

Borough Council of
**King's Lynn &
West Norfolk**



RESOURCES AND PERFORMANCE – AUDIT AND RISK COMMITTEE

Tuesday 29 November 2011

**Immediately following the Resources and Performance
Panel meeting which commences at 5.00pm**

Committee Suite
King's Court
Chapel Street
King's Lynn
Norfolk
PE30 1EX



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Borough Council of
**King's Lynn &
West Norfolk**



King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1EX.
Telephone: 01553 616200
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21 November 2011

Dear Member

Resources and Performance – Audit and Risk Committee

You are invited to attend a meeting of the above-mentioned Committee which will be held on **Tuesday 29 November 2011, immediately following the Resources and Performance Panel meeting, in the Committee Suite, King's Court, Chapel Street, King's Lynn**, to discuss the business shown below.

Yours sincerely

Chief Executive

AGENDA

1. Apologies for absence

To receive any apologies for absence.

2. Minutes

To approve the minutes of the Resources and Performance – Audit and Risk Committee meeting held on Tuesday 25 October 2011 (Pages 393 to 396 previously circulated).

3. Declarations of Interest

Please indicate whether the interest is a personal one only or one which is also prejudicial. A declaration of a personal interest should indicate the nature of the interest and the agenda item to which it relates. In the case of a personal interest, the Member may speak and vote on the matter. If a prejudicial interest is declared, the Member should withdraw from the room whilst the matter is discussed.

4. **Urgent Business Under Standing Order 7**

To consider any business which, by reason of special circumstances, the Chairman proposes to accept as urgent under Section 100(b)(4)(b) of the Local Government Act 1972.

5. **Members Present Pursuant to Standing Order 34**

Members wishing to speak pursuant to Standing Order 34 should inform the Chairman of their intention to do so and on what items they wish to be heard before the meeting commences. Any Member attending the meeting under Standing Order 34 will only be permitted to speak on those items which have been previously notified to the Chairman.

6. **Chairman's Correspondence** (if any)

7. **Matters referred to the Committee from other Council Bodies and responses made to previous Committee recommendations/requests**

To receive comments, and recommendations from other Council bodies, and any responses subsequent to recommendations, which this Committee has previously made. (N.B. some of the relevant Council bodies may meet after dispatch of the agenda)

At the Cabinet meeting held on 1 November 2011 the following response was made to the recommendations from the Resources and Performance Panel – Audit and Risk Committee meeting held 25 October 2011, on the following item:-

Business Continuity Policy and Strategy

RESOLVED: That Cabinet be advised that the Resources and Performance Panel – Audit and Risk Committee supports the recommendation as set out in the report to Cabinet as follows:

That Cabinet accept the new version of the Business Continuity Policy Statement and Strategy, attached, and that they recommend acceptance by Full Council.

Cabinet Response: “The Committees’ recommendations were duly taken into account when Cabinet considered the item”.

8. **Cabinet's Forward Decision List for 6 December 2011**

The following items are on the Cabinet Forward Decision List for consideration on the 6 December 2011 and have been identified for consideration by the Committee.

(i) **Document Retention Policy (to follow)**

Panel Members are invited to consider the report and to make any appropriate recommendations to Cabinet.

(ii) **Update to Financial Regulations (to follow)**

Panel Members are invited to consider the report and to make any appropriate recommendations to Cabinet.

NB: Copies of the reports marked (to follow) will be sent to Members of the Committee following publication of the Cabinet Agenda for the 6 December 2011 meeting.

9. **Fraud and Investigations Unit – Half Yearly Report** (pages 1 to 5)

To receive the half-yearly report from the Fraud and Investigations Unit.

10. **Internal Audit Plan 2011/12 – Quarterly Progress Report for the Quarter July to September 2011** (pages 6 to 14)

Committee Members are invited to note the attached report.

11. **Corporate Risk Monitoring Report** (pages 15 to 23)

Committee Members are invited to note the attached report.

12. **Audit and Risk Committee Work Programme** (page 24)

Committee Members are invited to consider the attached Audit and Risk Committee's Work Programme.

13. **Date of Next Meeting**

To note that the next meeting of the Resources and Performance - Audit and Risk Committee will take place on **Wednesday 4 January 2012**.

