

Committee: Accounts, Audit and Risk Committee
Date: Monday 13 December 2010
Time: 6.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor John Donaldson (Chairman)	Councillor Trevor Stevens (Vice-Chairman)
Councillor Ken Atack	Councillor Tim Emptage
Councillor Nicholas Mawer	Councillor Lawrie Stratford
Councillor Rose Stratford	Councillor Barry Wood

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Petitions and Requests to Address the Meeting

The Chairman to report on any requests to submit petitions or to address the meeting.

4. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

5. **Minutes** (Pages 1 - 6)

To confirm as a correct record the Minutes of the meeting of the Committee held on 22 October 2010.

6. **Annual Audit Letter 2009/10** (Pages 7 - 22)

Report of Head of Finance

Summary

The purpose of this report is to inform the committee of the Annual Audit Letter as prepared by the Audit Commission. This report summarises findings from the 2009/10 audit of the financial statements and an assessment of the arrangements to achieve value for money in the Council's use of resources.

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of the Annual Audit Letter.

7. **Fraud Update**

The Benefits Investigation Manager will give a presentation updating Members on the work of the Benefits Investigation Team.

8. **Internal Audit Progress Report** (Pages 23 - 42)

Report of Chief Internal Auditor

Summary

This report provides the Committee with an update of the work of Internal Audit since the last meeting.

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- (1) Consider and approve this report.

9. **Update on International Financial Reporting Standards (IFRS)** (Pages 43 - 46)

Report of Head of Finance

Summary

The purpose of this report is to provide a brief update to Councillors on the Council's progress towards IFRS and completing the 2010/11 Statement of Accounts under these new standards.

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of this report and the officers' proposed actions to deal with the implementation of IFRS.

10. Risk Management Principles and Core Risks (Pages 47 - 56)

Report of Corporate Strategy and Performance Manager and Risk Management & Insurance Officer

Summary

To endorse the underlying principles of risk and opportunity management, to update the Committee on the management of Strategic, Corporate and Partnership Risks (Core Risks) and endorse the proposed reporting timetable for 2011/2012.

Recommendations

The Accounts, Audit and Risk Committee is recommended to endorse:

- (1) The underlying principles for risk management.
- (2) The Strategic, Corporate and Partnership (Core) Risk Register
- (3) The proposed reporting timetable to the Executive and the Accounts Audit & Risk Committee 2011/2012.

11. Risk Management Strategy 2011/12 (Pages 57 - 62)

Report of Corporate Strategy and Performance Manager & Risk Management and Insurance Officer

Summary

To present the Risk Management Strategy for 2011/12 for consideration and comment by the Accounts, Audit & Risk Committee in advance of its consideration by the Council's Executive in 2011.

Recommendations

The Accounts Audit & Risk Committee is recommended to:

- (1) Endorse the Risk Management Strategy 2011/12 (Appendix A).
- (2) Note that the views of the Accounts, Audit & Risk Committee will be reported to the Executive when they consider this item.

12. Work Programme Updates

1. Chartered Institute of Public Finance and Accountancy (CIPFA) Training - Effective Audit Committee

The Chairman will brief the committee on his attendance at the CIPFA Effective Audit Committee training course on 17 November 2010.

2. The Head of Finance will update Members on the Work Programme.

Information about this Agenda

Apologies for Absence

Apologies for absence should be notified to democracy@cherwell-dc.gov.uk or (01295) 221589 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item. The definition of personal and prejudicial interests is set out in Part 5 Section A of the constitution. The Democratic Support Officer will have a copy available for inspection at all meetings.

Personal Interest: Members must declare the interest but may stay in the room, debate and vote on the issue.

Prejudicial Interest: Member must withdraw from the meeting room and should inform the Chairman accordingly.

With the exception of the some very specific circumstances, a Member with a personal interest also has a prejudicial interest if it is one which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest.

Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

Queries Regarding this Agenda

Please contact Natasha Clark, Legal and Democratic Services natasha.clark@cherwell-dc.gov.uk (01295) 221589

Mary Harpley
Chief Executive

Published on Friday 3 December 2010

Agenda Item 5

Cherwell District Council

Accounts, Audit and Risk Committee

Minutes of a meeting of the Accounts, Audit and Risk Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 22 September 2010 at 6.30 pm

Present: Councillor John Donaldson (Chairman)

Councillor Trevor Stevens (Vice-Chairman)

Councillor Ken Attack

Councillor Tim Emptage

Councillor Nicholas Mawer

Councillor Barry Wood

Also Present: Maria Grindley, District Auditor, Audit Commission
Nicola Jackson, