



AUDIT COMMITTEE

Thursday, 20th April, 2017

at 6.30 pm

Room 102, Hackney Town Hall, Mare Street,
London E8 1EA

Committee Membership

Cllr Brian Bell (Vice-Chair)
Cllr Robert Chapman
Cllr Michelle Gregory
Cllr Sem Moema
Cllr Nick Sharman (Chair)
Cllr Carole Williams

Tim Shields
Chief Executive

Contact:
Peter Gray
Governance Services
Tel: 020 8356 3266
Email: Peter.Gray@hackney.gov.uk

The press and public are welcome to attend this meeting

AGENDA

Thursday, 20th April, 2017

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Access and Information

Location

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Buses 30, 48, 55, 106, 236, 254, 277, 394, D6 and W15.

Facilities

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Copies of the Agenda

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Council & Democracy- www.hackney.gov.uk

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RIGHTS OF PRESS AND PUBLIC TO REPORT ON MEETINGS

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting. Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting room. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

ADVICE TO MEMBERS ON DECLARING INTERESTS

Hackney Council's Code of Conduct applies to all Members of the Council, the Mayor and co-opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- The Director, Legal;
- The Legal Adviser to the committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

1. Do you have a disclosable pecuniary interest in any matter on the agenda or which is being considered at the meeting?

You will have a disclosable pecuniary interest in a matter if it:

- relates to an interest that you have already registered in Parts A and C of the Register of Pecuniary Interests of you or your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner;
- relates to an interest that should be registered in Parts A and C of the Register of Pecuniary Interests of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner, but you have not yet done so; or
- affects your well-being or financial position or that of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner.

2. If you have a disclosable pecuniary interest in an item on the agenda you must:

- Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you (subject to the rules regarding sensitive interests).
- You must leave the room when the item in which you have an interest is being discussed. You cannot stay in the meeting room or public gallery whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision.
- If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the room and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

3. Do you have any other non-pecuniary interest on any matter on the agenda which is being considered at the meeting?

You will have 'other non-pecuniary interest' in a matter if:

- i. It relates to an external body that you have been appointed to as a Member or in another capacity; or
- ii. It relates to an organisation or individual which you have actively engaged in supporting.

4. If you have other non-pecuniary interest in an item on the agenda you must:

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.
- ii. You may remain in the room, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.
- iii. If you have an interest in a contractual, financial, consent, permission or licence matter under consideration, you must leave the room unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the room or public gallery whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the room. Once you have finished making your representation, you must leave the room whilst the matter is being discussed.
- iv. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the room. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non pecuniary interest.

Further Information

Advice can be obtained from Yinka Owa Director of Legal on 020 8356 6234 or email Yinka.Owa@hackney.gov.uk



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AUDIT COMMITTEE

WEDNESDAY, 18TH JANUARY, 2017

Present: **Councillors:**

**Cllr Nick Sharman (Chair) in the Chair
Cllr Robert Chapman, Cllr Michelle Gregory,
Cllr Sem Moema and Cllr Carole Williams**

**Officers: Kim Wright (Item 5), Ian Williams,
Tracy Barnett, Michael Honeysett, Chris
Ellmore, Michael Sheffield, Matthew Powell,
Vinny Walsh**

1 APOLOGIES FOR ABSENCE

1.1 Apologies for absence were submitted on behalf of Councillor Brian Bell and Councillor Carole Williams for lateness.

1 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING

3.1 The minutes of the previous meeting were agreed as correct subject to the following amendments:

Minute No 8.7 The last sentence be amended to read:

‘Tracy Barnett agreed to liaise with Kim Wright and Michael Scorer for details of the actions taken to address weaknesses identified as part of the former Hackney Homes contract reviews and circulate a note to Committee members.’

Remove ‘Action’ after 8.8

Minute 9.1: Matt Powell introduced the report as set out. The way that risks are captured and presented within the Council’s online software (Covalent) have been overhauled and improved. A new approach is to be adopted to make a direction of travel clearer and the new ‘Headline Scorecard’ will be introduced for each register containing the target risk score as well as the present risk score.

Minute 9.2 Should read ‘Ian Williams said this reflected’

That the spelling of Tracy Barnett’s name be corrected in the text of the minutes.

Matters Arising:

1. Measuring the success of the Olympic Games

The Chair asked if a system existed for measuring the success of the Olympics in terms of the benefits derived by local people. Kim Wright reported that a substantial piece of work had been carried out on this following the Olympics. As this occurred some time ago, a new methodology was required to keep a track of this.

4 CERTIFICATION OF GRANTS & RETURNS 2015/16

4.1 Michael Honeysett introduced the report setting out the results of the work carried out by the Council's external auditors, KPMG, in respect of the 2015/16 grants claims and returns, the details of which were included in the appendix to the report. He reported that a number of errors were identified during the completion of the Housing Benefits Claim. In response to a question from Councillor Chapman, he told the Committee that this was not totally unexpected given the size and complexity of the data and that there were ongoing discussions with officers on how to reduce the impact of these. The Committee emphasised the need to resolve the high error rate and the need for details of trends. It was recommended that consideration be given to the provision of more information to claimants in an attempt to reduce claimant error.

RESOLVED:

To note the contents of the attached letter from the Council's external auditors.

5 DIRECTORATE RISK REGISTER - REVIEW OF HOUSING AND NEIGHBOURHOODS

5.1 Kim Wright referred the Committee to the Neighbourhoods and Housing Directorate Risk Register. She told the Committee that the focus was 'on place', creating and sustaining liveable neighbourhoods. Risk had been reviewed on three occasions by the Directorate's Leadership Team, and she reminded Members that the Directorate was a new one and only went "live" on April 1st, 9 months ago. Cllr Gregory asked about current vacancy levels in the directorate, risk in regard to difficulties in recruitment and staff morale. Kim Wright agreed to circulate figures on staff vacancies by the three divisions of Housing, Regeneration and Public Realm. She told the Committee that work was ongoing on the existing recruitment/ retention strategy in relation to posts that were traditionally difficult to recruit to, which included traffic engineers (with a cycle bias), planning and building control officers and that progress was being made on this but that in some instances agency staff were used to ensure posts were filled and services delivered. She stated that Managers were very aware of the need to reduce agency spend and that regular monitoring reports were received as part of the budget process to review spend/numbers of agency staff. Consideration was being given, as part of a corporate wide piece of work, to succession planning, talent initiatives, the introduction of market supplements and the development of criteria in relation to circumstances in which higher rates of pay would be justified to attract the right kind of staff and making the recruitment process more streamlined. In response to a question from Cllr Moema about managing risk on

contracts and sub-contracts Kim Wright told the Committee that Asset management had been restructured and was being recruited to. The project management function was being brought back in house and the Directorate was looking at how big projects were being managed. She told the Committee that the management of these bigger contracts in housing services involved higher risk and work was ongoing to mitigate against these. Further a number of KPIs within housing services were being developed and a cultural change was underway to more closely supervise contracts. Good practice arising from successful, large scale regeneration schemes within the Directorate were also being applied to projects/schemes elsewhere.

5.2 The Chair referred to the section of the risk register on 'Workforce and the effect restructures may have on efficiency....' and the need to show any shortfall identified and the impact on service, both actual and potential. He stressed the need for risk data to identify the most important issues and how risk could be mitigated against.

RESOLVED:

(1) To note the contents of the report and the attached risk registers and controls in place.

(2) That Kim Wright circulate figures on staff vacancies by the three divisions of Housing, Regeneration and Public Realm.

ACTION: Kim Wright

ACTIONED AS FOLLOWS:

	Total number of Established posts (FTES)	Total Number of Vacant Posts (FTES)	Vacancy Rate (FTES)	Agency Staff
Public Realm	857.46	84.25	9.8%	86
Regeneration	82	15	18.3%	4
Housing Services	907.9	164.95	18.2%	143
	1,847.36	264.2	14.3%	

6 TREASURY MANAGEMENT ACTIVITY - UPDATE 2016/17

6.1 Chris Ellmore introduced the half year treasury activity report for 2016/17 containing a detailed update on the treasury activity for the first six months of the financial year and the Q3 treasury activity update for the period October 2016 to December 2016. Chris Ellmore told the Committee that the cash balance had slightly decreased. The average rate of interest received on investments was 0.84%. Michael Honeysett confirmed, in response to a member question, that the reference on page 48 should be '365 days', not years. Chris Ellmore told the Committee that following the credit crunch the Council had explored different types of more secure investments. Councillor Sharman referred the Committee to the significant change in the expected level of borrowing required in future due to an anticipated increase in the Council's Capital Financing Requirement. Michael Honeysett confirmed that the Council had a lot of Capital Schemes going forward that relied on forward funding pending future realisation of capital receipts.

6.2 The Chair emphasised that since the remit of the Audit Committee covered all aspects of the Council's financial activities, the progress and risks associated with its capital programme should be included in regular reports to the Committee alongside the reports we received about revenue expenditure. Ian Williams agreed to report to the Committee on this in future.

ACTION: IAN WILLIAMS

6.3 It was considered that with the Mayor's emphasis on driving development through joint boards it was important that the Committee oversaw such crucial areas of the executive. The current emphasis on reports to the Committee based on departmental reporting and accountability clearly needed to be developed to cover the new interdepartmental boards.

6.4 In response to a question from Councillor Chapman, Ian Williams confirmed that the Council had much experience of dealing with contactor failure and that there were mechanisms in place to novate to another contractor in such circumstances.

6.5 Councillor Gregory referred to the risk of stress in supporting projects and asked what measures were in place to support this. Ian Williams confirmed that a structure was required in this regard and stressed the need for properly resourced teams. Councillor Sharman stated that the Council was moving into a more developmental role with the consequent need to consider how the council supports staff and risk.

RESOLVED:

To note the treasury management activity reports at appendices 1 and 2.

7 TREASURY MANAGEMENT STRATEGY 2017/18

7.1 Chris Ellmore introduced the Annual Treasury Management Strategy for 2017/18 for the Audit Committee, setting out the expected treasury operations for 2017/18 financial year. He reported an increase in the Council's short term cash position as outlined at page 74 of the report. However, overall there was no change in its investment approach when compared to 2016/17, albeit that the level of investments was expected to decrease and borrowing increase.

7.2 Councillor Sem Moema asked that a training session be arranged for members on financial risks and Ian Williams agreed to action this.

ACTION: IAN WILLIAMS

RESOLVED:

To approve the draft Treasury Management Strategy for 2017/18 to 2019/20, for submission to Council subject to Capital programme updates with delegated powers to the Corporate Director of Finance and Resources to approve the final Treasury Management for submission to Council.

8 AUDIT AND ANTI FRAUD QUARTERLY PROGRESS REPORT

8.1 Tracy Barnett introduced the report outlining the performance of the Audit and Anti-Fraud Service up to the end of December 2016, the areas of work undertaken and information on current developments in Internal Audit and Anti-Fraud as well as statistical information about the work of the investigation team and current restructuring. She told the Committee that Carole Murray, Head of Internal Audit had left the Council and the position was to go out to advert. Tracy Barnett and Michael Sheffield would be taking responsibility for the service in the interim. Two new management posts had been created and there was to be recruitment into more junior investigative roles. It was noted that the division was meeting its KPIs and that draft reports were currently being issued within 13 days of fieldwork being completed. The Committee noted good progress on the implementation of high priority recommendations on ICT, disaster recovery, and third party access. Work was ongoing with the schools and at the moment the requirements of the Learning Trust were being met.

8.3 Michael Sheffield reported that during the period September to December 2016 a total of 35 tenancies had been recovered by TFT. During that time six Right to Buy applications had been cancelled following investigation. He reported on outcomes after the AAF investigation in relation to overstaying family's intervention, including 17 support packages being cancelled between April and August 2016, equating to a saving in the region of £5,916 a week. In relation to parking concessions 14 fraudulently used residents/visitors parking permits were recovered during the reporting period. In that period 24 Blue Badges had been recovered. 18 warnings had been issued with 17 penalty charges issued and 16 vehicles removed for parking fraud. A separate investigation identified an overpayment of a Hackney pension to a former employee who had passed away in Italy. No fraud was involved, a sum of £28,000 was recovered.

8.4 In response to a Member's question, Tracy Barnett reported that the Annual Audit Plan is informed by a number of sources to ensure that audit coverage is focussed where it will be most beneficial. This includes information from the Council's risk management system. Audit reviews of schools are being carried out to the level required by the Learning Trust, discussions are ongoing to explore new ways of undertaking school audits where a school has previously been assessed as having a high level of assurance. In the meantime the current level of review will continue to take place. Councillor Chapman emphasised the need for more scientifically targeted audits. This matter would be raised with the Learning Trust.

8.5 The Committee congratulated Vinny Walsh on his promotion to 'Audit Investigation Team Manager'.

8.6 The Committee expressed its thanks to Carole Murray who had recently left the Council for her contribution to the work of the Committee.

RESOLVED:

To note Audit and Anti Fraud's progress and performance to December 2016.

9 APPOINTMENT OF EXTERNAL AUDITOR

9.1 Michael Honeysett introduced the report. The Committee noted that following the demise of the Audit Commission new arrangements were needed for the appointment of external auditors. The appointment would require approval by full Council. He

Wednesday, 18th January, 2017

referred the Committee to the advantages of using PSAA, including more efficient procurement and securing more competitive prices. He confirmed that the existing company, KPMG, would continue to audit the accounts under current arrangements for a further two years, covering 2016/17 and 2017/18 Statements of Accounts.

9.2 Councillor Chapman referred to the current narrow market of auditors in the UK. Ian Williams confirmed that a lot of firms had moved out of the market and into the area created by the abolition of the Audit Committee. He emphasised that ensuring the quality of auditors was a priority.

9.3 Councillor Sharman referred to some disappointment in current arrangements in respect of reporting relating to Value for Money audit and that going forward PSAA should take more responsibility for this.

RESOLVED:

To recommend to Full Council that the Council opts into the appointing person arrangements made by Public Sector Audit Appointments for the appointment of external auditors.

10 WORK PROGRAMME

10.1 The Committee noted the Audit Committee work programme for 2016/17. The Chair requested an update on ICT at the April meeting.

10.2 Ian Williams reported that a special meeting of the Audit Committee was to be scheduled for the end of July to consider the annual accounts.

11 ANY OTHER BUSINESS THAT IN THE OPTION OF OF THE CHAIR IS URGENT

11.1 The chair reported that Audit Committee Annual reports were to be produced and submitted to March Council meetings. Following a suggestion from Councillor Gregory, this would be posted on the Council's website.

Duration of the meeting: 6:30pm – 7:45pm

Chair at the meeting on
Wednesday, 18 January 2017



EXTERNAL AUDIT PLAN 2016/17

**AUDIT COMMITTEE
MEETING DATE 2016/17**

20 April 2017

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All Wards

GROUP DIRECTOR

Ian Williams Group Director Finance & Corporate Resources

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This reports introduces the 2016/17 External Audit Plan from KPMG, the Council's external auditors. This sets out the detail regarding the delivery of the audit of the 2016/17 accounts, including the Pension Fund Accounts.
- 1.2. The Plan sets out the key risks identified in respect of the financial statements audit, the approach to be taken for the audits along with information on the audit team, proposed deliverables from KPMG, timescales for the audit and related fees. The External Audit Plan has been agreed with relevant officers of the Council.
- 1.3. A member of the external audit team will be present at the Committee meeting to present the reports and to respond to any questions Members may raise.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

Consider and note the contents of the attached report from KPMG, the Council's external auditor.

3. REASONS FOR DECISION

- 3.1 The Audit Committee are "those charged with governance" in respect of the Council's annual statement of accounts and other financial matters. As such, they receive regular reports from KPMG, the Council's external auditors, in relation to the accounts and the external audit. This report provides the Committee with details of the forthcoming audit arrangements in respect of the 2016/17 Statement of Accounts, including the Pension Fund Accounts.

4. BACKGROUND

4.1 Policy Context

The External Audit Plan attached sets out the arrangements for the audit of the Council's annual statement of accounts and the Pension Fund Accounts as required by the relevant legislation and related Accounts and Audit Regulations.

4.2 Equality Impact Assessment

This report does not require an equality impact assessment.

4.3 Sustainability

Not Applicable.

4.4 Consultations

KPMG consulted with relevant senior officers of the Council in the preparation of the External Audit Plan.

4.5 Risk Assessment

As set out in the Plan, the external auditors have considered the key risks and this has informed the audit approach as set out in the detailed report from KPMG attached to this report as an Appendix.

4.6 External Audit Plan 2016/17

4.6.1 KPMG have identified four significant risks where audit attention will focus due to the likelihood for potential financial misstatement, these being in respect of property, plant and equipment; conditional grant income; and the valuation of both the Pension Fund's liabilities and its investments. Details of these risks and the audit approach to these is set out on page 5 and of the External Audit Plan, attached as an appendix to this report.

4.6.2 Several other areas of audit focus have also been identified, as set out on pages 7 and 8 of the Plan. These are noted as worthy of audit understanding, although present less likelihood of giving rise to material error in the accounts.

4.6.3 The VFM work will again focus on the challenges that arise from the continued austerity measures that the Government have outlined, and specifically the Council's financial sustainability in light of the continued reduction in external funding. In addition, the VFM work will also focus on risk management in the authority and how the Council works with partners and other third parties. The approach to this work is set out on pages 14-15 of the External Audit Plan.

4.6.4 At the time of writing this report, the interim audit had already taken place with no specific issues arising. The main audit will take place from mid-June through to the date of the July Audit Committee, where the auditors will report their findings to Audit Committee, prior to issuing the audit opinion.

5. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

5.1 As set out in the External Audit Plan, the overall fee to be charged in respect of the annual audit of accounts is expected to be £226,320, unchanged from the fee in respect of the 2015/16 accounts. This is in line with the fee set out in the Annual Fee Letter, although it is recognised that this is based upon a number of assumptions regarding risks, quality and timeliness of working papers and compliance with the CIPFA Code of practice on Local Authority Accounting. Any deviation from such assumptions could impact on the final fee charged.

5.2 In addition to the main audit fee, the charge for audit of the Pension Fund accounts and annual report is expected to be £21k, the same as in 2015/16.

5.3 The costs outlines above are all contained within existing budgets.

6. COMMENTS OF THE DIRECTOR, LEGAL

- 6.1 The Council is required to have its annual statement of accounts audited in line with current legislation and related regulations.
- 6.2 The external auditor's statutory responsibilities are set out in the Local Audit and Accountability Act 2014 and the national Audit Office's Code of Audit Practice. They are required to audit/review and report on the financial statements, providing an opinion and the use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness (the VFM conclusion).
- 6.3 The External Audit Plan proposals accord with the required arrangements

APPENDICES

Appendix 1 - External Audit Plan 2016/17

BACKGROUND PAPERS

None

Report Author	Michael Honeysett ☎020-8356 3332 michael.honeysett@hackney.gov.uk
Comments of the Group Director, Finance and Corporate Resources	Michael Honeysett ☎020-8356 3332 michael.honeysett@hackney.gov.uk
Comments of Director, Legal	Patricia Narebor ☎020-8356 2029 patricia.narebor@hackney.gov.uk



External Audit Plan 2016/2017

London Borough of Hackney
29 March 2017



Contents

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Financial Statement Audit

There has been a number of updates to the 2016-17 code. To allow local authorities to report on the same basis as they are organised, the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement (CIES) has been broken. This introduces a new Expenditure and Funding Analysis which provides a direct reconciliation between funding & budgeting and the CIES. This analysis will be supported by a streamlined Movement in Reserves Statement (MIRS). The changes have replaced the current segmental reporting note. The impact of this on our audit is detailed on **page 7**.

Materiality (Page 9)

Materiality has been set at £15M (£15M 2015-16) for the Authority and £23M (£23M 2015-16) for the Pension Fund.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at £750k for the Authority and the Pension Fund.

Significant risks (Page 4)

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- Valuation of Property, Plant and Equipment (Authority)
- Significant changes in the pension liability due to LGPS Triennial Valuation.
- Management override of controls; and
- Fraudulent Revenue Recognition (conditional grant income);

Other areas of audit focus (Page 7)

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding have been identified as:

- Disclosures associated with restatement of CIES, EFA and MiRS
- Payroll;
- Cash & cash equivalents;

- Non pay expenditure (accounts payable element);
- NNDR appeals;
- HRA Income ; and
- HRA: repairs & maintenance expenditure.

Value for Money Arrangements work (See pages 10 to 14 for more details)

We did not identify any significant risks as part of the planning process, however, we will consider the following VfM areas within our overall assessment:

- Medium Term Financial Planning
- Risk Management; and
- Hackney Homes.

Logistics

Our team, covering both the Authority and Pension Fund audit is detailed below. More details are provided on **page 18**:

- Andy Sayers – Partner
- Jenny Townsend – Senior Manager
- Sam Naylor – Assistant Manager

Our work will be completed in four phases from January to September and our key deliverables are this Audit Plan and a Report to those charged with Governance as outlined on **page 17**.

Our fee for the audit is £226,320 (£226,320 (2015-16)) for the Authority and £21,000 (£21,000 (2015-16)) for the Pension Fund see **page 16**.

Introduction

Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2016-17 presented to you in April 2016, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 and the National Audit Office’s Code of Audit Practice.

Our audit has two key objectives, requiring us to audit/review and report on your:

- *Financial statements (including the Annual Governance Statement):* Providing an opinion on your accounts; and
- *Use of resources:* Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary.

Acknowledgements

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

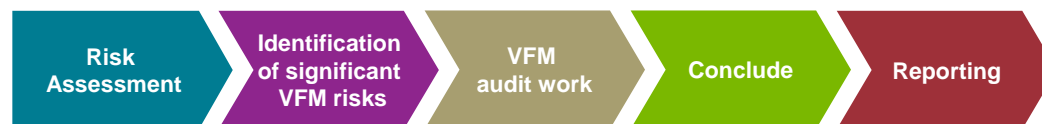
Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. **Page 10** provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for the 2016-17.



Section 3

Financial statements audit planning

Financial Statements Audit Planning

Our planning for both the financial statements and the pension fund work takes place during January and February 2017. This involves the following key aspects:

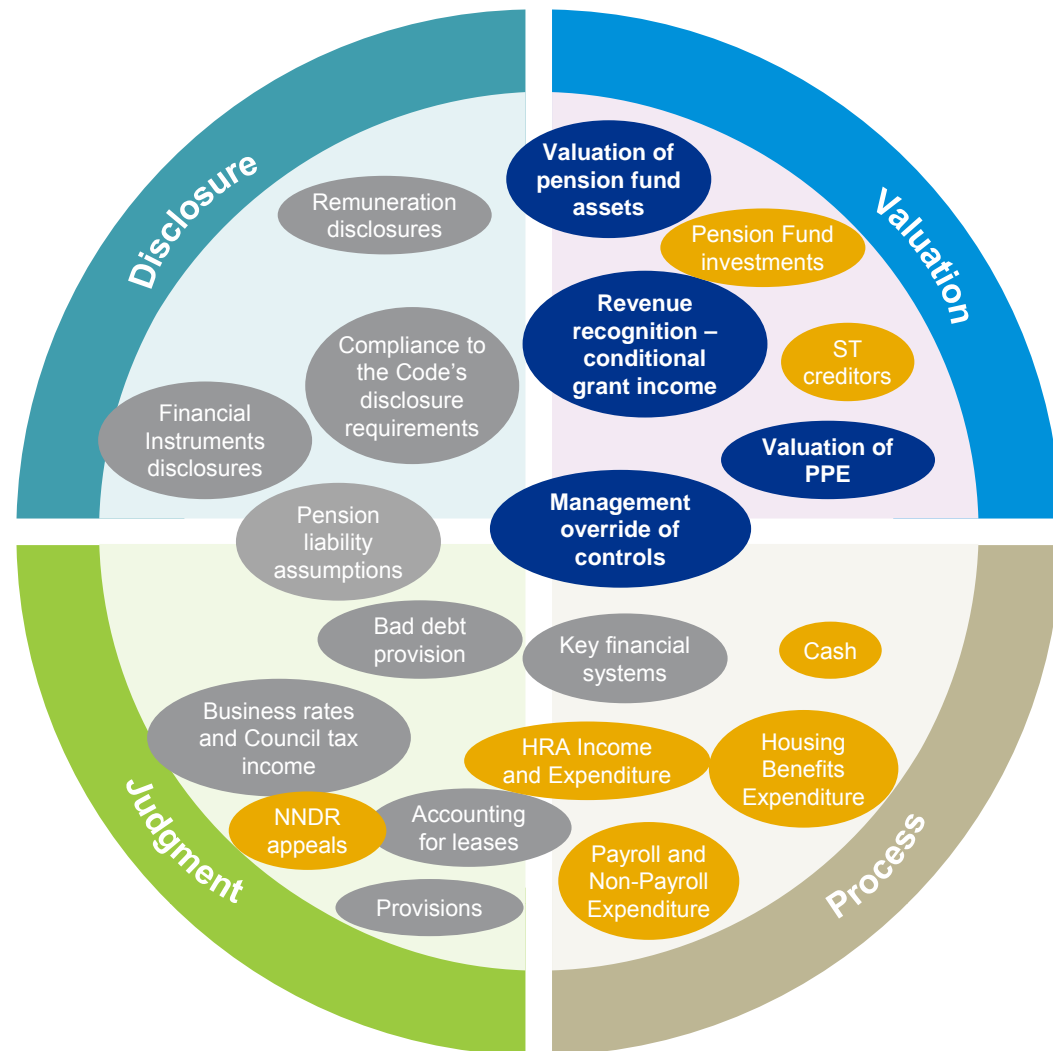
- Risk assessment;
- Determining our materiality level; and
- Issuing this audit plan to communicate our audit strategy.

Risk assessment

Professional standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report. We also consider these standard risks in relation to our work on the Pension Fund Account.

- **Management override of controls** – For both the Authority financial statements and the Pension Fund Account, management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- **Fraudulent revenue recognition** – We do not consider this to be a significant risk for local authorities for either the financial statements or the Pension Fund Account. For both, there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures. For the Authority Financial Statements, we have reflected one exception to this rebuttal – that is the recognition of conditional grant income. We have included this within our 'significant risks' included within **page 5** of this plan.

The diagram opposite identifies, significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



Keys: ● Significant risk ● Other area of audit focus ● Example other areas considered by our approach

Financial statements audit planning (cont.)

Significant Audit Risks

Those risks, related to both the financial statements and the pension fund, requiring specific audit attention and procedures to address the likelihood of a material financial statement error.

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Valuation of Property, Plant, and Equipment (PPE) (Authority)

- **Risk:** As at 31 March 2016 the value of the Council's PPE was £3,615 million. Local authorities exercise judgement in determining the current value of different classes of assets held and the methods used to ensure the carrying values recorded each year reflect those current values. The Council is responsible for ensuring that the valuation of PPE is appropriate at each financial year end and for conducting impairment reviews that confirm the condition of these assets. We have assessed that the inherent uncertainty in valuation and high value of assets held by the Council creates a significant risk to the financial statements for 2016-17.

■ **Approach:** We will:

- review management's assessment of property valuations and impairment calculations;
- confirm the information provided to the valuer from the Authority;
- compare the assumptions made by your valuer to benchmarks and to the assumptions used for 2015-16 for consistency;
- complete testing over new capital additions in year to confirm these are appropriately capitalised and that Council ownership is evidenced; and
- review disposals made in year and confirm appropriate removal from the PPE balance in 2016-17.

Conditional Grant Income (Authority)

- **Risk:** The Council receives grants containing certain conditions. £11M of grants were included within the balance sheet as at 31 March 2016 as unspent. Each grant is awarded on the basis that it will be drawn down at a service level once the specific conditions of the grant have been met. The grant cannot be credited to the comprehensive income & expenditure account until the conditions attached to the grant have been satisfied.
- **Approach:** We will review the controls in place to ensure that grants are recognised only when there is reasonable assurance that the Authority will comply with any conditions attached to the grant and ensure that for a sample of grants, that they have been applied over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis;
- We will ensure that the accounting policy adopted for grants has been disclosed within the accounts.

Financial statements audit planning (cont.)

Pension liability including assumptions and having regard to the potential for significant changes arising from the LGPS Triennial Valuation (Authority)

Risk: During the year, the Pension Fund has undergone a triennial valuation with an effective date of 31 March 2016 in line with the Local Government Pension Scheme (Administration) Regulations 2013. The share of pensions assets and liabilities for each admitted body is determined in detail, and a large volume of data is provided to the actuary to support this triennial valuation.

The pension numbers to be included in the financial statements for 2016-17 will be based on the output of the triennial valuation rolled forward to 31 March 2017. For 2017-18 and 2018-19 the actuary will then roll forward the valuation for accounting purposes based on more limited data.

Page 17
There is a risk that the data provided to the actuary for the valuation exercise is inaccurate and that these inaccuracies affect the actuarial figures in the accounts.

The Pension Fund only includes limited disclosures around pensions liabilities but we anticipate that this will be identified as a risk area by the Authority itself as the pension liabilities represent a significant element of its balance sheet.

Further there are significant judgments made in relation to the assumptions to be adopted when calculating the pension liability.

Approach: As part of our audit of the Pension Fund, we will undertake work on a test basis to agree the data provided to the actuary back to the systems and reports from which it was derived and to understand the controls in place to ensure the accuracy of this data. This work will be focused on the data relating to the Authority itself as largest member of the Pension Fund.

We will also review the assumptions adopted in calculating the pension liability using the work of independent experts engaged by the NAO.

Valuation of Pension Fund Assets (Pension Fund)

Risk: At 31 March 2016 the Pension Fund had investment assets totalling £1,172 million. The investment portfolio includes contracts which can be complex to value. Given the size and potential for complexity in the investment portfolio we consider this to be a significant audit risk for 2016-17.

Approach: We will undertake detailed testing of investments as part of our final accounts audit, including assessing the design and operation of controls in place, obtaining independent confirmations from the Custodian (and Fund Managers as necessary) to verify year end balances, undertaking substantive testing over sales and purchases made in the year, reviewing year on year movements, and comparing performance to known benchmarks.

Financial statements audit planning (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Disclosures associated with restatement of CIES, EFA and MiRS

During past years, CIPFA has been working with stakeholders to develop better accountability through the financial statements as part of its 'telling the whole story' project. The key objective of this project was to make Local Government accounts more understandable and transparent to the reader in terms of how the Councils are funded and how they use the funding to serve the local population. The outcome of this project resulted in two main changes in respect of the 2016-17 Local Government Accounting Code (Code) as follows:

- Allowing local authorities to report on the same basis as they are organised by removing the requirement for the Service Reporting Code of Practice (SeRCOP) to be applied to the Comprehensive Income and Expenditure Statement (CIES); and
- Introducing an Expenditure and Funding Analysis (EFA) which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the CIES. This analysis is supported by a streamlined Movement in Reserves Statement (MIRS) and replaces the current segmental reporting note

As a result of these changes, retrospective restatement of CIES (cost of services), EFA and MiRS is required from 1 April 2016 in the Statement of Accounts.

New disclosure requirements and restatement of accounts require compliance with relevant guidance and correct application of applicable Accounting Standards.

Though less likely to give rise to a material error in the financial statements, this is an important disclosure change in this year's accounts, worthy of audit understanding.

Approach:

As part of our audit;

- We will assess how the Authority has actioned the revised disclosure requirements for the CIES, MiRS and the new EFA statement as required by the Code; and
- We will check the restated numbers and associated disclosures for accuracy, correct presentation and compliance with applicable Accounting Standards and Code guidance.

Financial statements audit planning (cont.)

Payroll

- Issue: Payroll represents a significant proportion of the Authority's annual expenditure. Whilst not considered overly complex from a material error perspective, we consider that it is important from an audit perspective to understand the nature of the Authority's expenditure in this area.
- Approach: We will review and test reconciliations for gross pay and deductions (e.g. pensions, tax and national insurance); and complete substantive analytical review of payroll costs and test supporting system information used to compile the review.

Cash & cash equivalents

- Issue: Cash has a pervasive impact on the financial statements and provides comfort for other areas of the financial statements.
- Approach: We will review controls over bank reconciliations; and confirm balances with external third parties.

Non-Payroll Expenditure

- Issue: Non-payroll expenditure, specifically the accounts payable component, is an area of audit focus due to its pervasive impact on the financial statements and size.
- Approach: We will perform substantive tests of details to agree expenditure to third party documentation and cut-off testing of non-payroll expenditure to ensure costs are recorded in the correct period.

NNDR appeals provision

- Issue: NNDR is material and has complexity in the translation from Collection Fund into Council prime statements and a high degree of subjectivity underlying the NNDR appeals provision.
- Approach: We will gain an understanding over controls related to business rates income and specifically the appeals process. We will review the methodology applied in determining the appeal provision and report as to whether this reflects a balanced, cautious or optimistic assessment.

HRA Rental Income

- Issue: HRA dwelling rental income is an area of audit focus due to the material size (£ 114m in 2015-16).
- Approach: We will gain an understanding over controls related to HRA rental income; test the operating effectiveness of relevant controls; and complete substantive analytical review of dwelling rent income and reconcile HRA amounts to the Authority's CIES.

HRA Repairs and Maintenance and Management Expenditure

- Issue: HRA expenditure over repairs & maintenance and supervision & management is an area of audit focus due to the material size (£44m and £43m in 2015-16, respectively).
- Approach: We will gain an understanding over controls related to HRA expenditure; test the operating effectiveness of relevant controls; and complete substantive analytical review of expenditures. We will also link to our work over payroll and non-payroll expenditure.

Section 3

Financial statements audit planning (cont.)

Materiality

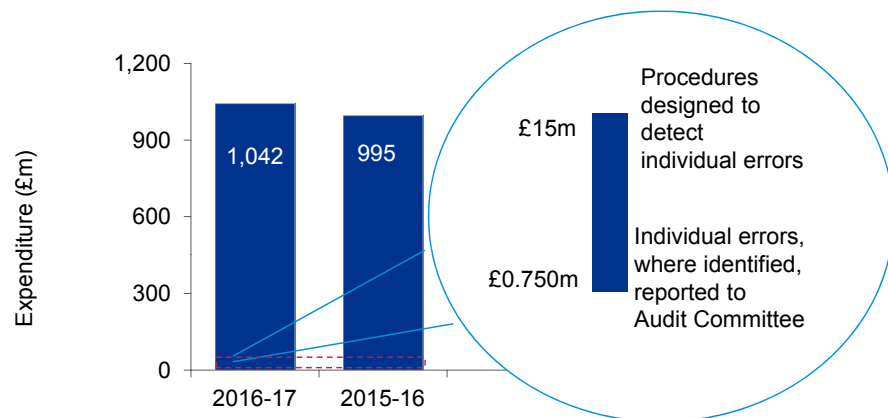
We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £15m (£15m 2015-16). We have capped materiality at a level equal to the general fund balance. This equates to approximately 1.5% percent of gross expenditure.

For the Pension Fund, materiality for planning purposes has been set at £23m. (£23m 2015-16)

We design our procedures to detect errors in specific accounts at a lower level of precision.



