> <p>4. Long term Procurement process is underway and progressing</p> <p>5. External advisors have been brought in to support the procurement process</p> | 7 | <p>1. Identify funding to deliver the project</p> <p>2. Continue to consider partnership options</p> <p>3. Options will be presented to Members</p> <p>4. Continue to support and promote minimisation, re-use and re-cycling of waste</p> | <p>Corporate Director Environment and Regeneration</p> <p>Cabinet Member: Stephen Bentley</p> <p>E&R Portfolio Risk</p> | 3 |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|--|----------------------------------|-------------|---|----------------|---|--|---------------------|
| 10. | 4 | Death or serious harm or neglect of a vulnerable child or adult (Breach of duty of care) (raised June 06) | OP STRAT FIN REP LEG | 9 | <p>ACC Controls</p> <ol style="list-style-type: none"> 1. Key Staff trained and in place with on-going additional Adult protection training and now fully staffed in Protection of Vulnerable Adults Unit (POVA unit.) 2. Inspection and Contract compliance (CSCI and BTW) 3. Protection of Vulnerable Adults trend monitoring incorporated into Quarterly Performance Board. 4. Restructure in ACC strengthens focus in this area. 5. Review of Social Work / recruitment and retention is underway via benchmarking with Family Group and Community Care Review 6. Commenced sharing of intelligence in two-way link with CSCI – protocol agreed with CSCI. 7. Re-thinking Community Care work stream launched, linking to business transformation. 8. Increased capacity in the Contract | 7 | <ol style="list-style-type: none"> 1. Review systems once outstanding post in Contract Compliance is filled 2. Further develop MOSS platform for the sharing of information. 3. Recruitment of admin support for the POVA process is underway 4. Review information sharing protocols between partners as well as internally to ensure that all parties are aware of potential emerging risks or threats to children and or vulnerable adults | <p>Corporate Directors Adult and Consumer Care and Children & Young People</p> <p>Cabinet Members: Stephen Burrell and Jacqui Seymour</p> <p>ACC Portfolio Risk and CYP Portfolio Risk</p> | 2,5 |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|----------------------------|---------------|-------------|---|----------------|---|------------|---------------------|
| | | | | | Compliance – one post outstanding CYP Controls 9. Child Protection Procedures 10. Effective Local Safeguarding Board. 11. Strong performance measures. Shared ACC/ CYP Controls 12. Assessment and Care Management in place. 13. Clear management accountability. 14. Audit and evaluation of practise and records 15. Clear contact points for public and partners. 16. Joint protocols with partners. 17. Implementation of new computer system in C&YP includes sharing of information with ACC and Emergency Duty Team has access to both 18. Ongoing evaluation of the impact of the new computer system in C&YP on information sharing with ACC | | | | |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|--|---------------------------|-------------|---|----------------|---|---|---------------------|
| 11. | 8 | <p>Failure to effectively transform the Town Centre</p> <p>(raised June 06, description amended Jan 07, description amended September 2007 and May 2008)</p> | OP REP STRAT FIN | 9 | <ol style="list-style-type: none"> 1. Town Centre Project Board and Project Team in place working with EP / AWM. 2. Transforming Telford. is the lead delivery vehicle for the Southwater Core Project 3. Quarterly monitoring of Transforming Telford performance to Cabinet 4. Established priority within T&W and Partners. 5. Supportive planning framework 6. New Owners of the Town Centre Shopping Development have made significant proposals for the Town Centre which have been positively received by the public 7. Established Planning Project Team within T&W to manage the Hark/Apollo application 8. Key targets and actions in priority Plan which will be monitored four times per year | 7 | <ol style="list-style-type: none"> 1. Project Management and support resources are being established 2. Scrutiny management Board to review Transforming Telford performance in 2008 3. Challenge the Regional Spatial Strategy (RSS) retail/office allocations for Telford 4. Final draft of Central Telford Area Action Plan (CTAAP) to be approved by Cabinet 5. Project Plan with actions / timetable to be developed and monitored by Project Board 6. Secure infrastructure funding from partners/CIL | <p>Corporate Director Environment & Regeneration</p> <p>Cabinet Member: Eric Carter</p> <p>E&R Portfolio Risk</p> | 1,2,5,6 |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|--|---------------------------|-------------|---|----------------|---|---|---------------------|