To: Panel Members – Councillors Mrs K Mellish (Chairman), P Beal (Vice-Chairman), J Collingham, D J Collis, J Collop, S Collop, C Crofts, M Hopkins, H Humphrey, J Loveless, A Morrison, D Tyler, G Wareham, A White and T de Winton

Portfolio Holder:

Councillor N J Daubney, Leader and Portfolio Holder for Resources

Chief Executive

Deputy Chief Executive and Executive Director, Finance and Resources

All other Executive Directors

Audit Manager

Press

Officers: The following Officers are invited to attend in respect of the item listed below:

Agenda Item 8(i)	Karen Butler, Internal Auditor Diane Cross, DMS Manager Kate Littlewood, Audit Manager
Agenda Item 8(ii)	Kate Littlewood, Audit Manager
Item 9	Sarah Chapman, Fraud Investigations Manager
Items 10 & 11	Kate Littlewood Audit Manager

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REVIEW & DEVELOPMENT REPORT

Type of Report: Half year report	Portfolio(s):- Performance
Author Name: Sarah Chapman	Consultations:- Cllr E Nockolds David Thomason Jo Stanton
Tel: 01553 616560	
Email: sarah.chapman@west-norfolk.gcsx.gov.uk	
OPEN	

PR&D Panel: Resources and Performance Panel – Audit and Risk Committee
Date: 29 November 2011
Subject: Half Year Report of Benefit Investigations Unit

Summary

The Benefit Investigations Unit, undertake work to prevent and detect benefit fraud. This report provides Members with information regarding the work undertaken during the first half of 2011/2012 financial year.

Recommendation

To note the report

1. Purpose of the report

- 1.1 This report is intended to advise the Audit and Risk Committee of the work undertaken by the Benefit Investigations Unit during the first half of the 2011/2012 financial year.

2. Background

- 2.1 The administration of the national Housing Benefits Scheme by the Council is the biggest single service provided by the Council. In 2010/2011 just over £48 million was paid to over 14,522 claimants on low incomes to enable them to pay their rent and council tax payments. The number of people currently claiming is 14,441, with an estimated benefit cost for 2011/2012 of £48,475,772. Inevitably with such big numbers and sums of money there is some fraud and error within the system. Errors by claimants and by staff processing benefit claims have to be identified and classified and work is constantly undertaken to minimise both. The latest estimate in 2011/2012 of Local Authority error is £194,064 (£155,623 in 2010/2011). This is within the target set by Central Government so the Council does not incur any subsidy penalty. On fraud, the Council's Benefit Investigation's Unit has the task of preventing and detecting benefit fraud.

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3. Work undertaken in the first half of 2011/2012

- 3.1 Every year, the Investigations Unit receive fraud referrals from a number of sources. Each case is risk assessed for investigation. Some referrals were passed to the Department for Work and Pensions (DWP) as they involved Social security benefits. Referrals not investigated are logged within the Investigations Unit. Cases were investigated by the 4 Fraud Investigations Officers in the Unit from April to June and 3 Fraud Investigations Officers from July to September.

The table below details the number of referrals and investigations.

Referrals/ Investigations	Number (2011/12) (Apr to Sep)	2010/11 (Apr to Sep)	2010/11 (Oct to Mar)
Referrals received	456	431	572
Referrals not investigated	45	118	186
Passed to DWP	119	66	72
Referrals investigated	292	247	314

- 3.2 The Unit has a Fraud Policy which sets out the Council's objectives and lays down guidelines on those cases that should be considered for prosecution. The Unit carry out regular Fraud Awareness training to staff in the Benefits Section, the Council Information Centre, Housing and other interested Departments.
- 3.3 Members of the public can contact the Investigations Unit using the free-phone telephone number 0800 281 879 or can complete a referral on-line via the Council's website. All information is treated in the strictest confidence.
- 3.4 Of the 292 cases that were formally investigated, 23 cases resulted in fraud being proven where formal action was taken, as the evidence gained was considered 'beyond all reasonable doubt'.

3 cases were taken forward for prosecution and the following sentences were given:-

- £400 fine
- 100 hours unpaid work & £100 costs
- 6 month Conditional Discharge

Prosecution cases have been reported within the press.

In addition to the above, 12 cases were offered and accepted an Administrative Penalty. An Administrative Penalty is an alternative to prosecution at 30% of the total overpayment, which is added to the overpayment to be recovered.

8 other cases were offered and accepted a Simple Caution. The purpose of a Simple Caution is to deal quickly and simply with less serious offenders, to save unnecessary appearance in a criminal court and to reduce the chances of re-offending. A Simple Caution is a serious matter, which should be recorded and

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used in the future if a person should offend again. It may be cited in any subsequent court proceedings.