Benchmarks are based on the prior year outturn

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £750k. We will also use this same trivial level for the Pension Fund to ensure that any difference, which may impact on the Authority are picked up via our reporting.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Section 4

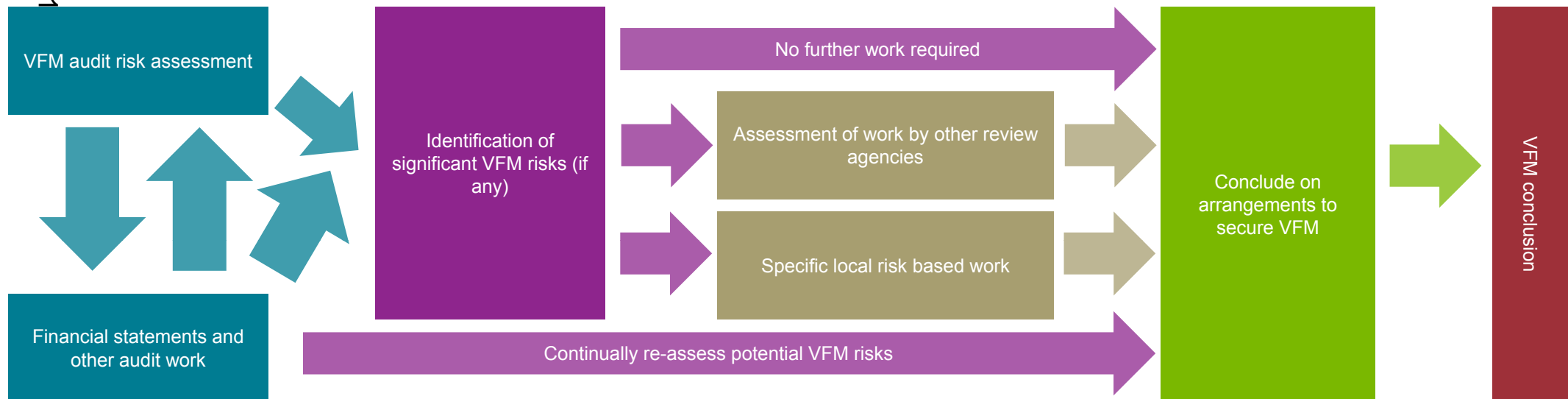
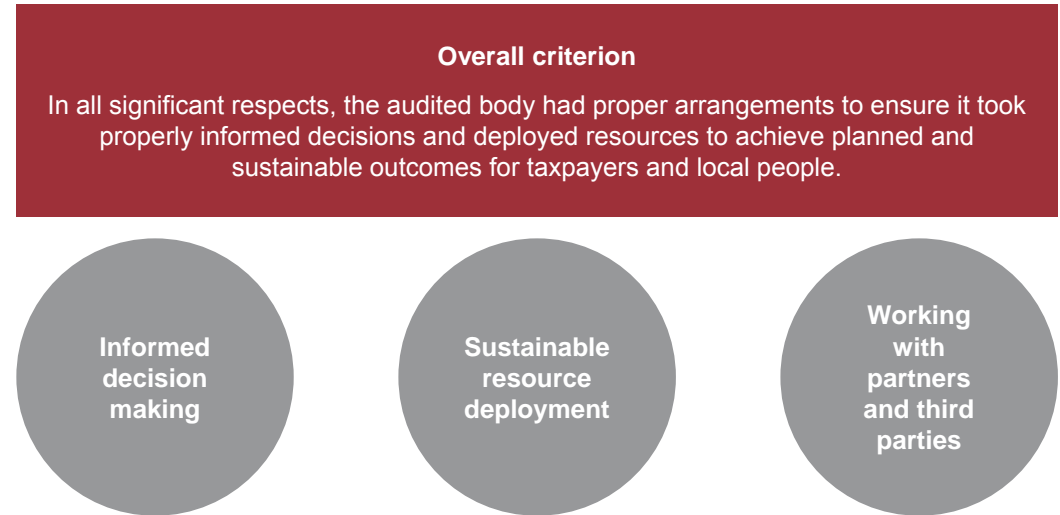
Value for money arrangements work

Background to approach to VFM work

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

The VFM approach is fundamentally unchanged from that adopted in 2014-15 and the process is shown in the diagram below. However, the previous two specified reporting criteria (financial resilience and economy, efficiency and effectiveness) have been replaced with a single criteria supported by three sub-criteria. These sub-criteria provide a focus to our VFM work at the Authority. The diagram to the right shows the details of this criteria.



Value for money arrangements work (cont.)

Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Informed decision making

Sustainable resource deployment

Working with partners and third parties

Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

Section 4

Value for money arrangements work (cont.)

VFM audit stage	Audit approach
VFM audit risk assessment	<p>We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> ■ The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks; ■ Information from the Public Sector Auditor Appointments Limited VFM profile tool; ■ Evidence gained from previous audit work, including the response to that work; and ■ The work of other inspectorates and review agencies.
Linkages with financial statements and other audit work Page 23	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
Identification of significant risks	<p>The Code identifies a matter as significant <i>'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'</i></p> <p>If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> ■ Considering the results of work by the Authority, inspectorates and other review agencies; and ■ Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Section 4

Value for money arrangements work (cont.)

VFM audit stage	Audit approach
<p>Assessment of work by other review agencies</p> <p>and</p> <p>Delivery of local risk based work</p>	<p>Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.</p> <p>If such evidence is not available, we will instead need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:</p> <ul style="list-style-type: none"> ■ Meeting with senior managers across the Authority; ■ Review of minutes and internal reports; ■ Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.
<p>Concluding on VFM arrangements</p> <p>Page 24</p>	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
<p>Reporting</p>	<p>We have completed our initial VFM risk assessment and have not identified any significant VFM risks. We have identified three areas of audit focus which are set out on the following page. We will update our assessment throughout the year should any issues present themselves and report against these in our ISA260.</p> <p>We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.</p>

Value for money arrangements work planning

VFM: Areas of audit focus

We have not identified any significant VfM risks at the planning stage. The risk assessment process is dynamic, and we are alert throughout the audit to the possibility that risks may emerge. We will report such matters should they arise. Those areas on which our VfM work will focus are detailed below. We will consider the extent to which procedures are in place to address the likelihood that proper arrangements are not in place to deliver value for money.

Sustainable resource deployment: Medium Term Financial Planning

- **Area of audit focus:** Central Government cuts mean that in 2016/17 Hackney must work with £110m less a year than in 2010, while rising costs and increased demand for services has added a further £42m of expenditure for the Council to find each year. Against this backdrop, the Council also agreed to a 2% increase in Council Tax for the first time in over a decade. In addition to this, the Council is striving to deliver c£22M of efficiency savings in year.

Approach: We will review the controls and governance surrounding the budget setting and in year monitoring.

We will formally consider management's assessment of the Council's ability to continue as a going concern. We will perform work to assess the Council's financial sustainability. This will include the identification of any significant one-off items included within the reported headline result. We will also consider the ability of the Council to maintain a sufficient level of reserves to offer the required financial resilience.

We will look at the future financial forecasts for the Council. This will include

- Performing an analysis of the forecast run rate position including consideration of the core assumptions in your 2017/18 budget.
- Considering the extent to which recurrent saving schemes were achieved in 2016/17 and identified for 2017/18. We will select a sample of cost savings measures and review these to ensure that proper arrangements have been implemented to ensure that resources are deployed to achieve planned and sustainable outcomes; and
- We will consider the granularity of the information reported throughout the governance process – specifically in relation to key metrics selected by the Council within their reporting

Informed decision making: Risk Management

- **Area of audit focus:** Effective risk management is an essential part of good governance and a key component of the overall governance framework. It provides a systematic, consistent and efficient way through which risk can be identified, reported and mitigated. It supports informed decision making thereby enabling opportunities to be exploited, or action to be taken to mitigate or manage risk to an acceptable level.
- **Approach:** We will consider in detail the risk management process and we will review how risks are captured at a Directorate level and escalated/reported throughout the Council. We will also consider how this is done for large capital projects to see if that process has been followed.

Value for money arrangements work planning

Informed decision making, sustainable resource deployment, and working with partners and third parties - Hackney Homes

- **Area of audit focus:** Hackney Homes Ltd, an Arms Length Management Organisation (ALMO) was set up by the Authority in April 2006 to manage and maintain the Council's housing properties and improve the quality of service provided to council tenants. The Council continued to exercise statutory and strategic housing responsibilities and retained a key housing role as owner and landlord.
- In 2006, consent from the then Office of the Deputy Prime Minister to set up Hackney Homes for a maximum period of ten years was provided. The initial contract period of 5 years expired in 2011. In July 2010 and April 2013, Cabinet agreed an extension of the contract for a further 3 and 2 years respectively. Following a statutory consultation exercise in August to October 2014, it was agreed that the service should be brought back in house when the Hackney Homes Ltd contract expired in March 2016. This timeline coincided with the completion of the Decent Homes programme.
- **Approach:** We will consider the governance arrangements in place, both in terms of the winding up and dissolution of Hackney Homes Ltd and the integration within the Authority;
- We will consider the controls surrounding the management of counterparty risk following the service transfer – including, how data protection requirements have been applied following any contractual movements and consideration of the management of financial risks; and
- For contracts more widely, we will consider the process for managing contracts entered into by the Authority to ensure that performance objectives are being achieved and any delivery issues are being managed in accordance with agreed governance requirements. We will select two contracts and review these in detail.

Other matters

Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2016-17 have not yet been confirmed.

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.

Our audit team

Our audit team will be led by Andy Sayers. The Senior Manager will be Jennifer Townsend, in line with the prior year. The Assistant Manager this year will be Sam Naylor. Appendix 2 provides more details on specific roles and contact details of the team.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit Committee. Our communication outputs are included in Appendix 1.

Independence and Objectivity

Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

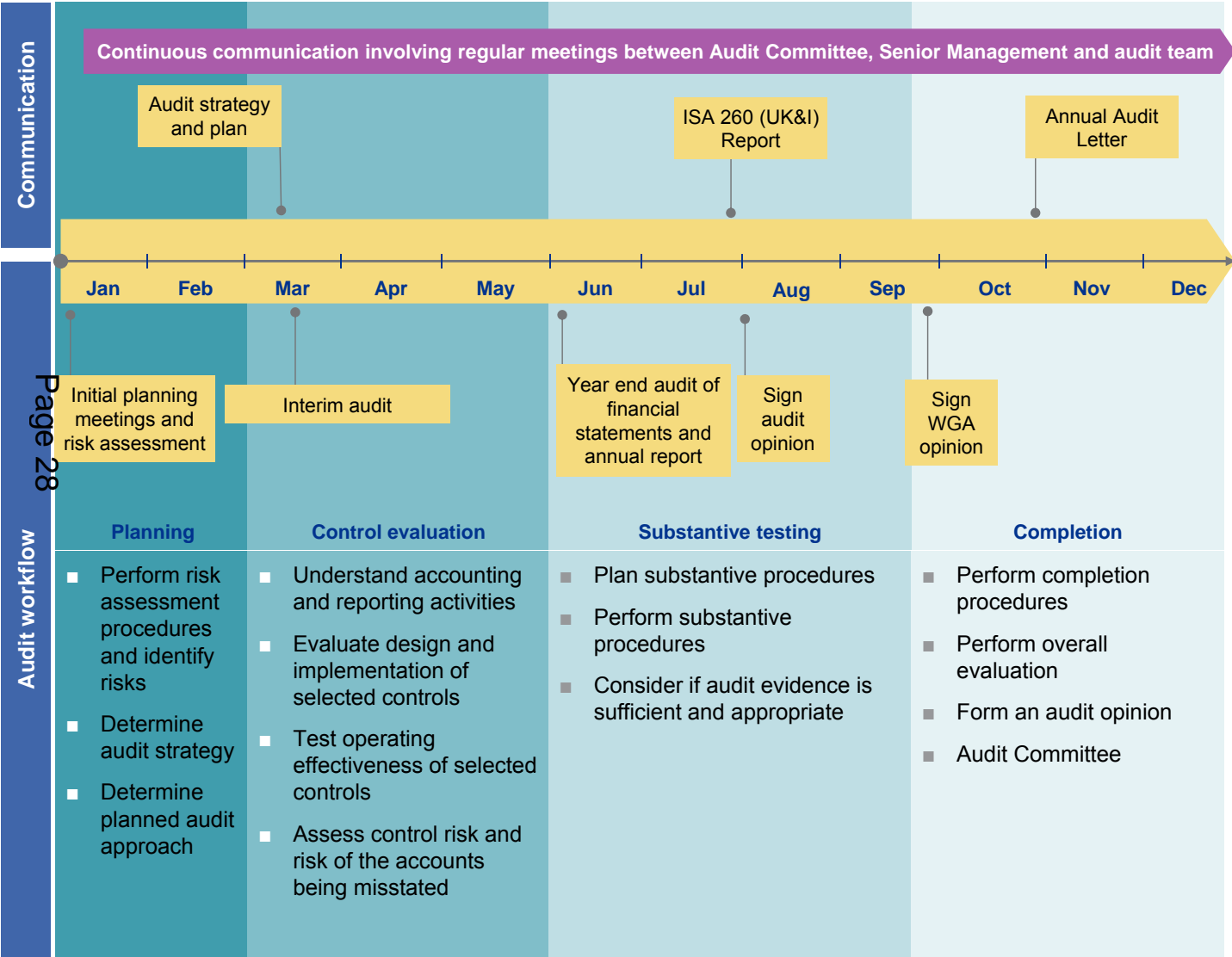
Audit fee

Our Audit Fee Letter 2016-17 presented to you in April 2016 first set out our fees for the 2016-17 audit. This letter also sets out our assumptions. We have not considered it necessary to make any changes to the agreed fees at this stage.

Our audit fee may be varied later, subject to agreement with PSAA, for changes in the Code, specifically this year the changes in relation to the disclosure associated with retrospective restatement of CIES, EFA and MiRS. If such a variation is agreed with PSAA, we will report that to you in the due course .

The planned audit fee for 2016-17 is £226,320 for the Authority. This is the same audit fee as in the prior year. The planned audit fee for 2016-17 is £21,000 for the Pension Fund. (2015-16 £21,000).

Appendix 1: Key elements of our financial statements audit approach



Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. We strive to deliver new quality insight into your operations that enhances our and your preparedness and improves your collective 'business intelligence.' Data and Analytics allows us to:

- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as journals and accounts payable

Appendix 2: Audit team

Your audit team has been drawn from our specialist public sector assurance department. Our audit team is detailed below.



Andy Sayers

Partner

+ 44 (0)207 694 8981

andrew.sayers@kpmg.co.uk

Name	Andrew Sayers
Position	Partner
	<p>'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion.</p> <p>I will be the main point of contact for the Audit Committee and Executive Directors.'</p>



Jennifer Townsend

Senior Manager

+ 44 (0)207 311 1368

jennifer.townsend@kpmg.co.uk

Name	Jennifer Townsend
Position	Senior Manager
	<p>'I provide quality assurance for the audit work and specifically any technical accounting and risk areas. I will work closely with Andrew to ensure we add value. I will work across the main Authority and Pension Fund audit.</p> <p>I will liaise with the Finance team and other Executive Directors.'</p>



Sam Naylor

Assistant Manager

+ 44 (0) 07769 164876

sam.naylor@kpmg.co.uk

Name	Sam Naylor
Position	Assistant Manager
	<p>'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'</p>



Appendix 3: Independence and objectivity requirements

Independence and objectivity

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Audit Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standards require us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Further to this auditors are required by the National Audit Office's Code of Audit Practice to:

- Carry out their work with integrity, independence and objectivity;
- Be transparent and report publicly as required;
- Be professional and proportional in conducting work;
- Be mindful of the activities of inspectorates to prevent duplication;
- Take a constructive and positive approach to their work;
- Comply with data statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information.

PSAA's Terms of Appointment includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of PSAA audit work should not take part in political activity.

- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.
- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Auditors appointed by the PSAA should not accept engagements which involve commenting on the performance of other PSAA auditors on PSAA work without first consulting PSAA.
- Auditors are expected to comply with the Terms of Appointment policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the PSAA's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the Terms of Appointment.

Confirmation statement

We confirm that as of the date of this report, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment’s website (www.psa.co.uk).

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

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**CORPORATE STRATEGIC RISK REGISTER FOR CHILDREN, ADULTS AND
COMMUNITY HEALTH SERVICES**

**AUDIT COMMITTEE
MEETING DATE 2016/17**

20 April 2017

CLASSIFICATION:

Open

**If exempt, the reason will be listed in the
main body of this report.**

WARD(S) AFFECTED

All Wards

Group Director

Anne Canning, Group Director of Children, Adults and Community Health Services

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1 This report updates members on the corporate risks for the Children's Adults and Community Health Services Directorate as at March 2017 (attached). It also identifies how risks within the Directorate are identified and managed throughout the year and our approach to embedding risk management.

2. RECOMMENDATION(S)

The Audit Committee is recommended:

- 2.1 To note the contents of this report and the attached risk registers and controls in place.

3. REASONS FOR DECISION

- 3.1 Risk management is fundamental to effective business management and it is vitally important that we know, understand and monitor the key risks and opportunities of the Council. Officers and members are then able to consider the potential impact of such risks and take appropriate actions to mitigate those as far as possible. Some risks are beyond the control of the Council but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too expensive. The risk management process helps us to make such judgements, and as such it is important that the Audit Sub- Committee is aware of this.

4. BACKGROUND

- 4.1 The current Directorate risk profile was reviewed by the Directorate of Children's, Adults and Community Health Services Management Team on 7th December 2016 and updated by Directors in March 2017. This report is presented as a high-level risk management report for the Directorate. Detailed risk registers, for Children's Services, Hackney Learning Trust (HLT), Adults Services and Public Health have been prepared and were reviewed by the Management Team and the high-level Directorate risks highlighted and included at Appendix one.

4.2 Policy Context

All risk related reporting is in line with the Council's Risk Policy, ratified biennially by the Audit sub-committee, and also fully supports the framework and ideology set out in the Risk Strategy.

4.3 **Equality Impact Assessment**

For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and associated duties) all work is carried out in adherence to the Council's Equality policies.

4.4 **Sustainability**

This report contains no new impacts on the physical and social environment.

4.5 **Consultations**

In order for Risk Registers to progress to Audit Committee, they will already have been reviewed by the relevant Senior Management team within the corresponding Directorate. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

4.6 **Risk Assessment**

The Risk Register is attached at Appendix one to this report.

5. **DIRECTORATE RISK REVIEW**

5.1 The Directorate Risk Register comprises risks that represent the most significant risks faced by the Directorate, some of which cut across the Directorate's services. Separate risk registers for Public Health, Adult Services, Children's Services and the Hackney Learning Trust are maintained and sit beneath the Directorate Risk Register and are available for review on Covalent.

5.2.1 There have been some additional high risks added to the register this year:

- A new red risk is reported in relation to **the impact of the Education White Paper Educational Excellence Everywhere** on Hackney Learning Trust (HLT), in particular the establishment of the National Funding Formula and the government's policy of academisation. Whilst the Bill has yet to be introduced into Parliament and pending the outcome of the government consultation, "Schools that Work for Everyone" looking at further school reforms (including expansion of selective school education), options open to the LA to protect school performance and Education Services' delivery are being developed. The risk also notes the importance of ensuring staff engagement in the process during this period of uncertainty.

- **Escalating SEND spend** is now a reality given the fixed funding but escalating population and complexity of need, and is therefore a red risk. Taking account of the seriousness of this ongoing situation this risk has been added to the corporate risk register. It is felt that mitigating controls are unlikely to reduce the risk in the short term given the increasing population, the lead in time to making reductions and level of progress made to date.
- **Safeguarding considerations for those pupils who are not registered at a school** (e.g. Electively Home Educated pupils, children missing from education, children attending unregistered settings, children who are yet to be allocated a school place, etc.) is increasing in importance. There is an expectation that the borough must work to ensure the safety and wellbeing of all such pupils, challenging existing legislative frameworks and guidance where necessary to do so, and working with partners to ensure effective and robust identification, tracking, consultation and referral. This new red rated risk recognises the severity of the potential risks of a safeguarding failure

5.3 There are also a number of risks that were reported to Audit Committee last year that have not been included in this report as the risk rating has dropped or they have been closed. These are:

- Financial viability of special schools and PRUs in 2016/17 is inadequate and has a negative impact on HLT provision
- Statutory requirements of SEN aspects for the children & Families Act are not met post implementation of new working arrangements.

5.4 In addition, the reputational risk in respect of a poor inspection outcome has been reassessed as low and taken off the risks reported to Audit Committee following the summer visit of Ofsted which rated our Children's social care services as 'good' with services to care leavers 'outstanding.' The Council's Youth Justice services were also inspected in the summer by HMIP and although these inspections do not generate an overall judgement the report highlighted strengths in service delivery and no major areas for improvement.

5.5 Risks within commissioned Public Health services have not changed substantially since last reported to the Committee. The service's highest area of spend and risk relates to sexual health services, as set out in "CACH PH 007 Sexual Health". Testing for sexually transmitted disease is a demand-led service, delivered mainly by NHS providers in locations across London and beyond. The council has limited control over that demand and the clinical imperative is for as many high risk, asymptomatic residents as possible to undertake regular tests. In order to manage the financial risk to the council, London boroughs have collectively undertaken a recommissioning exercise that aims to reduce the likelihood of the financial risk being realised. Controls

include the introduction of an online service for residents to order self-testing kits that will be delivered to an address of their choosing (positive results will be dealt with in person rather than via automatic reply); and a sub-regional procurement of services from genitourinary medical (GUM) clinics that allows lead areas to contract manage NHS providers more clearly and apply an integrated tariff that is harmonised across London.

- 5.6 Other risks that are in receipt of active and ongoing management are "CACH PH003 School Based Health Services" and "CACH PH009 Budget". The controls in place for improving performance of the school based health service have begun to take effect and close contract management of the provider organisation has led to greater stability in recruitment and retention and completion of the service transition between previous and current providers. Feedback from schools in receipt of the service has improved but delivery is being closely managed by lead commissioners in the public health team. The budget risk remains relatively high due to unexpected loss of income from external sources for 2017/18 and pressures relating to prescription charges in the substance misuse service. As noted in the Risk Register, the public health management team is monitoring regularly the implementation of plans to mitigate these pressures and deliver agreed savings over the medium term.
- 5.7 The new Director of Adults Services, along with his management team have reviewed the divisional risk register focusing on high-level risks to the achievement of Adult Service's objectives. Consequently most risk identified are highlighted as new although they can encompass risks previously presented. For example, risk around sufficiency of resource encompasses the risk previously reported around non-delivery of savings.
- 5.8 Within the service there remains a risk about the resilience and sustainability in the context of rising demand and increased complexity and acuity of need for service users. Work is underway to remodel demand and pressures on social care, and this will be looked at as part of the work on integration with health and voluntary sector services. Some additional funding has been announced by central Government to support adult social care. This is welcome, and we await further information on how this will be transferred to local authorities, and any conditions attached. The Government has indicated that this temporary settlement is a placeholder whilst a more permanent solution for the social care funding gap is found.
- 5.9 There is growing national concern about the sustainability of the provider market, including an increasing number of providers who are returning contracts to local authorities. Work is continuing to support a healthy local provider market, as reflected in the risk register. This includes paying a fair rate to provide quality care, and a check of the financial health of organisations through the procurement process, and

follow up monitoring meetings following the award of contracts. This risk has to date been mitigated by the work of the commissioning team.

- 5.10 We take the protection of our most vulnerable risks very seriously, which is why adults safeguarding remains an identified risk on the register. The establishment of a Safeguarding Adults Board on a statutory basis, in line with the Care Act 2014, and the appointment of a new permanent Head of Safeguarding, enable strong multi-agency work to both prevent abuse and neglect, and to investigate and resolve safeguarding issues in a personalised way.
- 5.11 Looking forward the Council is looking to further integrate services with health from 2017/18 onwards. To this end it has been agreed that we will be pooling Adult Social Care and Public Health budgets with CCG monies through a Section 75 agreement. Health and social care partners across Hackney share an ambition to improve health outcomes for local people by commissioning and delivering services across organisations in a more joined up/integrated way that makes the most of our shared investment at a time when public sector funding has experienced significant reductions and increasing budgetary pressures.
- 5.12 The governance structures in respect of these integrated commissioning arrangements were approved by Full Council on 1st March 2017. The Section 75 includes a financial framework which sets out clear risk share arrangements in relation to expenditure exceeding budgets. However, as implementation progresses the Integrating Commissioning Board will develop risk identification, monitoring and mitigation arrangements in line with the corporate approach. Although the inaugural meeting of the Board does not take place until May 2017, shadow structures are in place and this work has already begun.

6. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 6.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.
- 6.2 The Directorate seeks to mitigate risks as they are identified. In some instances, where there are volatile external factors and uncertainty, this will be through seeking access to reserves maintained by the Group Director of Finance and Corporate Resources.
- 6.3 There are no direct costs arising from this report.

7. COMMENTS OF THE DIRECTOR OF LEGAL SERVICES

- 7.1 The Accounts and Audit Regulations 2011 require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.
- 7.2 There are no immediate legal implications arising from this report.

APPENDICES

Appendix one – CACH risk register.

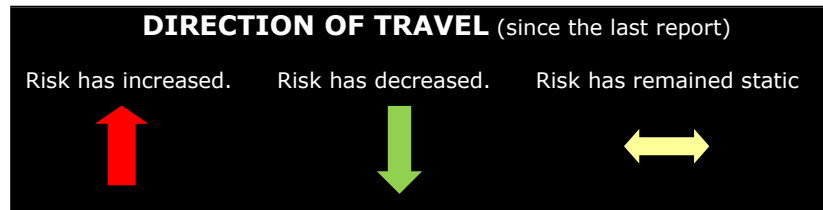
BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

None

Report Author	Jackie Moylan ☎ 020 8356 3032
Comments of the Group Director of Finance and Corporate Resources	Michael Honeysett ☎ 020 8356 3332
Comments of the Director of Legal Services	Patricia Narebor ☎ 020 8356 2029

CYPS Directorate Risks



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>Page 40</p> <p>CYP DR 0809 0005 Service demands exceed available resources</p>	<p>The directorate needs to manage demand within a climate of reducing resources. The directorate's services experience fluctuating demand, which can add to resource pressures. In addition, services need to be able to respond to new and emerging priorities.</p>	<p>Children & Young People's Services</p>		<p align="center"></p> <p>Following an overall increase in looked after children numbers 3-4 years ago, numbers are relatively stable, although the profile of looked after children has changed significantly over the past few years with more adolescents presenting complex behaviours and needs entering the care system and subsequently receiving support as care leavers. The change in profile of looked after children is placing increased pressure on the placement budget with a need for more specialised placements and is also making placement stability more difficult to achieve. Shortage of in-house foster carers adds to the cost pressure and the numbers of young people requiring more expensive residential placement has increased. The Overstaying Families Intervention Team (OFIT) continues to carefully manage the demand for high cost NRPF cases but there remain pressures on budgets in relation to these families. Southwark Judgement, LAPSO and UASC continue to bear cost pressures for 16/17 year olds who are afforded Looked After Children status by virtue of homelessness, remand or asylum claim. Recent developments in relation to the support required for migrant children as a result of closure of the Calais camps and government commitments under the Dubs amendment are likely to result in an increased number of UASC being supported in the borough.</p>

**APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016**

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CHDR 0809 0005 A Clearly defined protocols for referral to services.	Written protocol for referral to services agreed with all partner agencies.	Anne Canning	Sarah Wright	Ongoing	Update November 2016 - The Hackney Child Wellbeing Framework provides clear guidance for all professionals in understanding which services are best placed to meet the needs of children and young people, and has been agreed by all partners. CYPS has a multi-agency and single front door called FAST which is supported by a multi-agency steering group and good QA processes. FAST provides effective information sharing and access to appropriate services. Hackney's Local Assessment Protocol was published on-line and circulated to partner agencies in March 2016
CHDR 0809 0005 B Children's social care services assess risk to differentiate and prioritise need and refer appropriately	All referrals to Children's Social Care need to be appropriately assessed to ensure that the child and their family receive the most appropriate service.	Anne Canning	Sarah Wright	Ongoing	Update November 2016 - FAST acts as a single point of contact for all referrals to CSC Services. Referrals are screened for a next step decision within 24 hours. FAST considers the information available across a range of co-located agencies to make timely and safe decisions about which agency is best placed to access and/or meet the needs of children and young people. This function is supported by the Hackney Child Wellbeing Framework and simple and effective step-down processes are in place to ensure the needs of children and young people are considered in a multi-agency context through the Children's & Young People's Partnership Panel (CYPPP) and Multi-Agency Team (MAT) meetings. The service was evaluated very positively by Ofsted in the SIF inspection in July 2016 and in a pilot Joint Targeted Area Inspection in December 2015. CSC undertakes all statutory assessments for children and young people in relation to risk and need and produce clear plans for protection and support in partnership with a wide range of agencies.

**APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016**

CYP DR 1011 005P Identify contingency funding	Additional funding to be identified to ensure Directorate can respond quickly to increased demand for services	Anne Canning	Jackie Moylan/ Sarah Wright	Ongoing	Budget pressures in relation to looked after children placements remain. This reflects an increase in numbers and a change in profile of need, associated with a greater number of adolescents with high levels of need and a change in the profile of placements (more private and voluntary fostering placements, less in-house). 2016/17 pressures are being managed by the Directorate via the use of a reserve fund set up by the Group Director of Finance and Corporate Resources in recognition of the volatility of LAC numbers. Locally, the service is focussed on increasing the number of in-house foster carers which will reduce the average unit cost of LAC placements. Actions are also being taken to ensure our leaving care cohort are placed in appropriate and cost-effective settings, through, for example, utilisation of the supporting people contract.
CYP DR 1011 005Q Minimise impact of efficiency savings on frontline services	To ensure we can respond to any increases in demand, we aim to manage efficiency savings to ensure minimal impact on frontline services	Anne Canning	Jackie Moylan/ Sarah Wright	Ongoing	The Directorate has successfully delivered the 16/17 agreed savings. CYPS undertook a major restructure in 2015 (1CYPS); streamlining services and processes to reduce cost and increase efficiency. Focus has remained on increased quality brought about by a highly-skilled and flexible workforce.

APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CYP DR 0809 0006 Child or young person suffers significant harm, injury or death	Children and young people who use our services are at higher than usual risk of harm, injury or death. If risks are not adequately assessed and protected a child or young person could suffer significant injury or death attributable to the Directorate's failure take appropriate safeguarding and risk management measures.	Children & Young People's Services		 Update November 2016– This remains a high risk, and controls are in place to manage this.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CYP 0910 006 B Local Safeguarding Children Board (LSCB) reviewed and operating as an effective multi-agency forum.	The City & Hackney Safeguarding Children Board (CHSCB) has a remit to monitor safeguarding across all partner agencies, including the local authority.	Anne Canning	Rory McCallum	Ongoing	A range of measures have been put in place to ensure the CHSCB is operating as an effective multi-agency forum. There is an Independent Chair in place, defined governance arrangements, regular attendance from partners at Board and relevant sub / working groups and Hackney-specific self-assessment. CHSCB also maintains a risk register covering all key statutory requirements; these actions and progress are regularly reviewed through the CHSCB Executive and full CHSCB. The July 2016 Ofsted inspection rated the CHSCB as 'Outstanding.'
CYP 0910 006 D Ensure staff have the necessary skills to ensure risk and need are properly assessed	The Directorate as a whole understands areas of high risk and works together to mitigate risk in relation to individual children by joint training and development and joint monitoring of practices across the services.	Anne Canning	Sarah Wright	Ongoing	Ofsted inspectors noted in July 2016 that "When children are at immediate risk of harm, referrals are dealt with swiftly and children are seen to complete effective child protection enquiries. Appropriate decisions are taken when risk is identified to safeguard children."
CYP 0910 006 E Child Protection procedures in place	Children subject to Child Protection Plans and Looked After Children are visited in line with statutory guidance & care plans are monitored, updated and amended as appropriate. Children are to be seen alone.	Anne Canning	Sarah Wright	Ongoing	Update November 2016 - Ongoing, monitored through management oversight and audit, monthly, quarterly and annual performance reports, including statutory returns to DfE and by Child Protection Conference Chairs and Independent Reviewing Officers.

**APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016**

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CYP 0910 006 F Risk assessing activities for young people	All activities directly provided and commissioned by the directorate must be subject to rigorous risk assessments.	Anne Canning	Pauline Adams	Ongoing	Update August 2015- All providers of proposed activities, including the local authority, are required to submit a written risk assessment which is scrutinised and approved / not approved by the service area. Where a risk assessment is not approved, the activity is not able to proceed. Minimum ratios of adults to young people are required.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 14 Increased call on resources in respect of No Recourse to Public Funds (NRPF) cases	Children's Social Care has a duty to assess children's needs under section 17 of the Children Act 1989 if they are at risk of homelessness or destitution, even if their parent has no legal entitlement for services in the UK. In 2015/16 the Overstaying Families Intervention Team (OFIT) assessed 109 families with 209 dependent children. Of these, 81 families were provided with accommodation and/or subsistence during the course of the assessment. As at 3 rd March 2017, OFIT were supporting 184 children from 94 families with 89 families receiving section 17 support in the form of accommodation, subsistence or both.	Children & Young People's Services		<p style="text-align: center;"></p> <p>Hackney, like many local authorities, has a number of individuals living within its boundaries who are subject to immigration controls as defined by the Immigration & Asylum Act 1999. Such individuals are excluded from access to welfare benefits, public housing and Home Office asylum support and are collectively known as having No Recourse to Public Funds (NRPF). This group includes individuals who have overstayed their visa entitlement in the UK, and those who have leave to remain without recourse including EU Nationals. Hackney's approach is effective in protecting resources and avoiding costs. Recent developments in relation to the support required for migrant children as a result of closure of the Calais camps and previous government commitments under the Dubs amendment may result in an increased number of UASC being supported in the borough.</p>

APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Robust assessment process in place.	To provide a comprehensive assessment and safeguarding service to this vulnerable group of children, additional resource was established in Children's Social Care to assess the specific needs of overstaying families; this service is for families who are residing in the country illegally or without means to adequately support themselves. The Overstaying Families Intervention Team (OFIT) was formed in 2012 as a pilot service but has now embedded alongside the Access & Assessment Service in Children's Social Care.	Anne Canning	Sarah Wright	Ongoing	The issues relating to NRPF families presenting as destitute are often complex as the histories, resources and support networks accessed by individuals during their time in the UK are not always clear, and are often not shared openly with statutory agencies. Migrant children may be at risk of child trafficking, exploitation and fraudulent activities. In order to ensure the service is able to undertake comprehensive assessments of children's needs in a complex environment of law relating to housing, immigration, human rights and child safeguarding, the service works closely with other services including the UKBA , legal services, government embassies and anti-fraud to ensure that services are appropriately provided to those that are entitled to them and need them. This joined up approach robustly mitigates against the risk of children in Hackney being exploited or trafficked for services.
Cross-London management arrangements for unaccompanied asylum seeking children.	The Pan London unaccompanied asylum seeking children (UASC) dispersal rota is a voluntary arrangement that is supposed to operate in equal distribution order. There has been a recent drive across all London authorities to ensure that each borough takes their turn on the rota in the wake of a number of authorities having withdrawn over the past year. The withdrawal from some authorities had, had a negative impact of increasing the numbers of UASC being dispersed to Hackney. The government have introduced a National Transfer Scheme under which authorities will be expected to accept UASC up to the equivalent of 0.07% of their child population, after which they will be able refer young people to the NTS	Anne Canning	Sarah Wright	Ongoing	There has been significant improvement in the engagement of all London authorities on the rota. This is monitored by L.B. Croydon who manage the rota and by the London ADs Group. It is however, volatile due to international pressures in migration and asylum. London Authorities have been working together to coordinate responses to children entering the country following the closure of the Calais camps.

