

Chairs Announcement

Please note that members of the public and the press are now allowed by law to film, audio record, take photographs, blog or tweet at this meeting. I would ask at this point if anyone is intending to film the meeting? I would ask anyone who is recording to avoid any disruption of the meeting and to avoid filming members of the public. If you do film members of the public there is the potential for civil action against you by anyone who has not given their permission to be filmed.

Agendas are produced electronically and members of the committee are using a tablet/device for the purpose of accessing the documents for today's meeting.

We are not expecting a fire drill, so in the event of the fire alarm sounding, please leave the building as quickly as possible. The Governance Services Officer will direct you to the appropriate exit and assembly point.

Audit and Risk Assurance Committee

**Thursday 19 October, 2017 at 5.00 pm
in Council Chamber
at Sandwell Council House, Oldbury**

Agenda

(Open to Public and Press)

1. Apologies for absence.
2. Members to declare any interest in matters to be discussed at the meeting.
3. To confirm as a correct record the minutes of the meeting held on 17 August, 2017.
4. Code of Corporate Governance.
5. Strategic Risk Register Update.
6. Internal Audit Charter.
7. Internal Audit Progress Report.
8. Counter Fraud Update.
9. Recruitment of Independent Member to Risk Assurance Committee.
10. Work Programme 2017/18.

J Britton
Chief Executive

Sandwell Council House
Freeth Street
Oldbury
West Midlands

Distribution:

Councillor Preece (Chair);
Mr M Ager (Vice-Chair and Independent Member);
Councillors Allcock, Gavan, Dr Jaron, Jarvis, Piper and Sandars.

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This document is available in large print on request to the above telephone number. The document is also available electronically on the Committee Management Information System which can be accessed from the Council's website on www.sandwell.gov.uk

Apologies

To receive any apologies from members

Declarations of Interest

Members to declare any interests in matters to be discussed at the meeting.

Minutes of the Audit and Risk Assurance Committee

**17th August, 2017 at 6.00 pm
at Sandwell Council House, Oldbury**

Present: Councillor Preece (Chair)
Mr Ager (Vice-Chair and Independent Member);
Councillors Gavan, Dr Jaron, Jarvis and Piper.

Apologies: Councillors Allcock and Sandars.

1/17 **Minutes**

Resolved that the minutes of the meeting held on 23rd March 2017 be confirmed as a correct record.

2/17 **Statement of Accounts 2016/17**

The Committee received the Statement of Accounts for 2016/17.

In accordance with the Accounts and Audit Regulations 2015, the Council's 2016/17 Statement of Accounts was approved by the Council's Section 151 Officer on 31st May 2017. Minimal audit adjustments had been required in 2016/17.

Members noted that the level of the General Fund Balance stood at £11.684m. Despite the significant financial challenges facing the Council, this represented a consistent position with free balances as at 31st March 2017, showing a slight decrease from the comparative figure of £12.141m. This level of free balances was also in line with prudent cash management policies.

Provisions of £2.164m had been used in-year to support expenditure on termination benefits and insurance fund provision. New provisions totalling £11.667m had also been established in 2016/17.

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The Housing Revenue Account ring fenced fund had been reduced by £1.784m in year to £32.937m as at 31st March 2017. Of the £32.937m, £7.400m represented Housing Revenue Account working balances, £11.200m was earmarked for capital investment purposes, £9.792m was earmarked for contingencies and carry forward commitments, with the remaining £4.545m representing uncommitted resources, which was deemed a prudent position based on the Council's reserves strategy.

School Balances were ring fenced and could not be appropriated by the Council. In 2016/17, school balances were reduced by £1.345m leaving a revised balance of £34.406m as at 31st March 2017.

Resolved:-

- (1) that the Statement of Accounts for 2016/17 be approved;
- (2) that the Management Representation Letter for 2016/17 be approved.

3/17

KPMG - External Audit Report 2016/17

The Committee received a report which outlined the key issues identified by KPMG during its audit of the Council's financial statements for the year ended 31st March, 2017 and its assessment of the Council's arrangements to secure value for money in its use of resources.

The auditors proposed to issue an unqualified audit opinion on the Council's financial statements.

The auditors concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The only area where auditors felt that further work would be required was in relation to the formation of the Children's Trust.

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In relation to comments made by auditors on the robustness of decision-making, the Executive Director – Resources reported that a process for recording the departure of senior officers was currently being developed to address this point.

4/17

Annual Governance Statement 2016/17

The Committee received its draft Governance Statement for 2016/17 which formed part of the Council's Statement of Accounts.

The Committee noted that the Governance Statement was based upon an ongoing process which was designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact they could have upon the authority.

To support the preparation of the statement, each Director had completed an assurance statement which had fed into the Governance Statement and any weaknesses identified had been included within the Statement.

Members noted that the Council had significant governance issues arising in the following areas:-

- Children's Services;
- Children's Trust;
- resilience of the Medium Term Financial Strategy;
- land sales and other matters;
- compliance with Contract Procedure Rules and allocation of grants;
- business continuity.

The Committee was advised that a plan detailing the actions that were being taken to address these areas had been prepared. Updates on the progress made in implementing these actions would be presented to the Committee throughout the year.

Resolved That the Council's Annual Governance Statement for 2016/17 be approved.

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5/17 Annual Internal Audit Report 2016/17

The Committee received the annual internal Audit Report for 2016/17 which detailed the adequacy and effectiveness of the Council's governance, risk management and control processes.

A summary of the key control issues that arose during the year was detailed as follows:-

- Neighbourhood Services - grants;
- Grot Spot funding;
- Off-contract spend with Grounds Maintenance and Parks and Green Spaces.

The Committee raised concerns on the allocation of grot spot/community grant funding to external organisations and sought reassurance on how monies were allocated and performance was monitored. In response, the Executive Director - Resources reported that a process was currently being developed to ensure that when an organisation applied for funding, they would be able to demonstrate where spend had been allocated. The Chair subsequently requested that members of scrutiny should be consulted on the proposed grot spot/community grant funding policy prior to being approved.

Resolved:-

- (1) that the Executive Director – Resources ensure that scrutiny considers the proposed protocol for the allocation of community grant funding to external organisations prior to approval by Cabinet;
- (2) that the Annual Internal Audit Report 2016/17 be received.

6/17 Audit Committee Annual Report 2016/17

The Committee gave consideration to the Annual Report of the former Audit Committee which detailed the areas of work undertaken by the Committee during 2016/17.

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Resolved That the Annual Report of the former Audit Committee 2016/17 be approved and presented to the next meeting of the Council.

7/17 **Strategic Risk Register Update**

The Committee gave consideration to the Council's Strategic Risk Register in order to gain assurance that risks to the delivery of the Council's key priorities were being managed.

Members requested that in the aftermath of the Grenfell Tower tragedy, the Council's preparedness for emergency planning, including a terrorist attack, should be considered for inclusion as a risk at a strategic level. The Committee also requested that the following should be considered for inclusion within the risk register:-

- proposals for a Combined Authority cyber security strategy;
- the requirements of the new General Data Protection Regulations

Resolved That the following be considered for inclusion within the Strategic Risk Register:-

- proposals for a wider cyber security strategy in the West Midlands Combined Authority;
- the Council's preparedness in the event of an emergency, including a terrorist attack;
- the requirement under the new General Data Protection Regulations.

8/17 **Counter Fraud Update Report**

Members were updated on counter fraud activities and partnership working across the West Midlands.

For the financial year 2016/17, the Counter Fraud Team identified a total of 211 cases where Single Person Discounts (SPD) had been awarded incorrectly. The council tax liability which resulted from these cases was £82,999. Of the cases identified, 73 were also issued with a penalty of £70.

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Penalty fines totalled £5,110. The penalty system had been introduced by the Council in order to act as a deterrent to those that attempted to claim SPD incorrectly or failed to promptly report changes in circumstances.

The Team had also been approached by the BBC One TV Series, Council House Crackdown to feature in episodes of its upcoming series'. Following approval members of Counter Fraud Unit, along with the Leader, had been filmed highlighting the work the Council undertook in tackling social housing fraud.

The Committee congratulated the Counter Fraud Unit on its work to deliver an effective service on prevention and detection of fraud and noted that the Team had been nominated for the Local Government Counter Fraud Team Award.

9/17 CIPFA – Audit Committee Update: Issue 22

The Committee noted the latest publication issued by CIPFA which focussed on internal audit quality assessments.

10/17 Restrictions placed on the sale of the Public Toilets

Further to Minute No. 38/16 of the former Audit Committee whereby the Committee interviewed Councillor Ian Jones at its meeting on 15th December 2016, the Committee received an update on details on the restrictions placed on the sale of the public toilets, following Councillor Jones's comments that such restrictions would have resulted in a reduction of their value.

11/17 Chronology of the sale of the Public Toilets and the Cabinet role of Councillor Ian Jones

Further to Minute No. 38/16 of the former Audit Committee in relation to the Committee interviewing Councillor Ian Jones at its meeting on 15th December 2016, the Committee now received details of the chronology associated with the sale of the public toilets along with Councillor Jones's term as a Cabinet Member of the Council over this period, including his portfolio responsibilities.

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Whilst it was noted that at the time of the sale of the public toilets, Councillor Jones was not the Cabinet Member with portfolio responsibility, he was at that time, a member of the Asset and Land Committee.

The Committee subsequently requested clarification on who authorised Legal Services to dispose of the site and the checks made by Legal Services to ascertain the purchaser of the public toilets. The Committee also felt that the Executive Director – Resources should review the process of checking the identity of the purchaser for all future disposal/purchases of Council land.

Resolved That the Executive Director – Resources submit an update to the next meeting of the Audit and Risk Assurance Committee to clarify the authority given to Legal Services to dispose of the public toilets site and the checks that were made by Legal Services to ascertain the purchaser of the public toilets.

12/17

Work Programme 2017/18

The Committee noted its work programme for 2017/18 and requested that a regular report be brought to the Committee outlining outstanding actions.

Resolved:-

- (1) that the Financial Regulations item currently scheduled for 21st September 2017 be deferred to the January 2018 meeting;
- (2) that an update on the planned leavers scheme and succession planning of service management be considered at the March 2018 meeting;

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- (3) that all future Committee meetings should commence at 5.00pm.

(Meeting ended at 8.00 pm)

Contact Officer: Suky Suthi-Nagra Democratic Services Unit 0121 569 3479
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REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

19 October 2017

Subject:	Code of Corporate Governance
Director:	Director – Monitoring Officer – Surjit Tour
Contribution towards Vision 2030:	
Contact Officer(s):	<p>Narinder Phagura Business Partner - Audit, Fraud, Risk and Insurance narinder_phagura@sandwell.gov.uk</p> <p>John Matthews Audit Client Lead john_matthews@sandwell.gov.uk</p>

DECISION RECOMMENDATIONS

That Audit and Risk Assurance Committee:

1. Review and agree that the updated draft Code of Corporate Governance (the Code) can be presented to Cabinet for approval, prior to it being ratified by full Council.