The tables below detail the 23 cases investigated and their source of referral

Formal Sanctions	Number (2011/12) (Apr to Sep)	2010/11 (Apr to Sep)	2010/11 (Oct to Mar)
Total Sanctions	23	25	30
Prosecution	3	8	7
Administrative Penalty	12	8	15
Simple Caution	8	9	8

Fraud Type	Number (2011/12) (Apr to Sep)	2010/11 (Apr to Sep)	2010/11 (Oct to Mar)
Working & claiming benefit	8	12	17
Undeclared capital	9	3	1
Living together	4	4	1
Student loan	0	0	1
Undeclared Tax Credits	0	5	8
Non residency	0	0	0
Landlord fraud	0	0	0
Contrived tenancy	0	0	0
Undeclared private pension	2	1	2
Undeclared Industrial Injuries benefit	0	0	0

Source of Referral	Number (2011/12) (Apr to Sep)	2010/11 (Apr to Sep)	2010/11 (Oct to Mar)
Housing Benefit Data Matching Service	10	9	15
DWP	9	6	5
Hotline	0	1	1
Benefits Visiting Section	0	2	1
Housing Benefits Section	1	2	3
National Fraud Initiative	1	2	3
Overpayment Section	0	2	2
Benefit Enquiry Unit	1	1	0
Recovery Section	1	0	0

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- 3.5 Of the 292 cases investigated, 90 (85 in 2010/2011) cases completed, resulted in a 'positive outcome/saving'. This records the number of benefit claims corrected, following the Investigation's Unit intervention where Housing and Council Tax Benefit cases have either been stopped, or corrected and identified an overpayment that is not fraudulent.

The tables below details the 90 cases investigated and their sources of referral.

Fraud Type	Number (2011/12) (Apr to Sep)	2010/11 (Apr to Sep)	2010/11 (Oct to Mar)
Non residency	23	12	20
False household	0	1	0
Working & claiming benefit	21	26	34
Undeclared income	0	4	3
Contrived tenancy	7	5	5
Undeclared capital	9	9	3
Living together	6	2	4
Undeclared private pension	7	1	3
Undeclared tax Credits	13	23	19
Undeclared Industrial injuries Benefit	1	1	0
Undeclared non dependant	2	1	3
Undeclared Invalid Care Allowance	0	0	4
Undeclared Incapacity Benefit	1	0	1

Source of Referral	Number (2011/12) (Apr to Sep)	2010/11 (Apr to Sep)	2010/11 (Oct to Mar)
Housing Benefit Matching Service	40	56	55
DWP	1	3	0
Housing Association	2	1	2
Benefits Visiting Section	4	7	7
Hotline	5	6	2
Housing Benefits Section	18	5	15
Returned mail	4	1	6
National Fraud Initiative	7	2	0
Overpayment section	1	2	0
Recovery section	0	1	0
Pro-active Drive	0	1	3
BEU	4	0	5
Anonymous letter	0	0	1
CIC	2	0	2
Housing	0	0	1
CTAX Section	2	0	0

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4. Financial implications

- 4.1 In the past, the work of the Investigations Unit was directly funded by the government with rewards for achievements of targets. Costs towards fraud prevention and detection are now all included within the Administration Subsidy that the Council receives to administer the Housing Benefit Scheme.
- 4.2 The Investigations Unit though do still generate income in addition to the government funding through the costs awarded against proven cases and the repayment of overpayments of benefit.

The table below details the overpayments identified for recovery.

Designated Overpayment	Amount (2011/12) (Apr to Sep)	2010/11 (Apr to Sep)	2010/11 (Oct to Mar)
Fraud	45,693.82	46,642.00	75,686.86
Claimant	152,567.41	92,203.00	84,387.98
Local authority error	134.84	7,158.00	546.18
Total	198,396.07	146,003.00	160,621.02

- 4.3 The percentage of monies recovered from the overall amount outstanding of overpayments in the first half of 2011/12 is 18.37% (19% in 2010/11).

6. Further information

Copies of the Council's Benefits Fraud Policy and Fraud Awareness Guidance can be obtained from Sarah Chapman, the Council's Fraud Investigations Manager, telephone 01553 616560, e-mail:sarah.chapman@west-norfolk.gcsx.gov.uk

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AUDIT AND RISK COMMITTEE REPORT

TYPE OF REPORT: Audit	Portfolio: Performance
Author Name: Kate Littlewood	CONSULTATIONS:
Tel.: 01553 616252	
Email: kate.littlewood@west-norfolk.gov.uk	
OPEN	

Committee: Resources and Performance – Audit & Risk Committee
Date: 29th November 2011
Subject: Internal Audit Plan 2011/12 –progress report for the quarter July to September 2011

Summary	This report shows the Internal Audit activity for the quarter July to September 2011 against the Strategic Audit Plan 2011/14.
Recommendation	To note the report.