Hackney Learning Trust Risks

Document Number: 17811315

Document Name: 2016/11/30cachRISKREPORT Document Number: 17725198

Document Name: 2016/11/04CYPSriskregister

Reviewed by the Risk Review Group on 12 October 2016, agreed at SLT and updated for Audit Committee

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1516 09 CYPS : Impact of the government reforms on education service delivery	Government policy impacting on the role of LAs and the academisation of schools ends the role of LAs in school improvement and exercising the mediating layer.		<p style="text-align: center;"></p> <p>January 2017 - The uncertainty around the government's reforms places pressure on the timing and nature of decisions about the future model of education services in Hackney. This is considered to be one of the highest risks HLT currently faces and is not possible to fully mitigate.</p> <p>Options open to the LA regarding Alternative Education Delivery Models are being developed. The Risk Review Group notes the importance of ongoing staff engagement during this time of uncertainty.</p> <p>We recommend maintaining the risk at Likelihood 4, Impact 5 to take account of the severity of this situation. It is likely that this risk will increase in the future.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
Page 1516 Risk 09 Development of an alternative service delivery model that provides a governance structure for the local schools system.	An alternative model for the governance of the Hackney school system is developed that retains the capacity for the strategic provision of school improvement and enables the continuation of a local mediating layer.	Frank O'Donoghue	January 2017 : Recent funding announcements, speeches by the National RSC and proposals emerging from the Westminster Diocesan Board for schools in Hackney (as well as London more generally) all point to the increasing likelihood of schools choosing to convert to academy status outside any collective arrangement involving the local authority. This significantly increases the risk of losing both the Hackney SRAS process and the ability of the Council to continue to work in partnership with schools. Officers believe there is a limited opportunity to prevent this happening and a need for continued discussion with schools on the future of the Hackney education system
LT 1617 Risk 01 Staffing challenges – Developing a strategy that retains staff with key skills knowledge and ability; identifying new talent and encouraging people to work for HLT.	<p>Ongoing contraction of the public sector means it is not easy to encourage skilled and talented people into the public sector.</p> <p>The risk of being unable to retain talented people over time is also a challenge.</p> <p>HLT will need to maintain an innovative approach by: Retaining current talented employees; identifying and encouraging new talent and changing the culture of long serving staff to meet the new challenges we face.</p>	Olly Cochrane	January 2017 : Following the workshop for WLG members in June 2016 on resilience, a second workshop was delivered in December. This focussed on managers taking responsibility for making change happen. This feeds into the Council's strategic approach "Change for Everyone" to meet the challenge of retaining key staff and developing talent that takes account of the continuing financial circumstances in the public sector. Further work to continue encouraging the engagement of HLT middle managers will continue through WLG.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
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CACH RISK REGISTER DECEMBER 2016

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1314 0006 CYPS - Annual changes to the National Funding Formula has a negative impact on HLT income and delivery	National changes to funding and/or policy have a negative impact on HLT income and delivery, development of traded offer and has consequences for Trust performance.		<p>January 2017 – Risk Review Group notes the recent publication of the national funding formulae, and recommends adjusting the risk rating to Likelihood 4, Impact 4 to reflect the lower than expected impact on proposed funding. It should be noted, however, that Hackney is one of the local authority areas with the biggest overall % reduction in funding.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1314 Risk 11 Head of Service responsible for monitoring policy and funding changes and reporting implications for HLT income and delivery.	Modelling and monitoring of funding changes will support a clear understanding of the risk and potential impact and will inform HLT's approach to meet implications.	Yusuf Erol	December 2016: More is now known about future funding arrangements under the NFF, which is not significantly different to previous HLT forecasts. There is still some uncertainty and a group of HLT officers continue to meet and monitor this.
Page 47 LT 1314 Risk10 Implications of changes to the National Schools Funding Formula are understood and monitored	Changes to the National Funding formula are expected to have a significant impact on funding provision. Funding will follow the learner, with certain providers struggling to disaggregate funding due to current method of allocation.	Ophelia Carter	January 2017: The ending of the general element of the Education Services Grant was confirmed by the DfE in December 2016. Hackney management and corporate management have agreed how much of the reduction will be passported to HLT for 17-18. Future years to be agreed The continuing retained duties element has been transferred to the DSG, and will continue.
LT1415 Risk 08 Implementation of the Budget Reduction Plan	The Budget Reduction Plan will be implemented to achieve reductions over the next two years.	Yusuf Erol	December 2016: SLT have agreed budget savings that should be sufficient to respond to the expected fall in income. However, the policy changes agreed in Additional Needs is expected to result in cost savings significantly less than what is needed to bring SEND spending down to levels that would be within budgeted expenditure. SLT will need to make further decisions about how the excess expenditure is funded.
LT1415 Risk 18 Consultation on converting non-recoupment academies and amending the funding of local authorities for pupils in Free Schools from 2015/16	Assessing the financial impact of growth funding academies and free schools.	Ophelia Carter	January 2017: No further information from the DfE in the December 2016 announcement. The DfE have consulted on local authorities assuming the costs of growing Free schools in the first year, (rather than from year 2). This will be an additional burden on the Growth Fund, and transfer to risk of double funding places to the local authority from the DfE. HLT do not have an additional year to manage the risk to services funded from de-delegated budgets and the new NFF will comprise of only one 'soft' year 2018-19 before full implementation of NFF in 2019-20.

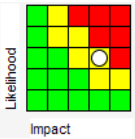

**APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016**

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p>**New Risk**</p> <p>LT EDS 1617 01 CYPS: SEND funding – Escalating SEND spend has an adverse impact on HLT budgets.</p>	<p>The number of pupils eligible for SEN statements continues to increase at a significant rate exceeding the population growth in the Borough, the effect of which is to place the SEND budget in deficit.</p>		<p align="center"></p> <p>January 2017 – A draft options paper recommending new ways of managing EHCP and reducing spend was reviewed initially at SLT on 7 October. Further modelling and review of other activities to reduce budget pressure are being pursued.</p> <p>SEND options for cost reductions have been cleared by SLT on the 13 January, CACH SMT on 18th January and finally HMT on 24th January and are awaiting final clearance.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
<p>**New Risk Control**</p> <p>LT 1617 02 The action plan to address SEND budget pressure and reduce overspend is in place and its effectiveness is regularly monitored by SLT.</p>	<p>SLT has approved an action plan to address the pressures placed on the SEND budget by increasing numbers of children and young people being eligible for SEN statements. This action plan introduces new oversight and challenge into the process, with a view to controlling expenditure and making sure resources are distributed fairly.</p>	<p>Toni Dawodu</p>	<p>January 2017 A draft options paper recommending new ways of managing EHCP and reducing spend was reviewed initially at SLT on 7th October. Further modelling and review of other activities to reduce budget pressure are being pursued.</p> <p>SEND options for cost reductions have been cleared by SLT on the 13 January, CACH SMT on 18th January and finally HMT on 24th January and are awaiting final clearance.</p>
<p>** New Risk Control**</p> <p>LT 1617 06 - Management of financial impact of SEND budget pressures.</p>	<p>Rapid, significant short term reductions in SEND costs and outlays will be difficult to achieve. Ensuring that the policy changes in the action plan result in medium term cost savings that relieve the pressures on the SEND budget, whilst ensuring the operational effectiveness of HLT is not detrimentally affected by the overspend, is imperative.</p>	<p>Yusuf Erol</p>	<p>New risk control – January 2017</p>
<p>** New Risk Control**</p> <p>LT 1617 07 - Changing the culture of SEND in schools and HLT to implement the action plan.</p>	<p>If the action plan is to control expenditure and distribute resources fairly, changes in the existing culture in HLT teams and schools must also change to critical assessment and the equitable distribution of limited resources. Collaborative working with schools will be necessary to ensure pupils SEND needs are met from delegated SEND resources, with EHCP referral only for exceptional needs.</p>	<p>Toni Dawodu</p>	<p>New risk control – January 2017</p>

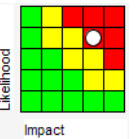

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
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**APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016**

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT EDS 1415 0008 CYPS: Lack of capacity and experience in health & safety services for education.	At transition to LBH, dedicated education H&S service transferred to LBH corporate centre and reorganisation resulted in limited specialist education H&S resources. There is the potential that this could impact on the ability to monitor and advise schools leading to a heightened risk to pupils and members of staff, reputational loss, and compromising Ofsted judgements.		 January 2017 – Risk Review Group notes the progress made on recruiting a corporate Health & Safety manager and considers the risk rating and controls remain appropriate until an appointment is made.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1415 Risk 12: Schools are supported by LBH Health & Safety Team	LBH Health & Safety team regularly visit schools and settings to advise them on best practice	Olly Cochrane	January 2017: Recruitment to the position of corporate Health & Safety manager will be carried out in January 2017. This will strengthen the LBH H&S team and the service they provide to schools.
LT 1415 Risk 13:LBH Health & Safety Team raises concerns about schools and settings with HLT	HLT receives updates from LBH Health & Safety Team on any causes for concern in schools and settings.	Olly Cochrane	January 2017: School Health and Safety issues will continue to be raised through the SRAS process. The new corporate head of H&S will be invited to attend SRAS meetings to note priority issues.

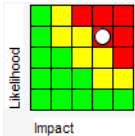

Packney Schools Risks

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
NEW RISK LTSCH 1617 001 CYPS: Serious Safeguarding failure in regard to pupils not in school	Safeguarding considerations for those pupils who are not registered at a school – Electively Home Educated pupils, children missing from education, children attending unregistered settings, children who are yet to be allocated a school place etc is increasing in importance. This is the particular focus for current Local Authority Safeguarding Inspection frameworks, and there is an expectation that HLT must work to ensure the safety and wellbeing of all such pupils, challenging existing legislative frameworks and guidance where necessary to do so, and working with partners to ensure effective and robust identification, tracking, consultation and referral.		 January 2017 – Risk Review Group notes that the recent SIF inspection tested the LAs response to CME and made no recommendations for improvement in this area. The risk rating should be maintained at the present level which recognises the severity of the potential risks of safeguarding failure.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1617 Risk 03: Ongoing dialogue between HLT, DfE and Ofsted around necessary legislation to ensure	Currently, the roles and responsibilities of LAs, DfE and Ofsted are not clearly defined with regard to safeguarding duties.	Paul Kelly	December 2016 update – First evidence session for Scrutiny Commission took place Wednesday 16 November. HLT and Ofsted attended the Commission. Second evidence session held on 9 January

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Control Title	Control Description	Service Manager	Control - Latest Note
safeguarding duties can be effectively carried out.			2017. HLT regularly informs DfE and Ofsted of any concerns about the safety of children and young people, who in turn may request Ofsted conduct inspections of a number of unregistered settings.
LT 1617 Risk 04: Continuing attempts at engagement with unregistered settings are made by HLT to reduce the likelihood of pupils being put at risk.	In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue.	Paul Kelly	December 2016 – Officer from the HLT Safeguarding in Education Team is working with CYPs and community groups. Sarah Wright is leading on this.

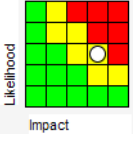

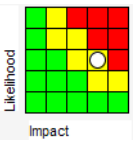

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p>Part C SCH 1415 0007 CYPs: Risks posed by unregistered schools and settings</p>	<p>Unregistered centres are neither known to, nor inspected by Ofsted, raising potential issues relating to the wellbeing and safeguarding of children and young people in the borough. HLT does not have any statutory powers or reporting requirements in regard to the registration of independent schools.</p> <p>As well as the potential risk around safeguarding and lack of knowledge and intervention in regard to those young people attending such settings, there are clear reputational risks for HLT in this area. Despite the fact that HLT holds no powers in regard to either registration or closure, there remains the perception that the Local Authority has not presented sufficient challenge to the status of such settings.</p>		<p style="text-align: center;"></p> <p>January 2017 – Risk Review Group notes that the current legal powers available to Local Authorities over unregulated settings are not sufficient to address a potentially catastrophic event. This presents a very high reputational risk for the borough, although there are limited options to mitigate this risk. We recommend that the risk rating remains unchanged to take account of this.</p>

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1415 Risk 18: Co-ordinating multi-agency responses, HLT escalates any issues relating to the safeguarding of children or young people attending unregistered schools or settings.	HLT are aware of the unregistered schools and settings within the borough, escalating to the appropriate authorities any issues of concern reported to them. HLT co-ordinates multi-agency responses in regard to those settings that do not comply with Ofsted registration requirements.	Paul Kelly	December 2016 – Inspections jointly undertaken to 2 unregistered schools in September 2016, followed by visits from FAST.
LT 1617 Risk 04: Continuing attempts at engagement with unregistered settings are made by HLT to reduce the likelihood of pupils being put at risk.	In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue.	Paul Kelly	December 2016 – Inspections jointly undertaken to 2 unregistered schools in September 2016, followed by visits from FAST.

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Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
<p>LT SCH 1112 0008 CYPS Performance and/or quality of provision in nursery and primary schools or settings declines, stagnates or fails and goes into special measures</p>	<p>a. The overall effectiveness of schools or settings (or the proportion of pupils attending good or better schools) reduces, leading the Trust to engage with Ofsted to challenge schools under the Good to great policy.</p> <p>c. Achievement in schools or settings fails to improve, leading to gaps not being narrowed from year to year at borough level and/or relevant to other LAs.</p>		<p style="text-align: center;"></p> <p>January 2017 – Risk Review Group notes the changes to the teaching and assessment at Key Stage 2 and the impact this has had on Hackney primary schools results.</p> <p>Risk Review Group notes that Ofsted inspection grades for primary and nursery schools in Hackney are as follows:</p> <ul style="list-style-type: none"> ▪ Outstanding – 17 schools (31%) ▪ Good – 36 schools (65%) ▪ Satisfactory/Requires Improvement – 1 school (2%) ▪ Inadequate – 1 school (2%) <p>The current breakdown of overall effectiveness grades for those Hackney schools that have been inspected by Ofsted show 98.5% of nursery & Primary pupils attend an outstanding or good school.</p>
<p>LT SCH 1112 0009 CYPS Performance and/or quality of provision in secondary schools or settings declines, stagnates or fails and goes into special measures</p>	<p>d. The overall quality of provision in schools or settings fails to improve, leading to plateau and coasting year to year at borough level.</p> <p>e. From September 2012, poor performing schools will be subject to more regular inspections. Schools given a grade of 3 (currently “satisfactory”, becomes “requires improvement”) will receive two opportunities to remove themselves from the category before being placed in special measures.</p>		<p style="text-align: center;"></p> <p>January 2017 - Risk Review Group recommends no change to the risk rating.</p> <p>Risk Review Group notes that Ofsted inspection grades for secondary schools in Hackney are as follows:</p> <ul style="list-style-type: none"> ▪ Outstanding – 3 schools (20%) ▪ Good – 12 schools (80%) ▪ Satisfactory/Requires Improvement – 0 schools (0%) ▪ Inadequate – 0 schools (0%) <p>The current breakdown of overall effectiveness grades for those Hackney schools that have been inspected by Ofsted show 100% of Secondary pupils attend an outstanding or good school.</p>





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CACH RISK REGISTER DECEMBER 2016

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1415 0001 CYPS Performance and/or quality of provision in special schools or settings declines, stagnates or fails and goes into special measures			 January 2017 - Risk Review Group recommends no change to the risk rating. Risk Review Group notes that Ofsted inspection grades for special schools in Hackney are as follows: <ul style="list-style-type: none"> ▪ Outstanding – 2 schools (67%) ▪ Good – 1 schools (33%) ▪ Satisfactory/Requires Improvement – 0 school (0%) ▪ Inadequate – 0 schools (0%) The current breakdown of overall effectiveness grades for those Hackney schools that have been inspected by Ofsted show 100% of Special pupils attend an outstanding or good school.
Page 52 LT SCH 1415 0002 CYPS Performance and/or quality of provision in Pupil Referral Unit declines, stagnates or fails and goes into special measures	PRUs are now self-governing, which may mean that inspection / greater scrutiny is imminent, which could lead to negative inspection outcomes		 January 2017 – New Regents College was judged to be good in its last Ofsted inspection. Risk Review Group recommends no change to the risk rating.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1112 Risk 17 Quality of provision of support by traded services offer	Quality of provision (particularly teaching, learning & assessment) and leadership and management (with a particular focus on sustained capacity for improvement) will be key aspects of the support provided. Increasing the levels of buy in from schools in Hackney and out-borough will increase the capacity for a viable school improvement service.	Hilary Ryan – Primary Martin Buck – Secondary	December 2016: Traded services income shows an increase on the previous year and is predicted to exceed target. An increasing proportion of the work is from outside Hackney. Some products are particularly successful e.g. Destination Reader is a traded product in 74 schools in 9 authorities beyond Hackney. Risks from uncertainties in the system mean staffing stability (or lack of) could put future trading capabilities at risk.
LT 1112 Risk 02 SRAS continually reviewed	SRAS process continually reviewed to ensure it is fit for purpose.	Sian Davies	December 2016 – HLT’s Good to Great Policy has been reviewed and amendments have been made. The Good to Great Policy was submitted to SLT on 21 October and approved. Schools continue to be reviewed at 4 SRAS meeting per year.
LT 1112 Risk 14 Pupil support	Pupil outcomes/underachieving pupils will be an aspect of the package of support provided.	Sian Davies	December 2016 - Data analysis has taken place to identify under performance. Targeted interventions are in place to support priority groups and raise attainment. These are directed through the SRAS process.

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Control Title	Control Description	Service Manager	Control - Latest Note
LT 1112 Risk 15 Increased CPD and capacity	Seek to increase levels of professional development and capacity in schools.	Sian Davies	December 2016: The uptake of HLT's CPD offer continues to be positive. Network meetings are well attended and valued by school leaders.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
LT SCH 1112 0011 CYPs Insufficient school places (Primary)	Insufficient school places available to meet bulges in demand for Primary places		 January 2017 – Risk Review Group notes the primary school projections, which indicate that surplus places were likely in primary school in the future. The introduction of a risk around surplus school places would need to be considered in future (especially in light of Free Schools which are outside school place planning framework).
LT SCH 1112 0012 CYPs Insufficient school places (Secondary)	Insufficient school places available to meet bulges in demand for Secondary places.		 January 2017 – Risk Review Group notes that insufficient secondary school places continue to present a risk. The approval for the City of London Shoreditch Park and City of London Hackney Downs (to open in 2017 and 2019 respectively) are crucial to mitigating this risk.

Control Title	Control Description	Service Manager	Control - Latest Note
LT 1112 Risk 23 Revise forecast of pupil demand	Regular review of population data allows oversight and summary of changes to the potential pupil cohort and ultimately potential demand for places.	Marian Lavelle	January 2017: No changes to report. Revised forecasts were received in May 2016. These provided data based on live births, housing developments, Olympic legacy area information, number of applications etc.
LT 1112 Risk 24 Clarify pupil demand projections	Pupil demand projections set out the numbers of pupil places required and available in the borough. Regular reporting to SLT to assure them risks have been identified and mitigating controls are working effectively.	Marian Lavelle	January 2017: PRIMARY - The 2016 projections were received and showed that surplus places in the primary sector over the next 5 years. As reported previously, a number of new schools opened in 2015; Hackney New School (50 places), Halley House (60 places), Mossbourne Riverside (30 places in 2015, to increase to 60 places from 2016 and 90 places from 2017). These schools have, in part, contributed to the current surplus. Despite the current number of surplus primary places, it is too early to consider whether some schools should permanently reduce their PANs, however the situation will be monitored by SLT. In December, SLT considered a request from Gayhurst primary school to assess whether the school's PAN should increase or decrease due to the complexities of managing a 2.5FE school. A decision was made to maintain the current PAN of 75. Harrington Hill, St Matthias, Gainsborough and Sir Thomas Abney all informally reduced their PANs for September 2016.

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Control Title	Control Description	Service Manager	Control - Latest Note
Page 54			<p>The Olive School's application to obtain planning permission for the former Hackney Central Police Station, was refused by Hackney Council's Planning Committee on 8 June 2016.</p> <p>The EFA has submitted an appeal to the decision to deny planning permission for a 3FE school. If the outcome of these applications is that the 3FE appeal is denied, the school has indicated that they will open a second 2FE site in the borough. Planning has expired on the Cazenove site, but the EFA has submitted an extension on this site.</p> <p>There are currently (at the time writing), sufficient vacancies in Hackney primary schools to accommodate all of the pupils if the school were to close.</p> <p>January 2017: SECONDARY – It is projected that that 12 Forms of Entry (FE) will be required by 2021. The City of London Shoreditch Park and City of London Hackney Downs have been approved to open in 2017 and 2019 respectively. Both schools are expected to open in temporary accommodation whilst the new school buildings are completed. The proposed temporary site for Shoreditch Park is a former Leisure depot on Audrey Street, near Haggerston park.</p> <p>The current Britannia Leisure Centre site and the existing Benthall Primary School sites have been identified as sites. The Britannia site is being further examined in a feasibility study and the outcome and options generated are being explored further. This proposal includes residential units as part of the overall development.</p> <p>It is also proposed that Urswick School should expand permanently by 1 FE in 2018.</p> <p>Bulge classes were successfully opened in September 2016 at:</p> <ul style="list-style-type: none"> • Mossbourne Victoria Park • Clapton Girls' Academy • The Petchey Academy
LT 1112 Risk 25 Regular monitoring of reception applications	Primary applications are volatile in nature. Regular monitoring of numbers of applications received compared to numbers expected allows Admissions Team to identify and respond to any perceived under submission.	Marian Lavelle	<p>January 2017</p> <ul style="list-style-type: none"> • Total number of places: 3,200 - including new free schools • The number of pupils on roll on census day in October 2016 reception was 2742. • Surplus places, (which includes the temporary reductions at Harrington Hill, St Matthias, Gainsborough and Sir Thomas Abney, as of December 2016 is 476. <p>Projected number of pupils for September 2017 based on May 2016 projections is 2871.</p>
LT 1213 Risk 17 Growth fund developed	Approval from schools forum sought annually to promote growth fund	Ophelia Carter	<p>January 2017: As the Growth in new school places moves into the secondary phase, the funding gap has widened. If the National Fair Funding proposals continue to limit the Growth Fund, it is unclear how these new places will be provided for financially. The local authority has a continued obligation to supply schools places under the new arrangements, and will need to make sure sufficient funds are available to support new secondary schools planned for the next 4 years.</p>

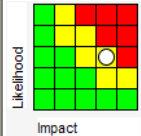
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Control Title	Control Description	Service Manager	Control - Latest Note
LT 1213 Risk 39 Funding and sites secured	Funding and sites secured for any required new provision	Michael Coleman; Marian Lavelle	<p>January 2017: planning for the temporary school solution for first secondary school required (City of London Academy Shoreditch Park) was given on 9 November 2016. Plans to deliver the school are progressing to timetable.</p> <p>Public consultation has been undertaken for proposals for the Britannia mixed- use development, which includes the permanent site for the same school. This consultation period concluded on 12/2/17. Officers will then submit a report on its outcomes and proposed next steps, for Cabinet to consider in April 2017</p> <p>Tiger Way and Nile St achieved Financial Close in Nov 2016, and construction has commenced.</p>

Public Health Division risks - Dec 2016

Report Type: Risks Report
Generated on: 28 November 2016

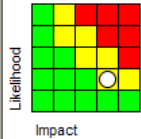


Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH PH 003 School Based Health Services	Instability while going through recruitment and HR process / services not fully resourced to deliver care. IMPACT - School health / Safeguarding concerns not acted upon within guidelines. Full service not being provided. Child need is not addressed.	Children, Adults & Community Health		New risk added December 2016

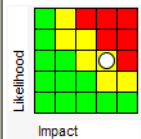
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH PH 003 School Based Health Services.	Use of agency staff Recruiting as a priority Prioritising CIN and Social Care cases Use of cover staff Close working between two provider organisations around transition Allocation of safeguarding cases have been sorted by need during skeleton service Case holders appointed December 2014 All records triaged	Anne Canning	Lynda Rowlinson, Service Manager, Health Visiting and School Nursing, Whittington Health Marcia Smikle, Head of Nursing (community), Homerton University Hospital	28-Nov-2017	Ongoing December 2016

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH PH 007 Sexual Health	<p>Failure to deliver pan London and Local sexual health transformation programme.</p> <p>Impact</p> <p>1) Savings agreed through to 2020 not delivered. 2) Uneven access to services for residents across London. 3) Damaged relations with the provider sector including Homerton. 4) Political dissatisfaction due to impact on major local provider organisations.</p>	Children, Adults & Community Health		New risk added December 2016

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 57 CACH PH 007 Sexual Health	<p>Active participation and leadership roles in sub-regional procurement exercise led by Islington.</p> <p>Ongoing dialogue with incumbent providers about our commissioning intentions in relation to GUM.</p> <p>Procurement timetable for local CASH services agreed.</p>	Anne Canning		28-Nov-2017	Ongoing December 2016

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH PH 009 Budget	<p>Budget may not be managed effectively, may not align to Local Authority Public Health and Local priorities.</p> <p>Impact</p> <p>1) Spend not effectively controlled, creating overspends. 2) Failure to deliver a variance to be used in related local authority services.</p>	Children, Adults & Community Health		New risk added December 2016

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
CACH PR 009 Budget	<p>Quarterly reports produced for management team on performance and spend for each contract across the service.</p> <p>Options for future budget reductions planned over a 3 year period.</p>	Penny Bevan; Gareth Wall	Penny Bevan	28-Nov-2017	Ongoing December 2016

ADULT SOCIAL CARE AND COMMISSIONING

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 59</p> <p>CACH AS 001 Existing budget and resources are not sufficient to meet demand (Financial, reputational and poor service user outcomes and experience)</p>	<p>Key factors including an increase in demand as a result of the implementation of the Care Act 2014, demographic pressures and lack of in-Borough provision mean that the budget position is at risk.</p> <p>In addition to budgetary pressures, there is a risk that the social care workforce, and provision within the Provider market will be insufficient to meet and therefore support this growing demand.</p> <p>Whilst there are some emerging trends, predicting future demand is challenging and the current methodology does not support effective and accurate demand modelling.</p>	Children, Adults & Community Health		<p>Reviewed and updated March 2017</p> <p>NEW RISK</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Management of provider market	Key procurement and contract negotiation activity is planned during 17/18 in order to secure savings, but also to ensure that fit for purpose service design is in place and focused on those with the highest need. This will ensure best value is achieved alongside a sustainable market.	Simon Galczynski	Cynthia Davis	on-going	
Provision of Information and advice	The Council, through Adult Services has a website dedicated to the provision of information and advice to support appropriate sign posting to universal, community based services and support to enable early signposting and appropriate re-routing of individuals away from the Council. The website is called iCare	Simon Galczynski	Jane Love	30-Jun-2017	The iCare website is currently going through an upgrade that is being tightly project managed. The benefits of the upgrade will include, easier access for people on the go using mobiles

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					and tablets, a new care act compliant screening tool, access to Health services information etc. which will support Hackney residents to better self-serve and delay the need for more costly Adult Social Care Support
Appropriate front door signposting	Adult Services has in place an Access and Information Team that screens, signposts and routes Hackney residents to the most appropriate services and support. The team will also undertake an assessment of need to determine on-going support.	Simon Galczynski	Ilona Sarulakis	On-going	
Predicting and planning for demand	The development of a robust fit for purpose Demand Model, which is able to forecast demand in terms of activity and spend for the future so that staff, service provision and finance is appropriately planned to meet demand.	Simon Galczynski,	Jane Love & Naeem Ahmed		A new Demand Model is in the process of being developed as the existing tool is no longer fit for purpose. The general terms have been agreed in conjunction with Finance colleagues, Public Health and Performance Team, and require some Corporate BI support to build the tool.

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 002 – Provider Failure (reputational, financial, poor service user outcomes and experience)	Within the continuing challenging financial climate the ability of Social Care providers to continue to deliver high quality, cost effective services is under pressure. These pressures may result in an increase in quality and safeguarding concerns.	Children, Adults & Community Health		NEW RISK ADDED

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control latest note
Robust Procurement process	<p>As part of the Council's procurement process all providers that tender for contracts must prove their financial standing, prior to any contract award. This approach is required to safeguard both adults receiving services and the Council.</p> <p>This means that the recently awarded contract for Homecare providers will have been required to go through this process and as such demonstrated their compliance at the time of the tender.</p>	Simon Galczynski	Cynthia Davis	On-going	
Fee uplift and commitment to London Living Wage	<p>In recognition of the financial challenges that Providers are facing and to support them in attracting, recruiting and retaining high calibre staff, the Council has made a commitment to support payment of the London Living Wage. In addition, the Council has also agreed to award a 1% uplift in fees to Providers for 2017/18.</p>	Simon Galczynski	Cynthia Davis	On-going	
Effective and robust contract management and monitoring arrangements	<p>With a fully staffed team, Adult Services Commissioners are able to more effectively manage and monitor providers on a clear, risk based approach. This monitoring has been developed to focus on reviewing both the quality of the provision as well as financial stability of providers, so that any key issues or concerns can be identified in a timely manner and action taken to mitigate or manage any safeguarding, quality or financial risks.</p>	Simon Galczynski	Cynthia Davis	On-going	

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 003 - The Needs of vulnerable adults are not identified in a timely manner (poor service user outcomes and experience)	With the increase in demand at the front door in light of the Implementation of the Care Act 2014, the availability and capacity of suitably qualified staff is negatively impacted. The number of requests for assessment continues to exceed the availability and capacity of staff. As such there is a real risk that assessments and reviews to identify and support the needs of service users and their carers is not undertaken within the required statutory timeframes.	Children, Adults and Community Health		<p>Updated March 2017 NEW RISK ADDED</p>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
<p>Page 62</p> <p>CACH AS 004 - Inability to attract and retain a stable, high calibre workforce for key roles within Adult Services</p> <p>(Financial and reputational risk, poor service user experience and outcomes)</p>	<p>Hackney has experienced challenges in being able to recruit and retain a stable, permanent workforce to key roles within Adult Services. Key areas include Social Workers, Commissioners and Procurement professionals.</p> <p>Whilst the recruitment of Commissioners has been resolved and all posts now recruited to, both the Senior Procurement & Commercial Manager and Social Worker posts remain covered by a significant proportion of more costly agency staff.</p> <p>This clearly impacts on the budget, but also negatively impacts on service delivery, service user experience and outcomes, staff morale/ wellbeing/ productivity, with the potential for reputational damage.</p> <p>The lack of stable staffing and service pressures mean that staff are not always able to take up training opportunities.</p> <p>Many Adult Services staff require upskilling to support them to deliver the high quality care and support necessary in an increasingly complex landscape of changing legislation, reduced budgets and the drive towards person-centred care</p>	Children, Adults & Community Health		Updated March 2017	
Control Title	Control Description	Responsible Officer	Service	Due Date	Control - Latest Note

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			Manager		
Development of a People Strategy for Adult Services	The development of a People Strategy for Adult Services, led by the Director of Adult Services will take place during 2017. This will form one of the key planks of the newly developing Strategic Programme Office that is being established to support the delivery of key strategic programmes of work. The people strategy will look to address recruitment and retention, future workforce planning, developing the professional workforce etc.	Simon Galczynski	Director of Adult Services / HR / Adult Services Heads of Service / Workforce Development Manager		March 2017 – A meeting will take place in early April with the responsible officers to fully scope out this programme of work
Page 63 training and development offer for Adult Services that is relevant and flexible.	<p>The Adult Services training and development offer and approach was reviewed in early 2016 and a new approach proposed and agreed.</p> <p>This approach is incremental and has been developing over the last financial year (2016/17). This will continue to be developed during 2017/18 and ensure that a range of flexible options to develop staff is available.</p> <p>A robust Learning Needs Analysis process is in place and will inform plans for 2017/18. Alongside this the recruitment to a Principal Social Worker post will ensure that appropriate “professional” learning and development opportunities are planned and in place to support the Social Work workforce.</p>	Simon Galczynski	Simon Richardson/ Principle Social Worker (TBA) Adults Heads of Service	June 2017	March 2017 - The LNA process is underway for 2017/18 and recruitment to the Principle Social Worker post will be concluded by 31 st March 2017
Other recruitment approaches	CYPS is the lead partner for the North London Teaching Partnership Project and this will positively impact on making available a professional pool of qualified Social Workers for the future.	Simon Galczynski	Ilona Sarulakis / Helen Sargeant-Dar & Principle Social Worker (TBA)	On-going through 2017/18	The North London Teaching Partnership has commenced with a life cycle of approximately 18 months. Jane Love is currently the conduit between the Partnership and Adult Services colleagues to ensure that opportunities are shared and exploited

**APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016**

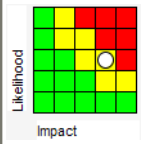
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 005 - Adults at risk suffer significant harm, injury or death	Adults at risk who use our services are at greater risk of harm, injury or death. If risks are not adequately assessed and protected the vulnerable person could suffer significant injury or death.	Children, Adults & Community Health		updated March 2017 NEW RISK ADDED
Control Title	Control Description	Responsible Officer	Service Manager	Due Date
The City and Hackney Safeguarding Adults Board is in place and operating as an effective multi-agency forum.	The City & Hackney Safeguarding Adults Board's (CHSAB) role is to monitor safeguarding across all partner agencies, including the local authority and has regular meetings of the Board to ensure safeguarding across the partners is being managed effectively and that relevant intelligence is appropriately shared.	Simon Galczynski	John Binding	On-going
Staff are appropriately qualified and have the necessary skills and expertise to ensure risk and need are properly assessed	Adult Services has a clear annual training plan that is underpinned by a robust Learning Needs Analysis process, which ensures that staff within the Directorate and wider partners have access to the appropriate training. Learning and development with regard to safeguarding is monitored by the SAB	Simon Galczynski	Jane Love / Simon Richardson	On-going
The appointment of a Head of Adult Safeguarding	In recognition of the risks and the importance of safeguarding vulnerable adults, Adult Services reviewed its structure and took the decision to recruit a Head of Service with a specific focus on Adult Safeguarding. This role will ensure that Adult Safeguarding is of the highest priority, that staff receive appropriate supervision and support in order that adults at risk are appropriately safeguarded	Simon Galczynski	John Binding	On-going
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note

**APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016**

<p>CACH AS 006 – Inability to control the increasing number of Delayed Transfers of Care</p>	<p>The number of people delayed from leaving Hospital continues to remain high, this means that there is an impact in the throughput in the Hospital as well as people not receiving the right care, support and interventions at the right time to enable them to remain healthy and well.</p> <p>This is further exacerbated by a lack of “in-Borough” provision, capacity of providers to support the demand and patient choice issues</p>	<p>Children, Adults & Community Health</p>		<p align="center"></p> <p align="center">DOWNRATED FROM RED LAST YEAR</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 65 Developing “in- Borough” provision</p>	<p>Adult Services Commissioning are commencing on a programme of work which is focusing on redesigning the Supported Housing, Housing with Care and Extracare provision to ensure that there is appropriate capacity to meet demand and to ensure that current buildings are fit for purpose, with effectively managed voids. Developing appropriate options in this area may provide additional in-Borough capacity and thereby free – up capacity elsewhere.</p>	<p>Simon Galczynski</p>	<p>Cynthia Davis</p>		
<p>Whole systems working – Integrated Commissioning</p>	<p>The proposed key strands underpinning Integration and wider Devolution, will ensure a stronger, more joined up approach to managing discharge from Hospital. This will provide the opportunity to review and jointly clearly articulate the choice available to service users and their families upon discharge from Hospital</p>	<p>Simon Galczynski</p>	<p>Ilona Sarulakis / Cynthia Davis</p>	<p>TBD</p>	

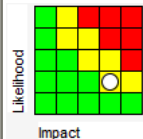
**APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016**

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 007 - The needs of Vulnerable Young People moving from CYPS to Adult Services are not appropriately identified and planned for. (Financial, poor service user experience and outcomes and reputational risk	<p>The current transition process for young people moving into Adult Services is not well developed, which may result in them not receiving the right support and interventions to meet their needs and as such have a negative impact on their health, wellbeing and life chances.</p> <p>In addition poor planning will lead to budgetary pressures which have not been planned for and to an insufficient staff resource to support these young people as well as a potential lack of appropriate provision to meet their needs.</p>	Children, Adults & Community Health		NEW RISK ADDED

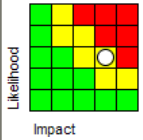
Page 66

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
The establishment of a Transitions Programme	The Directors of Children and Adult Services are leading a Transitions Programme that will work to develop appropriate pathways for young people ensuring more joined up and effective working across partners	Simon Galczynski and Sarah Wright	Jonathan Wilding / Helen Sargeant-Dar / Christian Markandu	On-going	<p>The Transition Programme is in place with an identified Programme Manager who is accountable to the Directors of both CYPS and Adult Services.</p> <p>The programme includes multi-agency partners to ensure a joined up, whole system approach</p>

**APPENDIX ONE
CACH RISK REGISTER DECEMBER 2016**

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 008 - Loss of confidential / personal information – (negative impact on service users confidence and the families and carers, reputational risk, financial risk through financial penalties	Adult Services holds a great deal of sensitive information, which relates to vulnerable adults supported by the Council, their families and carers. This includes information other statutory agencies and third party information. There is a risk that this could be lost, stolen or fall into the wrong hands.	Adult Services		NEW RISK ADDED

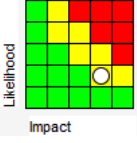
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Clear guidance and procedures are in place to ensure that staff are clear and understand their responsibilities in relation to handling and managing confidential and personal information in accordance with the law	Staff have access to clear procedures and guidance in relation to managing personal and sensitive information, as well as reporting any breaches. Training is provided to staff to ensure that their knowledge remains current and their awareness is regularly raised. All breaches are recorded and monitored and actions identified through the regular Caldicott Guardian meetings in order that any learning can be captured and fed into improvements.	Simon Galczynski	Adult Services Heads of Service	on-going	

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
CACH AS 009 - Complaints, FOIs and Member Enquiries are not delivered within statutory deadlines and requirements. (Reputational risk, Financial risk resulting from fines)	Complaints and FOIs are governed by legislation and have clearly set out timeframes for completion. With the recent organisational changes within the Council and Directorate, clarity about business processes and roles and responsibilities are not currently as well defined as they could be. This may lead to complaints, FOIs and Member Enquiries not being identified in a timely manner and then not co-ordinated effectively and responded to. This may additionally result in poor service user experience and outcomes, negative attention from the Local Government Ombudsman, reputational damage and financial penalties being imposed.	Children, Adults & Community Health		NEW RISK ADDED

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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
The establishment of a dedicated hub to manage and co-ordinate all Complaints, FOIs and Member Enquiries in line with legislative requirements and Council Policies and Procedures	<p>Work is due to commence on exploring options for the establishment of a Business Hub to manage in one place all of these key areas of work.</p> <p>Having a more co-ordinated approach through a dedicated hub will ensure clarity of roles and responsibilities, reduce the risk of breaches in these areas and will enable the Directorate to more effectively capture learning that can feed into service development and improvement plans and lead to an improved service experience, a reduction in complaints</p>	Simon Galczynski	Jane Love	on-going	

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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<p>CACH AS 010 – The risk of Judicial Review or Legal Challenge</p>	<p>Due to the nature of the work of Adult Services there is always a risk that decisions in relation to funding or not of care packages or other decisions may lead to a Judicial Review or Legal Challenge.</p>	<p>Children, Adults & Community Health</p>		<p>March 2017</p> <p>NEW RISK ADDED</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Working within existing guidance and frameworks and seeking Legal Support	<p>There is legislation, guidance and procedures to support staff to work appropriately.</p> <p>The Council also has Legal expertise that staff can seek advice and support from with complex cases and issues.</p> <p>Staff across Adult Services work in close liaison with Legal colleagues to ensure that the risk of legal challenge is mitigated as far as possible.</p>	Simon Galczynski	Adult Services Heads of Service and Legal colleagues	on-going	



Finance and Corporate Resources Directorate Risk Register.