| 12. | 9 | Failure to regenerate South Telford (raised June 06) | OP REP STRAT FIN | 9 | <ol style="list-style-type: none"> 1. Delivery role is undertaken by Transforming Telford with Partnership Board and monitoring in place 2. Established South Telford as a priority within Regional Housing Strategy. 3. Support within Regional Housing Board. 4. EP support secured for Woodside 5. Set up Integrated Housing Project | 7 | <ol style="list-style-type: none"> 1. Secure longer term Funding. 2. Continue Regional / National lobbying 3. Develop and promote Housing Prospectus with key partners through the Integrated Housing Project | <p>Corporate Director Environment & Regeneration</p> <p>Cabinet Member: Eric Carter</p> <p>E&R Portfolio Risk</p> | 1,2,3,4,5,6 |
| 13. | 11 | Failure to retain / attract investment to provide the skills and jobs to meet the growing local needs. (raised June 06) Updated description May 2007 | STRAT REP FIN | 9 | <ol style="list-style-type: none"> 1. Economic Development Strategy (EDS) in place. 2. Transforming Telford now incorporated and focused on delivering the EDS 3. On-going effective monitoring of Transforming Telford performance. 4. Effective engagement with key partners such as AWM, EP, LSC and the Business Community via LSP 5. National lobbying activity. 6. Work within City Region on skills agenda. | 7 | <ol style="list-style-type: none"> 1. Focus on key projects to deliver priority outcomes 2. Consolidation is underway of the 'client' role in T&W for Transforming Telford. 3. Continue to secure additional funding e.g. from AWM, EP and LSC 4. Ensure appropriate representation within regional structures 5. Effective contribution to emerging SIRS (Single Integrated Regional Strategy) | <p>Corporate Director Environment & Regeneration</p> <p>Cabinet Member: Eric Carter</p> <p>E&R Portfolio Risk</p> | 1,6 |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|---|---|-------------|---|----------------|--|--|---------------------|
| 14. | 14 | Major breakdown in Community relations and cohesion (raised June 06) | OP REP PEO STRAT POL FIN | 9 | <ol style="list-style-type: none"> 1. Effective Race, Equality and Diversity (RED) Partnership. 2. Connecting Communities Partnership. 3. Established Equalities team. 4. Diversity training delivered across 3000 staff of LSP. 5. Leadership from Leader, Cabinet, Chief Executive and Directors. 6. Clear communication structures in place with Partners and the Community 7. Liaising with Police on sharing of information. 8. Demonstrable recent evidence of effective on-going co-ordination and monitoring of issues that may act as trigger points to the Community and dissemination of these to the relevant agencies – this will be continually reviewed. 9. Position statement on Community Cohesion developed. | 7 | <ol style="list-style-type: none"> 1. Target specific multi-agency training on Community Cohesion 2. On-going development of Equalities Board Work Programme – reporting to Directors on a quarterly basis | <p>Corporate Director Community Services</p> <p>Cabinet Member: Denis Allen</p> <p>CS Portfolio Risk</p> | 1,2,4,5,7 |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|---|---------------------------|-------------|--|----------------|---|--|---------------------|
| 15. | 26 | Failure to deliver a financially viable Rail Freight project (Raised Jan 07) Updated description May 07 | REP STRAT FIN | 9 | <ol style="list-style-type: none"> 1. Project Team in place with Project Board and governance structures in place. 2. Strong project management to manage costs and timetable. 3. Financial support from EP and ERDF 4. Project Plan is established and reviewed regularly 5. Cabinet approval for project is in place | 7 | <ol style="list-style-type: none"> 1. Continue to undertake risk assessments at every key stage within the project 2. Continue to lobby for support from Government Departments and various agencies 3. Reviewing Options to deliver the project 4. Continue to press for funding contributions as set out in Cabinet Report 5. Maintain dialogue with the preferred operator | <p>Corporate Director Environment and Regeneration</p> <p>Cabinet Members: Eric Carter and Stephen Bentley</p> <p>E&R Portfolio Risk</p> | ALL |
| 16. | 2 | Failure to deliver all elements of the Building Schools for the Future Programme to re-develop schools for the Borough <ul style="list-style-type: none"> • Potential significant financial shortfalls to fund: <ul style="list-style-type: none"> - Secondary - Primary - Leisure - Community Usage - ICT | OP STRAT FIN REP | 9 | <ol style="list-style-type: none"> 1. Confidence of the Government 2. Clear vision, agreed with the Schools and Governors. 3. Building in capacity to deliver 4. Financial Resources set aside 5. BSF Project Team and Board in place 6. Programme Risks are identified and being managed 7. Directors have approved the 'thin' LEP 8. Strategy for Change Part 1 has been | 7 | <ol style="list-style-type: none"> 1. On-going detailed planning 2. Agree School improvement Strategy with Office of the Schools Commissioner 3. Awaiting approval of SfC 2 4. Outline Business Case (OBC) is progressing well and the aim is to submit in Sept 2008. | <p>Corporate Director Children & Young People</p> <p>Cabinet Member: Stephen Burrell</p> <p>CYP Portfolio Risk</p> | 1,2,6 |