1 PURPOSE OF THE REPORT

- 1.1 Sandwell Council is committed to achieving good corporate governance and the Code describes how the council intends to achieve this in an open and explicit way. This report outlines the rationale for updating the Code and the arrangements that the council has in place to ensure that this key commitment is met.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 2.1 The Sandwell Vision is at the heart of everything the council does. The Code will contribute to the ambitions that make up the vision, by ensuring that a strong governance framework is in place and underpins everything the council does.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The Code is shown at Appendix A and has been updated in line with the seven core principles of the recently published CIPFA/SOLACE framework "Delivering Good Governance in Local Government":
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - Ensuring openness and comprehensive stakeholder engagement.
 - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - Developing the entity's capacity, including the capability of its leadership and the individuals within it.
 - Managing risks and performance through robust internal control and strong public financial management.
 - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 3.2 The seven principles are intended to be used as best practice for developing and maintaining a locally adopted code of corporate governance and have been used as the basis for developing the Code.
- 3.3 The Code is purposefully written in a way that best reflects the council's own structure, functions, size and the governance arrangements in place. It also shows that the council has adopted the strong "leader and cabinet" form of executive arrangement under the Local Government and Public

Involvement in Health Act 2007 and that practices are underpinned by three overarching themes:

- Respect for others.
- Duty to uphold the law.
- Stewardship.

- 3.4 The Code identifies the systems, processes, and documentation that provide evidence of compliance with the seven principles. The Code was updated by the Corporate Governance Board and after presentation to the Executive Management Team, it was reviewed by each Director to ensure that the evidence base was correct and up to date.
- 3.5 The Corporate Governance Board and Executive Management Team will continue to be responsible for monitoring and reviewing the effectiveness of the systems, processes and documentation identified and for any issues identified will agree an action plan.
- 3.6 The outcome of this review is reported to the Audit and Risk Assurance Committee as part of the Annual Governance Statement that is published with the Statement of Accounts. This provides assurance to the Committee that the council's governance arrangements are adequate and effective. The Committee is also responsible for obtaining assurances that the measures within the action plan are implemented.
- 3.7 Following review by the Audit and Risk Assurance Committee, the Code will be presented to Cabinet for approval, prior to it being ratified by full Council.

4 THE CURRENT POSITION

- 4.1 The council has a Code of Corporate Governance, but it needed updating in order to reflect the revised core principles of the recently published CIPFA/SOLACE framework "Delivering Good Governance in Local Government" and the changes to the management structure, council initiatives and key processes which have taken place since it was last approved.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 The Code has been discussed with the Executive Management Team, all Directors and the Corporate Governance Board.

6 ALTERNATIVE OPTIONS

- 6.1 The Code has been produced in accordance with the CIPFA/SOLACE framework “Delivering Good Governance in Local Government”. As such, alternative options do not need to be considered.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 There are no direct financial and resource implications arising from this report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 Sandwell Council is committed to achieving good corporate governance and the Code describes how the council intends to achieve this in an open and explicit way. In developing this Code, the council has considered best practice and guidance, particularly the seven core principles of the CIPFA/SOLACE framework “Delivering Good Governance in Local Government”.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 It was not necessary to undertake an Equality Impact Assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 It was not necessary to undertake a Data Protection Impact Assessment.

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 There are no direct risk implications arising from this report.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 There are no direct sustainability issues arising from this report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 13.1 There are no direct health and wellbeing implications from this report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 There is no direct impact on any council managed property or land from this report.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The Committee is requested to review the Code at Appendix A and consider and agree the following:

- The Code has considered best practice and guidance, particularly the seven core principles of the CIPFA/SOLACE framework “Delivering Good Governance in Local Government”.
- The Code contributes to the ambitions that make up the Sandwell Vision 2030 by ensuring that a strong governance framework is in place and underpins everything the council does.
- There are effective arrangements for the application, development and maintenance of the code.

before it is presented to Cabinet for approval, prior to it being ratified by full Council.

16 BACKGROUND PAPERS

16.1 None.

17 APPENDICES:

The draft Code of Corporate Governance.

Surjit Tour
Director – Monitoring Officer

Code of Corporate Governance



Introduction

Corporate governance is a term used to describe the way that organisations direct and control what they do. For local authorities, it includes the systems, policies and processes, as well as the cultures and values, that underpin a council's arrangements for effective:

- leadership
- management
- performance
- delivery of positive customer outcomes
- community engagement
- stewardship of public money

The Sandwell Vision 2030



In 2030, Sandwell is a thriving, optimistic and resilient community. It's where we call home and where we're proud to belong - where we choose to bring up our families, where we feel safe and cared for, enjoying good health, rewarding work, feeling connected and valued in our neighbourhoods and communities, confident in the future, and benefiting fully from a revitalised West Midlands.

The Sandwell Vision is at the heart of everything the council does. This Code of Corporate Governance will contribute to the ambitions that make up the vision by ensuring that a strong governance framework is in place and underpins everything the council does.

Good Corporate Governance

Sandwell Council is committed to achieving good corporate governance and this Code describes how the council intends to achieve this in an open and explicit way. In developing this Code, the council has considered best practice and guidance, particularly the seven core principles of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government".

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

However, the Code is purposefully written in a way that best reflects the council's own structure, functions, size and the governance arrangements in existence.

The Sandwell position

Sandwell embraces the seven principles with clear lines of accountability for any decisions it makes, and clear rules, regulations, policies and practices which govern how those decisions are made and implemented.

The council has adopted the strong 'leader and cabinet' form of executive arrangement under the Local Government and Public Involvement in Health Act 2007 with a Cabinet of ten Elected Members, meeting in public to make executive decisions on matters of strategy and borough-wide significance. Each Cabinet Member also has a portfolio of responsibility for the delivery of services for which he/she is personally accountable. The council's practices are underpinned by three overarching principles:

Respect for others	Elected Members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their sex, sexual orientation, gender reassignment, race, religion and belief, disability, age, marriage and civil partnership. They should respect the impartiality and integrity of the council's statutory officers and its other employees.
Duty to uphold the law	Elected Members should uphold the law and on all occasions, act in accordance with the trust that the public has entrusted in them.
Stewardship	Elected Members should do whatever they are able to do to ensure that the council uses its resources prudently and in accordance with the law.

Putting the principles into practice in Sandwell

Sandwell Council is confident that its governance arrangements are robust. The council recognises, however, that there is always room for improvement and progress, especially as the council continues to evolve to deliver extensive change and to meet rising government and customer expectations about the quality and responsiveness of services.

The council has established a Corporate Governance Board, which includes senior officers from across the council including finance, HR, ICT, audit, risk management, legal and procurement. As part of its role each year the Board:

- Assesses to what extent the council complies with the principles and requirements of good governance as set out in the CIPFA/SOLACE framework.
- Identifies systems, processes and documentation that provide evidence of compliance.
- Identifies the officers, Elected Members and bodies responsible for monitoring and reviewing the systems, processes and documentation identified.
- Identifies governance issues that have not been addressed adequately and what actions should be taken and by whom; and draws up and monitors an action plan.
- Co-ordinates and drives continuous improvement through raising awareness and understanding of governance and the council's governance arrangements.
- Reports to the Executive Management Team with the assurances it has obtained in respect of the council's governance arrangements.



The council is required to confirm whether its financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The statement sets out five principles which define the core activities and behaviours that belong to the role of the Chief Financial Officer and the organisational arrangements needed to support them. The council is able to confirm that its financial management arrangements do conform. The Chief Financial Officer has been involved in preparing this statement and is satisfied that no matters of significance have been omitted from this statement.

The council has embedded effective standards for countering fraud and corruption through the adoption of and adherence to the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. The Code is based on five principles and having considered these, the council is satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.



Monitoring, Review and Changes

The council's commitment to good corporate governance includes the application, development and maintenance of this Code. The results of this review are contained in the Annual Governance Statement which is reported to the Audit and Risk Assurance Committee and then published with the Annual Statement of Accounts. The role of the Audit and Risk Assurance Committee is to understand the process undertaken to review governance and to ensure that the Annual Governance Statement aligns with its understanding of the effectiveness of the council's governance framework. The Committee is also responsible for obtaining assurances that the measures within the action plan to improve governance are addressed and implemented.

Any changes that are required to this Code resulting from its review, will be submitted to the council for approval.



Councillor Steve Eling
Leader of the Council



Jan Britton
Chief Executive

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

CIPFA/ Solace behaviours and actions that demonstrate good governance in practice

- Ensuring Elected Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation
- Ensuring Elected Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
- Leading by example and using these standard operating principles or values as a framework for decision making and other actions
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively
- Seeking to establish, monitor and maintain the organisation's ethical standards and performance
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
- Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation
- Ensuring Elected Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations

The key processes and arrangements Sandwell Council has in place to demonstrate compliance with the principles of good governance

- The council's values and behaviours (Trust, Unity and Progress) guide and shape the council's culture and helps Elected Members and officers understand what is expected from them
- Codes of Conduct for officers and Elected Members and supplemented by guidance when serving on outside bodies including partnerships
- Completion of Cabinet Members' Assurance Statement, and Directors' Assurance Statements and individual sign off by Cabinet Members with regards to compliance with the Elected Member Code of Conduct
- Performance appraisal process for officers
- Register of interests for Elected Members and officers
- Declarations of interest sought and recorded annually
- Gifts and Hospitality policy
- Open and transparent decision-making arrangements, including an effective Audit and Risk Assurance Committee
- Robust and proper arrangements in place to ensure high standards of behaviour in dealing with the invitation of tenders and award of contracts and financial matters through effective Standing Orders, Financial Regulations and Procurement and Contract Procedure Rules
- The council's Modern Slavery policy and statement to ensure modern slavery is not taking place in any part of its own business or any of its supply chains
- Policies and processes on information management in place
- Confidential reporting code (whistleblowing policy) which allows employees, partners, contractors and the public to make

<ul style="list-style-type: none"> ▪ Creating the conditions to ensure that the statutory officers, other key post holders and Elected Members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements ▪ Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders ▪ Dealing with breaches of legal and regulatory provisions effectively ▪ Ensuring corruption and misuse of power are dealt with effectively 	<p>confidential complaints on matters of concern</p> <ul style="list-style-type: none"> ▪ The Standards and Member Development Committee promotes and maintains high standards of conduct and ethical governance by Elected Members and presents an Annual Report to the Council setting out how it has discharged its functions. The committee receives regular reports on allegations of Elected Member misconduct and the outcome of each complaint ▪ Complaints procedure and complaints about Councillor conduct ▪ Compliance with CIPFA's "Statement on the role of the Chief Officer in local government" which is reviewed on an annual basis ▪ Specific roles and responsibilities of Elected Members are detailed in the Constitution ▪ Each Committee has clear terms of reference which are reviewed on an annual basis ▪ Anti-Money Laundering and Anti-Fraud and Corruption policies ▪ Compliance with Data Protection requirements and related guidance ▪ Membership of various professional and advisory organisations (by both the council and professional officers) to help ensure up to date knowledge of legal and regulatory duties and responsibilities are maintained.
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Principle 2: Ensuring openness and comprehensive stakeholder engagement

CIPFA/ Solace behaviours and actions that demonstrate good governance in practice

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action
- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
- Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit
- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with to ensure that service (or other) provision is contributing towards the achievement of

The key processes and arrangements Sandwell Council has in place to demonstrate compliance with the principles of good governance

- The council's Constitution outlines the way in which it is organised to carry out its functions, powers, duties and obligations. It explains the structures and decision making processes of the council and brings together in one document all the detailed rules and procedures that govern the behaviour of those who work for, or represent the council
- The Constitution sets out how the council is accountable to the local community and sets out the role of the scrutiny function in engagement with the public and partners
- Cabinet reports include details of engagement and consultation activity undertaken as part of the decision-making process
- A Scrutiny Annual Report is produced and individual scrutiny review reports are also undertaken and published
- Electronic communications and use of social media (Facebook, Twitter, YouTube, etc.)
- Statutory Notices are published on a monthly basis and set out what key decisions the council's Executive is going to make
- The Committee Management Information System (CMIS) allows members of the public to examine agendas, reports, minutes and decisions of any meeting via the council's web site
- Full Council, Cabinet and certain committee meetings are webcast
- Reporting guidelines ensure consultation with all relevant officers takes place prior to submitting decision making reports
- Sandwell's Elected Member level decisions are taken in a public forum, either at a formal meeting or as individual Cabinet Members at a pre-advertised time and place so that the public and/or other Elected Members of the council can attend. Decisions are only made in private if a report contains exempt information as defined

intended outcomes.