**AUDIT COMMITTEE
MEETING DATE 2016/17**

20 April 2017

CLASSIFICATION:

Open

**If exempt, the reason will be listed in the
main body of this report.**

WARD(S) AFFECTED

All Wards

GROUP DIRECTOR

Ian Williams Group Director Finance & Corporate Resources

1. INTRODUCTION AND PURPOSE

- 1.1 This report updates members on the current Finance and Corporate Resources Directorate Risk Register of the Council as at April 2017 (attached). It also identifies how risks within the Council are identified and managed throughout the financial year and our approach to embedding risk management.
- 1.2 This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.

2. RECOMMENDATION

Audit Committee is recommended:

- 2.1 To note the contents of this report and the attached risk registers and controls in place.

3. REASONS FOR DECISION

- 3.1 Risk management is fundamental to effective business management and it is vitally important that we know, understand and monitor the key risks and opportunities of the Council. Officers and members are then able to consider the potential impact of such risks and take appropriate actions to mitigate these as far as possible. Some risks are beyond the control of the Council but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too expensive. The risk management process helps us to make such judgements, and as such it is important that Audit Committee is aware of this.

4. BACKGROUND

- 4.1 This current Directorate risk profile was reviewed by the Directorate Management Team (FDMT) in March 2017 in advance of it progressing to April's Audit Committee. The register was last reviewed by Audit Committee in January 2016. In discussions and meetings with various Heads of Service / Directors and other managers in different services, ideas and proposals on new risks and the current risks have been discussed, before the review being brought to FDMT (Finance and Corporate Resources Directorate Management team meeting). Numerous risks have changed or now exist in different circumstances compared to a year ago.

4.2 Policy Context

All risk related reporting is in line with the Council's Risk Policy, ratified biennially by Audit Committee, and also fully supports the framework and ideology set out in the Risk Strategy.

4.3 Equality Impact Assessment

For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and associated duties) all work is carried out in adherence to the Council's Equality policies.

4.4 Sustainability

This report contains no new impacts on the physical and social environment.

4.5 Consultations

In order for Risk Registers to progress to Committee, they will already have been reviewed by the relevant Senior Management team within the corresponding Directorate. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

4.6 Risk Assessment

The relevant Risk Register is attached at Appendix one.

5. DIRECTORATE RISK REVIEW

5.1 The Directorate Risk Register is comprised of risks that cut across the numerous divisions of Finance and Corporate Resources. The risks recognised at Directorate level would usually be of notable content, and often scored highly whilst impacting on overall Council strategic objectives.

5.2 The contents of the attached register tend to focus on the more negative, potentially threatening sides of risk to the Council – looking at the consequences that might happen if a particular event occurs. However, with risk management there is often an opportunity connected with a potential risk where an upside can be exploited. This is referred to explicitly in our Risk Strategy where it is stated: “if we focus on opportunities when assessing the merits of different possible solutions, this often allows us to look at bolder, more creative or innovative solutions - essentially to take greater risks, but calculated risks.” In the case of the Council, there have been situations (as referred to in the Risk Register) where potentially negative events like funding cuts have occurred, or new legislation has been issued. In fact, this has often led to improved efficiencies, and has served as an opportunity to sometimes streamline services, and encourage new and more effective approaches to an area of work. It should be stressed that the Council, in managing risks, strives to look for this positive angle within risk management.

5.3 Regarding the contents of this latest Directorate register, important areas to note are:

- This year the Directorate register commences with some high level, cross cutting risks, the first of which (FR DR 0007) reflects the changed political and economic environment we are operating in. This risk concerns the potential impacts of Brexit (especially in terms of exchange rates for purchasing and treasury / pensions), and is followed by new risks relating to workforce (encompassing recruitment and potential impacts of restructures) and also problems with contractors and suppliers. Recent years' registers have contained significant risks relating to the change of the Council's Banking System, and Pension scheme changes. Both of these risks were managed satisfactorily, although post event, there are still uncertain factors relating to both these areas. Clearly however, these risks are no longer applicable in their previous form and description.
- A number of risks relating to the Accountancy and Financial Services team remain as a result of the new deadlines for the completion of accounts. The tightening of these deadlines has intensified although due to the success of "dry-runs" over the last 2 financial years, the overall risk of these being produced late has reduced. It should be noted however that this will be the first year in which we are aiming to have the audit certificates issued by the earlier deadline of end July.
- Audit and Anti-fraud risks have changed within the last year, and a significant restructure is currently occurring, reflected in the workforce risk (FR DR 0005). A new risk has now been escalated to the Directorate register relating to resources to handle the increase in fraud. This reflects the importance of tackling fraud and not missing the benefits that successful investigations can bring.
- The Government's calling for the assets of 89 LGPS funds in England and Wales to be merged into (approx.) 6 pools of £25bn assets has created numerous potential risks. These range from transition and concentration / capacity risks to political and reputational risks. These are covered in more detail within the register. Also, there is continuing concern surrounding external factors threatening the fund's chance to meet future liabilities and by definition consuming even greater amounts of core Council funding, thereby having an adverse impact on resources available for the delivery of the Council's core services.
- ICT initiated a complete review of all their risks, especially in light of their new managerial framework. A number of ICT risks have proved to be cross cutting and have been merged with other risks to produce high level, strategic risks (eg – recruitment issues, acutely felt in IT but also a recurring problem for select services across the Council.) Individual ICT risks relating to areas such as resilience, information security, and technology change have also been escalated to this Directorate register (and are also likely to be featured as Corporate risks at the next Committee).

- Welfare Reforms are continuing to impact in numerous ways, both administratively and financially within the Council and also on residents within the Borough. This risk remains on the register from last year, and is added to a new entry from Revenues and Benefits, relating to the effects of rising property prices and rents. This is clearly an external risk and difficult to directly mitigate but the Council is trying to take proactive steps to address this problem, and especially the risk of it escalating further.
 - 1.
- Recent years' registers have contained significant risks relating to the change of the Council's Banking System, and Pension scheme changes in the last couple of years. Both of these risks were managed satisfactorily, although post event, there are still uncertain factors relating to both these areas. Clearly however, these risks are no longer applicable in their previous form and description. This year the register commences with some high level, cross cutting risks, which reflect the changed political and economic environment we are operating in. The first risk concerns the potential impacts of Brexit (especially in terms of exchange rates for purchasing and treasury / pensions), and is followed by new risks relating to recruitment and also problems with contractors and suppliers.

6. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

- 6.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.
- 6.2 The Directorate seeks to mitigate risks as they are identified. In some instances, where there are volatile external factors and uncertainty, this will be through seeking access to reserves maintained by the Corporate Director of Finance and Resources.
- 6.3 There are no direct costs arising from this report.

7. COMMENTS OF THE DIRECTOR OF LEGAL

- 7.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.
- 7.2 There are no immediate legal implications arising from this report.

APPENDICES

Appendix one - Hackney's Finance and Corporate Resources Directorate risk register.

Appendix two – Risk Scorecard (one page overview of the Directorate’s risks).

BACKGROUND PAPERS

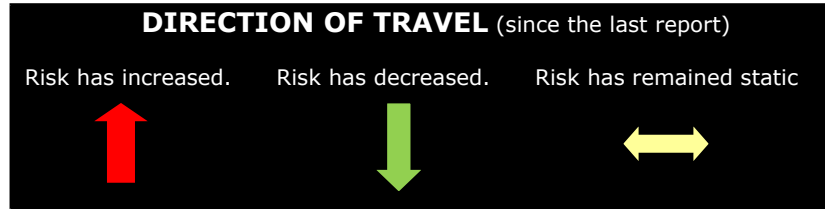
Publication of Background Papers used in the preparation of reports is required

None

Report Author	Matt Powell ☎ 020 8356 3032
Comments of the Group Director of Finance & Corporate Resources	Michael Honeysett ☎ 020 8356 3332
Comments of the Group Director of Legal	Yinka Owa / Patricia Narebor ☎ 020 8356 2029

Finance and Corporate Resources Risks April 2017

Report Type: Risks Report
Generated on: 26 February 2017



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 77 FR DR 0007 Brexit Implications. EXTERNAL RISK CURRENT RISK	<p>Stock markets could fall significantly resulting in a serious impact to the Council's pension funds. The likelihood of an increased triennial valuation is much higher, and the risk of the need for increased general contributions emerges. Also with reduced interest rates, Brexit could continue to impact on treasury investments.</p> <p>The impact of Brexit on exchange rates for Sterling means that there is a risk of material cost increases due to the direct and indirect impact on pricing for software and hardware (the Council may see price rises as suppliers pass on increased costs affecting their own ICT services).</p>	Finance & Corporate Resources		<p>NEW VERSION OF RISK - 16 Feb 2017: Regarding pensions and investments, post Brexit, the initial impact on the Markets was negative but has steadied somewhat in the following months. The economic climate remains very volatile</p> <p>Commodity ICT software and hardware is typically priced in US\$. There are cost pressures due to Sterling exchange rate adjustment following Brexit Commodity ICT software and hardware is typically priced in US\$. Several suppliers have implemented increases to their prices of between 10% - 20%. This trend is likely to continue and the impact on costs is not currently possible to quantify.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR DR 0007 Consider potential pricing fluctuations when planning purchases.	The uncertainty of global currency markets and supplier responses to fluctuations means that it is extremely difficult to mitigate this risk. Where possible	Rob Miller	Glen Poulley	Ongoing	Updated February 2017

	consideration will be given to the potential of pricing fluctuation when planning purchases and commissioning. This will be an ongoing activity (no fixed end date).				
FR DR 0007b Brexit impact on Treasury and Pensions Page 78	Ongoing monitoring of financial markets and close communication with Pension Fund Investment managers/investment consultants. Additionally, there has been ongoing monitoring of financial markets and regular communication with treasury advisers. Monitoring of both interest rates/yields as well as the impact on the credit risk of potential investment counterparties, especially UK based institutions.	Ian Williams; Michael Honeysett	Rachel Cowburn, Pradeep Waddon	Ongoing	Following the leave vote, the Pension team was in immediate contact with fund managers and Investment consultants, receiving commentary from each fund. Pension Committee has received numerous updates and reports and, following the advice of the investment consultants, agreed not take any immediate action and to monitor the impact on an ongoing basis. Also, UK gilts yields have already reached a record low and a reduction in UK base rate occurred last July.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR DR 0005 Recruitment and Retention / Workforce. EXTERNAL / INTERNAL RISK CURRENT RISK	Within a competitive market, areas of the Directorate (particularly ICT) struggle to successfully recruit for important positions. Failure to do so could impact seriously on service delivery. Also, with various restructures within the Directorate planned or ongoing, there is a period of uncertainty and adjustment which may affect the quality of service delivery and impact on overall objectives and targets.	Finance & Corporate Resources		 February 2017 – The recruitment risk is particularly acute within ICT. In a competitive market for technology skills the Council has experienced difficulties recruiting to a range of ICT roles essential to delivery of services and planned service improvements (including delivery of digital

	<p>Additionally, the ability to carry out work efficiently, on time and in compliance with applicable standards could be affected by the loss of experienced staff following the Corporate level restructure and the possible long term absence of key staff.</p>			<p>services). This is exacerbated by the imminent changes to IR35, which is having the effect of driving skilled specialist workers to the private sector (as many ICT skills are transferable across sectors). Risk ongoing with more positions needing to be filled and a cause for growing concern.</p> <p>An example of a restructure is the one ongoing within Audit and Anti-fraud. This is underway with key appointments made and some still outstanding. Immediate positive outcomes of the restructure are that several experienced officers have been promoted and temporary staff will have the opportunity to apply for permanent positions. This will ensure the Council retains knowledge. Also there will now be increased flexibility between posts, so depending on the urgency of workloads staff can move between teams as needed. If positions are not successfully filled, this could impact on the quality of work undertaken.</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR DR 0005 Recruitment and Retention (ICT)	<p>The ICT service will work with HR / OD to carry out the following suggested mitigations:</p> <ul style="list-style-type: none"> - review recruitment strategy and identify other measures which can be taken to promote Hackney Council as a great place to work in technology and attract high quality candidates - review salary supplements to ensure that these are providing market competitive salaries and are also fair and transparent - review career development paths within the service and also ensure that apprenticeships / graduate trainee opportunities are being used effectively to develop internal talent. 	Ian Williams	Rob Miller	30-Sept-2017	<p>16 Feb 2017: work is in progress through the development of the ICT restructure to implement the proposed controls.</p> <p>The recent update to the Council's salary supplement scheme reflects the requirements of the ICT service.</p> <p>The design of the restructure proposals is on track for the planned start of consultation at</p>

					the end of May 2017. This includes review of salary levels to ensure that Hackney is able to compete for high quality ICT talent.
FR DR 007 A Training and development	Training and development needs for all staff have been captured from yearly appraisals and 1-2-1 documents. All HR procedures are followed correctly to ensure staff are valued and treated appropriately whilst at work. Where possible acting up and secondment opportunities are made available to staff. This helps contribute to an improved experience of working at Hackney and to an extent, mitigates the risks of absences and departures.	Ian Williams	All managers	28-Jun-2017	Control reviewed and amended February 2017

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 80 FR DR 0002 Failure and Poor Performance of Suppliers and Contractors / Partnerships EXTERNAL RISK CURRENT RISK	<p>The Council's mixed-sourcing model includes provision of essential services by third party providers, and these are used within Finance and Corporate Resources, especially ICT. Non-delivery by these suppliers would impact negatively the services LBH can deliver.</p> <p>Also more generally, many bodies are closely associated with the Council but are subject to separate governance and management structures (eg CCGs / building contractors, IT suppliers). They play an important role directly or in support of the corporate objectives of the Council.</p> <p>If these contracting and / or partnering arrangements fail, it could have serious impacts re cost, service delivery, and reputation.</p>	Finance & Corporate Resources		<p>16 Feb 2017 Direction of Travel = DOWN (from 16 to 12). Likelihood down as a result of work already undertaken and systems in place.</p> <p>From an ICT perspective, mitigations for this risk will be factored into the service's commissioning and supplier management work.</p> <p>Internal reintegrations (e.g. Hackney Homes coming back 'in-house' to become Hackney Housing in April 2016) have gone well and been managed successfully providing good assurance as to how these relationships / arrangements are managed.</p> <p>In terms of the potential for financial risks –this could be serious since the Council is supported by many of these bodies, or is implicitly responsible for their financial soundness. Consequences of this risk being realised may include:</p> <ul style="list-style-type: none"> • Financial loss – additional resources spent on rectification of areas of non-compliance • High costs associated with re-letting contract if re-tender required • Service delivery/reputation compromised • Legal challenge from contractors dissatisfied with Council processes and decisions.

Control Title	Control Description	Responsible	Service	Due Date	Control - Latest Note
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		Officer	Manager		
FR IT 0002 Procurement to include definition of performance indicators and viability checks.	Ensure that all procurements include definition of required performance indicators for the contract and financial viability checks before contracts are entered into. This will be an ongoing activity (no fixed end date).	Rob Miller	Glen Poulley	Ongoing	Updated February 2017
FR IT 0002b Carry out regular reviews of identified key suppliers, including reviewing their financial viability.	Ensure that supplier service reviews include supplier performance and independent validation of suppliers' financial viability (eg through credit checking). This should be used to identify any concerns re: the risk of supplier failure and poor performance so that appropriate mitigation plans can be made.	Rob Miller	Glen Poulley	30 April 2017	Updated February 2017
FR IT 0002c Identify opportunities for joined up supplier management with other Council services and external partners.	Work with other Council services who share common suppliers and also with external partners to maximise the impact of supplier relationship management activity. This will be an ongoing activity (no fixed end date).	Rob Miller	Glen Poulley	Ongoing	Updated February 2017
FRDR 0015 A Contracting / partnering	Council's financial management procedures extended to partners where possible (e.g. financial regulations)	Ian Williams	Michael Honeysett; Chris Hudson	31-Jun-2017	Reviewed February 2017-ongoing.
FRDR 0015 B Contracting / partnering	Monitoring of financial position by Section151 Officer and Director (Fin Man)	Ian Williams	Michael Honeysett	31-Jun-2017	Reviewed February 2017-ongoing.
FRDR 0015 C Contracting / partnering	Post-implementation reviews carried out	Chris Hudson	Procurement Manager	31-Jun-2017	Reviewed February 2017-ongoing.
FRDR 0015 D Contracting / partnering	Compliance with Contract Standing Orders.	Chris Hudson	Procurement Manager	31-Jun-2017	February 2017- ongoing.
FRDR 0015 E Contracting / partnering	Substantial Legal Services input into contract formulation and on-going advice.	Tim Shields	Chris Hudson; Yinka Owa	31-Jun-2017	Reviewed February 2017-ongoing.
FRDR 0015 H Contracting / partnering	Improve and open information flows between the Council and its partners.	Tim Shields	Yinka Owa	31-Jun-2017	Reviewed February 2017-ongoing.
FRDR 0015 I Contracting / partnering	Additional training on contract negotiation skills, contract management.	Chris Hudson	Procurement Manager	31-Jun-2017	Reviewed February 2017-ongoing.

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Risk Title	Description of Risk	Directorate	Current	Risk - Latest Note
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			Risk Matrix	
FR AC 0001 Final Accounts produced late INTERNAL RISK POTENTIAL RISK	Accounts are produced late, and the subsequent management of the audit then results in late production of the Council's accounts. New deadlines to be introduced in 2017/18 will intensify this risk. This would have potential legislative and reputational consequences.	Finance & Corporate Resources	<p>Likelihood</p> <p>Impact</p>	<p>Direction of travel = Decreased from 20 to 12. Reviewed March 2017 - The DCLG (Department for Communities and Local Government) announced that accounts (and audits) will need to be completed at an earlier date, commencing for 2017/18 closure of accounts. From then accounts will need to be completed by the end of May (moving forward a month from the previous deadline of June), so they can be (externally) audited by the end of July (which has been moved forward from the previous deadline at the end of September). The accounts continue to be produced in conjunction with the IFRS (International Financial Reporting Standards). Whilst this is a challenging deadline; the Council have now had 2 successive dry-runs (2014/15 and 2016/17) and missed the earlier deadline by just two weeks and then just 2 days respectively. Furthermore, pressures on the external auditors may also affect this timing as the audit needs to be completed earlier. However, the score has reduced overall as the 'dry - runs' provide significant assurance that things are in place to manage this risk.</p>

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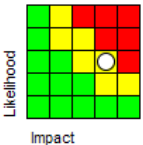

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR AC 1516 004- Rehearse new deadlines for completing accounts.	Because the new deadlines will not come into force until 2017/18, there is an opportunity to have three financial years (2014/15 through 2016/17) to prepare for these new demands, and try to ensure processes and procedures are in place by 2018 to ensure the Accountancy team have a good chance of being able to complete the accounts on time. Lessons will be learned along the way and new practices adopted to better enable an earlier completion of the accounts.	Michael Honeysett	James Newman	19-Aug-2017	Reviewed January 2017 - control added, and ongoing
FRAC 0004 A Closedown of accounts is not complete in time to allow members to approve within the statutory deadline.	Constant monitoring of progress against closedown timetable backed by fortnightly exception reports to Director and DoF re any areas of concern caused by slippage, etc.	Michael Honeysett	James	30-Nov-2017	Reviewed January 2017 - control ongoing. With new more challenging deadlines, this control will

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			Newman		be more robust than ever with full support being provided by relevant people.
FRAC 0005 A Auditors unable to complete audit of the accounts within the required deadline	Review of audit requirements by Central Accountancy for compliance with working paper requirements prior to submission to external auditors. Escalation procedures in place for non-receipt/compliance. Work with Auditors throughout the year and encourage them to carry out a thorough Interim Audit.	Michael Honeysett	James Newman	30-Nov-2017	Reviewed January 2017 - control ongoing
FRAC 0012 A Financial Accounts controls	Senior officers scrutinise balance sheet accounts, ensure reconciliations with general and bank ledgers, retain and use qualified (in terms of experience and professional qualifications) staff, training and CPD, incorporate lessons learnt, technical briefings, work with external audit, final account checklists, final accounts presented in accordance with relevant IFRS code, audit adjustments made correctly, escalation for non-compliance or non-submission.	Michael Honeysett	James Newman	30-Nov-2017	Reviewed January 2017 - control ongoing



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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR AC 0018 Accounts not audited EXTERNAL RISK POTENTIAL RISK	As a result of recent changes, auditors unable to complete audit of the accounts within the required deadline. This has a potential legislative and reputational risk.	Finance & Corporate Resources		 Reviewed January 2017 - control ongoing. The score for this risk increased markedly last year (2016) but has now reduced again. Previously the auditors had until the end of September to complete their audit of accounts but the new DCLG guidelines mean this now needs to be done by the end of July with effect from 2017/18 accounts. A full dry run in 2016/17 with adoption of audited accounts by end July is aimed for. Whilst this causes issues with clash with NHS audit till mid-June a more thorough interim audit is being undertaken in March.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRAC 0809 0004 A Closedown of accounts is not complete in time to allow members to approve within the statutory deadline.	Constant monitoring of progress against closedown timetable backed by fortnightly exception reports to Director and DoF re any areas of concern caused by slippage, etc.	Michael Honeysett	James Newman	30-Nov-2017	Reviewed January 2017 - control ongoing. With new more challenging deadlines, this control will be more robust than ever with full support being provided by relevant people.
FRAC 1516 0004 B Closedown of accounts is not complete in time to allow members to approve within the statutory deadline.	Accountancy review closedown timetable weekly and updates are provided to relevant officers to ensure issues such as slippage are resolved immediately.	Michael Honeysett	James Newman	19-Aug-2017	Reviewed January 2017 - control ongoing. With new more challenging deadlines, this control will be more robust than ever with full support being provided by relevant people.
FRAC 1516 0004 C Auditors unable to complete audit of the accounts within the required deadline	Review of audit requirements by Central Accountancy for compliance with working paper requirements prior to submission to external auditors. Escalation procedures in place for non-receipt/compliance. Accountancy and Auditors hold pre-closedown meetings where auditors provide requirements on WPs and documentation. This is put together within an audit plan. During audit weekly update meetings are held with auditors.	Michael Honeysett	James Newman	19-Aug-2017	January 2017 - control ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR AC 0021 Pay release forms INTERNAL RISK POTENTIAL RISK	Pay release forms are not authorised and returned to Randstad by due dates, leading to dissatisfied staff, and serious administrative and reputational issues.	Finance & Corporate Resources		 <p>Reviewed January 2017 - likelihood has reduced by one, as a result of process being successfully carried out without any major problems in recent years. However there remain tight deadlines to operate within.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRAC 0809 0008 A Pay release forms are not authorised and returned to Northgate by due dates	All PRFs are copied to various officers to ensure that cover is provided should one be absent. Cover for authorised signatories is checked, particularly during holiday periods. All communications are planned and carried out to minimise problems.	Michael Honeysett	James Newman	30-Nov-2017	January 2017 - control ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR AC 0030 Material / technical error resulting in qualification of accounts e.g. inappropriate depreciation, computation error INTERNAL RISK POTENTIAL RISK Page 85	The complexity of local government accounting arrangements and the volume of guidance from both CIPFA and government agencies (together with scarcity of key financial staff) could lead to material errors in the Council's financial accounts. This could have damaging consequences.	Finance & Corporate Resources		 Reviewed January 2017 - ongoing and always possible. The consequences of this might be • Qualification of the accounts by the Council's external auditors • Distrust in the financial information produced by the Council from stakeholders such as inspectorates, the public • Loss of reputation for financial prudence • Budget deficits and consequent adverse impact on service delivery.

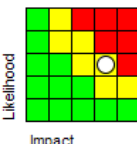
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRDR 0007 A Material technical error	Scrutiny of accounts and related accounting policies by the Director of Financial Management.	Michael Honeysett	James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0007 B Material technical error	Reconciliation of feeder systems to the Council's General Ledger, including the bank reconciliation	Michael Honeysett	James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0007 C Material technical error	Retention of qualified and experienced financial staff – ongoing training and CPD to ensure up to date knowledge of accounting standards and codes of practice.	Michael Honeysett	James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0007 D Material technical error	Pre-planning arrangements with external audit	Michael Honeysett	James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0007 E Material technical error	Provision of financial advice throughout the Council to ensure that adequate support is provided to	Michael Honeysett	James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.

	directorate finance teams and other stakeholders.				
FRDR 0007 G Material technical error	Technical Briefings issued to key financial staff ensuring sharing of knowledge base across Council as requested.	Michael Honeysett	James Newman	05-Nov-2017	Reviewed January 2017 - ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR AC 0032 The Council enters a transaction which is subsequently found to be illegal. INTERNAL RISK POTENTIAL RISK	The Council is required to comply with a wide variety of complex legislation which governs how it operates and what transactions it can legally enter into. Many decisions may be challenged in the courts if there is not a clear legal authority for a financial transaction. The consequences of an illegal transaction occurring could be problematic.	Finance & Corporate Resources; Legal, HR & Regulatory Services		<p>Reviewed January 2017 – ongoing and risk down slightly due to increased assurance about controls in place. Directorate level risk because the reputational impact is so potentially high. Consequences may include: A Legal challenge to the transaction results in the Council having to withdraw with consequent liabilities • Qualification of the accounts by the External Auditor • Loss of reputation and distrust in the way the Council manages its affairs •</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRDR 0010 A Illegal transaction	Head of Legal Services provides on-going advice on legislation and material items in contractual arrangements	Michael Honeysett	Yinka Owa; James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0010 B Legal Standards	Corporate Legal Standards developed and agreed	Michael Honeysett	Yinka Owa; James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0010 C Training	Training and qualifications of legal and financial staff.	Michael Honeysett	Yinka Owa; James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0010 D Illegal transaction	Major transactions are subject to additional scrutiny by service director and Section 151 Officer	Michael Honeysett	Yinka Owa; James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.

FRDR 0010 E Illegal transaction:	Advice sought from external audit on legality as and when deemed appropriate	Michael Honeysett	Yinka Owa; James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0010 F Illegal transaction	Formal training on financial regulations	Michael Honeysett	Yinka Owa; James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0010 G Illegal transaction	Raise awareness of corporate legal standards	Michael Honeysett	Yinka Owa; James Newman	30-Nov-2017	Reviewed January 2017 - ongoing.
FRDR 0010 H Illegal transaction	Compliance with Contract Standing orders ensure internal processes comply with relevant laws and regulations	Chris Hudson	Head of Procurement	30-Nov-2017	Reviewed March 2017- ongoing

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 10 AC 1516 0033 Updates to Accounting Regulations & Disclosure Requirements POTENTIAL RISK	Various changes taking place to accounting regulations and changes to disclosure requirements such as in 2016/17 new formats for comprehensive income & expenditure account and MIRS. If the Council fails to successfully make and adapt these changes, there will be a serious impact on general compliance	Finance & Corporate Resources		Updated January 2017. New Inclusion. This Risk was added due to significant changes and updates arising from CIPFA and Treasury around the financial reporting requirements for Local Authorities. Not being up to date can have significant issues on the accuracy of financial reporting and failing to comply with compliance.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR AC 1516 0033A Staying abreast of changes and reporting updates	Relevant officers attending annual courses/training sessions to gain updates. Chief Accountant engaging with other officers in other authorities and CIPFA to gauge wider knowledge on changes and updates. Also regular updates with auditors throughout year to gain their perspective.	Michael Honeysett	James Newman	19-Aug-2017	January 2017 - ongoing
FR AC 1516 0033B Preparing a robust project plan to deal with significant changes	A project plan needs to be prepared that clearly sets out the requirements to ensure accurate reporting and implementation of systems, working papers and timely engagement with stakeholders.	Michael Honeysett	James Newman	19-Aug-2017	January 2017 - ongoing.

FR AC 1617 0033C Training	Relevant training being provided to Accountants and Engineers to ensure both are of the same understanding in regards to the reporting and financial requirements.	Michael Honeysett	James Newman	02-Nov-2017	Control added and ongoing - January 2017
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>FR AAF 013 Resources to handle increases in fraud</p> <p>INTERNAL RISK</p> <p>POTENTIAL RISK</p> <p>∞</p> <p>∞</p>	<p>The economic downturn is likely to lead to increased levels of fraud against the Council, resulting in a negative impact on Council finances and reputation. While it is a management responsibility to have adequate systems in place to reasonably prevent and deter fraud, AAF will regularly have a role to play where these defences fail. As the fraud threat increases so too does the pull on AAF resources to investigate potential fraudulent activity and to help management improve their counter-fraud controls. There is a risk that the available counter-fraud resources may not be able to address the full threat, or they might not be targeted in the most effective way.</p>	Finance & Corporate Resources		<p style="text-align: center;">↔</p> <p>Updated February 2017 - the team could be viewed here as almost being a 'victim of its own success' with more referrals and high profile cases. The larger cases have tended to dominate officer's time, sometimes impacting on the ability to pursue other enquiries. Management have had to prioritise certain cases in order to get the most from finite resources. However, the service is now better equipped to handle this pressure and resourcing has been well supported over the last year. Within the new restructure, there is a good deal of flexibility to some of the new roles, meaning officers will have the capacity to switch between different roles depending on work pressures.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Review Due Date	Control - Latest Note
FR AAF 013 A Information Sharing	AAF participate in working groups to develop Council services and have advocated sharing data (eg Housing Needs, Housing).	Tracy Barnett	Michael Sheffield	30-Jun-2017	This is a real opportunity to improve internally and benefit from closer working - February 2017
FR AAF 013 B Resources to handle increases in fraud	AAF promote good relationships with all Services. Staff are always on hand to provide advice when issues emerge rather than letting matters escalate. Whistle blowing facilities are in place, and AAF maintain good communication networks throughout the Council.	Tracy Barnett	Michael Sheffield	12-Jun-2017	Action ongoing February 2017

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FR AAF 013 C Fraud Reporting	Statistical information on the performance of all fraud teams is regularly provided to the Council's senior managers and Members to demonstrate what the Division is achieving and to highlight emerging fraud risks. This will help to maintain the high-level support that has been given to the investigation service to date. Benchmarking data is provided to, and received from, external agencies and this feeds in to service planning.	Tracy Barnett	Michael Sheffield	30-Jun-2017	Ongoing February 2017- teams are more empowered when they have better information, making more informed, improved decisions.
FR AAF 013 D Flexible Team Working	Where appropriate, joint working between the different fraud teams will take place. Resources from one team may also be made available to assist another if the need arises. Also, dedicated counter fraud resources are in place to respond to key threats, for example tenancy and NRPF Fraud.	Tracy Barnett	Michael Sheffield	30-Jun-2017	Action ongoing February 2017
FR AAF 013 E Risk Assessment	All new fraud referrals are risk assessed to ensure that the most serious concerns are prioritised for investigation.	Tracy Barnett	Michael Sheffield	30-Jun-2017	Action February 2017
FR AAF 013 F Internal Audit	Investigations work closely with the Internal Audit team to ensure any weaknesses in internal controls highlighted by fraudulent activity are addressed adequately. Several investigations have also arisen from concerns that were identified through a routine audit.	Tracy Barnett	Michael Sheffield	30-Jun-2017	Action ongoing February 2017
FR AAF 013 G Counter fraud grants.	The Division has a good track record in applying for central government funding and using this to develop innovative and effective counter-fraud solutions.	Tracy Barnett	Michael Sheffield	30-Jun-2017	Updated - February 2017- There is an expectation that these types of opportunity will be more limited in future.
FR AAF 013 H Assist other services to prevent fraud.	Work with services to enable front line staff to undertake necessary checks so that AF deals with genuine fraud matters, not standard service delivery. Investigators work with other services to help them to design systems that discourage fraud and prevent fraudulent approaches for services. AAF maintain and provide guidance on corporate policies such as the Anti-Fraud & Corruption Strategy, Whistleblowing and RIPA, and provide advice and guidance on these as well as fraud awareness training to specific teams. AAF are strong advocates of the need to share information much more effectively than is currently the case so that data held by one service can also be used by another service to inform decision making, without the need to refer low-level enquiries to AAF.	Tracy Barnett	Michael Sheffield	30-Jun-2017	February 2017- ongoing An Audit Investigator is assigned to work with CACH to counter NRPF fraud. Investigation reports give guidance on improving control arrangements, anti-fraud training is regularly provided to Hackney Housing and school bursars.