1.0 INTRODUCTION AND BACKGROUND

- 1.1 The CIPFA Code of Practice for Internal Audit in Local Government requires Internal Audit to have an annual plan. Performance against the plan should be monitored by the Audit Manager and reported during the year to the Audit and Risk Committee. The Code also requires the Audit Manager to record the findings, conclusions and recommendations arising from the audits undertaken and to obtain assurances that recommendations are being implemented. This report satisfies these requirements.
- 1.2 The Strategic Audit Plan 2011-14, endorsed by the Audit and Risk Committee on 3rd March 2011, set out the work Internal Audit expected to carry out during the year 2011-12.

2.0 Audit work in the quarter July to September 2011

- 2.1 On completion of each audit a formal report is issued to the relevant line managers, the Executive Director and Portfolio Holder. Copies are also sent to the Chief Executive and the Chief Accountant. The report contains an action plan, with target dates, that has been agreed with the managers to address the observations and recommendations raised by Internal Audit. This forms the basis of the follow-up audit, which is carried out

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approximately six months later to assess progress in implementing the agreed actions. The exceptions to this are the Core Audits where the follow-ups are combined with the next annual audit of that area.

2.2 *Reports issued during the quarter*

The following audits have been completed during the last quarter and reports issued as described above:

- Benefit Enquiry Unit
- Personnel Systems – Flexitime and Training
- Car Parks – North Norfolk
- Community Safety and Neighbourhood Nuisance
- Cemeteries and Crematorium
- Local Land Property Gazetteer (LLPG)
- Street Naming and Numbering
- Environmental Quality
- Emergency Management
- Cash Receipting & PCI Compliance
- Website Management
- Cleansing follow-up

A summary of the reports is attached as **Appendix 1** and the full versions will be available to members of the Audit & Risk Committee on InSite.

2.3 *Work ongoing*

The following audits were ongoing at the end of the quarter and will be reported to the Committee in the next quarterly report.

- Public Relations & Staff Communication
- Licensing
- **Payroll**
- **Creditors and Payments**
- **Treasury and Cashflow Management (incl Bank Reconciliations)**

Those shown in bold are core audits.

2.4 *Other work carried out in the quarter*

Apart from the standard audits, Internal Audit also undertook other work during the last quarter including the following:

- Review of Financial Regulations.
- Ongoing work on the Retention Guidance.
- Ongoing review of Risk Management procedures.
- Ongoing work on the data matches arising from the National Fraud Initiative 2010.

2.5 *Rescheduled work*

Town Hall – the audit was planned to look at the working arrangements with Registrars sharing the premises. However as there have been delays with the Registrars taking occupation and the auditor is now involved with Core work, the audit will now take place in mid-January 2012. This will also allow more time for the Registrars to settle in.

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3.0 Performance Indicators

- 3.1 Delivery of the Audit Plan – a target of 95% has been set to take in to account any work that may overlap at year end and also to allow for any additional work that may arise during the year. The table below summarises the position against the approved Audit Plan 2011/12.

2011/12 Status of Audits	Audit days used	Percentage of Plan (in days)
Completed and reported	113	31.39
In Progress	73	20.28
Outstanding	174	48.33
Total Planned Audits	360	100%

All the audits planned for the quarter were either completed or close to completion as expected.

- 3.2 Audit Questionnaires returned with satisfactory scores – Satisfaction questionnaires are issued with the final report to the Executive Director for completion and return to the Audit Manager. Of the 11 questionnaires issued in this quarter, only three have been returned. All had satisfactory scores. The remaining ones will be chased.
- 3.3 Productive Time – a target of 70% for the full year has been set. This is the total amount of time available in terms of working days throughout the year, less holiday entitlements, an allowance for training, and any administration and management time required for the normal running of the team. In this quarter productive time has been 67%.