- Ensuring that communication methods are effective and that Elected Members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms to demonstrate how views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the interests of future generations of tax payers and service users

by Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006

- The Freedom of Information policy and Publication Scheme
- Council's compliance with the data transparency agenda includes publication of all expenditure in excess of £500 and all spend on procurement cards
- Sandwell Trends provides data, intelligence and analysis of the people and places of Sandwell to inform decision making
- Protocol and procedure in place in line with the Localism Act 2011 for dealing with requests in relation to assets of community value
- The Sandwell Vision 2030 and Medium Term Financial Strategy set out the council's ambitions, plans, achievements and feedback from residents
- Communication with officers through team briefs, staff surveys, the intranet, social media, newsletters, blogs, express briefings and round table sessions with managers
- Communication with representative bodies is conducted through the service area Joint Consultative Committees and the corporate Joint Consultative Panel
- Council's attainment of Investors in People
- Database on council website of public consultations
- Consultation with targeted stakeholders for specific projects
- The MySandwell account allows residents to request services, report problems and track any enquiries they put in to the council
- Improving resource use through effective business planning and appropriate application of techniques such as benchmarking and other approaches in order to determine how resources are allocated to achieve outcomes effectively and efficiently
- Equality Impact Assessments

Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits

CIPFA/ Solace behaviours and actions that demonstrate good governance in practice

- Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available
- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
- Ensuring fair access to services

The key processes and arrangements Sandwell Council has in place to demonstrate compliance with the principles of good governance

- The council's business plan being developed will be based on needs of residents, and informed by the Sandwell Vision 2030, Business Planning Framework and the Medium Term Financial Strategy
- The Black Country Core Strategy makes a valuable contribution to shaping future development, improving the safety and security of the area and reducing crime and disorder within the Borough and is linked into the West Midlands Combined Authority Strategic Economic Plan
- Annual reports including Scrutiny, Audit, Safeguarding Boards, provide details of performance against service specific activities
- A Performance Management Framework will set out the range of measures against which progress against planned priorities will be measured and will be aligned to the Sandwell Vision 2030
- The MySandwell customer portal provides data derived from customer feedback for the use of service areas to direct improvements
- Value for money is assessed through External Audit, Audit and Risk Assurance Committee reviews, service reviews and other external inspections
- A Corporate Risk Management Strategy which identifies the key risks which may impact upon the delivery of key priorities
- Cabinet summit meetings regularly held to set the strategic direction and identify priorities in response to available resources, identified need, statistical evidence and citizen feedback
- Article 13 of the Constitution on Decision Making details the responsibilities for and principles of decision making within the council

Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes

CIPFA/ Solace behaviours and actions that demonstrate good governance in practice

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts
- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances
- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate the information required to review service quality regularly
- Preparing budgets in accordance with objectives, strategies and the medium term financial plan
- Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at

The key processes and arrangements Sandwell Council has in place to demonstrate compliance with the principles of good governance

- Article 13 of the Constitution on decision making details the responsibilities for and principles of decision making within the council
- There are clear timescales for the submission of reports to Council, Cabinet and committee's and a compulsory consultation process to evidence the review of reports prior to submission to Elected Members
- The council's Medium Term Financial Strategy is updated annually. The strategy sets out how the council wishes to structure and manage its finances now and in the future and to ensure this approach facilitates delivery of the its vision, aims and objectives
- Directorates produce individual business plans which are reviewed annually and set out the vision and strategy for the service
- Electronic communications and use of social media (Facebook, Twitter, YouTube, etc.)
- Communication with staff is through team briefs, staff surveys, the intranet, social media, newsletters and blogs
- Communication with representative bodies is conducted through the service area Joint Consultative Committees and the corporate Joint Consultative Panel
- Partnerships are in place where the council has arrangements to deliver services jointly or through other organisations. The effectiveness of these arrangements is assessed through partnership boards or contract monitoring
- The council has a Corporate Risk Management Strategy which identifies the key risks which may impact upon the delivery of key services
- The Sandwell Vision 2030 and Medium Term Financial Strategy

developing a sustainable funding strategy

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage
- Ensuring the achievement of 'social value' through service planning and commissioning

set out the council's improvement plan, its achievements and feedback from residents

- The Sandwell Vision 2030 is based on needs of residents
- Annual reports including Scrutiny, Audit, Safeguarding, provide details of performance against service specific activities
- A Performance Management Framework will set out the range of measures against which progress against planned priorities will be measured and will be aligned to the Sandwell Vision 2030
- The council has guidance for compliance with the Public Services (Social Value) Act 2012. The Act requires all Public Services contracts above the OJEU threshold to be subject to appropriate social value criteria. While the Act is only compulsory for this category of contracts it was agreed that the council will consider social value criteria within all contracts
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
- An Equality Impact Assessment is a compulsory consideration for all cabinet reports

Principle 5: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

<p>CIPFA/ Solace behaviours and actions that demonstrate good governance in practice</p>	<p>The key processes and arrangements Sandwell Council has in place to demonstrate compliance with the principles of good governance</p>
<ul style="list-style-type: none"> ▪ Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained ▪ Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body ▪ Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by Elected Members and each provides a check and a balance for each other’s authority ▪ Developing the capabilities of Elected Members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> – ensuring Elected Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged – ensuring Elected Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis – ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external 	<ul style="list-style-type: none"> ▪ Corporate Peer Review to take place in 2018 ▪ Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources, including, Planned Leavers, Sandwell Graduate Programme, Modern Apprenticeship programme and the Sandwell Guarantee ▪ Elected Member induction, training and development programme ▪ Job descriptions and delegations for statutory officers ▪ The council-wide appraisal process and suite of policies to manage employee performance ▪ Assessment against CIPFA’s “Role of the Chief Financial Officer” and the “Role of the Head of Audit” ▪ External inspections including Ofsted and external audit assess the capability and capacity of senior officers ▪ Engagement in national and local benchmarking exercises ▪ Annual employee engagement survey ▪ Establishment of apprenticeship and work placement, and intern and graduate programmes ▪ Youth Parliament which encourages young people to engage with the council and its decision-making process ▪ Corporate learning and development programme ▪ Annual reports including Scrutiny, Audit, Safeguarding, provide details of performance against service specific activities ▪ The roles and responsibilities of the executive are set out in the council’s Constitution, including the scheme of delegation ▪ Regular briefings between the Leader and the Chief Executive ▪ Protocol for Elected Member/Officer Relations included within the council’s constitution

<ul style="list-style-type: none">– ensuring that there are structures in place to encourage public participation▪ Taking steps to consider the leadership’s own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections▪ Holding staff to account through regular performance reviews which take account of training or development needs▪ Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	<ul style="list-style-type: none">▪ Management Board has a defined role and area of responsibility and all senior officers have job descriptions which set out respective responsibilities and accountabilities▪ Induction programme for staff and ongoing appraisal, training and development▪ Suite of clear policies and support mechanisms in place to maintain the health and wellbeing of its workforce, including access to Occupational Health, counselling, flexible working
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Principle 6: Managing risks and performance through robust internal control and strong public financial management

CIPFA/ Solace behaviours and actions that demonstrate good governance in practice

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individual risks are clearly allocated
- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
- Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (Or, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making
- Providing Elected Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)
- Aligning the risk management strategy and policies on internal

The key processes and arrangements Sandwell Council has in place to demonstrate compliance with the principles of good governance

- The corporate risk management policy and strategy sets out the processes in place to manage risk across the organisation and the roles and responsibilities of officers and Elected Members in this respect
- Partnerships are in place where the council has arrangements to deliver services jointly or through other organisations. The effectiveness of these arrangements is assessed through partnership boards or contract monitoring
- Regular reports including annual Scrutiny, Audit, Safeguarding reports and quarterly monitoring reports from Children's Services Commissioner which provide details of performance against service specific activities
- A Performance Management Framework will set out the range of measures against which progress against planned priorities will be measured and will be aligned to the Sandwell Vision 2030
- The Constitution contains a section on decision making which details the responsibilities for and principles of decision making within the council
- The Committee Management Information System on the council's website advertises when committee meetings will take place and publicises the agenda, reports (unless designated private) and minutes of the meeting
- Detailed Scrutiny arrangements
- Decision making reports have a standard template ensuring that the risks, resources, legal and Vision 2030 implications of the decisions are explicit
- The council's Constitution states that it will exercise all its powers and fulfil its duties in accordance with the law and the Constitution

control with achieving objectives

- Evaluating and monitoring risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body:
 - Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
 - That its recommendations are listened to and acted upon
- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring
- Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

and the Monitoring Officer ensures that this is complied with

- The council has Financial Regulations and Procurement and Contract Procedure Rules and which are reviewed on a regular basis
- Appropriate Schemes of Delegation to Cabinet Members and Officers are in place
- Internal Audit function and Corporate counter-fraud function in place to provide independent assurance on risk areas. Assurance is based on completion of an annual internal plan, approved by the Audit and Risk Assurance Committee and presentation of progress reports and an annual report to the Committee
- An Annual Governance Statement, which is published with the Annual Statement of Accounts
- The Audit and Risk Assurance Committee has clear terms of reference and receives regular training updates
- The Audit and Risk Assurance Committee presents its annual report to Council detailing how it has conducted its business
- Suite of information governance policies in place
- Codes of Conduct and declarations of interest ensure appropriate safeguards are in place for potential conflicts of interest.
- Customer Complaints and Compliments Process in place
- Local Government Ombudsman Annual Review
- Process in place for dealing with Freedom of Information requests
- Confidential Reporting Code (whistleblowing policy) communicated to officers, Elected Members, partners and contractors
- External Auditors provide an annual report which gives a conclusion on the council's arrangements to secure economy, efficiency and effectiveness in its use of resources
- Compliance with Data Protection requirements and related guidance

Principle 7: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

CIPFA/ Solace behaviours and actions that demonstrate good governance in practice

- Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand
- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
- Ensuring Elected Members and senior management own the results reported
- Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
- Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations
- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to Elected Members is in place, providing assurance with regard to

The key processes and arrangements Sandwell Council has in place to demonstrate compliance with the principles of good governance

- Council's reports follow council style guide
- Website reports on actions completed and decisions taken, and provides access to the information on which decisions were made. Stakeholders are kept informed of future plans of the council and asked to become involved through the completion of consultation exercises
- Annual reports produced by the various committee's and are available on the council website
- The Statement of Accounts is available through the council website
- An Annual Governance Statement (AGS) is published with the Statement of Accounts. The AGS provides an accurate representation of the corporate governance arrangements and highlights areas where improvements are required and the action plan in place to address this which is monitored by the Audit and Risk Assurance Committee
- External Auditors provide an annual report (ISA 260- Report to Those Charged with Governance) which gives a conclusion on the council's arrangements to secure economy, efficiency and effectiveness in its use of resources
- Internal audit complies with the Public Sector Internal Audit Standards
- Annual Internal Audit Report with opinion from the Head of Internal Audit
- Assessment against CIPFA's role of the Head of Internal Audit
- Action plans resulting from review reports (internal audit, external audit, peer reviews, third party reviews), a named officer is given responsibility for completion and progress is monitored by the

governance arrangements and that recommendations are acted upon


- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
- Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met

appropriate committee or senior officer

- The corporate risk management policy and strategy sets out the processes in place to manage risk across partnerships and the roles and responsibilities of officers and Elected Members in this respect
- Partnerships are in place where the council has arrangements to deliver services jointly or through other organisations. The effectiveness of these arrangements is assessed through partnership boards or contract monitoring
- External inspections including Ofsted, Children's Services Commissioner and external audit assess performance
- Corporate Peer Review in 2018

REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

19 October 2017

Subject:	Strategic Risk Register Update
Director:	Executive Director – Resources
Contribution towards Vision 2030:	
Contact Officer(s):	Narinder Phagura Business Partner - Audit, Fraud, Risk and Insurance narinder_phagura@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Audit and Risk Assurance Committee:

1. Review and comment upon the accompanying report.

1 **PURPOSE OF THE REPORT**

1.1 At the last meeting of the Committee, members requested consideration be given to the following matters for inclusion in the SRR:

- Proposals for a wider cyber security strategy in the West Midlands Combined Authority;
- The council's preparedness in the event of an emergency, including a terrorist attack; and

- The requirement under the new General Data Protection Regulations

This report sets out the further consideration of each of these matters.