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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FR FS 0013 PCIDSS Compliance EXTERNAL RISK POTENTIAL RISK	The Council has to be Payment Card Industry (PCI) Data Security Standard (DSS) compliant for all systems related activity, or escalating fines starting at €5,000 can be imposed by the credit card companies. The risk is that we fail to reach this standard.	Finance & Corporate Resources		<div style="text-align: center;">↓</div> Reviewed and updated January 2017, and score has reduced since last year. New software version which is PCI compliant has been implemented (in February 2014). PCI independent audit completed and identified two remediation points which have been completed. Shortly to submit our attestation of compliance to our merchant acquirer GLOBAL Pay.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
Page 90 FR FS 0013A PCIDSS Compliance	A work stream comprising of staff from Financial Management/HR /Core IT and Cashiers has been created in order to ensure the Council is working to meet the standards across all areas.	Michael Honeysett	John Delgado	15-Sep-2017	Reviewed and updated January 2017. New software version which is PCI compliant has been implemented in February 2014. PCI independent audit completed and identified two remediation points which have been completed. Shortly to submit our attestation of compliance to our merchant acquirer GLOBAL Pay.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FS 0015 Failure of managed service provider for financial systems EXTERNAL RISK POTENTIAL RISK	Current managed service provider for the Council's main financial system and cash management system goes into liquidation. Council is then unable to raise purchase orders, make payments, raise invoices for sundry debt, maintain general ledger and monitor budgets.	Finance & Corporate Resources		<div style="text-align: center;">↔</div> January 2017- Risk reviewed and ongoing.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
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FR FS 0015a Failure of managed service provider for financial systems	Detailed contingency plans have been developed in order that the Council could bring back on line main stream financial processes within a couple of days. These include putting in place contingency plans with alternative providers ensuring that we could make payments to suppliers via other contractors and our own in-house facilities. The re-creation of the sundry debt ledger via a macro driven spreadsheet enables us to continue to collect sundry debts.	Michael Honeysett	John Delgado	04-Jun-2017	January 2017- ongoing. Detailed contingency plans have been developed and are tested regularly.
FR FS 0015b Failure of managed service provider for financial systems	We have requested copies of the configuration of the system as well as data from our existing managed service provider, in order that we can look at alternative disaster recovery facilities.	Michael Honeysett	John Delgado	04-Jun-2017	January 2017- ongoing. Detailed contingency plans have been developed.
FR FS 0015c Failure of managed service provider for financial systems	The cash management system has been moved out of the existing contract and the service is now provided directly by the software owner (Northgate).	Michael Honeysett	John Delgado	04-Jun-2017	January 2017- ongoing. Cash management system was moved in February 2014 to Northgate, so this is completed and ongoing.
Page 91 FR FS 0015d Failure of managed service provider for financial systems	Comprehensive documentation for the contingency plan has been developed.	Michael Honeysett	John Delgado	04-Jun-2017	Detailed contingency plans have been developed. In addition, work has been completed for Council to have step in rights with Disaster Recovery company Alternative supplier (Virtus) and connections from DR site directly to Hackney, have been set up. January 2017

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 1617 001 (Pension) Asset Pooling INTERNAL 'EXTERNAL RISK POTENTIAL RISK	In October 2015, the Government called for the assets of the 89 LGPS funds in England and Wales to be merged into (approx.) 6 pools of £25bn+ of assets. The pooling agenda introduces a number of new risks for the Pension Fund (as well as for the pools themselves) including but not limited to: <ul style="list-style-type: none"> Transition risk – the Fund incurs excessive additional cost as a result of transition to the pooled arrangement, resulting in a loss of value Concentration and capacity risks – pooling arrangements result in excessive 	Finance & Corporate Resources		NEW RISK - Introduced November 2016 – updated January 2017 - ongoing. Score is high to reflect the scale and pace of change demanded, with significant impact if the new arrangements are not

	<p>concentration of assets amongst relatively few institutions. The large scale of the pooling arrangements also creates potential capacity issues, with the pools potentially forced to focus on only the larger end of the market.</p> <ul style="list-style-type: none"> • Political risk – the Government has made clear its wish that the pools set an aspiration to invest in UK infrastructure. This presents a potential conflict of interest for the Fund in setting its asset allocation strategy. • Reputational risks – the pooling agenda is a highly ambitious one, involving the use of relatively new investment vehicles (the ACS) and entirely new governance arrangements. The failure of a pooled arrangement could have significant consequences for the future of the LGPS. • Strategy risk – the Fund’s chosen asset pool does not deliver suitable investment strategies to allow the fund to meet its objectives 			successful.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR FSV 1617 001A Monitoring developments and responding to consultations	Monitor proposed changes, consultations and guidance from Government on the pooling agenda, responding where appropriate to influence outcomes. Amend process where required to ensure compliance.	Michael Honeysett	Rachel Cowburn/ Pradeep Waddon	30-Dec-2017	Reviewed January 2017 - ongoing.
FR FSV 1617 001B Maintain close working relationship with chosen asset pool	Maintain good working relationship to ensure that the Fund is fully aware of developments at the pool level and the pool is aware of and responds to the Fund’s strategic requirements.	Michael Honeysett	Rachel Cowburn/ Pradeep Waddon	30-Dec-2017	Reviewed January 2017 - ongoing.
FR FSV 1617 001C Transition planning	Planning for transition considered as part of Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes.	Michael Honeysett	Rachel Cowburn/ Pradeep Waddon	30-Dec-2017	Reviewed January 2017 - ongoing.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 0040 T & P - Increased Longevity EXTERNAL RISK CURRENT RISK	Pensioners continue to live for longer (with life expectancy markedly increasing) therefore drawing pensions for longer than had been accounted for within the funding position. This is leading to increasing liabilities of the pension fund giving rise to higher costs and major financial implications.	Finance & Corporate Resources		<p style="text-align: center;">↔</p> <p>January 2017 - reviewed and this risk remains high. There has been a reduction in the rate of increase in life expectancy; however, this is based on greater than expected mortality and is not currently sufficient to warrant a decrease in the risk rating. It should be noted that post 2014, the scheme pension age mirrors that of the state, thus reducing the liability slightly</p>

				compared to previous years.
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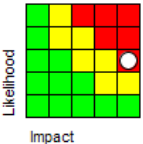

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
F RTP 0809 0040 A Monitoring of Pension Fund position	Controls in place to monitor developments with Fund Actuary and Triennial valuations, targeting increased funding level to be able to cope with increased longevity.	Michael Honeysett	Rachel Cowburn	30-Dec-2017	Reviewed January 2017 - ongoing.
F RTP 0809 0040 B Raising retirement ages to match increasing longevity	Scheme retirement age in line with the state pension (as of April 2014), regulatory changes to reflect increase in State Pension Age Retirement and a linking of future increases in longevity with increasing retirement age, would help it be possible to downgrade the risk rating associated with people living longer.	Michael Honeysett	Rachel Cowburn	07-Dec-2017	Reviewed January 2017 - ongoing.
F RTP 0809 0040 C Fund profiling to monitor specific experience	Club Vita membership to annually monitor the LBH specific fund longevity profile.	Michael Honeysett	Rachel Cowburn	07-Dec-2017	Reviewed January 2017 - ongoing.
F RTP 0809 0040 D Consideration of a range of developing options	Monitoring of developing financial instruments which may provide insurance for the Fund; e.g. longevity swap and buy out, should these be deemed appropriate for the Fund.	Michael Honeysett	Rachel Cowburn	07-Dec-2017	Reviewed January 2017 - ongoing.

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 0043 T & P - Poor Membership Data EXTERNAL RISK CURRENT RISK	Owing to poor administration of the Pension Fund, by employers and payroll providers participating in the Fund, there is a rise in inaccurate data resulting in financial, reputational risks. If not managed this could lead to the, actuary being unable to set contribution rates, higher contribution rates, member dissatisfaction, inaccurate benefit statements produced and overpayment of benefits etc.	Finance & Corporate Resources		<p style="text-align: center;"></p> <p>January 2017 – the likelihood of this risk has increased to very high. Significant problems with the payroll data being provided by the Council has meant that the quality of membership data has deteriorated since the introduction of the 2014 scheme. The complexity of the scheme has increased significantly and the Council’s payroll provider has been unable to respond to these changes, resulting in consistently poor provision of vital data across the Fund’s largest employer.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
F RTP 0043 A Monitoring of membership data	Controls – annual monitoring of membership records, valuation checks, external data validations	Michael Honeysett	Rachel Cowburn	30-Dec-2017	Reviewed January 2017 - ongoing.
F RTP 0043 B Contributions monitoring	Monthly monitoring of contributions to ensure that employers paying across correct contributions along with membership data being supplied	Michael Honeysett	Rachel Cowburn	07-Dec-2017	Reviewed January 2017. Good communication with payroll, as accurate data is very important.
F RTP 0043 C Performance Monitoring	Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance.	Michael Honeysett	Rachel Cowburn/Julie Stacey	30-Dec-2017	Reviewed January 2017
F RTP 0043 D New Payroll Implementation	Early and consistent involvement in the implementation of the Council's new payroll system (Go live July 2017). The Council's payroll supplies data for the vast majority of the Fund – the Fund's involvement with the implementation helps ensure the importance of good quality pension reporting is recognised	Michael Honeysett	Rachel Cowburn/Julie Stacey	30-Dec-2017	Updated January 2017

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR FSV 0053 Pension Funding Risk EXTERNAL / INTERNAL RISK CURRENT RISK	The fund is unable to meet its liabilities, due to a mismatch of assets/liabilities. The Funding position as at March 2016 was 77% i.e. 77p of assets to cover every £1 of liabilities. Further deterioration of the funding position either through poor asset returns or increasing liabilities could result in the Council and other employers being required to make significant additional employer contributions to cover the deficit in the Fund. Significant financial and reputational risks.	Finance & Corporate Resources		 Updated January 2017 - ongoing.

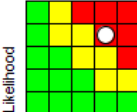
Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRFSV 0052D Knowledge and Skills	Ensuring those charged with governance of the Fund and for managing the day to day operations have the requisite knowledge and skills to make informed decisions when managing the funding position.	Michael Honeysett	Rachel Cowburn	30-Dec-2017	Updated January 2017 - ongoing

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FRFSV 0053B Pension - Valuation Monitoring	Triennial Valuation assesses the funding position, intervaluation monitoring ensures that movements in the Funding position can be assessed and strategies to manage any deterioration are put in place.	Michael Honeysett	Rachel Cowburn	30-Dec-2017	Updated January 2017 - ongoing.
FRFSV 0053C Identifying the external risk factors that affect the funding position	Identifying the various risk factors, asset/liability, investment, longevity, interest rates, inflation, liquidity, etc and how the interaction of these impacts on the funding position and adapting the strategy and business plans to manage these risk where feasible.	Michael Honeysett	Rachel Cowburn	30-Dec-2017	Updated January 2017 - ongoing
FRFSV 0053E Cashflow Monitoring	Quarterly monitoring of Pension Fund cashflows to ensure that there is sufficient cash inflows from contributions and income to meet the cash outflows from benefit and cost payments. This will also provide early warning of potential cashflow mismatch and possible changes to investment strategy. Longer term cashflow monitoring in conjunction with the Fund Actuary to establish trigger points for the Fund becoming cashflow negative.	Michael Honeysett	Rachel Cowburn	08-Dec-2015	Updated January 2017 - ongoing.

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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR IT 0001 Information Assets INTERNAL RISK POTENTIAL RISK	<p>The Council holds a wealth of information assets across its services. It is essential that this is managed in compliance with requirements such as the Data Protection Act, the NHS IG Toolkit and also the forthcoming General Data Protection Regulation (which comes into effect from May 2018).</p> <p>It is also essential that the Council is able to use these information assets effectively to commission and deliver high quality services, reduce costs and work in partnership with other agencies and providers.</p>	Finance & Corporate Resources	 <p>Likelihood</p> <p>Impact</p>	February 2017: Mitigation of this risk, and harnessing the most of the significant opportunity presented by effective information management, is a joint responsibility across each service directorate and the corporate ICT service. At Hackney, these risks are currently overseen by the Information Governance Group (which meets quarterly).

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR IT 0001a Information management	Ensure effective information management policy and	Ian Williams	Rob Miller	02-Oct-2017	Ongoing January 2017

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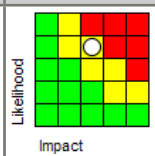
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	<p>processes are in place so that the Council meets the requirements of the Data Protection Act / other legal and regulatory compliance arrangements.</p> <p>Ensure that the Council's information assets are managed robustly and used effectively to provide insight and to integrate Council and partner services, and deliver the maximum benefit to residents and businesses.</p> <p>This will be an ongoing activity (no fixed end date).</p>				
FR IT 0001b Compliance	<p>IGSoC: compliance with the NHS IG Toolkit. Ensure that the Council meets the compliance requirements for the NHS IG Toolkit to enable information sharing and partnership working with the NHS.</p> <p>This will include requirements for services across Public Health and Social Care.</p> <p>This will be an annual activity (no fixed end date).</p>	Ian Williams	Rob Miller	02-Nov-2017	Ongoing January 2017
FR IT 0001c EU General Data Protection Regulation: Preparing for compliance from May 2018	<p>Establish a programme of preparatory activity to support Hackney's compliance with the GDPR in good time for its introduction in May 2018. This will include changes to the Council's information management arrangements, data retention, privacy provisions and practise across all Council teams who handle people's personal information.</p>	Ian Williams	Rob Miller	1 May 2018	Ongoing January 2017
FR IT 0001d Third party information sharing	<p>Ensure that we can do business efficiently and seamlessly by having appropriate data sharing agreements in place with our external partners.</p> <p>It will be critical to ensure that third parties control requirements are assessed and the implications for Hackney users are clear and proportionate (eg. some third parties require controls that would excessively restrict the Council's use of systems and buildings etc, and these may be barriers to information sharing).</p> <p>This will be an ongoing activity (no fixed end date).</p>	Ian Williams	Rob Miller	02-Nov-2017	Ongoing January 2017

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR IT 0003 Resilience of ICT systems / Disaster Recovery INTERNAL RISK POTENTIAL RISK	<p>The Council does not currently have disaster recovery provision in place for recovery of critical ICT systems in the event of a major failure affecting the Council's hosting facility provider (Advanced 365). The clear risk here would be the loss/unavailability of the external data centre (single point of failure).</p> <p>There is also a risk that Business Continuity Plans across the Council's services do not accurately reflect the disaster recovery provision that is available. This could result in services not being able to invoke their continuity plans effectively due to incorrect assumptions.</p>	Finance & Corporate Resources		<p style="text-align: center;"></p> <p>16 Feb 2017: DR provision is in place for critical systems and 400 <i>myoffice</i> desktop sessions in the event of the main datacentre being unavailable (this will rise to 1200 <i>myoffice</i> desktop sessions by April 2017 as additional infrastructure capacity is added.</p> <p>Successful DR testing took place over Christmas 2016. Follow up actions are now being completed and a final report on the DR provision is due for April 2017.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR IT 0003 Resilience of ICT systems / Disaster Recovery	<p>Work is currently in progress to commission resilient hosting arrangements in the Council's Stoke Newington offices. This will provide the facility to restore critical systems (based on a previously agreed list of corporate priority applications) so that priority Council services will have access to their systems within 4 hours of a major outage with loss of data limited to 15 minutes (Recovery Point Objective). A test on 1 key application has already proved successful.</p> <p>It must be noted that this provision will not give instant seamless failover for these services - so Council services must ensure that their Business Continuity Plans include plans in the event that ICT systems are not available - other services whose systems are not included in the resilience provision must ensure that their Business Continuity Plans include plans for extended unavailability of their ICT systems.</p>	Ian Williams	Rob Miller	30-Apr-2016	<p>16 Feb 2017: DR provision is in place for critical systems and 400 <i>myoffice</i> desktop sessions in the event of the main datacentre being unavailable (this will rise to 1200 <i>myoffice</i> desktop sessions by April 2017 as additional infrastructure capacity is added.</p> <p>Successful DR testing took place over Christmas 2016. Follow up actions are now being completed and a final report on the DR provision is due for April 2017.</p>
NEW CONTROL Review of Business Continuity Plans across the Council's services.	The Corporate Business Continuity Manager is supporting service managers across the Council in carrying out a review of their Business Continuity	Laura Watson	Laura Watson	31-Dec-2017	New control ongoing - February 2017

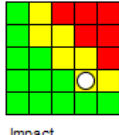
	<p>Plans. This is designed to identify critical services and their continuity requirements, and will help ensure that their plans are based on accurate expectations of the provision available.</p> <p>It is planned to implement a rolling 18 month schedule of review for all the council's BCPs. This will be in place following the current review of BCPs across all services, which is expected to complete in the latter part of 2017.</p>				
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR IT 0004 User IT Expertise INTERNAL RISK POTENTIAL RISK	Use of ICT and information is increasingly important as a core part of roles across all Council services. There is a risk that if ICT expertise across the Council's workforce is insufficient then service quality and efficiency will be affected.	Finance & Corporate Resources		NEW RISK - This risk and controls have been discussed in detail with the Head of HD and OD.

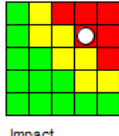
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR IT 0004 Recruitment	IT skills are already included in relevant job descriptions. However, in order to enhance this ICT skills will also be included in the development of a competency framework as part of the 'change for everyone' programme.	Dan Paul / Rob Miller	Dan Paul / Rob Miller	31-Dec-2017	Ongoing
FR IT 0004 Training and personal development	ICT and organisational development already offer comprehensive training on ICT skills, however this will be reviewed and developed as part of the workforce development work being undertaken as part of change for everyone.	Dan Paul / Rob Miller	Dan Paul / Rob Miller	31-Dec-2017	Ongoing

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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FR IT 0006 Information Security INTERNAL RISK POTENTIAL RISK	There is a risk that the security of Council's systems, network and devices could be compromised	Finance and Corporate Resources		NEW RISK -16 Feb 2017: this is an ongoing risk and of increasing importance as more Council services are dependent on ICT and electronic information.
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR IT 0006a Ensure compliance with the PSN Code of Connection and other applicable standards (including the ICT security requirements for compliance with the NHS IGSoc).	Ensure that good security practice is reflected in the Council's technical architecture and operational practices, including annual PSN Code of Connection compliance assessment (supported by IT health check) This will be an ongoing annual activity (no fixed end date).	Rob Miller	[TBC]	Ongoing - annual	Updated February 2017
FR IT 0006b Ensure that all users of the Council's systems and data take appropriate measures to protect these.	Ensure that the Council has effective policies, guidance, training and measures to enforce compliance for all users (including Members). This will be an ongoing activity (no fixed end date).	Rob Miller	[TBC]	Ongoing	Updated February 2017
FR IT 0006c Ensure that all hardware and software is supported for security updates.	Ensure that infrastructure and application lifecycle management practices are in place and functioning effectively so that the Council's systems remain supported. This will be an ongoing activity (no fixed end date).	Rob Miller	[TBC]	Ongoing	Updated February 2017
FR IT 0006d Plan for upgrade required to end use of Windows 7 ahead of the end of Microsoft support (January 2020).	Upgrading the Council's desktop environment is a major activity and this will require careful planning and preparation, as well as significant allocation of funding.	Rob Miller	[TBC]	14-Jan-2020	Updated February 2017

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR IT 008 Technology change	Technology is changing fast and it is essential that the Council is able to keep pace, harnessing the potential that this offers for delivering high quality and cost effective services for Hackney	Finance and Corporate Resources		NEW RISK – added February 2017

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR IT 008a Technology architecture	Ensure that the design of the Council's systems architecture takes account of potential technology changes and is based on open standards. This will be an ongoing activity (no fixed end date).	Rob Miller	ICT Managers	Ongoing	Updated February 2017
FR IT 008b Technology skills	Ensure that personal development plans and work plans within the ICT team take account of the need to remain up to date with technology change. This will be an ongoing activity (no fixed end date).	Rob Miller	ICT Managers	Ongoing	Updated February 2017

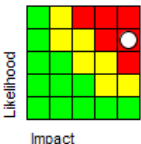

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR IT 0009 Engagement between Council services and ICT INTERNAL RISK POTENTIAL RISK	With the increasing importance of technology across Council services, there is a risk that if engagement between Council services and the ICT division is not effective then opportunities may be missed and / or poor technology choices made which result in poor value for money, poor customer outcomes and / or fragmented data.	Finance and Corporate Resources		NEW RISK – added February 2017

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR IT 0009 Ensure effective business relationship management capacity and processes within the ICT service	Ensure that clear and effective roles, responsibilities and processes for managing engagement between ICT and the Council's services is included as part of the ICT service structure and operating model.	Ian Williams	Rob Miller	30-Sept-2017	Updated February 2017
FR IT 0009 Ensure effective strategic governance and engagement across the Council's directorates and change programmes	Ensure that clear and effective governance and engagement is place across the Council's directorates and change programmes, and that ICT are included as part of these arrangements. This will be an ongoing activity (no fixed end date).	Tim Shields	Corporate Directors.	Ongoing	This will involve HMT making sure their change programmes and strategic direction includes ICT engagement.

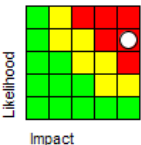
Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
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<p>FR RV 001 Impact of Universal Credit and other welfare reforms EXTERNAL RISK CURRENT RISK</p>	<p>Universal Credit is administered by the DWP/JCP and has been live within the borough since March 2016 for job seeking singles only. Universal Credit full service will roll out within borough in June 2018 for all claimant types for new claims. All these reforms could result in an increase in arrears, higher legal costs, increased evictions and pressure on the vulnerable. These impacts would be financial, legislative and reputational and directly affect the local community.</p>	<p>Finance & Corporate Resources</p>		<p style="text-align: center;"></p> <p>Risk ongoing post-election with continuing reforms confirmed by the Conservative government. Although tax credit changes have now been retracted. Jan 2017</p>
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Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
<p>Page 101</p> <p>FR RV 01 Impact of Universal Credit and other welfare reforms</p>	<p>This will mean that payments for housing costs for the majority will be paid monthly and direct to the tenant. The risk to collection for rental charges including those already homeless in temporary accommodation is great. This can be mitigated if it is identified that Universal Credit is in payment. Changes to processes for signing up new tenants into accommodation have been adapted with the required learning and development to request a managed payment to landlord from the DWP at the outset. This should mitigate the risk to some degree.</p>	<p>Ian Williams</p>	<p>Kay Brown</p>	<p>30-May-2017</p>	<p>Control updated Jan 2017. The risks have been / are being managed by detailed programmes of training and briefings for staff, DHP training for frontline staff, and letters explaining everything being rolled out. There has been a communication strategy specifically developed for this so that the public have everything explained and broken down as comprehensively as possible. Resident's briefings, 'surgeries', and online explanations are also further contributing to making the transition as smooth as possible.</p>

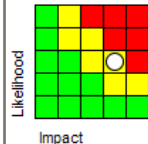

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
<p>FR RV 002 Impact of rising property prices and rents EXTERNAL RISK CURRENT RISK</p>	<p>Impact of rising property prices and rents. As Hackney becomes a more desirable place to live, the steep increase in property prices and in turn rental costs means that it becomes increasingly difficult for those on low incomes and welfare benefits to reside in the borough. This leads to increased overcrowding and an increase in those making homeless applications and needing emergency accommodation.</p>	<p>Finance & Corporate Resources</p>		<p>NEW Risk added January 2017. This has the potential to escalate and become a significantly greater risk.</p>

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FR RV 002 Impact of rising property prices and rents.	The cost of which is expensive both to residents and the Council. These risks are mitigated by strict financial controls in place when procuring properties for placements, the use of empty Council owned buildings wherever possible and robust decision making on homeless applications.	Ian Williams	Kay Brown	18-May-2017	New control added January 2017.

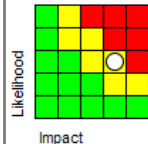

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR DR 0001 Building Availability INTERNAL RISK CURRENT / POTENTIAL RISK	The Council is unable to conduct its business due to significant problems with the buildings from which it operates. This could be caused by the historical lack of maintenance of buildings causing health and safety issues. This could result in accidents / incidents with severe financial and reputational impacts.	Finance & Corporate Resources		 Feb 2017 - Risk reviewed by Strategic Property Services Management team. Ongoing

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRDR 0001 A: Building Availability	Rolling programme of building surveys initiated to identify condition and risks.	Ian Williams	Chris Pritchard	31-Mar-2018	Feb 2017 - ongoing. Also, testing and inspection works to civic buildings under the Directorate's financial control are ongoing, as well as 95% of voluntary sector properties.
FRDR 0001 B: Building Availability	Funding for reactive maintenance included in the Capital Programme	Ian Williams	Chris Pritchard	31-Mar-2018	Feb 2017 ongoing. This is managed by Corporate Property & Asset Management, (CPAM), for buildings under the Directorate's financial control, along with the management of buildings for some other directorates.
FRDR 0001 C: Building Availability	Planned maintenance arrangements for new campus covering whole building lifecycle has been introduced.	Ian Williams	Chris Pritchard	31-Mar-2018	Ongoing Feb 2017 - Planned maintenance contract now procured and on site. CPAM able to cater for all statutory inspections subject to

					funding availability.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR DR 0009 Utilities cost EXTERNAL RISK POTENTIAL RISK	Increase in utility costs or usage causes budgetary overspends. Also Services are unable to cope with the demands of Climate Change, which could lead to severe financial losses, a damage to Hackney's reputation and a negative impact on the quality of services offered to stakeholders.	Finance & Corporate Resources		 February 2017 - Risk ongoing and remaining stable.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRDR 0009 A Utilities Cost	EMU team reduce unit costs by monitoring the market and procuring utilities contracts when costs are lowest.	Ian Williams	Chris Prichard	31-Mar-2018	Ongoing Feb 2017
Page 103 FRDR 0009 B Utilities Cost	Reducing energy demand – a series of initiatives are underway across services. Also there is now an Environmental Sustainability manager in place.	Ian Williams	Chris Prichard	31-Mar-2018	Ongoing with lots of proactive work undertaken by Environmental Sustainability Manager and teams.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
FR DR 0809 0004 Rental Income	Rent from commercial properties is not received, leaving income dependent service with a budgetary overspend.	Finance & Corporate Resources		 Risk reviewed by Strategic Property Services Senior Management Team. Risk is ongoing, especially acute in these times of cutbacks.

Control Title	Control Description	Responsible Officer	Service Manager	Due Date	Control - Latest Note
FRDR 0004 A Rental Income	Cleansing historic debt.	Chris Pritchard	Jonathan Angell	31-Mar-2018	Ongoing Feb 2017
FRDR 0004 B Rental Income	Debt collection function located within property service to chase debt and escalate where necessary	Chris Pritchard	Jonathan Angell	31-Mar-2018	Ongoing Feb 2017

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FRDR 0004 C Rental Income	Regular reporting as part of the OFP on income levels and historic debt.	Chris Pritchard	Jonathan Angell	31-Mar-2018	Ongoing Feb 2017
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Finance and Corporate Resources Risk Register.		Current Risk	Direction of Travel	Previous score	Target Risk
1	Brexit Impacts	15	NEW	N/A	N/A
2	Recruitment / Retention and Workforce	12	↔	20	9
3	Failure of Suppliers / Partnerships	12	↓	16	9
4	Final Accounts produced late	12	↓	20	9
6	Accounts not audited	12	↓	20	9
7	Pay release forms	10	↓	16	9
8	Material / technical error	10	↔	10	8
9	Illegal transaction	10	↓	15	9
10	Updates to Accounting Regulations	12	NEW	N/A	N/A
11	Resources to handle increases in fraud	12	↔	12	12
12	PCIDSS Compliance	12	↓	20	12
13	Failure of managed service provider for financial systems.	12	↔	20	16
14	Pension Asset Pooling	15	NEW	N/A	N/A
15	Increased Longevity	16	↔	16	12
16	Poor Membership data	20	↑	16	12
17	Pension funding risk	15	↔	15	12
18	Information Assets	16	NEW	N/A	N/A
19	Resilience of ICT systems / Disaster Recovery.	20	NEW	N/A	N/A
20	User IT expertise	12	NEW	N/A	N/A
21	Information Security	8	NEW	N/A	N/A
22	Technology change	16	NEW	N/A	N/A
23	Engagement between Council services and ICT	12	NEW	N/A	N/A
24	Impact of Universal Credit and other welfare reforms.	20	↑	16	12
25	Impact of rising property prices and rents.	20	NEW	N/A	N/A
26	Building Availability	12	↔	12	9
27	Utilities Cost	12	↔	12	9
28	Rental Income	12	↔	12	9

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<p>TREASURY MANAGEMENT ACTIVITY REPORT 2016/17 (1st Jan 2017 – 31st March 2017)</p> <p>20th April 2017</p> <p>AUDIT COMMITTEE</p>	<p>Classification:</p> <p>Public</p>
<p>Ward(s) affected None</p>	
<p>Group Director</p> <p>Ian Williams, Group Director Finance & Corporate Resources</p>	

1. Introduction

This report provides Members of the Audit Committee with a quarterly update on Treasury Management.

2. Recommendation(s)

The Audit Committee is recommended to:

- **Note the report**

3. Background

This report is the fourth of the treasury reports relating to the financial year 2016/17 for the Audit Committee. It sets out the background for treasury management activity from January 2017 to March 2017 and the action taken during this period.

4.1 Policy Context

Ensuring that the Treasury Management function is governed effectively means that it is essential for those charged with governance to review the operations of treasury management on a regular basis. This report forms part of the regular reporting cycle for Audit Committee, which includes reviewing the Annual Treasury Management Strategy, and enables the Committee to monitor treasury activity throughout the financial year.

4.2 Equality Impact Assessment

There are no equality impact issues arising from this report

4.3 Sustainability

There are no sustainability issues arising from this report

4.4 Consultations

No consultations have taken place in respect of this report.

4.5 Risk Assessment

There are no risks arising from this report as it sets out past events. Clearly though, the treasury management function is a significant area of potential risk for the Council, if the function is not properly carried out and monitored by those charged with responsibility for oversight of treasury management. Regular reporting on treasury management ensures that the Committee is kept informed.

5. Comments of the Group Director, Finance and Corporate Resources

There are no direct financial consequences arising from this report as it reflects the performance from January to March 2017. Whilst investment interest is not used to underpin the Council's base revenue budget, as in some other authorities, there will be an impact on the ability to fund additional discretionary expenditure and capital programmes. The information contained in this report will assist Members of this Committee in monitoring the treasury management activities and enable better understanding of such operations.

6. Comments of the Director Legal Services

The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. In addition the Council within its Annual Treasury Management Strategy has agreed to comply with the CIPFA Code of Practice on Treasury Management. This report demonstrates that Treasury Management is meeting these requirements and adapting to changes as they arise.

7. Economic Highlights

- **Growth:** The third estimate of Q4 GDP published today by the ONS showed the UK economy expanded by 0.7% over the quarter and 1.9% year-on-year. The quarterly growth rate was unrevised from the previous estimate, whilst the yearly rate was revised downwards by 0.1 percentage points.
- **Inflation:** The Office for National Statistics' new main measure of inflation, the Consumer Price Index including owner occupiers housing costs (CPIH), rose by 2.3% in the year to February 2017, up from 1.9% in January. This figure was above market expectations of 2.2% and represents the highest CPIH rate since September 2013.
- **Monetary Policy:** At The Bank of England's Monetary Policy Committee today voted to maintain the official Bank Rate at 0.25% and the asset purchase programme at £435bn, with an additional corporate bond purchase programme of £10bn. The minutes noted that the MPC's February projections had been for a protracted period of above-target inflation coupled with only a modest degree of slack, and recent data had done little to change that assessment. The unemployment rate, at 4.7%, was only a little above the Committee's central estimate of the equilibrium rate of 4.5%.

The MPC's central outlook for the economy had depended in good part on three main judgements: that the lower level of sterling continued to boost consumer prices broadly as expected, and without adverse consequences for expectations of inflation further ahead; that regular pay growth did indeed remain modest, consistent with the Committee's assessment of the remaining degree of slack in the labour market; and that the hitherto resilient rates of household spending growth slowed as real income gains weakened, without a sufficient offset by other components of demand.

8. Borrowing & Debt Activity

- 8.1 The Authority currently has £88.6m in external borrowing. This is made up as a single £3.6m LEEF loan from the European Investment Bank to fund housing regeneration and £85m short-term borrowing from Local Authorities to fund the recent Hackney Walk deal.
- 8.2 Close analysis of Councils Capital Financing Requirement (CFR is an indicator of an overall need to borrow) as it is currently known indicates that further borrowing including borrowing proposed in the HRA business plan, will be required within the next three years.

9. Investment Policy and Activity

- 9.1 The Council held average cash balances of £169 million during the reported period, compared to an average £217 million for the same period last financial year.

Movement in Investment Balances 01/01/17 to 31/03/17

	Balance as at 01/01/2017 £'000	Average Rate of Interest %	Balance as at 31/03/2017 £'000	Average Rate of Interest %
Short term Deposits	70,619	-	41,104	
Long term Deposits	31,500	-	31,500	
AAA-rated Stable Net Asset Value Money Market Funds	33,745	-	36,660	
AAA rated Cash enhanced Variable Net Asset Value Money Market Funds	8,000		3,000	
Corporate and Covered Bonds	24,713		19,999	
Housing Associations	15,000		15,000	
Financial Institutions without credit ratings	2,000		2,000	
	185,578	0.849	149,263	0.83

- 9.2 Due to the volatility of available creditworthy counterparties, longer term investments have been placed in highly rated UK Government institutions. Thus ensuring creditworthiness whilst increasing yield due to the duration of the deposits.
- 9.3 The Council has also placed three long term investments with Housing Associations assisting both diversification and yield.
- 9.4 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.
- 9.5 The Council's specific policy objective is to invest its surplus funds prudently. The Council's investment priorities are:
- security of the invested capital; liquidity of the invested capital; and,
 - An optimum yield which is commensurate with security and liquidity.