4.0 Work planned for the next quarter October to December 2011

- 4.1 As well as completing the ongoing work listed in para. 2.3, the following audits are planned for the next quarter:

Audit Title	Days	Date
General IT Controls incl Networks	15	October
Council Tax and National non-Domestic Rates	24	November
Housing and Council Tax Benefits	24	November
Sports Development	3	November
Community Centres	6	November
Car Parks – Decriminalisation	2	November
Legal Services	10	December
Tourism Information Centres (follow-up)		December
Personnel Systems – Flexitime and Training		December

- 4.2 Audits shown in bold are Core Audits. These are audits that are carried out every year due to the significant nature of the systems concerned. They are also ones that the external auditors would be looking at as part of the annual financial audit they perform.

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4.3 An allocation of time is not given to individual follow-up audits. Instead a total amount of 15 days is allowed in the audit plan each year for this work.

5.0 Conclusion

Progress to date is satisfactory and at this point nothing has arisen to suggest that the plan will not be completed within the year, subject to any adjustments reported to the Committee in the quarterly progress reports.

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Notes to support the summary in Appendix 1

The following tables provide an explanation of the terms used to grade the recommendations contained in the final audit reports, and the overall opinion attributed as the result of each audit.

Recommendations

The observations and recommendations are allocated a grading High, Medium or Low as defined below:

High	Major risk requiring action by the time the final report is issued.
Medium	Medium risk requiring action within six months of the issue of the draft report.
Low	Matters of limited risk. Action should be taken as resources permit.

Please note - 'Low' recommendations are not summarised in this report due to the insignificant nature of the issue.

Audit Opinion

At the conclusion of the audit an overall audit opinion is formed for the audit area. The definition for each level of assurance is given below.

Full Assurance	A sound system of internal control that is likely to achieve the system objectives, and which is operating effectively in practice.
Substantial Assurance	A sound system of internal control, but there are a few weaknesses that could put achievement of system objectives at risk.
Limited Assurance	A system of internal control with a number of weaknesses likely to undermine achievement of system objectives, and which is vulnerable to abuse or error.
No Assurance	A fundamentally flawed system of internal control that is unlikely to achieve system objectives and is vulnerable to serious abuse or error.

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APPENDIX 1

Audits completed in Q2 2011-12	Overall Opinion
<p><u>Housing Benefit - BEU</u> Report published July 2011 1 Medium recommendation relating to the need to update the scoring system utilised by the team to prioritise cases.</p>	<p>Full Assurance</p>
<p><u>Personnel Systems - flexitime</u> Report published July 2011 2 Medium recommendations relating to improving the efficiency of data transfer between Ciphre and Wintime, and improving password security.</p>	<p>Substantial Assurance</p>
<p><u>Personnel Systems - training</u> Report published July 2011 1 Medium recommendation relating to amending the quarterly budget reports to include training costs for courses booked but not yet taken.</p>	<p>Full Assurance</p>
<p><u>Car Parks – North Norfolk District Council (NNDC)</u> Report published August 2011 1 High recommendation and 6 Medium recommendations. The High recommendation refers to the need to record the location of all the Parkeon key fobs. The Medium recommendations refer to:</p> <ol style="list-style-type: none"> 1. Designate and maintain a definitive list of NNDC's Car Parking Ticket Machines. 2. Explore ways of influencing the tariffs used by NNDC in order to optimise machine usage and cash collection rounds. 3. Issues relating to the location and performance of CPTMs to be discussed with NNDC for resolution. 4. Ensure that all Car Parking Ticket Machines are included in the WebFleet' telemetry system's 'collections' report. 5. Liaise with G4S to improve the quality of their receipting process during cash collection. 6. Agree and document the process for raising and issuing periodic invoices to NNDC. 	<p>Substantial Assurance</p>

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APPENDIX 1

Audits completed in Q2 2011-12	Overall Opinion
<p><u>Community Safety and Neighbourhood Nuisance (CCTV)</u> Report published July 2011 2 Medium recommendations relating to updating the Code of Practice published on the website and establishing a system of standard charges for the provision of CCTV.</p>	Full Assurance
<p><u>Cemeteries and Crematorium</u> Report published September 2011. 5 Medium recommendations relating to:</p> <ol style="list-style-type: none"> 1. Investigate a method of converting the information contained in the old burial records into a more useable format. 2. Training and equipment should be provided to enable staff to carry out the required safety tests on memorials. 3. The principle of involving 2 people in property searches relating to Public health Funerals should be confirmed within the procedure notes. 4. Review the level of expenditure on grounds maintenance for open cemeteries. 5. Further investigation is recommended to establish if a scale of charges can be introduced for genealogy searches. 	Full Assurance
<p><u>Local Land Property Gazetteer (LLPG)</u> Report published August 2011. 4 Medium recommendations relating to the need to issue an 'Address Management Policy' to include adoption and compliance with British Standard BS7666 for spatial datasets for geographic referencing and consideration of the introduction of charges, and to set progressive targets for improving the quality of address data as per GeoPlace ratings.</p>	Substantial Assurance
<p><u>Street naming and numbering</u> Report combined with Local Land and Property Gazetteer report above as the two areas are linked.</p>	