2 **IMPLICATIONS FOR SANDWELL'S VISION**

- 2.1 Effective risk management is a key element of good corporate governance and is essential to the overall performance of the council in meeting its vision 2030. Good risk management will ensure that resources are used efficiently and effectively in the delivery of the Sandwell vision and that assets and resources are protected against risk in the most efficient way.

3 **BACKGROUND AND MAIN CONSIDERATIONS**

- 3.1 The council is no different to any organisation, and will always face risks in achieving its vision and objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 3.2 The strategic risk register does not include all of the risks that the council faces. It represents the most significant risks that could potentially impact on the achievement of the council's corporate priorities and vision. Other risks are captured within directorate, operational, programme, project or partnership risk registers in line with the council's corporate risk management framework and strategy.
- 3.3 Ownership of the individual strategic risks is assigned to directors, who have responsibility to:
- Consider and agree the risk description
 - Assess the current risk score based upon the controls in place and the assurances they have received on the adequacy and effectiveness of these controls
 - Implement mitigating actions to reduce the risk scores where necessary, in order to deliver the required risk score by the target date
 - Keep Cabinet Members informed of the risk and the implementation of mitigating actions.

Further ongoing reviews are then undertaken by the Management Board.

- 3.4 A summary of the strategic risks is included at Appendix A of this report.

4 THE CURRENT POSITION

4.1 Since last reported, two new risks have been added to the SRR as follows:

- Risk 47 – Maximising opportunities from the West Midlands Combined Authority (WMCA)
- Risk 48 – Vision 2030

4.2 At the previous meeting of the Committee in August 2017, members requested consideration be given to the following matters for inclusion in the SRR:

- Proposals for a wider cyber security strategy in the West Midlands Combined Authority;
- The council's preparedness in the event of an emergency such as Grenfell and a terrorist attack; and
- The requirement under the new General Data Protection Regulations

This report sets out the consideration of each of these matters.

Cyber security strategy

4.3 The SRR includes at risk 42a, a risk in respect of cyber security. Whilst not a risk in its own right, proposals for a wider cyber security strategy could be considered as a mitigation to this risk.

4.4 As cyber security is a high profile topic, regular meetings of the ICT Heads of Service across the WMCA take place where approaches to cyber security are discussed and ideas and tools are shared.

4.5 Following the Wannacry incident earlier this year, further discussions took place across the WMCA so that there was a good understanding of each organisation's approach to cyber security. The discussions also included the potential for negotiating a WMCA contract which would provide each organisation with third party forensic expertise in the event of one or more of the WMCA authorities experiencing a compromise. Work is being done to consider this further.

- 4.6 Sandwell is further developing its cyber security strategy and this will seek to collaborate and share thoughts and ideas with our WMCA partners through the ICT Managers Group. The ICT Managers Group will continue to discuss closer collaboration and look for shared working opportunities and strategies where appropriate.
- 4.7 Further updates will be provided to the Committee as part of the update on the cyber security strategic risk.

Emergency planning and terrorism

- 4.8 The SRR includes at risk 6a, a risk in respect of the council's emergency planning arrangements. The risk description has been amended to clarify that this risk deals with all emergencies- at a national, regional and local level. As part of the mitigations and emergency response measures in place, this risk also considers the arrangements the council has in place to deal with any type of major emergency, be it arising from severe weather, terrorism, chemical leaks, fire, etc. In these instances, the council has a number of emergency plans in place, including, the Sandwell MBC Emergency Plan; School's Emergency and Business Continuity Plan; Emergency Assistance Centre Plan; a Rest Centre Plan; Sandwell Evacuation Plan and a Temporary Mortuary Plan.
- 4.9 Some of the measures the council will have in place will be to support other emergency services such as the Police in the event of a terrorist incident or the Fire Service in an incident such as Grenfell. In these instances, the council's response is based on consequence management whereby the council will assist in mitigating the impact of such an incident through the triggering and delivery of one or a number of the plans noted above. For example, the evacuation plan will be triggered whether it is major emergency arising from a flood, fire, threat or a bomb alert.
- 4.10 The emergency plans that have been compiled are based upon the risks that have been identified by the Local Resilience Forum and contained within the Community Risk Register. These plans are distributed to relevant Officers, Directors and Partners, as well as made publicly available where appropriate. They are tested on a regular basis via planned single and multi-agency exercises and real events (for example, in recent times the council has experienced the Tipton bomb incident and a tower block fire incident). The plans are reviewed on timescales appropriate to the risk and after each incident or exercise where necessary.

- 4.11 Emergency Planning awareness briefing is also provided as part of the member development/ induction programme where further details can be provided on how the council would deal with various specific scenarios.
- 4.12 As a result of the above, it considered that separate risks for every type of incident is not required for inclusion in the SRR as the current strategic risk effectively captures these events and incidences.

General Data Protection Regulations (GDPR)

- 4.13 Members are requested to note that the SRR includes at risk 21a, the risk in respect of GDPR and the Freedom of Information Act. Progress on the steps being taken by the council to mitigate this risk are included in each risk report. Members are requested to note the below.
- 4.14 The council must be compliant with the GDPR by no later than 25 May 2018. The Information Commissioner's Office will monitor compliance with GDPR as part of its functions. The ICO can impose significant fines should the council fail to comply with the requirements of GDPR.
- 4.15 The Director – Monitoring Officer has put in place an Officer Information Governance Board ('IGB') that is made up of key officers from across council directorates. The officers on the IGB all have specific responsibilities for information governance within their respective directorates. An action plan is being developed and all actions will be delivered through the IGB to ensure effective co-ordination and consistency across the council; this will include engagement with and training for all Elected Members. The performance of the IGB will be managed through the Corporate Governance Group that is made up of senior officers from key services that lead on information governance and related functions across the council, such as, Internal Audit, Risk and Insurance, and Law and Governance. The Corporate Governance Group provides assurance to the Chief Executive's Management Team in relation to the council's governance arrangements and matters.
- 4.16 Periodic updates will be provided to the Audit and Risk Assurance Committee on the implementation of GDPR through the update on the strategic risk register.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 The review and update of each strategic risk, has been discussed with the risk owners (as noted at Appendix A) and reported to the Management team.

6 ALTERNATIVE OPTIONS

- 6.1 Whilst this report does not require a decision and therefore, alternative options do not need to be considered, when measures are being considered for the mitigation of each of the strategic risks, this does take into account any alternative options available.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 The authority's Corporate Risk Management Strategy (CRMS) requires close identification and alignment of risks to budget planning processes. In this way, the identification and management of its key risks informs the authority's allocation of resources.
- 7.2 The authority's budget planning process incorporates financial and other resources required to manage the authority's risks.

LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The purpose of risk management is to assist in the achievement of the Sandwell vision and the authority's statutory responsibilities.
- 8.2 There are numerous standards applicable to the management of risk within the local authority sector. Included amongst these is guidance from CIPFA/Solace, the British Standards Institute (BSI) and a set of joint standards published by the Institute of Risk Management (IRM), Alarm (The public sector risk management association) and AIRMIC (Association of Risk Managers in Industry and Commerce). Evidence that robust management of the authority's strategic risks is being undertaken demonstrates compliance with these standards.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 As a decision is not being sought in this report, it is not necessary to undertake an Equality Impact Assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 As a decision is not being sought in this report, it is not necessary to undertake a Data Protection Impact Assessment.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 There are no crime and disorder risks arising from this report.

12 SUSTAINABILITY OF PROPOSALS

12.1 There are no direct sustainability issues arising from this report.

13 HEALTH AND WELLBEING IMPLICATIONS

13.1 There are no direct health and wellbeing implications from this report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 There is no direct impact on any council managed property or land from this report.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The purpose of the report is to update the Audit and Risk Assurance Committee with the council's key strategic risks as summarised in Appendix A.

16 BACKGROUND PAPERS

16.1 None.

17 APPENDICES:

Strategic risk register summary.