| Risk ID | Risk No | Strategic Risk Description | Risk Category | Gross Score | Key Controls | Residual Score | Further Actions Required and Timescales | Risk Owner | Corporate Ambitions |
|---------|---------|--|----------------------------------|-------------|--|----------------|---|---|---------------------|
| | | (raised June 06, description amended Jan 07 and Sept 2007) | | | <p>formally approved</p> <p>9. Strategy for Change Part 2 has been re-submitted.</p> <p>10. Stuart Davidson appointed to take a lead in the project for Community Services</p> | | | | |
| 17. | 21 | <p>Sustaining the capacity of the Council to identify and deliver its ambitions and priorities as a result of:</p> <ul style="list-style-type: none"> • Failure to identify clear priorities • Failure to allocate appropriate staffing and financial resources • Failure to implement effective project management • Issues with recruitment and retention of key managers. • Failure to implement robust governance and accountability arrangements <p>(raised June 06,</p> | STRAT REP FIN OP PEO | 9 | <p>1. Effectiveness of Cabinet and Corporate Management Team</p> <p>2. Budget strategy and funding proposals 2008/09</p> <p>3. Projects are run to the principles of Prince 2</p> <p>4. Trained Project Managers within the Organisation</p> <p>5. Competitive salaries at Senior Levels.</p> <p>6. Suite of HR policies including recruitment policy</p> <p>7. Recruitment of Interim staff for key posts</p> <p>8. People Strategy in place</p> <p>9. Priority Plans have been endorsed by all Portfolios and agreed by Cabinet (12th May 2008) – these all have details of actions as well as resources identified in them.</p> <p>10. Actions and lessons learnt from Major</p> | 7 | <p>1. Deliver actions identified in Priority Plans and identify and seek additional external funding where this has been shown as a need</p> <p>2. Establish effective and robust governance structure for all projects which demonstrates accountability</p> <p>3. Create greater opportunities for career progression within T&W, talent spotting etc.</p> | Chief Executive Leader: Andrew Eade | ALL |