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APPENDIX 1

Audits completed in Q2 2011-12	Overall Opinion
<p><u>Environmental Quality</u> Report published September 2011 1 High, 2 Medium and 1 Low recommendations. The High recommendation relates to the need to issue an overdue invoice, and the Medium recommendations refer to prioritising the Inspection Programme and updating the Inspection Strategy.</p>	Full Assurance
<p><u>Emergency Management</u> Report published September 2011. 2 Medium and 1 Low recommendations. The Medium recommendations refer to the need to investigate the use of credit cards in emergency conditions, and to include a section on debriefing and reporting requirements following an incident.</p>	Full Assurance
<p><u>Cash Receipting & Payment Card Industry Data Security Standard (PCI-DSS) Compliance</u> Report published September 2011. 4 Medium recommendations relating to confirmation of various project deliverables; confirmation that key documentation is up to date and accessible by other staff; the need to ensure that duties currently performed by the Chief Cashier are provided for; and periodically remind staff of the need not to record full Personal Authorisation Numbers.</p>	Substantial Assurance
<p><u>Website Management</u> Report published September 2011. 3 Medium recommendations relating to plans to issue a Web Strategy and a Social Media Policy; review and revise the Web Editors training material; and Corporate guidance is required to ensure that corporate documents are published in a single agreed place</p>	Substantial Assurance

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APPENDIX 1

Follow-up audits completed in Q2 2011-12	Original report	Follow-up progress
<u>Cleansing</u> The report issued in December 2010 included 5 Medium recommendations. All have been implemented satisfactorily.	December 2010 Full Assurance	July 2011 Very Good

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AUDIT AND RISK COMMITTEE REPORT

TYPE OF REPORT: Audit	Portfolio: Performance
Author Name: Kate Littlewood	CONSULTATIONS: Senior Management Team
Tel.: 01553 616252	
Email: kate.littlewood@west-norfolk.gov.uk	
OPEN	

Committee: Resources and Performance – Audit & Risk Committee
Date: 29th November 2011
Subject: Corporate Risk Monitoring Report October 2011

Summary	This report presents the changes to the Risk Register since the last monitoring report in April 2011 and gives details of the risks falling into the 'Very High' category and the associated work to mitigate the effects.
Recommendation	To note the report.

1.0 Introduction and Background

- 1.1 The Committee receives reports on a half-yearly basis on the position of the Corporate Risk Register, with the last one being presented in April 2011.
- 1.2 Each risk on the register is scored in terms of Impact and Likelihood, according to criteria defined within the Corporate Risk Strategy. The definitions are attached for reference at the end of Appendix 1.
- 1.3 The Risk Register is reviewed by the Executive Directors on a quarterly basis. Any existing entries on the register are considered for changes to the nature of the risk, progress to be reported and any adjustments to the risk scores. Risks that are no longer relevant are removed and new risks considered in the context of current circumstances are added.
- 1.4 A summary of the changes to the Risk Register since the last monitoring report in March 2011 are detailed in section 2 below. Details of the 'Very High' risks are given in Appendix 1 together with a list of the 'High' risks
- 1.5 The full Risk Register is on InSite, within the Risk Management section on the Corporate Documents tab.

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2.0 Movements in Risk

2.1 Partnerships

Impact has been reduced from 'Major' to 'Moderate' taking the risk score down from 12 (High Risk) to 9 (Medium Risk) as improved governance arrangements are now in place following a recent service review.

2.2 Houses of Multiple Occupation

Likelihood changed from 'Possible' to 'Unlikely' taking the score down from 12 (High Risk) to 8 (Medium Risk) as the improved inspection regime and record keeping have reduced the likelihood of an incident occurring.

2.3 Food Safety

New risk added. Measures are in place to monitor food premises, but recent events have highlighted the need to remain vigilant. The risk has been scored as having a 'Major' impact, but 'Unlikely' resulting in an overall rating of 8 (Medium Risk).

2.4 Incinerator

New risk added. This has been scored as 'Very High Risk' and details are given in Appendix 1.

2.5 Property Searches

Risk removed from the register. The full potential cost has been calculated and Reserves made. It is now a matter of waiting for any claims to be made.