Darren Carter
Executive Director – Resources and s151 Officer



Sandwell
Metropolitan Borough Council

Strategic Risk Register Summary @ September 2017



RED	4, 42a
AMBER	4b, 21a, 22a, 27, 38, 40, 45, 47, 48
GREEN	6a, 44

Summary Strategic Risk Register @ September 2017



Risk Ref	Risk Title and Description	Current score (September 2017)	Target score and date																																
4 07/2012	<p>Children's Social Care</p> <p>If the council does not continue to build on the progress it has made in the delivery of children's social care and to address the areas of poor or inconsistent performance, as outlined by Ofsted and the children's services commissioner, with rigour and pace, then the council will fail in its responsibilities to:</p> <ul style="list-style-type: none"> Safeguard vulnerable children Promote and improve the outcomes of children in its care Manage any adverse financial consequences arising from the failure to create favourable outcomes for children within the resources available to it Improve the continued adverse affect on the council's reputation. <p>Risk owner – Jim Leivers Cabinet Member – Councillor Hackett</p> <table border="1"> <tr> <td rowspan="5">Likelihood</td> <td>4</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td>12</td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td colspan="6">Impact</td> </tr> </table>	Likelihood	4					3				12	2					1						1	2	3	4	Impact						12 (red)	8 (amber) June 2018
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		1	2	3	4																														
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4b 10/16	<p>Children's Trust</p> <p>If the council does not put appropriate and effective arrangements in place to set up the Children's Trust (to include agreement of the budget, staff and services to be transferred, accommodation, etc.) then it will delay the establishment and operations of the Trust in line with the Statutory Direction and impede the improvements required in the delivery of children's social care in Sandwell.</p> <p>Risk owner – Jan Britton/ Tara Malik Cabinet Member – Councillor Eling and Councillor Hackett</p> <table border="1"> <tr> <td rowspan="5">Likelihood</td> <td>4</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td>8</td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td colspan="6">Impact</td> </tr> </table>	Likelihood	4					3					2				8	1						1	2	3	4	Impact						8 (amber)	4 (green) by December 2017
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Risk Ref	Risk Title and Description	Current score (September 2017)	Target score and date																																
6a 10/2007	<p>National, Regional and Local Emergency Preparedness</p> <p>If the council does not put in place effective arrangements to plan and mitigate against national, regional or local emergencies as defined by Part 1 of the Civil Contingencies Act 2004 (CCA) then this will result in:</p> <ul style="list-style-type: none"> Actual or anticipated failure to adequately protect the vulnerable Failure to support the emergency services Failure to continue to perform critical business activities Loss of credibility and reputational damage to the council Failure to fulfil Civil Contingencies Act responsibilities Major financial loss to the council. <p>Risk owner – Ajman Ali Cabinet Member – Councillor Costigan</p> <table border="1" data-bbox="245 750 662 943"> <tr> <td rowspan="5">Likelihood</td> <td>4</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90; text-align: center;">6</td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td colspan="6" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	4					3					2			6		1						1	2	3	4	Impact						6 (green)	4 (green) June 2018
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21a 06/2015	<p>Compliance with General Data Protection Regulations (GDPR) and Freedom of Information Act (FOIA)</p> <p>If the council does not ensure it has a robust framework in place to comply with the GDPR and FOIA then it faces significant external action from the Information Commissioner's Office for failing to undertake its statutory duty. Further, failing to comply will result in negative public reaction and reputational damage, significant monetary penalties, loss of confidential data and potentially legislative action against the Chief Executive.</p> <p>Risk owner – Darren Carter Cabinet Member – Councillor Trow</p> <table border="1" data-bbox="245 1359 662 1552"> <tr> <td rowspan="5">Likelihood</td> <td>4</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700; text-align: center;">8</td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td colspan="6" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	4					3					2				8	1						1	2	3	4	Impact						8 (amber)	4 (green) May 2018
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22a 01/2016	<p>CONTEST</p> <p>If the council does not work with partners to put in place suitable arrangements with the aim of preventing terrorism and radicalisation in Sandwell then it will be unable to effectively discharge its statutory duties.</p> <p>Risk owner – Jan Britton Cabinet Member – Councillor Costigan</p> <table border="1" data-bbox="245 1845 662 2038"> <tr> <td rowspan="5">Likelihood</td> <td>4</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700; text-align: center;">8</td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td colspan="6" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	4					3					2				8	1						1	2	3	4	Impact						8 (amber)	4 (green) September 2018
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<p>27 06/2009</p>	<p>Funding and Resource Allocation</p> <p>Failure to put in place appropriate processes and actions necessary to accommodate the significant reductions in public expenditure (both specific and general funding) over the medium term may result in potential budgetary shortfalls, inappropriate or ineffective efficiencies, deterioration in priority services and incorrect alignment of scarce resources and the council's key priorities.</p> <p>Risk owner – Darren Carter Cabinet Member – Councillor Eling</p> <table border="1" data-bbox="245 607 660 801"> <tr><td rowspan="5">Likelihood</td><td>4</td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td>9</td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td colspan="6">Impact</td></tr> </table>	Likelihood	4					3			9		2					1						1	2	3	4	Impact						<p>9 (amber)</p>	<p>9* (amber)</p>
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<p>38 03/2014</p>	<p>Health and Social Care Reforms and Transforming Adult Social Care</p> <p>If appropriate arrangements are not made to effectively manage the impact of the health and social care reforms including the Care and Support Act and the change in delivery from acute / primary care to social care led intervention, then the outcomes for adult social care users will be adversely affected.</p> <p>Risk owner – David Stevens Cabinet Member – Councillor Shackleton</p> <table border="1" data-bbox="245 1216 660 1411"> <tr><td rowspan="5">Likelihood</td><td>4</td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td>8</td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td colspan="6">Impact</td></tr> </table>	Likelihood	4					3					2				8	1						1	2	3	4	Impact						<p>8 (amber)</p>	<p>8* (amber)</p>
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<p>40 01/2015</p>	<p>School Place Planning</p> <p>If the council is unable to identify deliverable solutions to schools place planning then it will fail to discharge its statutory duties to provide sufficient school places.</p> <p>Risk owner – Chris Ward Cabinet Member – Councillor Hackett</p> <table border="1" data-bbox="245 1753 660 1948"> <tr><td rowspan="5">Likelihood</td><td>4</td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td>8</td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td colspan="6">Impact</td></tr> </table>	Likelihood	4					3					2				8	1						1	2	3	4	Impact						<p>8 (amber)</p>	<p>4 (green) End of 2018</p>
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42a 02/2017	<p>Cyber Security</p> <p>If the council does not have a co-ordinated approach and understanding of its existing cyber security controls or those available to it, together with an analysis of identifiable gaps, then this could expose the council to cyber-attack resulting in:</p> <ul style="list-style-type: none"> • The inability of the council to deliver services and in particular critical services for a significant period of time • The loss of personal and other corporate data • Enforcement action • Significant financial loss and • Reputational loss <p>Risk owner – Darren Carter Cabinet Member – Councillor Trow</p> <table border="1" data-bbox="245 763 660 958"> <tr><td rowspan="5">Likelihood</td><td>4</td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td>12</td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td colspan="6">Impact</td></tr> </table>	Likelihood	4					3				12	2					1						1	2	3	4	Impact						12 (red)	8 (amber) March 2018
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44 05/16	<p>Land Sales and Other Matters</p> <p>If the council does not put in place a plan and implement timely actions to address the findings of the independent investigation into Land Sales and other matters, then this may result in reputational damage to the council.</p> <p>Risk owner – Jan Britton Cabinet Member – Councillor Eling</p> <table border="1" data-bbox="245 1279 660 1473"> <tr><td rowspan="5">Likelihood</td><td>4</td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td>6</td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td colspan="6">Impact</td></tr> </table>	Likelihood	4					3					2			6		1						1	2	3	4	Impact						6 (green)	4 (green) September 2018
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45 07/16	<p>Apprenticeship levy</p> <p>If the council (including schools) does not put in place effective arrangements to use the resources it will have available from the introduction of the apprenticeship levy, then it will be unable to maximise benefits and its use of resources and will miss out on the opportunities available through the fund.</p> <p>Risk owner – Darren Carter and Chris Ward Cabinet member – Councillor Trow and Councillor Moore</p> <table border="1" data-bbox="245 1850 660 2045"> <tr><td rowspan="5">Likelihood</td><td>4</td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td>9</td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td colspan="6">Impact</td></tr> </table>	Likelihood	4					3			9		2					1						1	2	3	4	Impact						9 (amber)	6 (green) March 2018
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<p>47 07/17</p>	<p>Maximising opportunities from the West Midlands Combined Authority If the Council does not put in place effective arrangements to utilise the opportunities available from being part of West Midlands Combined Authority (WMCA) then it will be unable to maximise the benefits and opportunities available to it. Risk owner – Alison Knight Cabinet Member – Councillor Eling and Councillor Costigan</p> <table border="1" data-bbox="245 533 660 725"> <tr><td rowspan="5">Likelihood</td><td>4</td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td>9</td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td colspan="6">Impact</td></tr> </table>	Likelihood	4					3			9		2					1						1	2	3	4	Impact						<p>9 (amber)</p>	<p>9* (amber)</p>
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<p>48 07/17</p>	<p>Vision 2030 If the council does not put in place arrangements to monitor and assure itself of the delivery against its 2030 vision then this will result in reputational damage. Risk owner – Darren Carter Cabinet member – Councillor Eling and Councillor Trow</p> <table border="1" data-bbox="245 1012 660 1205"> <tr><td rowspan="5">Likelihood</td><td>4</td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td>8</td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td colspan="6">Impact</td></tr> </table>	Likelihood	4					3					2				8	1						1	2	3	4	Impact						<p>8 (amber)</p>	<p>8* (amber)</p>
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* These are risks which are likely to remain amber over the medium term due to continued uncertainties and as such these risks do not have target dates.

REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

19 October 2017

Subject:	Internal Audit Charter
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Contact Officer(s):	Peter Farrow Audit Services and Risk Management Manager peter_farrow@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Audit and Risk Assurance Committee:

1. Review and approve the Internal Audit Charter.

1 PURPOSE OF THE REPORT

- 1.1 For the Audit and Risk Assurance Committee to undertake the annual review of, and approve the council's Internal Audit Charter.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 2.1 Internal Audit contributes to the achievement of Sandwell's vision by examining and reporting on the state of the council's governance, risk management and internal control environment and the implementation of the recommendations made by Internal Audit should increase the efficiency and effectiveness of the council.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 There is a statutory requirement for internal audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards' and the council's Internal Audit Charter reflects this. The Charter was approved by the Audit and Risk Assurance Committee in September 2013 and is now due for its annual review. There have been no changes since its last review.

4 THE CURRENT POSITION

- 4.1 The report does not require a decision and therefore, no position analysis is necessary.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 The review of the Internal Audit Charter has been reported to the respective Director.

6 ALTERNATIVE OPTIONS

- 6.1 The report does not require a decision and therefore, alternative options do not need to be considered.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 There are no direct financial and resource implications arising from this report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 Internal audit is a statutory service in the context of the Local Government Accounts and Audit Regulations (Amendment)(England) 2015. The Act states that: *“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”*. These Standards have been adopted by the council’s internal audit section.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 It was not necessary to undertake an Equality Impact Assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 It was not necessary to undertake a Data Protection Impact Assessment. Data gathered during audit reviews is used and retained in accordance with current legislative requirements.

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 There are no direct crime and disorder and risk implications arising from this report.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 There are no direct sustainability issues arising from this report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 13.1 There are no direct health and wellbeing implications from this report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 14.1 There is no direct impact on any council managed property or land from this report.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

The purpose of the report is for the Audit and Risk Assurance Committee to perform an annual review of, and approve the Internal Audit Charter. As such, no decision is required.

16 BACKGROUND PAPERS

16.1 The Public Sector Internal Audit Standards

17 APPENDICES:

None.

Darren Carter
Executive Director – Resources

Definition of internal auditing

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

Mission of internal audit

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Core Principles for the Professional Practice of Internal Auditing

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

Authority and standards

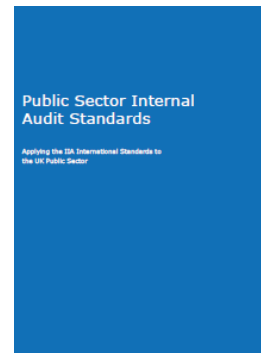
Internal audit is a statutory service in the context of the Accounts and Audit Regulations (Amendment)(England) 2015. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer to have responsibility for those arrangements

The Local Government, England and Wales, Accounts and Audit Regulations 2015 states that: *“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”*. These Standards have been adopted by the council's internal audit section.

The responsibility for ensuring that the council has an effective internal audit has been delegated to the Chief Financial Officer/Section 151 Officer.

Internal audit have the right of access to all records, assets, personnel and premises, including those of partner organisations, and has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

Throughout the Public Sector Internal Audit Standards, reference is made to the terms 'Chief Audit Executive', 'board' and 'senior management'. For the purposes of this Charter, the 'Chief Audit Executive' is defined as the Audit Services Manager (Head of Audit) the 'board' as the Audit and Risk Assurance Committee and 'senior management' as the Senior Management Board.