10. Counterparty Update

- 10.1 Following the UK vote to leave Europe on the 23rd June 2016, there was a significant number of credit rating changes to reflect the uncertain resulting from the referendum result. Most notable, Fitch and S&P downgrading the UK Government (and all associated institutions such as Local Authorities) to AA. In addition, S&P also downgraded the European Union to AA.
- 10.2 Whilst the ongoing investment strategy remained cautious counterparty credit quality remains relatively strong, as can be demonstrated by the Credit Score Analysis summarised below:

Credit Score Analysis

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating Score	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating Score
31/01/2017	4.13	AA-	3.69	AA-
28/02/2017	4.09	AA-	3.66	AA-
31/03/2017	4.05	AA-	3.64	AA-

Scoring:

-Value weighted average reflects the credit quality of investments according to the size of the deposit

-Time weighted average reflects the credit quality of investments according to the maturity of the deposit

-AAA = highest credit quality = 1

-D = lowest credit quality = 27

-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

- 10.3 The Council continues to utilise AAAmmf/Aaa/AAAm rated Money Market Funds for its very short, liquidity-related surplus balances. This type of investment vehicle has

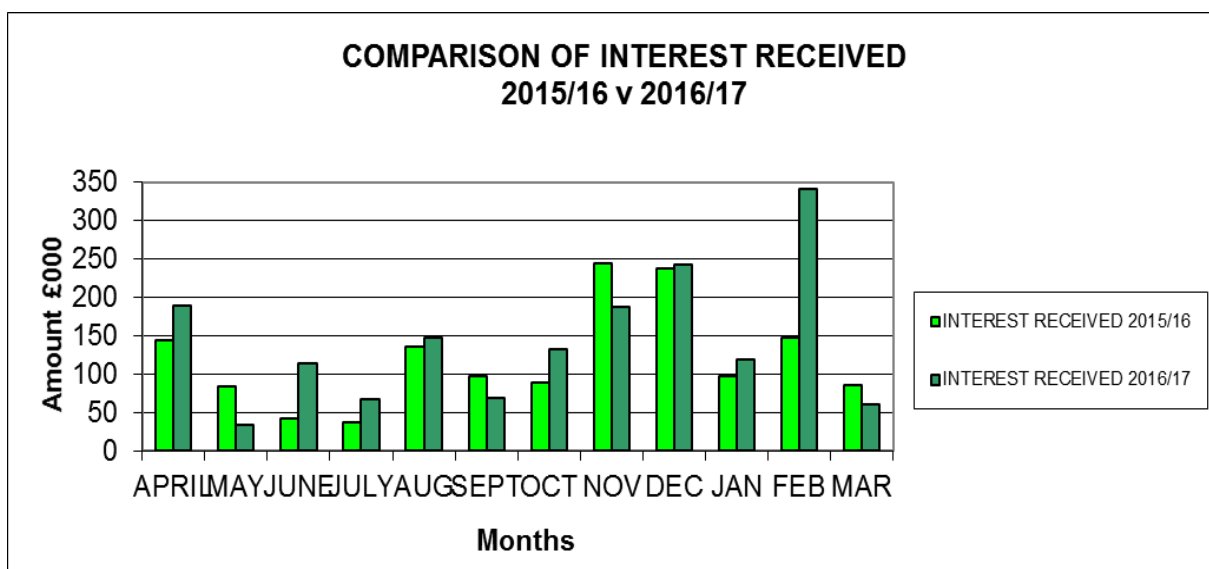
continued to provide very good security and liquidity, although yield suffers as a result.

- 10.4 In light of legislative changes and bail-in risk for unsecured bank deposits, as set out in previous monitoring reports, the Council continues to invest in high quality corporate bonds. This investment vehicle offers good level of security and increases diversification for the Council's portfolio whilst achieving a reasonable yield.

11. Comparison of Interest Earnings

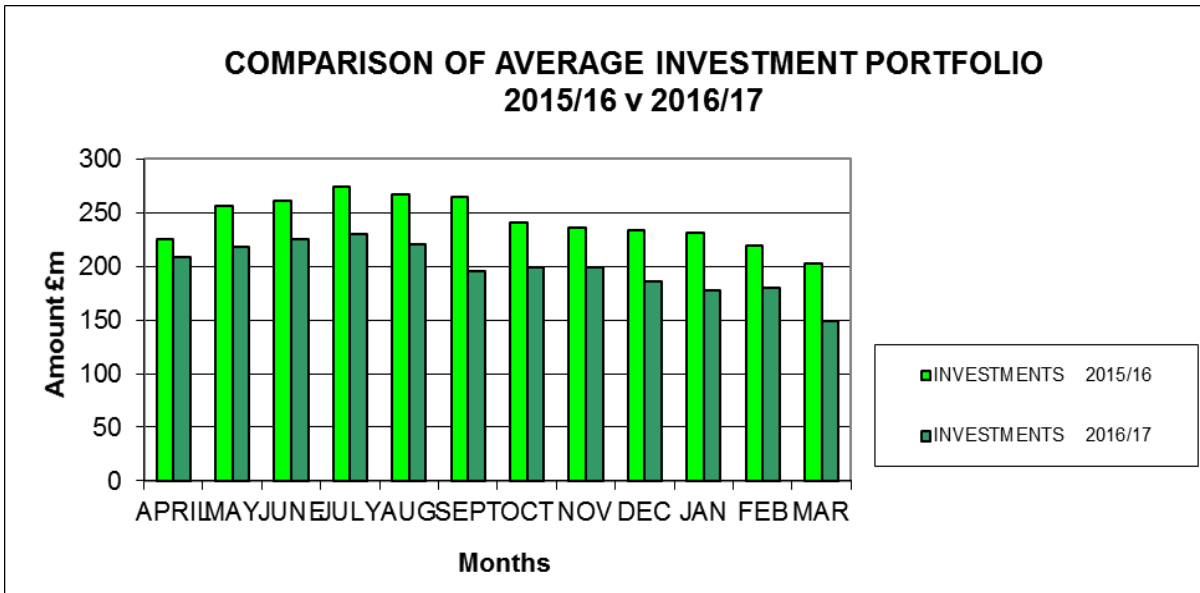
- 11.1 The Council continues to adopt a fairly cautious strategy in terms of investment counterparties and periods. Due to the volatility of available creditworthy counterparties, longer term investments have been placed in highly rated UK Government institutions or Covered (secured) Bonds, thus ensuring creditworthiness whilst increasing yield's through the duration of the deposits.
- 11.2 The graph below provides a comparison of interest earnings for 2016/17 against the same period for 2015/16. The graph highlights that the Council's longer term investment approach is paying dividends with high levels on interest received when taking into account the investment market environment.

Average interest received for the period January to March 2017 was £173k compared to £110k for the same period last financial year.



12. Movement in Investment Portfolio

12.1 Investment levels have decreased to £149 million at the end of March in comparison to the end of March last year of £202 million. The decrease in the investment balance year on year is the result of the continued approach of maintaining borrowing and investments below their underlying levels i.e. use of internal borrowing.



13. Summary

13.1 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the last quarter of the financial year 2016/17. As indicated in this report, a prudent approach has been taking in relation investment activity with priority being given to security and liquidity over yield.

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AUDIT AND ANTI-FRAUD PROGRESS REPORT APRIL 2017

**AUDIT COMMITTEE
MEETING DATE 2016/17**

20 April 2017

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All Wards

CORPORATE DIRECTOR

Ian Williams Group Director of Finance and Corporate Resources

1. INTRODUCTION AND PURPOSE

- 1.1 The purpose of this report is for the Audit Committee to consider the performance of the Audit & Anti-Fraud Service up to the end of March 2017, the areas of work undertaken, and information on current developments in Internal Audit and Anti-Fraud as well as statistical information about the work of the investigation teams.
- 1.2 This is part of the Committee's role in overseeing corporate governance and the report is presented for information and comment.

2. RECOMMENDATION(S)

The Audit Committee is recommended to:

- 2.1 Note and consider Audit & Anti Fraud's progress and performance to March 2017.

3. REASONS FOR DECISION

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came into force in April 2013 and applies to all internal audit service providers. These Standards were updated in April 2016.
- 3.2 PSIAS requires the Chief Audit Executive (or equivalent) to report functionally to a board and to communicate the internal audit service's performance relative to its plan and other matters. For the purposes of the PSIAS the Audit Committee has been designated the 'board'.

4. BACKGROUND

- 4.1 The Progress Report of the Internal Audit Service is provided in Appendix 1 and includes a summary of:
 - Performance against key performance indicator targets
 - Internal Audit work carried out up to the end of March 2017
 - Implementation of agreed audit recommendations
 - School audits
- 4.2 Details of progress with planned audits are provided in Appendix 2.
- 4.3 Definitions of the assurance levels used are provided in Appendix 3.
- 4.4 A statistical summary of the work undertaken by the Anti-Fraud Service is provided in Appendix 4.

4.5 Highlights of the work of the Audit & Anti Fraud Service for the reporting period include: -

- At year end 91.1% of audits are either completed or underway
- 100% of 'High' level recommendations are agreed by management
- Percentage of 'High' level recommendations implemented within timeframe has now reached 98% (87% fully implemented, 11% partially implemented)
- Results of post audit questionnaires showed that 100% of our clients said we met or exceeded expectations
- Recovery of 28 social housing properties at an estimated value of £504,000
- Cancellation of 13 housing applications following investigation representing a potential saving of between £52,000 and £234,000
- Cancellation of 3 Right to Buy applications leading to a saving of up to £308,100
- Cancellation or refusal of 41 applications for support under the No Recourse to Public Funds arrangements, resulting in an estimated saving of £827,350 for the year
- Recovery of 17 misused 'Blue Badge' disabled parking permits

4.6 Policy Context

The work of the Internal Audit Service complies with the Public Sector Internal Audit Standards. Internal Audit reviews consider all applicable policies of the Council.

4.7 Equality Impact Assessment

This report does not require an equality impact assessment but where applicable equality issues and adherence to corporate policies would be considered in audit reviews

4.8 Sustainability

Not applicable.

4.9 Consultations

Consultation on the Internal Audit Annual Plan 2016/17 took place with senior management and the Audit Sub Committee.

4.10 Risk Assessment

The work of Internal Audit was based upon a risk assessment which covers all areas of the Council's activity and is continually changing to reflect new initiatives, risk areas and legislation. There was also continuous reassessment of risk as audits were undertaken, plus regular consultation with directors, chief officers and senior managers to ensure that account was taken of any concerns they raised during the year.

5. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 5.1 There are no financial implications arising from this report as the costs of providing the internal audit service are included within the Council’s base budgets.
- 5.2 However, an effective internal audit service is important in order to ensure that key internal controls are assessed, thereby aiding the prevention and detection of fraud and other occurrences that could otherwise result in budget pressures.

6. COMMENTS OF THE DIRECTOR, LEGAL

- 6.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent. This report demonstrates how the Council is fulfilling its obligations in this regard.
- 6.2 The Audit Committee is asked to note the report on Audit and Anti-Fraud’s performance and opinion. There are no immediate legal implications arising from the report.

Appendices

- Appendix 1 - Audit & Anti-Fraud Quarterly Progress Report (March 2017)
- Appendix 2 - Progress with planned audits
- Appendix 3 - Definitions of audit assurance levels
- Appendix 4 - Audit Investigation Service statistics to March 2017

BACKGROUND PAPERS

Publication of Background Papers used in the preparation of reports is required.

Description of document (or None) – None

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Comments of the Director of Legal	Patricia Narebor patricia.narebor@hackney.gov.uk	☎ 020-8356 2029



Audit & Anti-Fraud Quarterly Progress Report

1 January – 31 March 2017

1. INTRODUCTION

The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period January to March 2017, the areas of work undertaken and information on current developments in the service area.

2. INTERNAL AUDIT RESOURCES AVAILABLE

- 2.1 The 2016/17 Internal Audit Annual Plan was based upon the resources available to the Council for an in-house internal audit service.
- 2.2 The Internal Audit Annual Plan for the year 2016/17 consisted of 76 named audits, five additional pieces of work have been added since the plan was agreed and two have been cancelled.

Source	Number of Audits/Projects
Original Plan	76
Additional requests	+5
Cancelled audits	-2
Total Revised Plan	79

Table 1

- 2.3 Following implementation of the new structure, the Internal Audit Section now consists of the Head of Internal Audit & Corporate Risk Management, two Principal Auditors and four Auditors.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

3.1 Internal Audit's performance for 2016/17 against key indicators is shown in Table 2. Objective	KPI	Targets	Actual
Cost & Efficiency To ensure the service provides Value for Money	1) Percentage of planned audits completed to final/draft report stage 2) Average number of days from completion of fieldwork to issue of draft report	1) 90% by year end 2) Less than 15 working days	1) 91.1% are complete or in progress at the end of March 2017 2) 13 days
Quality To ensure recommendations made by the service are agreed and implemented	1) Percentage of 'High' level recommendations made which are agreed 2) Percentage of agreed 'High' level recommendations which are implemented	1) 100% 2) 90%	1) 100% 2) 87% - Fully implemented 11% - partially implemented
Client Satisfaction To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) No. of Complaints / Compliments	1) Responses meeting expectations or above 2) Satisfactory 3) Actual numbers reported	1) 100% (44% exceeded expectations and excellent) 2) N/A 3) None

Table 2

- 3.2 As at 31 March 2017 a total of 72 internal audit reviews have been started from the 2016/17 Plan, 27 have been finalised and a further 2 are at Draft Report stage. In addition during this period 10 reviews have been completed from the 2015/16 plan and three further audits are still in progress.

4. SUMMARY OF INTERNAL AUDIT WORK

- 4.1 Progress with each 2016/17 planned audit is attached as Appendix 2. This is summarised in Table 2 below:

Stage of audit activity 2016/7 Plan	Number of assignments	% of revised plan
Scoping/TOR agreed	27	34.2
Fieldwork in progress	11	13.9
Fieldwork complete (report being drafted)	5	6.3
Draft report issued	2	2.5
Completed	27	34.2
Total work completed and in progress	72	91.1
Audits to be started	3	3.8
Audits postponed by auditee	4	5.1
Total	79	100

Table 3

- 4.2 The table shows that 91.1% of planned assignments have been completed or are in progress.
- 4.3 The additional audit requests related to a Parking Services International Standards Organisation review, a watching brief on the ITrent new Payroll/HR Implementation, a review of new procedures relating to grant applications, advice to the PAUSE initiative regarding petty cash/procurement cards use and an additional school audit.
- 4.4 Each completed audit is given an overall assurance grading. These are categorised 'Significant', 'Reasonable', 'Limited' or 'No' assurance. The assurances given so far this year are included in Appendix 2. Full definitions can be found at Appendix 3.
- 4.5 Of the 25 audits completed with assurance gradings applied, seven received an assurance grading of significant, 15 reasonable and three limited. There were also 10 audits completed from the 2015/16 plan during 2016/17, these were given assurance ratings of significant (3), reasonable (5) and limited (2).
- 4.6 Recommendations are made to manage the level of risk where internal audit reviews identify areas for improvement. These are categorised as 'Critical', 'High', 'Medium' or 'Low' priority. The numbers of Critical, High and Medium recommendations issued up to 31 March 2017 are shown in Table 3 below.

Categorisation of Risk	Definition	Number 2016/17 Plan	Number 2015/16 Plan not previously reported
Critical	Major issues that we consider could have a significant impact upon, not only the system, function or process objectives, but also the achievement of the Council's objectives.	0	0

High	Major issues that we consider need to be brought to the attention of senior management.	5	4
Medium	Important issues which should be addressed by management in their areas of responsibility.	105	21

Table 4

5. SCHOOLS

- 5.1 Audits of school's progress has been reported to The Learning Trust (TLT) within the Children's, Adults and Community Health Directorate. In addition, progress with the implementation of recommendations agreed during 2015/16 and this year to date have been followed up and reported.
- 5.2 As at 31 March 2017, audits were completed at 16 schools and children's centres with a further one at draft report stage and three where fieldwork was in progress. The audits focused on the existence and compliance with key financial controls and the adequacy of governance arrangements.
- 5.3 Assurances provided for the school assignments completed as part of the 2016/17 Internal Audit Annual Plan are shown in Table 4 below. A comparison with assurances provided in previous audits is also shown.

School	Assurance for 2016/17	Assurance previous audit	Direction of travel	2016/17 Recommendations		
				High	Medium	Low
Baden Powell Primary School	Limited	Reasonable	↓	0	16	0
Benthal Primary School	Reasonable	Limited	↑	0	6	1
Berger Primary School	Significant	Reasonable	↑	0	1	2
De Beauvoir Primary School	Reasonable	Limited	↑	0	8	2
The Garden with Horizon	Reasonable	Reasonable	↔	0	4	2
Parkwood Primary School	Reasonable	Reasonable	↔	0	6	1
St Mary's Primary School	Significant	Limited	↑	0	2	2
St Paul's with St Michael Primary School	Reasonable	Reasonable	↔	0	6	0
St Scholastica RC Primary	Reasonable	Reasonable	↔	1	3	4
Thomas Fairchild Primary School	Reasonable	Significant	↓	0	7	0
New Regent's College PRU	Reasonable	N/A	NA	1	2	0
St John Of Jerusalem	Reasonable	Significant	↓	0	8	2
William Patten Primary School	Reasonable	Reasonable	↔	0	6	1
Wentworth Children's Centre	Reasonable	Reasonable	↔	1	6	2

School	Assurance for 2016/17	Assurance previous audit	Direction of travel	2016/17 Recommendations		
				High	Medium	Low
Woodbury Down Children's Centre	Significant	Reasonable	↑		1	1
Woodbury Down Primary	Reasonable	Reasonable	↔		2	4

Table 5

5.4 Table 4 shows that the direction of travel decreased for three schools, remained the same for seven and improved for five. No previous rating is available for New Regent's College as this is a new unit in its current form.

6. IMPLEMENTATION OF RECOMMENDATIONS

6.1 In order to track the Council's attitude towards improving the control environment, progress with implementation of agreed internal audit recommendations are tracked. The results of this work for the 'High' priority recommendations, from audits undertaken from 2014/15 to date, that were due to be implemented by 31 March 2017, are presented in Table 6.

Directorate	Implemented (including no longer relevant)	Partially Implemented	Not implemented or no response	Total
Children's, Adults and Community Health	6	0	0	6
Neighbourhoods and Housing	1	0	1	2
Finance & Corporate Resources	48	0	1	49
Chief Executive's	4	1	0	5
Schools	31	4	1	36
Total number	90	5	3	98
Percentage	92%	5%	3%	100%

Table 6

- 6.2 The Council's target for 2016/17 is that 90% of 'High' priority recommendations should be implemented in accordance with the agreed timescale. The implementation rate currently stands at 92% fully implemented. A further 5% have been partially implemented.
- 6.3 There were 537 'Medium' priority recommendations followed up. Of these, 88% were assessed as implemented and 2% partially implemented. Details are shown in the following table:

Directorate	Implemented (incl no longer relevant)	Partially Implemented	Not implemented /No Response	Total
Children's, Adults & Community Health	24	0	3	27
Neighbourhoods & Housing	25	1	0	26
Finance & Corporate Resources	98	7	0	105
Chief Executive's	24	1	1	26
Schools	289	10	50	349
Total number	460	9	54	533
Percentage	88%	2%	10%	100%

Table 7

7. DEVELOPMENTS WITHIN INTERNAL AUDIT

- 7.1 Like all services across the Council the Audit and Anti-Fraud Service has been affected by the Delegated Powers Report regarding the Council Restructure and requests for voluntary redundancies. The Director, Audit and Anti-Fraud post will be deleted at the end of April 2017. The Head of Internal Audit took voluntary redundancy at the end of December 2016 and recruitment to the new post of Head of Internal Audit & Corporate Risk Management is underway with an offer having been made. Two further posts were deleted under the voluntary redundancy scheme, comprising one Principal Auditor post and one Audit Investigator post under.
- 7.2 The Internal Audit Service uses a contractor to carry out the ICT reviews. Mazars LLP has been awarded a contract to carry out five ICT reviews this year. Mazars (who took over Deloitte's Public Sector Internal Audit Service about two years ago) are well known across the London Boroughs and have a number of contracts with other London Boroughs.

8. ANTI FRAUD SERVICE

- 8.1 The Anti-Fraud Service consists of three distinct teams; the Audit Investigation Team (AIT), the Tenancy Fraud Team (TFT) and the recently created Pro-Active Anti-Fraud Team (PAFT). Management capacity across the service has been addressed as part of the AAF restructure.
- 8.2 We have experienced some difficulty in recruiting to vacant posts on the TFT and one

post remains to be recruited to under the new AAF structure. This has inevitably had a detrimental effect on the rate of recovery of illegally sublet properties although the hard work and dedication of the investigators in post did still result in the recovery of 28 properties, the cancellation of 13 housing applications and 3 right to buy applications during the reporting period.

- 8.3 Following the successful bid by AAF for grant funding from central government for anti-fraud initiatives Hackney created the PAFT which consists of three officers, this funding was only available for one year. Hackney used these additional investigation resources to focus on project management of the Hackney Homes decent homes and planned maintenance contracts. This is an innovative use of resources and is being watched carefully by the anti-fraud community. Work is still ongoing however, the results to date provide sound evidence that using resources in this area of activity can have a significant financial benefit. As a result of the outstanding results achieved this team has been permanently established in the new structure of AAF.
- 8.4 Statistical information relating to all the work of the Council's Anti-Fraud Teams are attached as Appendix 4.

9. CONCLUSIONS

- 9.1 This report provides details of the performance of the Council's Internal Audit and Anti-Fraud Services. It seeks to give reassurance that the service is being delivered to meet statutory responsibilities and is continually seeking to improve the standards of its service.
- 9.2 Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken to date within 2014/15, 2015/16 and 2016/17, it is considered that overall, throughout the Council there continues to be a sound internal control environment.

Internal Audit Annual Plan 2016/17 Progress to December 2016 (including 2015/16 audits not previously reported)					
Code	Internal Audit	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
2015/16 Audits not previously reported					
HCS08	Highways Maintenance Contracts	0	2	Significant	Complete
FR04	Banking Contract and Charges	0	3	Reasonable	Complete
FR10	NNDR	0	2	Reasonable	Complete
FR12	Council Tax				Draft
FR16	Property Services Procurement Procedures	0	4	Reasonable	Complete
FR17	Grey Fleet	1	1	Limited	Complete
ICT03	Landesk Authorisation			Significant	Complete
ICT07	Resourcelink	2	3	Limited	Complete
HH08	3 x TMO's				Draft
HH09	Neighbourhood Offices	1	2	Reasonable	Complete
HH14	Leaseholder Charges	0	3	Reasonable	Complete
HLT02	Fees For Children Centres				In Progress
LHRRS03	Payroll				In Progress
LHRRS02	Health and Safety procedures				In Progress
HS01	Leaseholders Buyback				C/f to 2017/18
FR14	Marketing of Commercial Property	0	1	Significant	complete
All (Cross Cutting)					
1617LBH01	Annual Governance Statement			Significant	Complete
1617LBH02	Purchasing/Procurement Cards - Follow Up				Fieldwork complete
1617LBH03	Transparency Code				C/f to 17/18
1617LBH04	Management of Capital Contracts				Scoping/TOR
Chief Executives					
1617CE01	DBS Checks				Scoping/TOR
1617CE02	Payroll – additional payments				Fieldwork In Progress
1617CE03	Electoral Services				Scoping/TOR
Additional	Grant applications/ procedures			N/A	Complete
Additional	ITrent				Fieldwork in progress
GROUP DIRECTOR CHILDREN, ADULTS AND COMMUNITY HEALTH					
Adult Services/Public Health					
1617CACH01	Appointeeships - Client Payment System	0	5	Reasonable	Complete
1617CACH02	Day Care Services (Grant Funded)				Scoping/TOR
1617CACH03	Deprivation Of Liberty Safeguards	0	3	Reasonable	Complete
1617CACH04	ASC Contracts Follow up				Scoping/TOR
1617CACH05	Care Assessments				C/f to 17/18
Additional	Pause project – petty cash arrangements			N/A	Complete
Children & Families Services					
1617CACH07	Overstayers (OFIT)	0	5	Reasonable	Complete
1617CACH08	Leaving Care				Scoping/TOR
Education and Schools					
1617CACH09	Overview of school findings and benchmarking				Fieldwork in progress
1617CACH10	SEN				Scoping/TOR
1617CACH11	HLT IT Purchasing	2	2	Limited	Complete

Internal Audit Annual Plan 2016/17 Progress to December 2016 (including 2015/16 audits not previously reported)					
Code	Internal Audit	High Priority Rec's	Medium Priority Rec's	Audit Assurance	Status
SCHOOLS					
1617SCH01	Baden Powell Primary School	0	16	Limited	Complete
1617SCH02	Benthal Primary School	0	6	Reasonable	Complete
1617SCH03	Berger Primary School	0	1	Significant	Complete
1617SCH04	Betty Layward				Draft Report
1617SCH05	De Beauvoir Primary School	0	8	Reasonable	Complete
1617SCH06	Gainsborough Community Primary School				Postponed
Additional	Ickburgh School				Fieldwork complete
1617SCH07	Harrington Hill Primary School				Scoping/TOR
1617SCH08	Holmleigh Primary School				Postponed
1617SCH09	Parkwood Primary School	0	6	Reasonable	Complete
1617SCH10	Princess May				Fieldwork in progress
1617SCH11	Saint Scholastica RC Primary	1	3	Reasonable	Complete
1617SCH12	Southwold School				Cancelled – completed with Orchard Primary School in 2015/16
1617SCH13	Springfield Community School				Scoping/TOR
1617SCH14	St John Of Jerusalem	0	8	Reasonable	Complete
1617SCH15	St Dominic's Catholic Primary				Fieldwork complete
1617SCH16	St Mary C of E Primary	0		Significant	Complete
1617SCH17	St Paul with St Michaels primary	0	6	Reasonable	Complete
1617SCH18	Thomas Fairchild Community School	0	7	Reasonable	Complete
1617SCH19	William Patten Primary School	0	6	Reasonable	Complete
1617SCH20	Woodberry Down Primary	0	2	Reasonable	Complete
CHILDREN CENTRES					
1617SCH21	Wentworth CC	1	6	Reasonable	Complete
1617SCH22	Woodberry Down CC	0	1	Significant	Complete
SPECIAL SCHOOL/PRU					
1617SCH23	The Garden with Horizon	0	4	Reasonable	Complete
1617SCH24	New Regent College Upper/Lower PRU	1	2	Reasonable	Complete
GROUP DIRECTOR - FINANCE AND CORPORATE RESOURCES					
Financial Management					
1617FCR01	Pension Investments				Scoping/TOR
1617FCR02	Creditors/ Central Payments Team				Fieldwork In Progress
1617FCR03	Asset Management				Scoping/TOR
1617FCR04	Accounts Receivable				Fieldwork complete
Strategic Property					
1617FCR05	LBH Building Maintenance				Scoping/TOR
1617FCR07	Vehicle Sales and Disposals				Scoping/TOR
Procurement					
1617FCR06	Tendering Procedures				Fieldwork In Progress

Internal Audit Annual Plan 2016/17 Progress to December 2016 (including 2015/16 audits not previously reported)					
Code	Internal Audit	High Priority Rec's	Medium Priority Rec's	Audit Assurance	Status
Customer Services					
1617FCR08	Council Tax Reduction Scheme				Fieldwork In Progress
1617FCR09	Revenues and Benefits – NNDR-Consolidation				Scoping/TOR
1617FCR10	Revenues and Benefits - Housing Benefit				Draft Report
1617FCR11	Council Tax – Consolidation				Scoping/TOR
1617FCR12	Housing Needs (Choice Based lettings)				Scoping/TOR
1617FCR13	Temporary accommodation (B&B)				Scoping/TOR
1617FCR14	Deposit Guarantee scheme/Cash Incentive Scheme				Scoping/TOR
Director ICT					
1617ICT01	Universal Housing				Scoping/TOR
1617ICT02	Mosaic (previously Framework I) Post Implementation Review				Scoping/TOR
1617ICT03	Housing Needs Payment System - Post Implementation Review				Fieldwork In Progress
1617ICT04	CRM				C/f to 2017/18
1617ICT05	One Account - Post Implementation Review				Scoping/TOR
1617ICT06	IT Recruitment and retention				Fieldwork In Progress
1617ICT07	IT Governance				Fieldwork complete
GROUP DIRECTOR NEIGHBOURHOODS AND HOUSING					
Regeneration					
1617NH01	Regeneration - Contract letting and Monitoring	0	3	Significant	Complete
Housing					
1617NH02	Ground work estate Maintenance (Stores)				Cancelled
1617NH03	Resident Participation Team (Renting of Halls income)				Scoping/TOR
1617NH04	Rent Collection	0	1	Significant	Complete
1617NH05	TMO (rolling Programme)				Postponed
1617NH06	Right to Buy	0	2	Significant	Complete
1617NH07	Complaints				Scoping/TOR
1617NH08	Voids				Fieldwork In Progress
1617NH09	Contract Monitoring/Contingency				Postponed
Public Realm					
1617NH10	Parking Appeals				Scoping/TOR
1617NH11	Waste Management – Recycling				Scoping/TOR
1617NH12	Highways Assets				Scoping/TOR
1617NH13	Car Parking Income (Pay and Display)				Scoping/TOR
1617NH14	Street Lighting Contract				Fieldwork In Progress
Additional	Parking ISO Procedures	0	2	Significant	Complete

Definitions of Audit Assurances

The **Overall Assurance** given in respect of an audit is categorised as follows:

Level of assurance	Description	Link to risk ratings
Significant	Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.	There are two or less medium-rated issues or only low rated or no findings to report.
Reasonable	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than critical or they would be unlikely to occur.	There is no more than one high priority finding and/or a low number of medium rated findings. However, where there are many medium rated findings, consideration will be given as to whether the effect is to reduce the assurance to Limited.
Limited	There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of organisational objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.	There are up to three high-rated findings. However, if there are three high priority findings and many medium rated findings, consideration will be given as to whether in aggregate the effect is to reduce the opinion to No assurance.
No	There are weaknesses in the design and/or operation of controls which [in aggregate] have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisation objectives.	There are a significant number of high rated findings (i.e. four or more).

Anti-Fraud Service:

Statistical Information 1 January to 31 March 2017

1. Investigations Referred

The number of non-benefit related investigations undertaken by the Anti-Fraud Service has increased significantly in recent years, from 150 in 2009/10 to 726 in 2016/17. As new fraud threats have emerged, investigative responses have been developed in partnership with other Council teams and external providers.

Group	Department	Number of Cases Referred in Period	Number of Cases Closed in Period	Cases Currently Under Investigation	Referrals 2016/17 to date	Referrals 2015/16
Neighbourhoods & Housing (N&H)	Neighbourhoods & Housing	2	0	4	8	n/a
	Hackney Homes	5	2	17	16	14
	Housing	n/a	0	0	n/a	0
	Tenancy Fraud	67	401	83	359	413
	Parking	50	67	36	196	166
Children, Adults & Community Health (CACH)	Children, Adults & Community Health	1	1	2	5	n/a
	Health & Community Services (H&CS)	n/a	1	2	n/a	11
	Children & Young People's Services	n/a	0	0	n/a	3
	Overstaying Families Intervention Team (OFIT)	56	34	104	130	89
	The Learning Trust	1	1	3	2	6
Finance & Corporate Resources (F&CR)	Finance & Resources	0	3	4	10	11
Chief Executive Directorate	Chief Executive Directorate	0	0	0	0	n/a
	Chief Executive's	n/a	0	1	n/a	1
	Legal, HR & Regulatory Services	n/a	0	0	n/a	0
Total		182	510	256	726	714

Table 1

Note 1: Departments from the old Council structure are shown under the new Group Directorates that most closely approximate to them. While the large majority of pre-2016/17 investigations listed above are appropriate to the Group Directorates shown, there will be isolated exceptions (for example, some H&CS operations are now performed by N&H).

Note 2: Fraud reporting going forward will be at Group Directorate level, with additional detail being provided for areas that were recently separate organisations (Hackney Homes and The Learning Trust) and specific Anti-Fraud projects (Tenancy, Parking and OFIT).

Note 3: Cases closed and under investigation may include those carried forward from previous reporting periods.

2. Fraud Enquiries

Investigative support is provided to other bodies undertaking criminal enquiries, including the Police, Home Office and other Local Authorities. The team also supports other LBH teams to obtain information where they do not have direct access and it is available under the Data Protection Act crime prevention and detection gateways.

Source	Number of Cases Referred in period	Number of Cases Closed in period	Cases Currently Under Investigation	2016/17 to date	2015/16
Internal	157	156	1	371	293
Other Local Authorities	9	9	0	56	75
Police	3	3	0	31	103
Immigration	0	0	0	2	7
DWP	185	185	0	797	910
Other	6	8	0	26	14
Total	360	361	1	1,283	1,402

Table 2

3. National Fraud Initiative (NFI) Matches

The NFI is a biennial data matching exercise, the majority of datasets were most recently received on 20 January 2017 (with the exception of the Council Tax matches which were received in April 2016). Matches are investigated by various LBH teams over the 2 year cycle, AIT investigate some matches and coordinate the overall response. The total number of matches includes 4,366 outcomes that are identified as high priority, participants are expected to further risk assess the results to determine which are followed up.

Type of Match	Number of Matches – Total & (recommended)	Cases Currently Under Investigation	Number Matches Cleared NFI2016	Number Matches Cleared NFI2014
Payroll	113 (35)	8	5	35
Housing Benefit	3,966 (325)	1	37	19
Housing Tenants	491 (177)	3	17	344
Right to Buy	58 (40)	0	0	224
Housing Waiting List	2,679 (2,603)	32	3	62
Concessionary	225 (188)	178	20	22

travel / parking				
Creditors	5,943 (721)	638	0	4,724
Pensions	166 (105)	0	52	169
Council Tax	10,936	73	6,605	n/a
Council Tax Reduction Scheme	3,498 (146)	0	0	n/a
Other	48 (26)	0	0	34
Total	28, 123 (4,366)	933	6,739	5,633

Table 3

On 1 December 2014, Hackney's Housing Benefit Counter Fraud Team was transferred to the Department for Work & Pensions (DWP) as part of their Single Fraud Investigation Service. Whilst the Council is no longer responsible for undertaking Housing Benefit investigations, Audit & Anti-Fraud (AAF) are required to undertake a large volume of enquiries in support of DWP investigations.

DWP advised Hackney that limited financial support would be provided to the Council to support Housing Benefit investigations in 2016/17. Hackney has continued to fund a part time resource to address specific investigation enquiries, but it is insufficient to allow for review of the thousands of benefit concerns identified by the NFI. The officers that previously undertook this work have all transferred to DWP. No information has been provided by DWP about any funding arrangement for 2017/18.

4. Analysis of Outcomes

Investigations can result in differing outcomes from prosecution to no further action. Table 4 below details the most common outcomes that result from investigations conducted by the Anti-Fraud Teams.

Outcome	Reporting Period	2016/17 to date	2015/16 to date
Disciplinary action	1	8	14
Resigned as a result of the investigation	1	5	11
Referred to Police or other external body	4	22	28
Prosecution	0	3	4
Referred to Legal Services	1	3	3
Investigation Report/ Management Letter issued	1	14	19
Council service or discount cancelled	46	89	80
Blue Badges recovered	17	60	63
Other fraudulent parking permit recovered	3	35	31
Parking misuse warnings issued	12	50	36
Penalty Charge Notice (PCN) issued	13	49	47
Vehicle removed for parking fraud	8	40	32
Recovery of tenancy	28	104	104
Housing application cancelled or downgraded	13	49	57
Legal action to recover tenancy in progress	98	98	n/a
Right to Buy application withdrawn or cancelled	3	17	10

Table 4

Disciplinary Action

As a result of the investigations conducted by the Audit Investigation Team (AIT) disciplinary action was taken against one member of staff in the period 1 January to 31 March 2017 for the following reasons: -

- Not declaring their earnings in connection with a benefit claim.

5. Financial Losses as a Result of Fraud

The most apparent consequence of many frauds is a financial loss however, it needs to be noted that it is not always possible to put a value in monetary terms.

In many cases the financial loss accounts for only a small amount of the total cost of the fraud, with the additional amount comprising intangibles such as reputational damage, the cost of the investigation and prosecution, additional workplace controls, replacing staff involved and management time taken to deal with the event and its' aftermath.

The following are estimates of the monetary cost for some of Hackney's priority investigation areas based (where relevant) upon the values that the Audit Commission previously calculated as a reasonable estimate of the value nationwide:

5.1 Tenancy Fraud Team (TFT)

During the period January to March 2017 a total of 28 tenancies have been recovered by the TFT. Using the Audit Commission figure for the estimated cost of temporary accommodation of £18,000pa, this equates to a saving of £504,000.