2.6 Empty Properties/ collapse of the town centre

New risk added. The ongoing economic climate is impacting on businesses in the town centre, which could lead to a downward spiral resulting in long-term depression of the town. The risk has been scored as having a 'Major' impact and "Possible' likelihood resulting in an overall rating of 12 (High Risk).

2.7 Loss of ICT Server

Likelihood reduced from 'Possible' to Unlikely' taking the overall score down from 15 (Very High Risk) to 10 (High Risk). This is as a result of the work to improve security in the server room and development of a second site.

2.8 ICT failure of backup.

Likelihood reduced from 'Possible' to Unlikely' taking the overall score down from 15 (Very High Risk) to 10 (High Risk). Again, investment in the system and process of off-site storage has reduced the impact of failure.

2.9 Revenues and Benefits Shared Services

New risk added. This has been scored as 'Very High Risk' and details are given in Appendix 1.

3.0 Conclusion

The Risk Register continues to be actively monitored by Senior Management on a regular basis.

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APPENDIX1

Risk name: Incinerator	Responsible Director: Chief Executive
Corporate Objective affected:	
Aim – To tackle important local issues	

Ref	Description	Mitigation	Progress
1.9	An adverse outcome to the planning application for the incinerator could result in a poor public perception of the influence of the Council and the ability to be the major 'place shaper' in the Borough.	Sensitive and positive handling of the case, media and communications.	Protest groups understand the Council's position and are working with the Council. Local media is supportive. The Council has put forward a coherent case to undermine the granting of PFI credits from Defra for the proposal. A formal request to the SofS for C&LG to 'call in' the planning application has been presented. DCB opposed the planning application. Liaison is underway with Parish Councils and other official bodies and there has been strong and overwhelming opposition to the proposal including objections from PC's in West Norfolk, Environment Agency, RSPB, Eastern Inshore Fisheries, Norfolk Wildlife Trust, CPRE, KL Civic Society, English Nature, IDBs and many residents.

Risk Score:		
Impact	Major	4
Likelihood	Likely	4
Total score		16
Risk Category		Very High Risk

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APPENDIX1

Risk name: Financial Plan	Responsible Director: Finance & Resources
Corporate Objective affected:	
6 – Ensure our services are provided at an appropriate level of quality whilst keeping council tax increases at or below the rate of inflation.	

Ref	Description	Mitigation	Progress
5.4	Balancing income and expenditure for both the Revenue and Capital as set out in the estimates. In addition to the current economic climate, there is currently a significant pressure to reduce the level of public spending. The funding settlement figures for 2011/12 and 2012/13 are known but there remains some concerns of further cuts in 2013/14. The current Budget Plan assumes challenging levels of savings in service delivery costs. There is a possibility that assumptions will not be fully met.	A review of the costs and provision of all services will continue with the aim of reducing costs and if necessary reduce services to match income. Budgets will be monitored against estimates on a regular basis.	Reviews are underway with revised projected target savings of : £231,000 in 2011/12 £381,000 in 2012/12 £2.2m in 2013/14. 2011/12 target has already been exceeded by £189,580. The Budget Plan is monitored on a monthly basis.

Risk Score:		
Impact	Major	4
Likelihood	Likely	4
Total score		16
Risk Category		Very High Risk

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APPENDIX1

Risk name: Revenues and Benefits Shared Services	Responsible Director: Finance & Resources
Corporate Objective affected:	
6 – Ensure our services are provided at an appropriate level of quality whilst keeping council tax increases at or below the rate of inflation.	

Ref	Description	Mitigation	Progress
5.5	During the period of changing the ICT systems and conversion of data, access to the data required to determine claims may be limited and could result in an increase in LA Errors. If the Council records errors above £250,000 then the full level of subsidy is lost.	ICT testing team to be set up to manage the systems conversion and data migration to minimise the disruption to claims processing. Additional temporary staff to be appointed to backfill the posts of the team members.	Cabinet approval being sought to give authority for Management Team, in consultation with the Leader, to appoint additional temporary staff to mitigate the risks of conversion.

Risk Score:		
Impact	Major	4
Likelihood	Likely	4
Total score		16
Risk Category		Very High Risk

Risks categorized as 'High Risk'

1.1 – Business Continuity

1.2 – Cost Reduction Programme

1.4 - Emergency Response

1.7 – Community Cohesion

2.1 – Local Employment

2.2 – Waterfront Project

2.3 – Decade of Development (King's Lynn Growth Point)

2.4 – NORA project

2.5 – Empty retail properties/ Town centre collapse

3.1 – Loss of ICT server

3.2 – ICT failure of backup.