Scope and objectives of internal audit activities

The scope of work of internal audit is to determine whether the council's risk management, control, and governance processes are adequate and effective in order to ensure that:

- Key risks are identified and managed;
- Key financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the council's control process; and
- Key legislative and regulatory issues impacting the council are identified and addressed appropriately.

Internal audit's remit extends to the entire control environment of the council and not just financial controls.

Where other internal or external assurance providers may have undertaken relevant assurance and audit work, internal audit will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

Responsibilities

Internal audit has a responsibility to:

- Provide a cost effective and value added full internal audit service;
- Develop a flexible annual audit plan using a risk-based methodology;
- Implement the annual audit plan;
- Track status of outstanding management actions;
- Provide regular updates on the work of internal audit to the Audit and Risk Assurance Committee and where appropriate, senior officers;
- Assist, as needed, in the investigation of significant suspected fraudulent activities within the organisation; and
- Work with the External Auditor and other review bodies to share assurance and minimise duplication.

Organisational independence

Internal audit is involved in the determination of its priorities in consultation with those charged with governance. The Audit Services Manager has direct access and freedom to report in his own name to all officers and councillors and particularly to those charged with governance. If required the Audit Services Manager may request to meet privately with the Audit and Risk Assurance Committee.

Internal audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.

Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded

from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement.

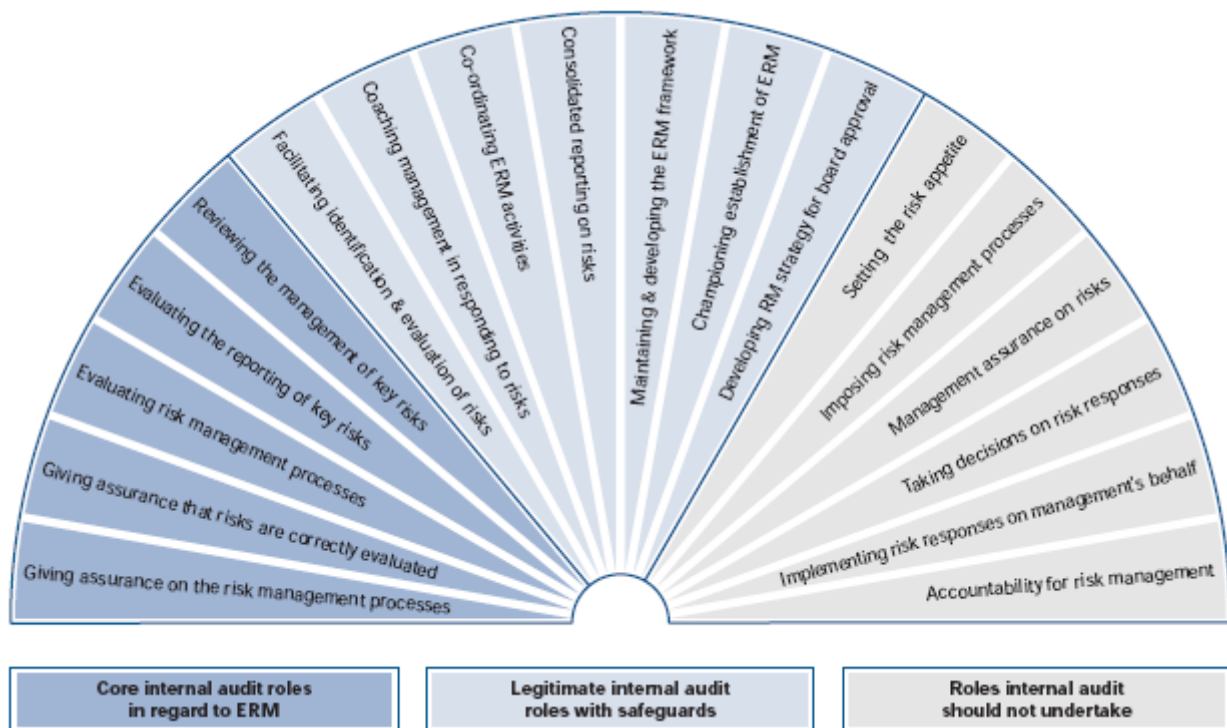
Accountability, reporting lines and relationships

The Audit Services Manager reports on an administrative basis to the Chief Finance Officer and reports functionally to the Audit and Risk Assurance Committee, the Chief Executive and other senior management. The Audit Services Manager also, where appropriate, works closely with the Monitoring Officer. An Annual report will also be produced and presented to the Audit and Risk Assurance Committee which will include an 'opinion' from the Audit Services Manager on the adequacy and effectiveness of internal control, risk management and governance within the Authority.

A written report will be prepared by internal audit for every internal audit review. The report will be subject to an internal quality review before being issued to the responsible officer and, where appropriate, will include an 'opinion' on the adequacy of controls in the area that has been audited. The responsible officer will be asked to respond to the report in writing. The written response must show what actions have been taken or are planned in relation to each recommendation. Accountability for the response to the advice and recommendation of internal audit lies with management, who either accept and implement the advice or formally reject it.

The strategic element of risk management sits under the responsibility of the Audit Services Manager. There is a current post within the service area that leads on this. It should be noted that management remains responsible for risk management and Audit Services do not manage any of the risks on behalf of management.

In order to provide guidance on the roles that are permissible and the safeguards needed to protect internal audit's independence and objectivity, the council adopted the Chartered Institute of Internal Auditors (UK) position statement on the role of internal audit in risk management. Based on this position statement, the table below presents the range of risk management activities and indicates which roles Audit Services do and, equally importantly, do not undertake:



The full role and responsibilities of the Audit and Risk Assurance Committee are detailed in their terms of reference, which are based on the model provided by CIPFA in their “Audit and Risk Assurance Committees – Practical Guidance for Local Authorities”.

Internal audit resourcing

Internal audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience. Internal auditors need to be properly trained to fulfill their responsibilities and should maintain their professional competence.

The Chief Finance Officer is responsible for the appointment of the Audit Services Manager, who must be suitably qualified and experienced. The Audit Services Manager is responsible for appointing all of the other staff to internal audit and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills.

The Audit Services Manager is responsible for ensuring that the resources of internal audit are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient, this must be formally reported to the Chief Finance Officer, and if the position is not resolved, to the Audit and Risk Assurance Committee.

Fraud

Managing the risk of fraud is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption. Internal audit may be requested by management to assist with fraud related work.

The council's Financial Regulations require that all suspected irregularities are reported to the Audit Services Manager, and the council's Anti-Fraud and Corruption Policy states that all frauds have to be reported to the S151 Officer, or their nominated officer (generally the Audit Services Manager) and that it is the responsibility of Audit Services to investigate any instances of fraud and corruption being perpetrated by any employee of the council.

Advisory work

The Public Sector Internal Audit Standards allow that internal audit effort may, where considered to have the right skills, experience and available resource, sometimes be more usefully focused towards providing advice rather than assurance over key controls. Any such internal audit involvement in consultancy and advisory work, would only take place where it would not constitute a conflict of interest in keeping an independent stance. Any significant additional consulting services will be approved by the Audit and Risk Assurance Committee beforehand.

Review of the internal audit charter

This charter will be reviewed annually by the Audit Services Manager and the Audit and Risk Assurance Committee.

REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

19 October 2017

Subject:	Internal Audit Progress Report as at 30 September 2017
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Contact Officer(s):	Peter Farrow Audit Services and Risk Management Manager peter_farrow@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Audit and Risk Assurance Committee:

1. Review and comment upon the accompanying report.

1 PURPOSE OF THE REPORT

- 1.1 The report summarises the areas of work covered by Audit Services from 1 April to 30 September 2017.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 2.1 Internal Audit operates across the council and helps it accomplish its vision by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The Internal Audit Progress Report as at 30 September 2017 contains details of the matters arising from internal audit work undertaken between 1 April and 30 September 2017.
- 3.2 The purpose of the report is to bring the Audit and Risk Assurance Committee up to date with the progress made against the delivery of the 2017/18 Internal Audit Plan. The information included in the progress report will feed into, and inform the overall opinion in the Internal Audit Annual Report issued at the year end.
- 3.3 It details the performance of the internal audit service via a series of performance indicators previously approved by the committee.
- 3.4 It summarises the audit work undertaken between 1 April and 30 September 2017, this includes:
- the areas subject to review (auditable area)
 - the level of audit need assigned to each auditable area (high, medium or low)
 - the number and type of recommendations made as a result of each audit review.
 - the number of recommendations accepted by management.
 - the level of assurance given to each system under review.
 - details of any key issues arising from the above.

4 THE CURRENT POSITION

- 4.1 The report does not require a decision and therefore, no position analysis is necessary.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 The outcomes of the individual reports have been discussed with the relevant stakeholders and reported to the respective Director.

6 ALTERNATIVE OPTIONS

- 6.1 The report does not require a decision and therefore, alternative options do not need to be considered.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 There are no direct financial and resource implications arising from this report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The Internal Audit service follows the Public Sector Internal Audit Standards, and the Code of Ethics that form part of the standards, as laid out in the Internal Audit Charter approved by the Audit and Risk Assurance Committee.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 It was not necessary to undertake an Equality Impact Assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 It was not necessary to undertake a Data Protection Impact Assessment. Data gathered during audit reviews is used and retained in accordance with current legislative requirements.

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 There are no direct risk implications arising from this report.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 There are no direct sustainability issues arising from this report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

- 13.1 There are no direct health and wellbeing implications from this report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

- 14.1 There is no direct impact on any council managed property or land from this report.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The purpose of the report is to inform the Audit and Risk Assurance Committee on progress against the 2017/18 Internal Audit Plan. As such, no decision is required.

16 BACKGROUND PAPERS

16.1 The Internal Audit Progress Report as at 30 September 2017.

17 APPENDICES:

None.

Darren Carter
Executive Director – Resources

Internal Audit Progress Report @ 30 September 2017



1 Introduction

The purpose of this report is to bring the Audit and Risk Assurance Committee up to date with the progress made against the delivery of the 2017/18 Internal Audit Plan.

The information included in this progress report will feed into, and inform our overall opinion in our Internal Audit Annual Report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

Limited	<ul style="list-style-type: none">• A risk of objectives not being achieved due to the absence of key internal controls and a significant breakdown in the application of controls.
Satisfactory	<ul style="list-style-type: none">• A sufficient framework of key controls for objectives to be achieved but the control framework could be stronger and controls are applied but with some lapses.
Substantial	<ul style="list-style-type: none">• A robust framework of controls ensures objectives are likely to be achieved and controls are applied continuously or with only minor lapses.

This is based upon the number and type of recommendations we make in each report. Each recommendation is categorised in line with the following:

Fundamental	Action is imperative to ensure that the objectives for the area under review are met.
Significant	Requires action to avoid exposure to significant risks in achieving the objectives for the area under review.
Merits attention	Action advised to enhance control or improve operational efficiency.

For school reviews, the overall opinion is based on the following criteria to match the assurance categories awarded by Ofsted:

Inadequate	<ul style="list-style-type: none">• Risk of objectives not being achieved due to the absence of key internal controls, with significant breakdown in the application of controls.
Satisfactory	<ul style="list-style-type: none">• Reasonable framework of key controls exists, but could be stronger to support achievement of objectives, with occasional breakdown in the application of controls.
Good	<ul style="list-style-type: none">• Effective framework of key controls ensures objectives are likely to be achieved and controls are applied but with some minor lapses.
Outstanding	<ul style="list-style-type: none">• Robust framework of key controls ensures objectives should be achieved and controls are applied continuously.