In the same period 13 housing applications have been cancelled following TFT review. These investigations help to ensure that Hackney's social housing is only allocated to those in genuine need. The Audit Commission has variously reported the potential benefit to the public purse of each cancelled application as between £4,000 and £18,000, so the value of this work represents a potential saving of between £52,000 and £234,000.

During this period three Right to Buy applications were cancelled following investigation. Each RTB represents a discount of between £75,000 and £102,700 on the sale of a Council asset. The value of the discount for the RTB's that were declined represents a total of between £225,000 and £308,100.

5.2 Overstaying Families Intervention Team (OFIT)

An average weekly support package valued at c£387 is paid to each family supported (applicable to the majority of the 'service cancelled' category in Table 4). Forty one support packages were cancelled or refused following AAF investigation between January and March 2017. This equates to a saving in the region of £15,867 per week, if these had been paid for the full financial year it would have cost Hackney approximately £827,350 in 2016/17.

5.3 Parking Concessions

The Audit Commission estimated the cost of each fraudulently used Blue Badge to be £100 (equivalent to on-street parking costs in the Hackney Central parking zone for less than 46 hours). Fees of £65 are also payable where a Penalty Charge Notice is issued as part of the enforcement process, or £265 if the vehicle is also removed. In this reporting period AIT recovered 17 Blue Badges, this equates to £1,700 plus enforcement charges of £2,445 which also arose.

In addition to the work undertaken on blue badge abuse, investigations have also been undertaken into misuse of residents and visitor parking permits. During the reporting period three fraudulently used residents/visitor parking permits were recovered. It is not possible to quantify the value of this abuse. However, the cost for these types of fraud is far greater in terms of the denial of genuine blue badge holders and residents being able to make use of dedicated parking areas, and the reputational damage that could be caused to Hackney if we were seen not to be tackling the of abuse of parking concessions within the borough.

5.4 Proactive Fraud Team

AAF successfully bid for government funding for new counter fraud initiatives. The funding, allocated for 2015/16 only, has enabled AAF to focus investigation resources on the project management of the Hackney Homes decent homes and planned maintenance contracts. Currently, a significant sum of money has been retained against a contract because works claimed to have been carried out are under dispute. Evidence of substantial over-claiming for work is emerging which may lead to further financial claims by Hackney.

There are ongoing enquiries involving possible criminal matters therefore it is not possible to expand here on this important work at this time.

6. **Matters Referred from the Whistleblowing Hotline**

All Hackney staff (including Hackney Housing and Hackney Learning Trust) can report concerns about suspected fraud and other serious matters in confidence to a third party whistleblowing hotline. Other referral methods are available (and may indeed be preferable from an investigatory perspective), however, the hotline allows officers to raise a concern that they might not otherwise feel able to report. No referrals were received via the hotline in the reporting period.

7. **Regulation of Investigatory Powers Act (RIPA) Authorisations**

RIPA is the legislation that regulates the use of surveillance by public bodies. Surveillance is one tool that may be used to obtain evidence in support of an investigation, where it can be demonstrated to be proportionate to the seriousness of the matter concerned, and where there is no other less intrusive means of obtaining the same information.

Because surveillance has the potential to be a particularly intrusive means of evidence gathering, the approval process requires authorisation by a nominated senior Hackney officer (Head of Service/Director/Chief Executive) and approval by a magistrate. Although Hackney will use its surveillance powers conferred by RIPA when it is appropriate to do so, no application was made in the current financial year.

8. Proceeds of Crime Act (POCA) Investigations

POCA investigations can only be undertaken by accredited officers, as are currently employed by AAF and Trading Standards. POCA supports the Council's investigation processes in four principal ways: -

- Providing access to financial information in connection with a criminal enquiry, subject to approval by Crown Court by way of a **Production Order**.
- Preventing the subject of a criminal enquiry from disposing of assets prior to a trial, where these may have been obtained from criminal activity, by use of a **Restraint Order**, subject to Court approval.
- Recognising that offenders should not be able to benefit from their criminal conduct through the use of **Confiscation Orders**. These allow the courts to confiscate any benefit that a defendant may have received as a result of their crime.
- Under the confiscation process the courts are also able to ensure that victims are compensated for their loss by way of a **Compensation Order**.

Delays can often occur in receiving payments particularly if disposal of assets have to take place in order to satisfy a compensation or confiscation order. Hackney did not receive any payments from the Home Office as a result of POCA work in this period.

Type of Order	Number authorised in period	2015/16 to date	2014/15 total
Production	6	11	5
Restraint	1	1	0
Compensation	0	0	1
Confiscation	0	2	0
Total	7	14	6

Table 5

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REPORT OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

WHISTLE-BLOWING PROGRESS REPORT AUDIT COMMITTEE - 20 April 2017 STANDARDS COMMITTEE – 10 July 2017	Classification Public	Enclosures AGENDA ITEM No
	Ward(s) affected ALL	

1. INTRODUCTION

- 1.1 This report summarises the Council's corporate arrangements for Whistleblowing and provides members with an update of the cases received in 2016/17.
- 1.2 An effective whistleblowing hotline procedure is an essential part of the Council's corporate governance arrangements. It helps promote an open, honest and accountable culture amongst all workers where they can express their concerns without fear of victimisation or termination of employment.
- 1.3 The Audit Committee receives regular updates relating to whistle-blowing at its quarterly meetings as part of the Internal Audit Quarterly Update Report. This report is produced to provide members with an annual overview of whistleblowing arrangements within Hackney.
- 1.4 As part of the Council's whistle-blowing arrangements, a telephone hotline service is managed by the external provider Expolink, who operate a 24 hour, 7 day a week reporting service. This facility is advertised throughout Council buildings on staff notice boards as well as on the intranet. Details are also provided to all new recruits as part of their induction process.

2. SUMMARY

- 2.1 In keeping with previous years the level of whistleblowing referrals remains a low percentage of overall referrals to the Audit & Anti Fraud Investigations Team. Nevertheless, whistleblowing is an important component in the Council's reporting arrangements because it provides those who might otherwise be reluctant to do so with a process in which to raise their concerns.
- 2.2 A considerable number of referrals to Audit & Anti Fraud could fit the criteria for whistleblowing but in general, managers and staff tend to refer matters of concern under the requirements of the Council's Financial Procedure Rule 4.12 which states: -

"All issues of potential fraud/financial irregularity will be investigated in accordance with the Council's Anti-Fraud and Corruption Policy. Concerns

should be reported at the earliest opportunity to the Director, Audit and Anti-Fraud who will have lead responsibility for any subsequent investigation, in certain circumstances investigations may be carried out in collaboration with individual Group Directors.”

- 2.3 For clarity any member of staff referring irregularities to the Audit & Ant Fraud Service could expect to be afforded the same protection as if they were claiming to be a whistleblower.

3. RECOMMENDATIONS

3.1 That the Audit Committee note the contents of this report

3.2 That the Standards Committee note the contents of this report

4. RELATED DECISIONS

None

5. FINANCIAL CONSIDERATIONS

There are no financial implications arising from this report

6. COMMENTS OF THE DIRECTOR, LEGAL

- 6.1 The law on whistleblowing is contained in the Employment Rights Act 1996, as amended by the Public Interest Disclosure Act 1998. Whistleblowers have a right not to be dismissed or suffer any detriment as a result of making a protected disclosure. To be protected, the whistleblower must make a disclosure of information and reasonably believe that the information tends to show that one or more of the following has occurred or is likely to occur: -

- (i) a criminal offence;
- (ii) breach of any legal obligation;
- (iii) a miscarriage of justice;
- (iv) danger to the health and safety of any individual;
- (v) damage to the environment; or
- (vi) the deliberate concealment of information about any of the above.

- 6.2 The whistleblower is protected if the disclosure is made in any one of the prescribed ways laid down by law, one of which is to the employer. The Employment Rights Act 1996, section 47B provides that a worker has the right not to be subjected to any detriment by any act, or any deliberate failure to act, by the employer done on the ground that the worker has made a protected disclosure. A whistle-blowing policy is therefore recognised as essential to encourage and facilitate this.

- 6.3 The Council must satisfy itself that:-

- (i) that matters raised under the whistleblowing procedures are being properly dealt with and within reasonable timescales;
- (ii) that persons using the procedures are not in any way subject to reprisals for raising matters;
- (iii) that where complaints are substantiated that prompt and effective action is taken including the application of the Council's disciplinary procedures and any others of relevance

- (iv) that where financial and other irregularities are uncovered that a prompt and robust review of systems and processes takes place to mitigate the risk or opportunities or re-occurrence;
- (v) that any compliance lessons for the Council from the reported cases are being captured, disseminated and implemented.

6.4 Consideration of this Report is within the role of the Audit Sub Committee to monitor the Council's policies on 'Raising Concerns at Work' in respect of the anti-fraud and anti-corruption strategy.

7. BACKGROUND

7.1 Whistleblowing occurs when an employee reports a genuine concern that is in the public interest to be resolved. The Council encourages issues of concern to be raised, providing this is done in good faith (i.e. not maliciously). There is a legal framework in place to support those who blow the whistle to help to ensure that they do not suffer a detriment from doing so. The following are some of the things that concerns may be raised about: -

- Fraud and corruption within or against the Council
- A danger in the workplace
- Deliberate neglect of people in care
- Dumping damaging material in the environment

These are wide-ranging areas of concern, and the expertise to deal effectively with them lies with different Council departments.

7.2 Anyone who works for the Council, or who has recently worked for the Council, can 'blow the whistle'. Whilst protection afforded to whistleblowing only covers issues where there is a degree of public interest in reality many reports received relate to disgruntled staff and often do not result in the allegation being upheld.

7.3 The Whistleblowing Policy does not extend to members of the public or service users because the confidentiality and protection from reprisal issues either do not extend to these groups, or they operate in a very different way to how they affect staff. The Council has a complaints system through which the public and service users can report concerns. The public are also able to report concerns about fraud against the Council through the tenancy fraud and blue badge parking hotlines, or by reporting concerns directly to the Audit & Anti-Fraud Division.

7.4 Hackney Homes introduced whistleblowing policies in line with Hackney's own policy prior to reintegration in April 2016, and continue to follow these same regulations. Hackney Learning Trust staff are also covered by the Council arrangements following their reintegration, as are workers at the community maintained schools. Any investigations into allegations of fraud or irregularity arising from whistleblowing reports are carried out by the Council's Audit & Anti-Fraud Division.

7.5 Hackney Learning Trust staff also have access to Expolink as a means of reporting concerns, in addition to reporting to line management or Audit & Anti-Fraud.

7.6 There are no implications for the equalities policies of the Council as the whistleblowing policy is accessible to all staff and partners across the Council.

8. REFERRALS FOR THE PERIOD APRIL 2016 TO MARCH 2017

8.1 Whistleblowing reports to Expolink are reported as part of the quarterly Audit & Anti Fraud Progress Reports. A specific summary of all whistleblowing activity was last reported to Members in April 2016. The following table summarises Expolink activity in recent years.

	2014/15	2015/16	2016/17
Fraud & Corruption referrals	4	2	0
Other referrals	2	0	1
Total referrals	6	2	1

8.2 The concern that was reported under the category 'Other referrals' during 2016/17 comprises allegations of a breach of staffing policies and inadequate operational procedures.

8.3 Concerns of fraud or corruption can be reported in a number of ways. In addition to the matters raised through the Expolink telephone hotline (see section 1.4), workers may raise whistleblowing concerns through alternative channels and still be entitled to the same degree of protection that would be afforded if they had used the telephone hotline. Of the 38 internal investigations referred in 2016/17 to date 12 have been raised in this way (i.e. none via Expolink, 12 by other whistleblowing routes). The following table shows all referrals by department and fraud type, with whistleblowing cases identified in brackets:

Description	Neighbourhoods	Children, Adults & Community Health		Finance & Resources	Chief Executives	Total
	& Housing	CACH	HLT			
Theft of IT Equipment	0	0	0	0	0	0
Other Theft	1	0	0	1	0	2
Cheque/Credit card fraud	1	1	0	0	0	2
Immigration/ID issues	1	0	0	0	0	1
Employee issues	10 (6)	1	1 (1)	8 (2)	0	20 (9)
Payments, contracts, procurement	6 (1)	2	0	1	0	9 (1)
Housing irregularities	0	0	1	0	0	1
Staff parking	0	0	1	0	0	1
Other Theft	2 (2)	0	0	0	0	2 (2)
Total	21 (9)	4	3 (1)	10 (2)	0	38(12)

8.4 Whistleblowing referrals investigated by Audit & Anti-Fraud are dealt with under normal investigative procedures and outcomes regularly include recommendations on appropriate disciplinary action, advice on measures to be taken to address system weaknesses, and referrals to internal audit for follow-up action wherever more significant problems are identified. If concerns are more appropriately dealt with by another service (e.g. Human Resources) a referral is made. Outcomes of the 12 cases identified at section 4.3 (Table 2) are as follows:

- One employee was dismissed as a result of the investigation
- One employee is suspended pending management action
- Five cases remain under investigation
- No further action arose following five investigations

8.5 In relation to the legal comments contained in this report, it should be noted that every effort is made to protect the identity of the whistleblower in order to guard against the possibility of reprisals. It is not always possible to keep the identity confidential, but it is clear in the policy that any detrimental retaliatory actions arising from a whistleblowing concern being raised (for example, threats, disciplinary action or dismissal) will be regarded as a serious disciplinary offence.

9. FUTURE DEVELOPMENTS

9.1 New staff will continue to be provided with information about relevant Hackney procedures as part of the induction process (e.g. The Anti-Fraud & Corruption Policy, Code of Conduct, Whistleblowing Policy), together with contact details and information about the Expolink hotline service.

9.2 Contact details for Expolink will continue to be advertised electronically and on staff noticeboards.

9.3 The Audit Committee will continue to receive quarterly progress reports and an annual report on whistleblowing arrangements and investigation outcomes.

IAN WILLIAMS

Group Director of Finance and Corporate Resources

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Background papers:

None

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REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES		
INTERNAL AUDIT ANNUAL PLAN 2017/18 COVERING REPORT Audit Committee 20 April 2017	Classification Public	Enclosures Appendix 1 AGENDA ITEM No
	Ward(s) affected All	

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This reports enables the Audit Committee to consider and approve the proposed Internal Audit Annual Plan and resources for 2017/18 as part of its role in overseeing corporate governance.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

Consider and approve the proposed Internal Audit Annual Plan (attached as Appendix 1), which includes the key performance measures for 2017/18.

3. REASONS FOR DECISION

- 3.1 The Terms of Reference for the Audit Committee set out the key roles of the Committee including the requirement to: -

“maintain a strategic and independent overview of matters relating to corporate governance of the Council including audit, assurance and reporting arrangements and to consider reports dealing with the management and performance of the providers of internal audit services including progress reports, the Charter, Strategy and Annual Plan and to oversee the production of the Authority’s Annual Governance Statement and to recommend its adoption.”

- 3.2 For completeness, the Annual Plan covers Internal Audit's key performance measures and outlines audit work for the Council.
- 3.3 On 1 April 2013 Public Sector Internal Audit Standards (PSIAS) come into effect. The PSIAS require a risk-based plan that sets out how the internal audit service will be provided and developed in accordance with the charter and how it will link to the organisation’s objectives and priorities. They also require that the appropriate

'Board' approves the plan. The London Borough of Hackney has designated the Audit Committee as the 'Board' for this purpose.

4. BACKGROUND

The operational plan for the Internal Audit Service is provided in Appendix 1 and sets out the division of responsibilities between the Internal Audit Service and managers. It presents the Annual Internal Audit Plan and Key Performance Measures for 2017/18 and is submitted to Members for approval.

4.1 Policy Context

The work of the Internal Audit Service complies with the Public Sector Internal Audit Standards. Internal Audit reviews consider all applicable policies of the Council.

4.2 Equality Impact Assessment

This report does not require an equality impact assessment but where applicable equality issues and adherence to corporate policies would be considered in audit reviews.

4.3. Sustainability

Not Applicable.

4.4 Consultations

Consultation on the Internal Audit Plan has taken place with senior management.

4.5 Risk Assessment

The work of Internal Audit is based upon a risk assessment which covers all areas of the Council's activity and is continually changing to reflect new initiatives, risk areas and legislation. There is also continuous reassessment of risk as audits were undertaken, plus regular consultation with directors, chief officers and senior managers to ensure that account was taken of any concerns they raise.

5. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

5.1 The Council is required to provide sufficient resources to enable an adequate and effective internal audit service to be provided that meets its objectives. Internal Audit should have appropriate resources in order to meet its objectives and comply with the standards contained in the PSIAS.

5.2 The current level of resources is considered sufficient to develop and ensure delivery of the Internal Audit Annual Plan as set out in this report and provide the necessary assurance on the effectiveness of the system of internal control.

6. COMMENTS OF THE DIRECTOR, LEGAL

6.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. The Internal Audit Annual Plan together with the recommendation in this report facilitates the Council in discharging the obligation.

6.2 There are no immediate legal implications arising from the Report.

APPENDICES

Appendix 1 - Internal Audit Annual Plan 2017/18

BACKGROUND PAPERS

None

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London Borough of Hackney

Internal Audit Annual Plan 2017/18

1. Introduction

1.1 The terms of reference of the Audit Committee includes the following: -

‘To maintain a strategic and independent overview of matters relating to corporate governance of the Council including audit, assurance and reporting arrangements and to consider reports dealing with the management and performance of the providers of internal audit services including progress reports, the Charter, Strategy and Annual Plan and to oversee the production of the Authority’s Annual Governance Statement and to recommend its adoption.’

1.2 A key element of this consideration is the Annual Internal Audit Plan which provides details of the service’s operational approach, working methods and specific projects to be undertaken.

1.3 This document sets out the division of responsibilities between the Internal Audit Service and managers, and presents the Annual Internal Audit Plan and Key Performance Measures for 2017/18. The plan covers the London Borough of Hackney including the Housing function previously managed by Hackney Homes.

2. Statutory Requirements

2.1 Section 151 of the Local Government Act 1972 requires every local authority to ‘make arrangements for the proper administration of their financial affairs’.

2.2. The Accounts and Audit Regulations 2015 require the relevant authority to “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”

2.3. The regulations also require the relevant body to undertake an annual review of its corporate governance arrangements which includes its internal control systems and publish as part of its final account arrangement, an Annual Governance Statement (AGS) that provides assurance with regard to governance arrangements.

2.4. The Council has delegated to the Group Director of Finance & Corporate Resources (the Council’s Section 151 Officer) day to day responsibility to ensure the provision of a high quality internal audit service. The service is therefore required to work to professionally defined standards and in close liaison with the Group Director of Finance & Corporate Resources in providing the service.

2.5. The key elements utilised to meet the statutory requirements are: -

- The agreed strategic approach to the provision of audit services in the longer term
- The Internal Audit Annual Plan covering specifics for a given year
- The incorporation of best practice information/publications produced by relevant professional bodies
- The provision of working procedures within the Internal Audit Service

- 2.6 On 1 April 2013 new Public Sector Internal Audit Standards (PSIAS) come into effect. These encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) and replaces the Code of Practice for Internal Audit in Local Government in the United Kingdom to which the Council's Internal Audit Service previously complied. The PSIAS now apply to all internal audit service providers, whether in-house, shared services or outsourced.
- 2.7 The Internal Audit Charter 2015/16 and the Internal Audit Strategy (presented to the Audit Sub Committee in January 2016) were amended to reflect the PSIAS.
- 2.8 The PSIAS require a risk-based plan that sets out how the internal audit service will be provided and developed in accordance with the Charter and how it will link to the organisation's objectives and priorities.

3. Main Objectives

- 3.1 The overall objective of the Internal Audit Service is the provision of a quality, service that meets: -
- The statutory requirements placed on the Council
 - The individual needs of our customers and stakeholders
 - The wider needs of Hackney and its community
 - The professional standards set for the provision of internal audit services
- 3.2 The provision of the Internal Audit Service is core business of the Council and major individual objectives incorporated in the 2017/18 planning process are:
- To provide assurance to management that the Council's internal control systems are adequate, effective and are operating as intended.
 - To provide an annual audit opinion based on the work of internal audit together with other sources of assurance.
 - To ensure that the statutory requirements of the Accounts and Audit Regulations 2015 in relation to a published Annual Governance Statement (AGS) are met at both local and corporate levels.
 - To implement planned reviews of key main systems and procedural controls, evaluating and assessing these and recommending improvements where necessary.
 - To ensure that the key areas of Council activity are reviewed within the strategic planning cycle and takes into account the Council's objectives and priorities.
 - To provide a comprehensive service to management in the specialist areas of computer audit and special investigations.
 - To investigate identified or suspected cases of fraud and irregularity within the Council.
 - To ensure a planned approach to anti-fraud initiatives and develop this function as an expanded initiative in the work of the Ant-Fraud Service.
 - To provide a comprehensive fraud awareness training programme for officers throughout the Council directorates.
 - To undertake work in developing our partnership working arrangements with external agencies, Metropolitan Police and our External Auditors.

4. Division of Responsibilities

- 4.1 It is management's responsibility to manage the systems of the Council in a manner which:
- ensures the plans and intentions of the organisation are delivered, (including those outlined in plans, policies and procedures) and are in compliance with the laws/regulations under which the organisation operates;
 - ensures the reliability of data and information used either internally or reported externally;
 - safeguards the organisation's resources; and
 - promotes efficient and effective operations.
- 4.2 Internal control is an integral part of managing operations and as such internal auditors independently review how effectively management discharges this aspect of its responsibilities by evaluating the effectiveness of systems and controls and providing objective analyses and constructive recommendations. Management retains full ownership and responsibility for the implementation of any such recommendations.

5. Audit Resources

- 5.1 The Council is required to provide sufficient resources to enable an adequate and effective Internal Audit service to be delivered that meets its objectives. Internal Audit should have appropriate resources in order to meet its objectives and comply with the standards contained in the PSIAS.
- 5.2 The current level of resources is considered sufficient to develop and ensure delivery of the Internal Audit Annual Plan and provide the necessary assurance on the effectiveness of the system of internal control.
- 5.3 **Current Audit Establishment**

The service is currently managed by the Director of Audit & Anti Fraud, however, this post is to be deleted in April 2017 following the restructure of the Council. The new post of Corporate Head of Audit, Anti-Fraud & Risk Management will oversee the work of the Division after this date. A restructure of the Audit and Anti Fraud Service is in progress and the new structure is largely in place but not yet complete. The following reflects the new structure.

The Audit and Anti-Fraud Service consists of two distinct functions:-

Internal Audit Team

An in-house team was established in 2011, it is responsible for the delivery of the annual internal audit plan. The team comprises the Head of Internal Audit and Risk Management (position in the process of being recruited to) and six Auditors. There is a further contingency allowance of 120 days to buy in specialist IT audit skills.

Anti Fraud Teams

The Audit Investigation Team (AIT) and Pro-Active Anti-Fraud Teams (PAFT) are responsible for carrying out anti-fraud work and investigations into fraud and irregularity across all Council directorates. The teams comprise two investigations managers and 14.6 investigators (three of these posts are

currently vacant while the Division completes a restructure). The service also has responsibility for overseeing a number of corporate functions (i.e. Regulation of Investigatory Powers Act (RIPA), Proceeds of Crime Act (POCA), Whistleblowing and Money Laundering).

Dedicated personnel are in place within the AIT and PAFT to deal with the following specific fraud threats:

- One full time investigator from the AIT is dedicated to supporting the Children & Young Peoples Service Over-staying Families Intervention Team (OFIT).
- A Tenancy Fraud Team (TFT) comprising six officers. Hackney continues to support this work at the current resourcing level, despite a central government grant that had been in place for several years being withdrawn at the end of March 2015.
- Two Proactive Anti-Fraud Team (PAFT) investigators provide additional assurance that works carried out under Hackney contracts give value for money in what is a significant area of expenditure. The initiative was initially part-funded by a central government counter fraud grant and has since been resourced solely by the Council.

5.4 Analysis of Project Time

An analysis has been undertaken of the time available to undertake project work. This analysis incorporates an in-depth assessment of those areas of time that are considered as 'non-available' time in addition to the unavoidable lost time for annual leave, bank holidays.

This 'non-available' time includes corporate management issues, external audit liaison, staff meetings/briefings, training, annual leave, etc. After making allowances for these areas a net amount of productive audit time is available for project work.

5.5 Available Audit Time

During 2017/18 it is estimated that the total time available for internal audit project work will be 1346 days, in addition time available for anti-fraud is estimated to be 2616 days. This does not take account the expectation that the division will support the continued development of the Council's Chartered Institute of Public Finance & Accountancy (CIPFA) graduate trainees, however as no definite timeframes have been agreed no allowance has been made for this resource in the plan.

Table 1: Productive Days Available 2017/18

	Internal Audit Team	Investigation Teams	Total Days	Percentage
Gross Days Available	1960	4359	6319	100%
Less Unproductive Time:				
Management/Advice*	172	810	982	
Leave, training, etc.	442	933	1375	
Productive Days Available	1346	2616	3962	59%

*This includes all of the available time of the Corporate Head of Audit, Anti-Fraud & Risk Management

6. The Audit Approach

- 6.1 Internal Audit is responsible for providing an opinion on the internal control environment within the Annual Audit Report. The Annual Audit Plan governs each year's activity and at the completion of each audit a report is produced for management with recommendations for improvement.
- 6.2 For each report issued, the recommendations are categorised as High, Medium or Low priority. In addition each report contains an opinion on the level of internal control operating within the area being audited, ranging from Significant to No Assurance. The annual assessment of the Council's overall internal control environment is based on the level of assurance applied to each area audited. The annual opinion then forms part of the review of the effectiveness of the Council's governance framework and is included in the Annual Governance Statement.
- 6.3 The service places great emphasis on an integrated approach to its work that links systems, regularity and computer reviews for specific areas to the service's work on anti-fraud initiatives in what are considered key risk areas.
- 6.4 The other key factor in the approach adopted by Internal Audit concerns the assessment of 'risk' factors in the planning process. In developing the operational plan it is important that audit resources are directed in line with the priorities of the Council/associated body taking into account assessment of risk.
- 6.5 The Division utilises a number of means to identify significant risk areas and has incorporated these in its planning process. These include: -
- Corporate work undertaken by risk management and audit staff in relation to the production of the Annual Governance Statement (AGS)
 - The Council's list of key corporate risk areas
 - Individual risk registers at both directorate and service level
 - Local workshops with the Audit Investigation Team to consider targeted areas for anti-fraud work
 - Individual audit assessments of risk for specific project work
- 6.6 Key elements of the overall analysis include: -
- The size of the risk or exposure
 - The likelihood that the risk will materialise
 - Any mitigating controls in place
 - The probability of the consequences being detected if the risk does not materialise.
 - The date of the last audit and the assurance level given
 - Known areas of change within the Council and external changes (e.g. legislation)
 - Other sources of assurance
- 6.7 The approach results in a plan that is supportive of Chief Officers/Directors in delivering the strategic priorities and corporate improvement priorities of the organisation, provides a view on the overall internal control environment and gives assurance that all directorates/services are covered in a given period and

that the approach is consistent throughout the Council. All of which are key to good corporate governance.

6.8 In addition to the above, individual risk assessments on project work are undertaken and audit reports provide management with advice on risk issues as part of the action plan developed for each audit review.

6.9 Details of the approach to specific work areas can be defined as follows: -

Regularity / Systems & Computer Work

- Work in this area comprises the 'core' function of Internal Audit's workload. The systems and regularity plan is based on a strategic cycle with the intention of ensuring that a comprehensive review process is undertaken in the main areas of council activity within all council directorates during that time.
- Audit systems reviews will assess the quality and integrity of the internal control process that is built into the specific operating systems. The basis of systems review will be the preparation and production of a key control matrix, which will identify, assess and test the specific controls applying to a system. This work will be designed to provide assurance that systems are controlled and secure and where necessary will make recommendations for improvement.
- A number of regularity audits will be undertaken to consider areas of departmental activity incorporating in-depth testing of particular areas to provide confirmation that specific systems controls are operating satisfactorily.
- Additional work will include:
 - Reviewing the adequacy of the controls and security of existing computer applications and installations.
 - Evaluation and advice on controls prior to the implementation of new computer systems.
 - Maintaining an overall involvement in the corporate management of information technology issues on a council-wide basis including corporate advice on the implementation and monitoring of standards and new policy initiatives.
- Although the majority of audit work can be planned there are occasions when individual planned audits cannot be undertaken (for example, significant change takes place in the audit area). In these circumstances attempts will be made to replace the audit with a suitable replacement in agreement with the relevant Chief Officer.
- Unforeseen work can arise due to new areas of service provision or increased risk which is appropriate to audit within the year. Therefore, in order to allow some flexibility, a contingency allowance is also made to enable such work to be undertaken without adversely affecting the delivery of the planned audit work.

Audit Investigations Work

- Reactive counter-fraud referrals are received regularly. These invariably require urgent priority attention and sometimes develop into more wide-

ranging projects which might encompass entire systems or business areas.

- During the year 2017/18 resources from the Audit Investigation Team will also be used to carry out proactive reviews. During the year the team will target a variety of particular areas within the many services run by the Council and will carry out anti-fraud initiatives utilising a variety of audit techniques and link this with the work of the Internal Auditors.
- As in previous years, the team will be involved in the National Fraud Initiative (NFI) now organised by the Cabinet Office. This is an ongoing exercise which involves a countrywide computer data match of information held by all local authorities, the NHS and other public sector bodies in order to detect potential fraud and irregularity. Existing matches will continue to be investigated and new data will be matched later in 2017/18.
- The Public Interest Disclosure Act 1998 requires all public bodies to put in place a system for dealing with anonymous allegations against members of staff within the organisation. The Council has in place an independent 'Whistleblowing' telephone hotline in order to meet its obligations under this Act. The Audit Investigation Team is responsible for investigating any issues of potential fraud and irregularity that arise through this facility.
- The Corporate Head of Audit, Anti-Fraud & Risk Management is responsible for overseeing the Council's activities under the Regulation of Investigatory Powers Act (RIPA). One officer on the Audit Investigation Team has specific responsibilities for maintaining the corporate records and ensuring compliance.
- The Corporate Head of Audit, Anti-Fraud & Risk Management has corporate responsibility for activities under the Proceeds of Crime Act (POCA). This is an expanding area of activity for the Council. The powers enable accredited officers to apply to the courts to confiscate funds in criminal cases. Two members of the team have been accredited as a Financial Investigators under the powers of POCA. Officers in other departments such as Trading Standards are also accredited to undertake this work.
- Members of the team will continue to represent the Council in corporate initiatives both within the authority and on London wide steering groups (e.g. London Public Sector Counter Fraud Partnership and London Boroughs Fraud Investigators Group). Representation on these groups ensures the team remains in the forefront of investigations work within London.

6.10 Details of the projects included in the Annual Audit Plan for 2017/18 are attached as Annex 1.

7. Efficiency & Performance Management

7.1 Client Liaison

The Audit Service issues satisfaction surveys to auditees at the end of each review. Responses received are used to assess any problem areas regarding the quality of our product and enable action to be taken to rectify matters.

7.2 **Key Performance Indicators (KPIs)**

The objectives of the service for 2017/18 and the KPIs which will be used to measure cost and efficiency, quality, client satisfaction and continuous improvement throughout the year are shown in Annex 2.

8. **Audit Training Initiatives**

8.1 The current Internal Audit Team hold relevant qualifications including CIPFA, IIA, ICAEW and AAT. All the permanent auditors have considerable experience in internal audit both in the public and private sector.

8.2 Members of the Anti-Fraud Teams hold various qualifications including Accredited Counter Fraud Specialist (ACFS) or equivalent, PiNS, POCA Financial Investigator and Senior Authorising Officer.

8.2 Individual members of the in-house team have a personal responsibility to undertake a programme of continuing professional development to maintain and develop their competence. This is achieved through professional training, attendance at ad-hoc seminars and in-house training courses. The Division also supports the Corporate Professional Training Programme. Training needs are assessed on an ongoing basis and are formally reviewed annually as part of the Council's staff appraisal processes.

8.3 Staff will continue to receive training opportunities to ensure that the needs of the service and personal development requirements are met. A variety of training initiatives for Internal Audit staff to be undertaken during 2017/18 and onwards will include: -

- Continuous Personal Development opportunities for all members of the division.
- Refresher training in respect of RIPA and Money Laundering for relevant officers.
- Training/Accreditation for relevant officers in respect of POCA.

These training and development initiatives will provide the members of the division with the necessary skills to assist in the achievement of the audit plan.

Annual Audit Plan 2017/18

ASSIGNMENTS	DAYS
ALL	
Annual Governance Statement	
IR35	
Car Mileage Claims	
Gifts and Hospitality	
Sub Total	65
CHIEF EXECUTIVE'S	
New Payroll/HR System	
Payroll -	
Service Payroll	
Staff Agency Contract	
Vountary Sector Grants	
Speakers Office	
Sub Total	100
GROUP DIRECTOR CHILDREN, ADULTS & COMMUNITY HEALTH	
Adult Services/Public Health	
Adult Learning Disabilities	
Public Health Contracts	
Home Care/Domicilliary Services	
Residential Care Placements	
Direct Payments	
Sub Total	100
Children & Families Services	
Youth Club Services	
Adoption Allowances	
Sub Total	35
Education and Schools	
Overview of school findings and benchmarking	
IT Services in Schools	
Roll Numbers in Schools (Form 7?)	
Building School for the Future	
Traded Services Customer Satisfaction	
Sub Total	95
Schools	
Secondary Scools	
Yesodey Hatorah	
Primary Schools	
Hoxton Gardens	
Gainsborough	
Grasmere	

Holmleigh Follow Up	
Holy Trinity CE	
Lauriston	
Lubavitch Junior Girls	
Millfields PS and CC	
Morningside	
Nightingale	
Rushmore	
St Matthais	
St John and St James	
Children Centres	
Comet Children Centre	
Lubervitch Children Centre	
Linden's Children Centre	
Special Schools/PRU	
Sub Total	93
GROUP DIRECTOR - FINANCE AND CORPORATE RESOURCES	
Financial Management	
Insurance	
Creditors/ Central Payments Team	
My budget - Monitoring	
VAT	
Bank Accounts	
Accounts Receivable	
Strategic Property	
Commercial Voids	
Procurement	
To be confirmed	
Customer Services	
Use of the CIS (DWP) system	
Revenues and Benefits – NNDR	
Revenues and Benefits - Housing Benefit	
Council Tax	
Social Housing Contract Monitoring Follow Up	
Online Payments/Telephone Payments	
Sub Total	245
Director ICT	
Software Licencing	
Telephone Contracts - Monitoring	
Information Governance - Compliance to GDPR	
Academy - Applications Review	
E Street - Post Implementation Review	
Network/Firewall/Wireless Security	
Disaster Recovery	
Sub Total	130

GROUP DIRECTOR NEIGHBOURHOODS AND HOUSING	
Regeneration	
Leaseholders Buy Back	
Sub Total	15
Housing	
Leaseholders Charges Debt Collection	
Gas Servicing	
Rent Collection (Arrears and Debt Recovery)	
TMO (rolling Programme)	
Contract Monitoring	
Sub Total	88
Public Realm	
Planning Enforcement - Breeches	
Hackney and City Tennis Club	
Building Control Fees	
Parking PCN	
CILS (Section 106 Agreements)	
Sub Total	80
Audit Management	
Plan Delivery, contingencies, 2016/17 work in progress, follow ups, progress reports and ad hoc minor requests/Liaison with Management/Committee Reporting/Advice and Information	300
Total Available Days	1346

Internal Audit Operational Plan 2016/17

Objectives, Key Performance Indicators (KPI's) and Targets for 2017/18		
Cost & Efficiency Objectives	KPI's	Targets
1) To ensure the service provides Value for Money	1) Percentage of annual plan completed by 31 March 2) Average number of days between end of fieldwork to issue of draft report	1) 90% 2) Less than 15 working days
Quality Objectives	KPI's	Targets
1) To maintain an effective system of Quality Assurance 2) To ensure recommendations made by the service are agreed and implemented	1) Percentage of agreed significant recommendations which are implemented in agreed timescales	1) 100%
Client Satisfaction Objectives	KPI's	Targets
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Opinion of External Auditor 2) Results of Post Audit Questionnaires 3) Results of other Questionnaires 4) No. of Complaints / Compliments	1) Satisfactory opinion 2) Average score of satisfactory and above 3) Satisfactory results 4) No target – actual numbers will be reported
Continuous Improvement Objectives	KPI's	Targets
1) To ensure that the service develops in line with modern thinking and practice on Internal Auditing	1) Internal/External assessment under the Public Sector Internal Audit Standards	1) Internal Audit team conforms with the PSIAS

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PERFORMANCE OVERVIEW

**AUDIT COMMITTEE
MEETING DATE 2016/17**

20 April 2017

CLASSIFICATION:

Open

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED

All Wards

GROUP DIRECTOR

Ian Williams Group Director Finance & Corporate Resources

1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This reports introduces a draft set of performance indicators that are to be reviewed by the Audit Committee on a regular basis as part of the Committee's overview of the Council's "health". The report is intended to be encourage discussion at Committee regarding what will be brought forward in future, rather than a review of the indicators presented.
- 1.2. The report also sets out some initial thoughts regarding future monitoring of the Council's capital programme at Audit Committee, following on from discussions at previous meetings regarding the changing nature of the programme, specifically in terms of the risks presented by the financing of regeneration and other mixed use development schemes.