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|---------|--------------------|---|-------------------------|-------------|--|----------------|---|---|---------------------|
| | | description amended January 2008) | | | <p>Projects Master Class are being implemented</p> <p>11. Workforce Development Strategy complete</p> | | | | |
| 18. | 35 New Risk | Outcome of Sub National review of economic development and regeneration adversely impacts on T&W | REP OP STRAT FIN | 7 | <p>1. Regional Forum of Leaders on which Andrew Eade represents T&W</p> <p>2. Steve Wellings is on a number of key task groups of Chief Executives who are working on this and we are therefore in a position to influence the outcome</p> <p>3. We are contributing at a regional and local level to the current consultation document – closing date June 2008.</p> | 7 | <p>1. Continue to ensure the regional structures are fit for purpose</p> <p>2. Continue to exert influence on the outcomes.</p> <p>3. Continue to provide information to inform the development process to ensure that the transition is orderly and effective</p> | <p>Chief Executive</p> <p>Leader: Andrew Eade and Cabinet Member: Eric Carter</p> | ALL |

Key to Risk Categories:

REP – Reputation STRAT – Strategic FIN – Financial INFO – Information PEO – People REG – Regulatory
 LEG – Legislative OP – Operational

Deleted Risks:

| Risk | Reason for deletion | Date of Deletion |
|---|--|------------------------|
| <p>Failure to achieve major transport investment impacts on:</p> <ul style="list-style-type: none"> • Town Centre development • Housing Growth • Regeneration of South Telford • Ability to attract investment and jobs to the area • Inhibits mobility within the borough | <p>Now covered in actions of risks 8, 9 and 10.</p> | <p>May 2008</p> |
| <p>Jigsaw fails to deliver the required outcomes for Children & Young People</p> | <p>Controls now implemented and operating so residual risk score has reduced. Not now considered as a key strategic risk.</p> | <p>May 2008</p> |

Information for Audit Committee 22nd July 2008

Summary of the Corporate Risk Management Group Meeting 12th June 2008

The meeting was chaired by Jenny Marriott – Audit & Risk Manager (in the absence of CD Resources – Victor Brownlees). Representatives from all portfolios were present except for E&R. There were also representatives present from Civil Resilience and Insurance (the Health & Safety representative could not attend).

Activities of the Group:

1. Update on the Risk Management activities undertaken since March 2008:

Activities included:

- Approval of 2007/08 Annual Report by Corporate Directors and then Cabinet June 2008 – giving highlighted achievements
- Strategic Risk Review – May 2008
- PRO to be seconded to Civil Resilience Team from 1st July. The recruitment process was in progress.

A subsequent discussion took place around how embedded risk management is across the Council. The consensus was that at Strategic, Corporate and Portfolio Level it is fully embedded and well understood but that at non-managerial levels, this may not be quite so robust. Suggestion was made to make visits to Employee Focus Groups to continue to raise the profile.

2. CPA Use of Resources

Preparation of evidence is underway for 2007/08

Consultation for 2008/09 - Awaiting final KLoE's but we have been informed by External Audit that they will be doing some work here to assess us on these before the end of the financial year – as yet we are not sure what areas they will be looking for.

3. Update on Risk Management Fund – no movement so still stands at £31,836.94. It was suggested that although the information is available on the Intranet, it may be useful to send it out again to portfolios and explain what it can be used for. This has now been done

4. Insurance report

- Update on 2008 tender and property renewal – 3 year contract awarded to Zurich Municipal
- Claims trends continues to decrease
- Broker Contract – extended until 2010
- Risks / Covers – wording has been amended to take account of Corporate Manslaughter and Corporate Homicide Act 2007.

5. Any other business included:

- New Corporate Emergency Plan is now in place and training and exercises will commence in July 2008.
- Emergency Planning Duty Manager Scheme: Update training has just been completed and was well received.
- Potential Fuel Crisis: advanced warning of potential fuel crisis as a result of threatened pay strike by tanker drivers for Shell – due to commence 13/6/08 at 6am for 4 days. Details were given of the action the Council were taking in this area to ensure we are prepared appropriately.
- Completion of Alarm Survey on Insurance issues around Floods of 2007

Note completed by Heather Gumsley (Principal Risk Officer)