The overall opinion for each of the school reviews is based upon the number and type of recommendations we make in each report, in line with the recommendation classifications for non-schools, i.e. fundamental, significant and merits attention.

2 Performance of the Audit Service

Staffing

Indicator	Actual
% of Audit Service staff, professionally qualified (target 34%)	40%

Relationships/Customer Satisfaction

Question	Average Score 2017/18 (to date*)	Average Score 2016/17
Usefulness of audit	5.0	4.4
Value of recommendations	5.0	4.4
Usefulness of initial discussions	5.0	4.6
Fulfilment of scope & objectives	5.0	4.5
Clarity of report	5.0	4.6
Accuracy of findings	5.0	4.8
Presentation of report	5.0	4.8
Time span of audit	5.0	4.4
Timeliness of audit report	5.0	4.4
Consultation on findings/recommendations	5.0	4.5
Helpfulness of auditors	5.0	4.5
Overall satisfaction with Audit Services	5.0	4.5

Scores range between 1 = Poor and 5 = very good. We have a target of achieving on average a score of 4 = good.

3 Summary of Work Completed between 1 April and 30 September 2017

AAN	Assessment of Assurance Need Rating
*	Awaiting Response (all longstanding responses will be brought to the attention of the committee throughout the year for monitoring purposes)
N/A	Not Applicable, review outside of normal risk based auditing approach/customer request/grant claim, etc.

Auditable Area	AAN rating	Recommendations			Total	Number accepted	Level of Assurance
		Fundamental	Significant	Merits attention			
Meadows Sports College	Medium	-	1	10	11	*	Satisfactory
St Mary Magdalene Primary School	Medium	-	1	6	7	*	Good
Lodge Primary School	Medium	-	-	5	5	5	Good
Moat Farm Infant School	Medium	-	1	6	7	7	Good
Wednesbury Local Centre	High	-	-	1	1	1	Substantial
Boscobel Tenant Management Organisation	Medium	-	1	-	1	1	Substantial
Riverside	Medium	1	5	1	7	7	Limited
House Building Development Programme	Medium	-	-	-	-	-	Substantial
Carbon Reduction Commitment	High	-	-	-	-	-	Substantial
Pot Hole Action Fund Certification	High	-	-	-	-	-	N/A
Rood End Primary School	Medium	-	3	9	12	12	Satisfactory
Lyng Primary School	Medium	-	-	4	4	*	Good
Ocker Hill Infant School	Medium	-	-	6	6	6	Good
Rowley Hall Primary School	Medium	-	1	3	4	4	Good
Mayors Accounts	Medium	-	-	-	-	-	Substantial

Audits underway as at 30 September 2017
Schools (5)
Governance
Disposal of Land
Payroll
Main Accounting System
Accounts Payable
Accounts Receivable
Benefits
Council Tax
LGPS Certification

4 Key issues arising for the period 1 April and 30 September 2017

To date we have issued one limited assurance report as follows:

In March 2006, Riverside Housing took on the management of 1,200 council properties on two estates (Harvills Hawthorn and Millfields) under the Housing Private Finance Initiative (PFI). The contract is for a period of 25 years. Our review of the management of its social housing stock was undertaken as part of the Audit Plan for 2017/18 (the council's contract with Riverside provides for such audits to be carried out to provide assurance that Riverside are complying with the contract). We identified a number of areas where improvements could be made, including:

- Data protection issues involving records management as tenancy files had tended to become document repositories over many years, resulting in excessive information being held in the files dating back 40 years.
- The performance targets for void properties includes the requirement to ensure that they are ready for re-letting no more than 29 calendar days after the termination of the previous tenancy, unless the property void contains any aids and/or adaptations. Our checks on a sample of void property records indicated overruns on several properties.
- The Environmental Challenge Fund is a fund provided by Riverside for investment in the wider community and environment in the Harvills Hawthorn and Millfields areas. The fund pays for small scale projects that add value to the regeneration and community capacity of the two estates. We found opportunities to further strengthen the allocation process for the fund by ensuring that checks carried out in order to ensure that the requirement that over 50% of 'the beneficiaries are required to live in the PFI area' are evidenced.
- The contract requires the undertaking of statutory and other inspections and checks. This includes annual inspections of gas appliances as required by legislation. Instances of late or overdue annual gas safety checks were identified alongside anomalies including missing certificates.

- While an up to date business continuity plan was held, a 'self-review' of the procedures resulted in a number of recommendations which had yet to be implemented. This included installing Wi-fi in the community bungalow and introducing an Electronic Data Management System for the manually held tenancy documents.
- We also noted that a number of fire procedure checks on properties, while we were informed that they had been carried out, were not always being recorded as so in order to evidence this, and a small number of tenancy agreements were signed by the tenant as required but were not signed as witnessed by an officer.

We understand that action is now being taken to address these issues and we will revisit them later in the year and report back to the committee should we feel insufficient action has been taken.

A general overview of other areas of planned audit work completed during the period is given below:

School Audits

We commenced our annual school audit programme, and eight such reviews have been undertaken to assess whether they had adequate governance, risk management and control processes in place to ensure that financial management and governance arrangements were satisfactory. Of the eight schools, six received good assurance and two received satisfactory assurance. The main recurring issue identified was regarding the School Improvement Plan which outlines the aspirations of the school and the associated resources/costs required to achieve them. While the schools had such a plan, it often only covered the current year and therefore, the mid to long term financial planning was not being effectively undertaken. Guidance from the Department for Education requires such a plan to cover a two or three-year period, to be updated on a rolling basis and to link into the budget.

5 Other audit work carried out during the period 1 April 2017 to 30 September 2017

CIPFA – Audit Committee Updates

We continue to present the regular CIPFA Audit Committee Updates to the committee.

Audit and Risk Assurance Committee – Terms of Reference

We submitted the Audit and Risk Assurance Committee Terms of Reference for annual review at the March 2017 meeting of the committee.

Internal Audit Plan 2017/18

We submitted the Internal Audit annual plan for 2017/18 to the committee for approval at the March 2017 meeting.

Internal Audit Annual Report 2016/17

We presented the Internal Audit annual report for 2016/17 to the committee for comment and approval at the August 2017 meeting.

Audit and Risk Assurance Committee Annual Report

Assistance was provided in the preparation of the Annual Report of the Chair, on the work of the Audit and Risk Assurance Committee.

Internal Audit's role in investigating allegations of Fraud and Misconduct

During the year, we have continued to invest a significant amount of internal audit time in working with the Counter Fraud Unit on investigating a number of allegations into potential fraud and misconduct, and where appropriate these will be reported back to the committee as and when they are concluded.

Annual Governance Statement

We assisted in the preparation of the Annual Governance Statement for 2016/17, which was presented to the committee at its meeting held in August 2017.

Code of Corporate Governance


We also helped in the preparation of the council's new Code of Corporate Governance.

Governance Board

We continue to play a role on the council's Governance Board.

REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

19 October 2017

Subject:	Counter Fraud Update
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Contact Officer(s):	<p>Oliver Knight Counter Fraud Lead Oliver_knight@sandwell.gov.uk</p> <p>Peter Farrow Audit Services and Risk Management Manager peter_farrow@sandwell.gov.uk</p>

DECISION RECOMMENDATIONS

That Audit and Risk Assurance Committee:

1. Review and comment upon the accompanying report.

1 PURPOSE OF THE REPORT

- 1.1 The report summarises the areas of counter-fraud activity recently undertaken by the council's Counter Fraud Unit.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 2.1 Internal Audit and the Counter Fraud Unit operates across the council and helps it accomplish its vision by bringing a systematic, disciplined approach to reducing the risk of fraud and helping to safeguard the council's assets.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The main purpose of the report is to provide the Audit and Risk Assurance Committee with details of recent counter-fraud activity undertaken by the Counter Fraud Unit.

4 THE CURRENT POSITION

- 4.1 The report does not require a decision and therefore, no position analysis is necessary.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 The outcomes of counter fraud activity is discussed with the relevant stakeholders and reported to the respective Director.

6 ALTERNATIVE OPTIONS

- 6.1 The report does not require a decision and therefore, alternative options do not need to be considered.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 There are no direct financial and resource implications arising from this report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The Counter Fraud Unit operates within the following legal framework:
- The Fraud Act 2006
 - POSHFA (Prevention of Social Housing Fraud Act 2013)
 - PACE (Police and Criminal Evidence Act 1984)

- DPA (Data Protection Act 1998 sections 29 and 35).
- CPIA (Criminal Procedure and Investigations Act 1996)
- RIPA (Regulatory Investigation Powers Act 2000)
- HRA (Human Rights Act 1998)
- Council Tax Reduction Scheme 2013

The Counter Fraud Unit investigators are required to investigate in accordance with the Local Government Act 1972. The following sections from this Act are relevant:

- Section 151 – Duty to protect public funds: Every Local Authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of the officers has responsibility for the administration of those affairs.
- Section 222 – Right to prosecute: Where a local authority consider it expedient for the promotion or protection of the interests of the inhabitants of their area they may prosecute, defend or appear in any legal proceedings and, in the case of any civil proceedings, may institute them in their own name.
- Section 223 – Right to appear in court: Any member or officer of a local authority who is authorised by that authority to prosecute or defend on their behalf or to appear on their behalf in proceedings before magistrates' court shall be entitled to prosecute or appear in any such proceedings and to conduct any such proceedings.
- Section 111 – Right to act: Without prejudice to any powers exercisable apart from this section but subject to the provisions of this Act and any other enactment passed before or after this Act, a local authority shall have power to do any thing (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions.
- The right to question suspects and witnesses – Police and Criminal Evidence Act 1998 - PACE (Code C):

9 EQUALITY IMPACT ASSESSMENT

9.1 It was not necessary to undertake an Equality Impact Assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 It was not necessary to undertake a Data Protection Impact Assessment. Data gathered during audit reviews is used and retained in accordance with current legislative requirements.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 The Counter Fraud unit helps to deter, prevent and detect fraudulent practice being committed against the council using the investigatory powers listed in paragraph 8.1 of this report.

12 SUSTAINABILITY OF PROPOSALS

12.1 There are no direct sustainability issues arising from this report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 There are no direct health and wellbeing implications from this report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 There is no direct impact on any council managed property or land from this report.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The purpose of the report is to keep the Audit and Risk Assurance Committee updated on the recent activities undertaken by the Counter Fraud Unit. As such, no decision is required.

16 BACKGROUND PAPERS

16.1 The Counter Fraud Update Report.

17 APPENDICES:

None.

Darren Carter
Executive Director – Resources

Interim Counter Fraud Report



October 2017

1 Introduction

The purpose of this report is to provide the Audit and Risk Assurance Committee with an interim update on the counter-fraud activities undertaken by the Counter Fraud Unit (CFU) within Audit Services following the last Audit Committee in August 2017.

The council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. This message is made clear within the council's Anti-Fraud and Corruption Policy, which states:

'The council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the council.'

2 Counter Fraud Unit (CFU)

CFU continues to develop and lead in raising fraud awareness across the council and in promoting an anti-fraud culture. The team carries out both pro-active and re-active work, investigations into areas of suspected or reported fraudulent activity and organises a series of council wide pro-active fraud activities, including the targeted testing of areas open to the potential of fraudulent activity.