2. RECOMMENDATION(S)

2.1 The Audit Committee is recommended to:

- **Consider the draft list of performance indicators presented at 4.6.4 of this report and to agree arrangements for reporting on regular basis going forward**
- **To note the current capital monitoring arrangements and consider future enhancements to the reporting to Audit Committee**

3. REASONS FOR DECISION

- 3.1 The Audit Committee are "those charged with governance" in respect of the Council's annual statement of accounts, treasury management strategy and other financial matters. As such, the Committee have asked for more overview of the Council's performance in order they can be comfortable that value for money is being achieved and that they can fulfil their governance role in the widest sense.

4. BACKGROUND

4.1 Policy Context

The review of performance and the risks arising from the delivery of the capital programme are key areas for consideration of the Audit Committee in order for them to fulfil their overall governance role.

4.2 Equality Impact Assessment

This report does not require an equality impact assessment.

4.3 Sustainability

Not Applicable.

4.4 Consultations

The Chair of The Audit Committee has been consulted along with the Head of Governance and Business Intelligence, Cabinet Member for Finance and the Group Director of Finance & Corporate Resources.

4.5 Risk Assessment

Not applicable

4.6 PERFORMANCE INDICATORS

4.6.1 Audit Committee have over several meetings discussed their requirement to be able to consider the performance of the Council on an ongoing basis. This leads on from the role the Committee to approve the annual accounts of the authority, agree and monitor treasury management strategy and to keep under review risk management across the Council.

4.6.2 The Members have asked for a set of top level indicators to be developed and presented to the Committee for consideration, with a view to an agreed set being adopted for regular reporting and consideration at future meetings. This will help to strengthen the governance role of the Committee in its wider sense.

4.6.3 It is intended that the performance indicator set used provides a strategic overview of the performance of the Council, focusing on key areas of the Council's services and their delivery.

4.6.4 It is further intended that the indicators used should already be available within the performance management framework of the Council and to this end, the Head of Governance and business Intelligence has suggested a range of current indicators that are measured across the Council. These are set out below:

1. Adults
 - a. All delayed transfers of care from hospital per 100,000 population
 - b. % of clients receiving a review (Service standard)
2. Children
 - a. % of child protection cases reviewed within required timescales
 - b. Achievement of 5+ A*-C grades at GCSE or equivalent including English and Maths
 - c. Achievement of level 3 qualification by age of 19
 - d. % of children in year 6 with height and weight recorded who are obese
 - e. Stopping smoking – Number of smokers that quit for 4 weeks or more
 - f. Rate of proven re-offending by young offenders
3. Human Resources
 - a. Sickness 12 month rolling average
 - b. % of employees aged 50 or over
 - c. Top 5% of earners – ethnic minorities
 - d. Top 5% of earners – women

4. Policy & Performance
 - a. Number of residents registered with Ways into Work and receiving information, advice and guidance
 - b. Number of Ways into Work clients moving into jobs, apprenticeships, work placements
 - c. Number of Resolution Stage complaints received by the Council
5. Revenues and Benefits
 - a. Time taken to process Housing Benefits new claims and change events
 - b. Number of households living in temporary accommodation
 - c. % of current year Council Tax collected (QRC basis)
 - d. % of non-domestic rates collected
6. Housing
 - a. Gross turnaround for all voids – days
 - b. % of repair appointments kept
 - c. Re-lettable voids as % of stock
 - d. Rent arrears as % of total rent debit
 - e. Total value of rent arrears (YTD)
 - f. % of repairs completed on first visit (based on tenant satisfaction)
 - g. % of repairs completed on first visit (based on quantitative data – DLO only)
7. Public Realm
 - a. Number of PCNs issued – total
 - b. PCN recovery rate – including estates
 - c. % of major planning applications determined within 13 weeks
 - d. % of minor planning applications determined within 8 weeks
 - e. % of other planning applications determined within 8 weeks
 - f. % of open planning enforcement cases less than 4 years old
 - g. Improved street and environmental cleanliness: levels of litter
 - h. Improved street and environmental cleanliness: levels of detritus
 - i. Improved street and environmental cleanliness: levels of graffiti
 - j. Improved street and environmental cleanliness: levels of flyposting
 - k. Residual household waste per household
 - l. % of household waste sent for re-use, recycling and composting

4.6.5 Each of these indicators will be provided on a regular basis in table format along with trend analysis and comparison to previous year and against target. Examples of this will be presented at the meeting via presentation from the performance monitoring software, Covalent.

4.7 CAPITAL PROGRAMME MONITORING

4.7.1 As part of the regular review of treasury management activity and approval of the annual Treasury Management Strategy, Audit Committee have sight of the capital financing requirement (underlying requirement to borrow) of the authority on an ongoing basis.

- 4.7.2 It has been noted by Committee that the Council is expecting to move from a debt free position to a substantial external borrowing position over the coming year, mainly due to the delivery of an ambitious capital programme that requires forward funding, pending future sales of private residential units on completion of regeneration and other mixed use development schemes.
- 4.7.3 Such a change brings additional risk to the delivery of the programme as well as potential impact on the finances of the Council. This risk arises mainly from two issues – potential volatility of the housing market affecting sales volume and value going forward, and increasing building costs as a result of the weaker GBP against other major currencies.
- 4.7.4 Audit Committee already receive quarterly updates on treasury management activity, including an overview of the level of investments and borrowing that have been undertaken by the Council to manage its cash flow position and ensure sufficient resource is available to meet the capital expenditure plans.
- 4.7.5 This reporting will be enhanced in future to include an update on the main areas of the capital programme. In the first instance, the quarterly monitoring that is included in the regular Overall Financial Position (OFP) Report to Cabinet will be included in future performance review reports to Audit Committee. This will be supplemented with the latest forecast capital financing summary, thus allowing further insight into capital resources available to the Council and more detailed review of actual borrowing required.
- 4.7.6 In addition it is intended, over time, to develop the capital monitoring reports to Cabinet and hence to Audit Committee, to include more discrete data regarding the actual delivery of the capital programme. This is in recognition that the current reporting focuses on the financial elements (i.e., actual outturn compared to budget expenditure) but does not give too much indication of progress of the scheme, although the RAG rating of individual schemes is intended to give a high level indication of this.
- 4.7.7 An extract from the latest OFP regarding the capital monitoring information to be provided to Cabinet in April is attached as an appendix to this report for information.

5. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 5.1 The contents of this report are a result of a number of discussions with the Chair and members of the Audit Committee regarding future enhanced performance reporting in order to strengthen the governance role of the Committee.
- 5.2 It should be noted that the proposals within this report are still at relatively early stages of development, particularly in respect of enhanced capital monitoring and reporting, although are intended to offer a sound basis for reporting and discussion going forward.

- 5.3 Officers will continue to work with the Chair and members of the Audit Committee, in conjunction with the Cabinet Member for Finance and the Head of Governance and Business Intelligence, in order to enhance the reporting offer to ensure that it provides the strategic overview of Council performance and risk that the Committee require.

6. COMMENTS OF THE DIRECTOR, LEGAL

- 6.1 The Council has a general duty as a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness under the Local Government Act 1999, section 3.
- 6.2 The Audit Committee has the responsibility to consider the Council's arrangements to secure value for money and review the assurances and assessments on the effectiveness of these arrangements. This Report is part of those arrangements.

APPENDICES

Appendix 1 - Extract from February OFP re Capital Monitoring

BACKGROUND PAPERS

None

Report Author	Michael Honeysett ☎020-8356 3332 michael.honeysett@hackney.gov.uk
Comments of the Group Director, Finance and Corporate Resources	Michael Honeysett ☎020-8356 3332 michael.honeysett@hackney.gov.uk
Comments of Director, Legal	Patricia Narebor ☎020-8356 2029 patricia.narebor@hackney.gov.uk

Capital Monitor Extract from February OFP Report

4.8 Capital

The February Capital Programme monitoring report for the financial year 2016/17 shows that the revised capital programme for 2016/17 as at 28 February 2017 is £214,265k, (non-Housing schemes totalling £110,007k and Housing schemes totalling £104,258k).

The actual year to date capital expenditure for the eleven months April 2016 to February 2017 is £139,242k. The full year projected outturn is currently £187,017k, £27,749k below the revised budget of £214,265k. In each financial year, two reprofiling exercises within the capital programme are carried out in order that the budgets and therefore monitoring reflect the anticipated progress of schemes. The first reprofiling exercise for 2016/17 was reported to Cabinet in November 2016 and the second reprofiling exercise for 2016/17 was reported to Cabinet in January 2017.

Explanations for the major variances are contained within the Directorate comments below and a full list of schemes, including variances and comments on progress, are available from the corporate Capital Team.

TABLE 1: Summary of Capital Projected Outturn

	Revised Budget Position 28 Feb 2017	Spend as at 28 Feb 2017	Projected Outturn	Variance (Under/Over)
	£'000	£'000	£'000	£'000
Chief Executive	256	54	577	321
Children, Adults & Community Health	46,486	27,271	32,583	(13,903)
Finance and Corporate Resources	34,699	26,903	36,282	1,582
Neighbourhoods	28,566	13,943	24,145	(4,421)
Total Non-Housing	110,007	68,172	93,587	(16,421)
Housing AMP Capital Schemes HRA	47,366	33,694	44,199	(3,168)
Council Capital Schemes GF	1,787	1,145	1,993	206
Private Sector Housing Schemes	1,159	1,119	1,272	113
Estate Renewal Programme	49,634	31,632	41,652	(7,982)

Other Regeneration Schemes	4,312	3,480	4,314	2
Total Housing	104,258	71,070	93,430	(10,828)
Total Capital Expenditure	214,265	139,242	187,017	(27,249)

Chief Executive Services

The current forecast is £577k, £321k above the revised budget of £256k. Of the 15 schemes, 7 have been coded with a traffic light of green and 8 amber.

The main variance between forecast expenditure and revised budget is the Hackney Wick Regeneration which has been re-profiled to 2017/18.

Children, Adults and Community Health

The current forecast is £32,583k, £13,903k below the revised budget of £46,486k. Of the 86 schemes, 68 have been coded with a traffic light of green and 18 amber. The main variance between forecast expenditure and revised budget is Nile Street and Tiger Way which are reporting underspends. The contract started in November 2016 therefore, as previously noted, both have been re-profiled to future years.

Finance and Corporate Resources

The current forecast is £36,281k, which is £1,582k above the revised budget of £34,699k. Of the 113 schemes, 62 have been coded with a traffic light of green and 51 amber. The variance is a result of a number of schemes where funding has been reprofiled and will be adjusted at outturn.

Neighbourhoods:

The current forecast is £24,145k, £4,421k below the revised budget of £28,566k. Of the 208 schemes, 108 have been coded with a traffic light of green and 100 amber. The main scheme which is forecasting a variance between forecast expenditure and revised budget is Hackney Marshes project. The project is due to be completed in 2017/18 and the underspend is fully committed against contract value.

Housing - AMP Capital Schemes Housing Revenue Account:

The current forecast is £44,199k, £3,168k below the revised budget of £47,366k. Of the 53 schemes, 21 have been coded with a traffic light of green and 32 amber.

The overall underspend in this area relates to delays in the procurement process of various contracts causing delays in the commencement of works.

Housing - Council Capital General Fund:

The current forecast is £1,993k, £206k above the revised budget of £1,787k. Of the 6 schemes 2 have been coded with a traffic light of green and 4 amber.

Housing – Private Sector Housing:

The current forecast is £1,272, £113k above the revised budget of £1,159k. Of the 7 schemes, 5 have been coded with a traffic light of green and 2 amber.

Housing - Estate Renewal:

The current forecast is £41,652k, £7,982k below the revised budget of £49,634k. Of the 37 schemes 33 have been coded with a traffic light of green and 4 amber.

The main variance between forecast expenditure and revised budget is Kings Crescent which is reporting a £5,000k underspend which is due to delays in project completion. The project is now scheduled for completion in 2017/18.

Housing – Other Regeneration:

The current forecast of £4,312k is £2k above the revised budget of £4,314k. Of the 12 schemes, all have been coded with a traffic light of green.

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REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

ANNUAL REPORT OF THE AUDIT COMMITTEE Council 1 March 2017	Classification Public	Enclosures Appendix 1 AGENDA ITEM No
	Ward(s) affected All	

1. GROUP DIRECTOR'S INTRODUCTION

The purpose of this report is to detail the role of the Audit Committee (the Committee) and summarise the key activities and achievements in 2016/17 that demonstrate how the Committee has fulfilled this role effectively and to measure consistency with the guidance issued by the Public Sector Internal Audit Standards (PSIAS) and other statutory requirements.

2. RECOMMENDATION(S)

The Council is recommended to: -

- 2.1 **Note the Annual Report of the Audit Committee set out in Appendix 1.**

3. SUMMARY

- 3.1 The Annual Report of the Audit Committee outlines key developments in: -

- Internal Control
- Internal Audit
- Risk Management
- External Audit
- Anti Fraud & Corruption
- Financial Reporting

- 3.3 In reviewing the performance of the Audit Committee against the Public Sector Internal Audit Standards (PSIAS) and in the areas mentioned above, the judgement is that the Committee has fulfilled its role effectively.

- 3.4 The report is a self assessment of the activities of the Audit Committee during 2016/17.

4. OVERALL CONCLUSION

- 4.1 As detailed and evidenced in the Annual Report, the Audit Committee discharged its duties effectively and has played a significant role in developing and improving internal control and governance arrangements within the Council.
- 4.2 Opportunities for further strengthening the performance and effectiveness of the Audit Committee have been identified and these will be addressed through a programme of development sessions delivered to members on issues including:
- 1) Treasury Management
 - 2) Anti Fraud
 - 3) Risk Management

5. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 5.1 This report looks back over the last year and as such there are no financial effects arising from the recommendation. It is recognised however that an effective Audit Committee can help to both reduce risk and strengthen the control environment in which the services are provided. Through its consideration and approval of the accounts, the risk and treasury management strategies, it can also help to ensure that the financial risks to the Council arising in the future are appropriately managed.

6. COMMENTS OF THE DIRECTOR, LEGAL SERVICES

- 6.1 The Council has a best value duty under the Local Government Act 1999 to ensure that it is securing economy, efficiency and effectiveness in the use of its resources.
- 6.2 Section 151 of the Local Government Act 1972 provides that 'every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'.
- 6.3 Part of the proper administration of the Council's affairs must encompass the obligation on the Council to have its accounts audited in accordance with the Audit Commission Act 1998 by an appointed party.
- 6.4 The Council's Constitution gives the Audit Committee responsibility for considering reports dealing with the management and performance of the providers of internal and external audit services. The annual report of the Audit Committee details how the audit matters in this Report and Appendix 1 have been addressed to discharge the statutory obligations.
- 6.5 There are no immediate legal implications arising from the Report.

Ian Williams

GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

Report Originating Officer:	Tracy Barnett	☎020-8356 3119
Financial considerations:	Michael Honeysett	☎020-8356 3332
Legal comments:	Patricia Narebor	☎020-8356 2029

List of Appendices

Annual Report of the Audit Committee 2016/17

ANNUAL REPORT OF THE AUDIT COMMITTEE 2016/17

1. CHAIR'S INTRODUCTION

- 1.1 The Audit Committee became a full committee of the Council in May 2016 and held its first meeting in June 2016. Over the year, the Committee has worked hard to ensure we have strong, well-embedded internal control and governance arrangements as the foundation both for the Council's service improvement programme and, as important, for our credibility in the eyes of the public.
- 1.2 Our approach has been based on a continuous review of the Council's past performance, current risks and future prospects. First, we have looked at our past operations to ensure that the Council has complied with statutory requirements and good practice. Second, we have reviewed the Council's current performance, concentrating on assessment of the Council's readiness to cope with the corporate and service risks and opportunities it currently faces. Third, we have looked forward, by reviewing the Council's capacity and plans to cope with future challenges.
- 1.3 In all three areas, we have been satisfied with the Council's performance and its compliance. We were especially pleased with the rapid reporting of the previous financial year results (completed within 6 months of the year end) and with the system of reviewing current service risks. We also received very positive reports about the management of the Council's funds and the results of oversight by the internal audit team. In the case of the Anti Fraud Service, we can point to savings in the region of £4m as a direct result of the work of the anti fraud teams. In terms of future planning, the external auditors reassured us that our plans to cope with the Council's expected level of revenue reductions are soundly based.
- 1.4 However, given an ever more challenging financial environment, we want to strengthen our approach in all three areas. To improve our capacity to review past compliance and correct any issues, the Council's final accounts will be turned around by July, just four months after year end. We are also aiming to improve our assessment of current performance, by creating a small range of high level 'health' indicators of the Council's service and financial performance. This will help provide both us as Councillors, and the public to have a sense of how the Council is performing overall and give an early warning of any problems. Another initiative to reassure the Council about our ability to cope with current threats and opportunities, is our quarterly review of progress in the areas of high risk identified in our service reviews.
- 1.5 In terms of the very significant challenges we face over the next few years, it is crucial that the Council has the plans and the robust organisation necessary to meet the forecast reductions in Government financial support. As well as having credible cost reduction plans in place, we must also be able to develop the capacity to take a leading role in developing the Borough. The Mayor has already taken some important initiatives in this area, setting up cross Cabinet Boards to lead key development projects. This broad-based approach will be essential if the Borough is to make the best use of its assets for the benefit of residents. There will be a corresponding challenge for the Committee to ensure there is adequate oversight of the risks attached to these projects.

- 1.6 The Committee receives very full and regular reports on management of our revenue budgets. However, as the Borough's population grows and as the Council takes a bigger role in development of the Borough, the management of the Council's capital spending programme is becoming critically important. We will therefore be receiving reports on the management of the capital programme, both from the individual services and cross-service project Boards.
- 1.7 Looking back over the past year, the Council has continued to suffer severe financial constraints as a result of the Government's austerity measures and as a consequence, we have been under unprecedented pressure to show we are efficiently delivering services which meet our residents needs and expectations. I have been delighted that our External Auditors, KPMG, confirm from their work, that despite these financial pressures, we have seen improvements in services and positive feedback from our residents.
- 1.8 A key responsibility of the Audit Committee is oversight of the Council's Treasury Management function. Throughout the year, we have reviewed the corporate policy and received regular monitoring reports demonstrating sound management of the Council's funds. As a Committee, we received training on the Council's treasury management policies and its approach to day-to-day treasury management. Over the next period there is likely to be some financial turmoil as a result of Brexit and likely changes in interest rates and it will be important to ensure this key function continues to perform strongly.
- 1.9 I have pointed out that one of our most important roles is oversight of the Council's management of risks and through the year, the Committee has considered each directorate's risk register and reviewed the corporate risk register twice. I am delighted to see that risk management is embedded as a normal management function helping services achieve their objectives. For their part, Committee members had training sessions on how the Council manages its risks as well as a special CIPFA workshop on the role of elected members. This year also saw the Council successfully complete a particularly high-risk project with Hackney Homes' return to the Council as a department within the Neighbourhoods & Housing Directorate, together with its Internal Audit function. I would like to thank everyone involved for ensuring this was a smooth and successful transition.
- 1.10 Another key area for the Committee is the monitoring and approval of planned audit and anti-fraud activity. The Committee has made clear that it expects audit recommendations to have been addressed by the time they are summarised at our meetings. I am pleased to say that we have only had to pursue managers for non-compliance with recommendations on a gratifyingly few occasions.
- 1.11 Finally, I would like to thank both my fellow Committee Members and the staff in the Finance and Corporate Resources Directorate for their commitment and support in this crucial but sometimes overlooked area of the Council's work. Audit is a vital part of the oversight of the Council's activities and an essential foundation for the public's confidence in our work.

2. COMMITTEE MEMBERSHIP & ATTENDANCE

2.1 The following Councillors were members of the Audit Committee during the 2016/17 municipal year –

Cllr Nick Sharman (Chair)	Cllr Michelle Gregory
Cllr Brian Bell (Vice Chair)	Cllr Carole Williams
Cllr Rob Chapman	Cllr Sem Moema
Cllr Geoff Taylor (until May only)	
Cllr Jessica Webb (until May only)	
Cllr Susan Fajana-Thomas (until May only)	
(Conservative Group vacancy)	

2.2 The table below outlines members' attendance at committee meetings during the 2016/17 municipal year. As ever, members had a significant number of alternative commitments such as other public meetings and ward commitments and surgeries, and were therefore not always available to attend meetings.

Members	Meeting Dates			
	14/04/16*	09/06/16	21/09/16	18/01/17
Cllr Nick Sharman	P	P	P	P
Cllr Brian Bell	P	P	P	A
Cllr Robert Chapman	N/A	A	P	P
Cllr Michelle Gregory	P	A	P	P
Cllr Sem Moema	N/A	A	A	P
Cllr Carole Williams	P	P	A	L
Cllr Geoff Taylor	P	N/A	N/A	N/A
Cllr Jessica Webb	P	N/A	N/A	N/A
Cllr Susan Fajana-Thomas	A	N/A	N/A	N/A

* Audit Sub-Committee Meeting

Key: P = Present A = Absent L = Late

3. WORK UNDERTAKEN IN THE 2016/17 MUNICIPAL YEAR

3.1 The Audit Committee operates in accordance with the CIPFA publication *Audit Committees, Practical Guidance for Local Authorities and Police*, 2013 Edition. The guidance defines the purpose of an Audit Committee as follows:

“To provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.”

3.2 Internal Control

3.2.1 The Committee plays a key role in developing and improving the Council's internal control and assurance framework.

3.2.2 The Accounts and Audit Regulations 2015 require the Council to conduct annual reviews of the system of internal control and publish an Annual Governance Statement (AGS) within its annual financial statements.

- 3.2.3 The AGS process in 2016/17 has been updated to reflect the new requirements as set out in the Framework/Guidance issued by CIPFA/SOLACE in 2016. Each department will continue to produce a local statement which will be used to support the corporate AGS. As part of the assurance process Internal Audit review the local AGS's and verified that any actions identified in the previous year AGS have been actioned. The 2016/17 corporate AGS will be included in the final accounts and will be reviewed by the Committee with future actions for improvement noted.
- 3.2.4 The Committee contributed to the process of providing assurance of the Council's internal control and governance framework by receiving and reviewing regularly, progress reports on Internal Audit and Risk Management including service performance information.

3.3 Internal Audit

- 3.3.1 In accordance with the Accounts and Audit Regulations 2015 the Committee continuously reviewed the effectiveness of the Internal Audit service. This comprised of: -
- Review and approval of the Internal Audit Annual Plan 2015/16 which includes Internal Audit's key performance measures and outlines audit work for the Council and Associated Bodies for which the Council has a lead responsibility.
 - Review of quarterly progress reports of the Director Audit and Anti Fraud detailing the performance and progress of the Internal Audit Service against the Internal Audit Plan and performance targets.
 - Review of the Internal Audit Service Annual Report by the Corporate Director of Finance and Corporate Resources.
- 3.3.2 The Committee noted that the Internal Audit Service expects to complete or have in progress at the end of the financial year 90% of the audits included in the annual plan during the year. The slight deviation from target was a result of significant structural changes to the Council's directorates and services across the authority which impacted on the services ability to schedule audits.
- 3.3.3 During the year the Internal Audit Service underwent an external assessment of its compliance to the Public Sector International Internal Audit Standards (PSIIAS). The Committee noted the positive rating for the service of 'generally conforms'. An action plan to address the recommendations was presented to the Committee which had largely been implemented at the time of reporting.

3.4 Risk Management

- 3.4.1 A robust risk management framework is an essential element of good management and enables the Council to effectively manage strategic decision-making, service planning and delivery to safeguard the wellbeing of its stakeholders and increase the likelihood of achieving objectives. It is an essential element of good management and a sound internal control system and is necessary for the Council to demonstrate that it has sound systems of corporate governance. The Committee contributed to this by: -
- Reviewing and endorsing the Risk Management Annual Report 2015/16 detailing arrangements for the management of risk in place during 2016/17.
 - Reviewing the Risk Management Policy.

- Proposing measures for developing the Council's approach to managing its risks to assist future improvement.
- Reviewing of progress reports of the Group Director Finance and Corporate Resources summarising the latest corporate position in implementing risk management across the Council and also highlighting the successes that have been achieved and a summary of the new initiatives that are currently in planning or underway.
- During the reporting year the Committee reviewed the risk registers for each of the Council's departments as well as reviewing the corporate risk register on two occasions.

3.5 Treasury Management

3.5.1 Ensuring treasury management is governed effectively is an essential element of the work of the Audit Committee. A regular cycle of reports is presented to the Committee to enable them to comment upon and monitor treasury action throughout the year.

3.5.2 The Committee considered the following reports during the Year:-

- Reviewed and endorsed the Strategy & Annual Report and reviewed a draft Treasury Management Strategy for 2015/16.
- Review of quarterly and half-yearly updates on treasury management detailing performance.

3.6 External Audit

3.6.1 The Council's external auditor, KPMG, attended some of the Committee's meetings at which they present an external audit progress report for review and comment. There have been no additional reviews undertaken by the external auditors.

3.6.2 The Committee has considered the following reports from KPMG: -

- Annual Audit and Inspection Letter 2016 – KPMG issued an unqualified opinion on the Council's accounts, Pension Fund and Value for Money conclusion.
- Annual Governance Report 2015/16 – No significant issues in terms of the internal control environment were identified and there are adequate arrangements in place to secure economy, efficiency and effectiveness in the use of resources.
- Annual Grant Claim Report and Certificate of Grants & returns 2015/16 - two grants were issued unqualified certificates, the remaining one had qualifications. The report made no specific recommendations concerning improvements required for the following year.

3.7 Anti Fraud and Corruption Arrangements

3.7.1 The Committee reviewed the Council's Anti Fraud and Corruption Policy noting the revisions to the Council's response to allegations of fraud and irregularity as a contribution to strengthening the system of internal control.

3.7.2 During the year up to 31 January 2017 the following savings were made as a direct result of the work of the anti fraud teams:

Outcome	Outcomes 2016/17 to date	Savings Realised
Council service or discount cancelled	49	(1) £16,356 per week - £852,848 per year
Blue Badges recovered	33	(2) £3,300
Other fraudulent parking permits recovered	16	
Parking misuse warnings issued	29	
Penalty Charge Notice (PCN) issued	30	(3) £780
Vehicle removed for parking fraud	18	(4) £4,770
Recovery of tenancy	89	(5) £1,602,000
Housing application cancelled or downgraded	43	(6) £172,000 - £774,000
Right to Buy application withdrawn or cancelled	15	(7) £1,125,000 - £1,540,500

1. Overstaying Families Intervention Team (OFIT) savings – 47 support packages cancelled, average saving £348 per week
2. Calculated using Audit Commission figure of £100 per badge recovered
3. 12 x £65 – Cases when car was not removed
4. £265 per removal
5. Calculated using Audit Commission figure of £18,000
6. Calculated using Audit Commission estimated values of either £4,000 or 18,000
7. Calculation based on possible discounts ranging from £75,000 - £102,700

3.7.2 The corporate responsibility for the Regulation of Investigatory Powers Act (RIPA) and Proceeds of Crime Act (POCA) rests with the Director, Audit & Anti Fraud. During the year the Committee was provided with quarterly monitoring information on the activities undertaken by the Council.

3.8 Whistleblowing Arrangements

During the year the Committee received quarterly updates on whistleblowing referrals regarding fraud/irregularity.

3.9 Financial Reporting

The Committee scrutinised and approved the 2015/16 Statement of Accounts prior to the completion of the audit by KPMG. The Committee also considered KPMG's Governance Report regarding the audit of the accounts and significant issues arising during the audit of the accounts.

4. PROPOSED WORK PROGRAMME FOR 2017/18

4.1 Over the past year a programme of development sessions have been held for members of the Committee; this included training in the final account process, treasury management and risk management.

4.2 The Committee will continue to receive regular performance reports from the Internal Audit Service, the Anti Fraud Teams, Treasury Management, directorate and corporate risk registers. As well as reviewing corporate policies and strategies relating to these services.

- 4.2 The Chair will continue to act as Risk Management Champion taking responsibility for advocating the embedding of risk management throughout the Council. The Committee is keen to take a pro-active approach to overseeing the Council's management of risks and will work closely with the Corporate Risk Advisor and senior managers for continual improvement in our corporate risk management processes.

5. SUMMARY OF ACHIEVEMENTS OF AUDIT COMMITTEE

- 5.1 The Audit Committee has contributed to the Council's overall internal control process in 2016/17 through the challenge and monitoring it has performed on governance, internal audit, anti-fraud, risk management, treasury and financial management processes.
- 5.2 Risk management at corporate and strategic service levels continues to support business processes.
- 5.3 Internal Audit has continued to develop and strengthen with support from the Committee. It received positive assurance from KPMG in its annual review and from the independent review of the Council's compliance with the Public Sector Internal Audit Standards (PSIAS).
- 5.4 The Committee has played a significant role in raising the profile of the importance of implementing Internal Audit recommendations to agreed timeframes.
- 5.5 The Committee also undertook the role of oversight of the Council's use of Regulation of Investigatory Powers Act (RIPA).

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AUDIT COMMITTEE WORK PROGRAMME 2017/18

	20 April 2017	Decision	Group Director & Lead Officer
1	EXTERNAL AUDIT OPINION PLAN 2016/17	For information and comment	Ian Williams (Michael Honeysett)
2	DIRECTORATE RISK REGISTER REVIEW – CHILDRENS, ADULTS & COMMUNITY HEALTH	For information and comment	Anne Canning (Jackie Moyland)
3	VERBAL UPDATE ON ICT	For information and comment	Ian Williams (Rob Miller)
4	DIRECTORATE RISK REGISTER REVIEW – FINANCE & CORPORATE RESOURCES	For information and comment	Ian Williams (Matt Powell)
5	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
6	INTERNAL AUDIT ANNUAL PLAN 2017/18	To approve	Ian Williams (Tracy Barnett)
7	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Tracy Barnett)
8	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
9	REVIEW OF WHISTLEBLOWING	For information and comment	Ian Williams (Michael Sheffield)
10	ANNUAL REPORT ON AUDIT COMMITTEE 2016/17	For information	Cllr Nick Sharman (Chair) (Tracy Barnett)
11	AUDIT COMMITTEE WORK PROGRAMME 2017/18	For information & comment	All

	June 2017	Decision	Group Director & Lead Officer
1	DIRECTORATE RISK REGISTER REVIEW – CHIEF EXECUTIVE'S	For information and comment	Tim Shields (TBC)
2	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
3	CORPORATE RISK MANAGEMENT ANNUAL REPORT 2016/17	For information and comment	Ian Williams (Matt Powell)
4	INTERNAL AUDIT ANNUAL REPORT 2016/17	For information and comment	Ian Williams (Michael Sheffield)
5	ANNUAL FRAUD AND IRREGULARITY REPORT 2016/17	For information and comment	Ian Williams (Michael Sheffield)
6	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
7	AUDIT COMMITTEE WORK PROGRAMME 2017/18	For information & comment	All

	July 2017 – SPECIAL MEETING	Decision	Group Director & Lead Officer
1	FINANCIAL STATEMENTS AUDIT 2016/17 - ANNUAL GOVERNANCE REPORT (COUNCIL & PENSION FUND)	For information and comment	Ian Williams (Michael Honeysett)
2	STATEMENT OF ACCOUNTS 2016/17	To approve	Ian Williams (Michael Honeysett)

	September 2017	Decision	Group Director & Lead Officer
1	CLOSURE OF ACCOUNTS - UPDATE FROM EXTERNAL AUDITORS	For information and comment	Ian Williams (Michael Honeysett)
2	CORPORATE RISK REGISTER REVIEW	For information and comment	Tim Shields (Matt Powell)
3	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
4	ANNUAL REVIEW OF CORPORATE RISK MANAGEMENT STRATEGY	For information and comment	Ian Williams (Matthew Powell)
5	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
6	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield/?)
7	AUDIT COMMITTEE WORK PROGRAMME 2017/18	To approve	All

	January 2018	Decision	Group Director & Lead Officer
1	CERTIFICATION OF GRANTS & RETURNS 2016/17	For information and comment	Ian Williams (Michael Honeysett)
2	DIRECTORATE RISK REGISTER REVIEW – NEIGHBOURHOODS & HOUSING	For information and comment	Kim Wright (TBC)
3	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
4	REVIEW OF TREASURY MANAGEMENT STRATEGY 2018/19	To approve	Ian Williams (Michael Honeysett)
5	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield/?)
6	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
7	AUDIT COMMITTEE WORK PROGRAMME 2017/18	To approve	All

	April 2018	Decision	Group Director and Lead Officer
1	EXTERNAL AUDIT OPINION PLAN 2017/18	For information and approval	Ian Williams (Michael Honeysett)
2	CORPORATE RISK REGISTER REVIEW	For information and comment	Tim Shields (Matt Powell)
3	DIRECTORATE RISK REGISTER REVIEW – CHILDRENS, ADULTS & COMMUNITY HEALTH	For information and comment	Anne Canning (Jackie Moyland)
4	DIRECTORATE RISK REGISTER REVIEW – FINANCE & CORPORATE RESOURCES	For information and comment	Ian Williams (Matt Powell)
5	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	Ian Williams (Michael Honeysett)
6	INTERNAL AUDIT ANNUAL PLAN 2018/19	To approve	Ian Williams (TBA)
7	PERFORMANCE OVERVIEW	For information and comment	Ian Williams (Michael Honeysett)
8	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	Ian Williams (Michael Sheffield/?)
9	REVIEW OF WHISTLEBLOWING	For information and comment	Ian Williams (Michael Sheffield)
10	AUDIT COMMITTEE WORK PROGRAMME 2018/19	To approve	All

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