4.1 – Health and Safety

5.1 – Benefits Reimbursement

5.2 – Fraud and Corruption

5.3 – VAT

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APPENDIX1

LIKELIHOOD	5 Almost Certain	(5)	(10)	(15)	(20)	(25)
	4 Likely		(8)	(12)	(16) 1.9, 5.4, 5.5	(20)
	3 Possible		(6)	(9) 1.3, 1.6	(12) 1.1, 1.2, 1.7 2.1, 2.2, 2.3, 2.4, 2.5 4.1, 5.1, 5.2, 5.3	(15)
	2 Unlikely			(6)	(8) 1.5, 1.8	(10) 1.4, 3.1, 3.2
	1 Rare					(5)
		1 Insignificant	2 Minor	3 Moderate IMPACT	4 Major	5 Extreme

Risk Category	How the Risk should be managed
Very High Risk (15 – 25) (Red)	Immediate action required. Senior Management must be involved.
High Risk (10 – 12) (Dark Orange)	Senior Management attention needed and management responsibility specified.
Medium Risk (5 – 9) (Light Orange)	Manage by specific monitoring or response procedures
Low Risk (1 – 4) (White)	Manage by routine procedures, unlikely to need specific or significant application of resources.

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Likelihood

Score	Definition
1 – Rare	The event may occur only in exceptional circumstances
2 – Unlikely	The event is not expected to occur
3 – Possible	The event might occur at some time
4 – Likely	The event will probably occur in most circumstances
5 – Almost Certain	The event is expected to occur in most circumstances

Impact

Score	Definition
1 – Insignificant	<ul style="list-style-type: none"> • Little disruption to services • No injury • Loss of <£25,000 • Unplanned change in service delivery due to budget overspend <£100,000 • No effect on delivering partnership objective fully • No damage to BCKLWN reputation • No or insignificant environmental damage
2 – Minor	<ul style="list-style-type: none"> • Some disruption to services • Minor injury • Loss of £25,000 - £175,000 • Unplanned change in service delivery due to budget overspend of £100,000 - £500,000 • Little effect on achieving partnership objective • Minimal damage to BCKLWN reputation (minimal coverage in local press) • Minor damage to local environment
3 - Moderate	<ul style="list-style-type: none"> • Significant disruption to services • Violence or threat of serious injury • Loss of £175,000 - £500,000 • Unplanned change in service delivery due to budget overspend of £500,000 - £1m • Partial failure to achieve partnership objective • Significant coverage in local press

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APPENDIX1

	<ul style="list-style-type: none"> • Moderate damage to local environment
4 – Major	<ul style="list-style-type: none"> • Loss of services for more than 48 hours but less than 7 days • Extensive or multiple injuries • Loss of £500,000 - £1m • Unplanned change in service delivery due to budget overspend of £1m - £3m • Significant impact on achieving partnership objective and significantly affects BCKLWN corporate objective • Coverage in national press • Major damage to local environment
5 - Extreme	<ul style="list-style-type: none"> • Loss of service for >7 days • Fatality • Loss of >£1m • Unplanned change in service delivery due to budget overspend >£3m • Non delivery of partnership objectives and BCKLWN corporate objective • Extensive coverage in national press and TV • Significant damage to local or national environment • Requires resignation of Chief Executive, Executive Director or Leader of the Council

AGENDA ITEM 12

AUDIT AND RISK COMMITTEE – WORK PROGRAMME 2011/2012

4 January 2012

- Annual Audit Letter
- Internal Audit Plan 2010/2011 – Quarterly Progress Report for October to December 2011
- Internal Audit Strategic Audit Plan 2012/13

31 January 2012

28 February 2012

(Try and keep free as R & P Panel have full Budget to deal with)

27 March 2012

- 2010/2011 Statement of Accounts under IFRS – restating
- Business Continuity – annual update
- Annual Grant Certification Report 2010/2011 (external)
- Protocol for liaison between internal and external audit 2012/2013 (external)
- BCKL&WN Audit Plan 2012/2013 (external)

24 April 2012

- Internal Audit Plan 2012/2013 – quarterly progress report for January to March 2012
- Review of the Effectiveness of the Audit and Risk Committee
- Corporate Risk Monitoring Report (October 2011 to March 2011)
- Review of the Effectiveness of Internal Audit Service