3 Counter Fraud Update

New Homes Bonus

The New Homes Bonus scheme is a government program which looks to incentivise local authorities into building new properties and identify properties which have been empty long-term (6 months+) and since brought back into use. In order to maximise funding a joint work program has been undertaken between the Counter Fraud Unit, Revenues & Benefits and Private Sector Housing.

Following an initial data match in excess of 1,000 properties were identified. Data matching and cross referencing reduced this number to 455 which required visits. The Counter Fraud Unit carried out 99 of these visits from which 25 were confirmed as being occupied. Any properties identified as being occupied will secure additional government funding in addition to normal Council Tax collections.

While carrying out the work the Counter Fraud Unit identified a building which had seven accommodation units not previously registered for Council Tax. Valuations are to be undertaken, but based on rateable values it is estimated this will be an additional annual figure of £6,800 in Council Tax.

Multi Agency Operation

In line with the Counter Fraud Unit's pro-active work a member of the team joined a Multi-Agency Road Safety Operation (MARSO) carried out on Oldbury in September.

37 vehicles were intercepted by officers of Roads Policing and Motorway Patrol. Various issues were found with a high percentage of the drivers and vehicles. Arrests were made for disqualified driving and immigration breaches. There was also six vehicles with no insurance and twelve road safety issues, including not wearing a seatbelt and using a mobile phone.

As a result of the information gathered, the Counter Fraud Unit has commenced three investigations relating to benefits or Council Tax discounts.

Case Result

A Sandwell tenant who acquired a council property by supplying false information on his housing application form has been prosecuted. The property has been recovered and since brought back into use. The former tenant received a 9 week prison sentence.

Express & Star

News

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JAILED: Man deliberately mislead officials to get council house

By [Clare Butler](#) | [Crime](#) | Published: Sep 20, 2017 | Last Updated: Sep 21, 2017

A man has been jailed for deliberately misleading housing officers so he could get a council house.

9

SHARES



The full article: <http://bit.ly/2wZ84uo>

National Fraud Initiative - New Housing pilot data match

The Counter Fraud Unit have been approached by the Cabinet Office to be part of a new data match pilot looking to identify high risk tenancy fraud cases and subletting. Different to other data matches produced by NFI the pilot looks to match several sources of data to produce one match. It is hoped this will produce more reliable matches, meaning less manual filtering and a reduction in the amount of resources required to substantiate a positive match.

Government Counter Fraud Awards

The awards are hosted by the CIPFA Counter Fraud Centre, the National Crime Agency (NCA) and the Cabinet Office. They recognise and celebrate the work being done to protect public funds in the UK. Sandwell's Counter Fraud Unit were shortlisted in the Government Counter Fraud Team of the Year category. Unfortunately we were not winners, the award went to the Government's Internal Audit Agency. However the shortlisting status is an acknowledgement of the team's success and progress.

Anti-Money Laundering

The Counter Fraud team continue to work with Legal Services in order to ensure that the council’s Anti-Money Laundering Policy and procedures remains up-to-date and reflect best practice. Following the introduction of the Money Laundering Regulations 2017 a new policy, procedures and training are being created to ensure the council remain compliant.

Case Result

The manager of a healthcare provider based in Sandwell was prosecuted for using an organisational blue badge while shopping in Oxford. She received a conditional discharge and was ordered to pay costs of £1,121.60.

Express & Star

News

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Sandwell care manager prosecuted for misuse of blue badge

By David Cosgrove | Sandwell | News | Published: Sep 5, 2017

A healthcare manager has been prosecuted after using a blue badge on her own 4x4 when she went shopping.

The full article: <http://bit.ly/2xTKuhU>

Fraud Awareness

Throughout the year staff within the Unit will undertake a range of pro-active exercises aimed at raising fraud awareness and identifying possible fraud. As part of our rolling program Lovell’s staff, who are carrying out refurbishment work in three council tower blocks, were given tenancy fraud awareness training on 4 October 2017 in order to ensure they know the signs of tenancy fraud and know how to report it.

Council House Crackdown


Filming for the BBC One TV series Council House Crackdown took place in spring of this year. Investigations conducted by the Counter Fraud Unit featured in six of the ten episodes when series three was aired during the daytime, beginning on 4 September 2017.

Following it being initially aired, the TV company responsible for filming has since been in contact with the Counter Fraud Unit to advise the BBC want the program to be edited for a primetime slot. The new episodes began on 12 October.



REPORT TO AUDIT AND RISK ASSURANCE COMMITTEE

19 October 2017

Subject:	Appointment of an Independent Member to the Audit and Risk Assurance Committee
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Contact Officer(s):	Peter Farrow Audit Services and Risk Management Manager peter_farrow@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Audit and Risk Assurance Committee:

1. Review and approve the process to appoint an independent member on to the Audit and Risk Committee.

1 PURPOSE OF THE REPORT

- 1.1 For the Audit and Risk Assurance Committee to review and approve the process to appoint an independent member.

2 **IMPLICATIONS FOR SANDWELL'S VISION**

- 2.1 The Audit and Risk Assurance Committee contributes to the achievement of Sandwell's vision by examining and reporting on the state of the council's governance, risk management and internal control environment.

3 **BACKGROUND AND MAIN CONSIDERATIONS**

- 3.1 At the Council meeting on 4 April 2017, as part of the 2017/18 Governance (Committee and Scrutiny Board Structure) review, it was agreed to appoint another Independent Member to the Audit and Risk Assurance Committee. This report sets out the process to be taken in order to undertake this.
- 3.2 It is proposed to use the following role description:

Aims of Role

To attend and participate in meetings of the council's Audit and Risk Assurance Committee (without voting rights).

To assist Members of the Committee in providing independent assurance on the adequacy of the council's risk management framework and associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and overseeing the council's financial reporting process.

Skills Required

To have recent and relevant financial experience

A broad understanding of the risk, control and corporate governance issues facing local authorities.

High ethical standards.

Good communication skills.

Ability to participate in public meetings.

Ability to analyse complex information, to question, probe and seek clarification, and come to an independent and unbiased view.

Ability to represent the council to other bodies and organisations.

Appropriate training will be made available.

Time Commitment

Approximately 4-6 evening meetings per year lasting about two hours plus preparation time and occasional training sessions.

Remuneration

This is a voluntary position. Travelling and subsistence allowances are payable at the appropriate rate.

Special Conditions

You cannot apply, if you have been a Member or employee of the council at any time during the last 5 years.

You cannot apply, if you are a relative or close friend of a Member or employee of the council.

The successful applicant will be required to:

- sign an undertaking to comply with the council’s Code of Conduct for Members;
- disclose active membership of any political party at local, regional or national level;
- disclose the existence of any contract with the council;
- disclose whether he/she is a party to any outstanding complaint or grievance against the council.

Canvassing will disqualify your application.

3.3 It is proposed to follow the below timeline:

Week commencing 6 November 2017	Vacancy advertised through the most appropriate routes
24 November	Deadline for applications
Week commencing 27 November	Shortlisting
Week commencing 11 December	Interviews and selection
16 January 2018	Appointment approved by Council

3.4 It is proposed that the following Member and officers will take part in the selection and interview process:

- Chair of the Audit and Risk Committee
- Director – Monitoring Officer
- Head of Audit

4 THE CURRENT POSITION

4.1 The report does not require a decision and therefore, no position analysis is necessary.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 The process to appoint an independent member on to the Audit and Risk Committee has been reported to the respective Directors.

6 ALTERNATIVE OPTIONS

6.1 The report does not require a decision and therefore, alternative options do not need to be considered.

7 STRATEGIC RESOURCE IMPLICATIONS

7.1 There are no direct financial and resource implications arising from this report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The Audit and Risk Assurance Committee operates to an approved terms of reference, based upon a model from the Chartered Institute of Public Finance and Accountancy.

9 EQUALITY IMPACT ASSESSMENT

9.1 It was not necessary to undertake an Equality Impact Assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 It was not necessary to undertake a Data Protection Impact Assessment.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 There are no direct crime and disorder and risk implications arising from this report.

12 SUSTAINABILITY OF PROPOSALS

12.1 There are no direct sustainability issues arising from this report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 There are no direct health and wellbeing implications from this report.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 There is no direct impact on any council managed property or land from this report.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

The purpose of the report is for the Audit and Risk Assurance Committee to review and approve the process to appoint an independent member on to the committee. As such, no decision is required.

16 BACKGROUND PAPERS

16.1 None

17 APPENDICES:

None.

Darren Carter
Executive Director – Resources

Audit and Risk Assurance Committee Work Programme 2017/18

Date of Meeting	Item	Responsible Officer
19 October 2017	Work Programme 2017/18.	Democratic Services
	Internal Audit Progress Report.	Peter Farrow
	Internal Audit Charter.	Peter Farrow
	Recruitment of an Independent Member to the Audit and Risk Assurance Committee.	Peter Farrow
	Code of Corporate Governance.	Narinder Phagura
	Strategic Risk Register Update.	Narinder Phagura
	Counter Fraud Update.	Peter Farrow

Date of Meeting	Item	Responsible Officer
18 January 2018	Certification of Grants & Returns 2016/17.	KPMG
	The Local Government Ombudsman's Annual Review.	Mandeep Bajway
	Internal Audit Progress Report Q2 .	Peter Farrow
	Strategic Risk Register and Assurance Map Update.	Narinder Phagura
	Internal Audit Charter Review.	Peter Farrow
	Audit and Risk Assurance Committee - Self Assessment.	Peter Farrow
	Annual Governance Statement Action Plan Update.	Narinder Phagura
	Work Programme 2017/18.	Democratic Services
	Counter Fraud Unit Update.	Oliver Knight
	Review of Financial Regulations and	Finance

	Procurement and Contract Procedure Rules 2017/2018.	
	External Audit Plan 2017/18.	KPMG

Date of Meeting	Item	Responsible Officer
22 March 2018	Annual Audit Letter 2016/17.	KPMG
	Strategic Risk Register and Assurance Map Update.	Narinder Phagura
	Audit and Risk Assurance Committee Terms of Reference Review.	Peter Farrow
	Internal Audit Progress Report.	Peter Farrow
	Internal Audit Plan 2018/19.	Peter Farrow
	Certification of Grants & Returns 2016/17.	KPMG

	External Audit Plan 2017/18.	KPMG
	Update on the Planned Leavers Scheme and Succession Planning of Service Management.	

Date of Meeting	Item	Responsible Officer
26 July 2018	Annual Counter Fraud Report.	Oliver Knight
	Annual Governance Statement.	Narinder Phagura
	Annual Internal Audit Report 2017/18.	Peter Farrow
	Audit Committee Annual Report.	Peter Farrow
	CIPFA Audit Committee Update.	Peter Farrow
	Strategic Risk Register and Assurance Map Update.	Narinder Phagura
	ISA 260 Report to those charged with	KPMG

	Governance.	
	Statement of Accounts 2017/18.	Darren Carter
	Work Programme 2018/19.	Democratic Services
	Corporate Risk Management Strategy.	Narinder Phagura

Outstanding Item:-

- A report on any relevant/control issues arising from the Standards Committee investigation into the Land Sales matter – Deferred pending Standards Committee;
- A report on the timeline of and any restrictions placed on the sale of the public toilets
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- Other items:
- CIPFA Audit Committee Technical Updates (as and when issued)
- Council Updates on allegations of fraud and misconduct (as and when required)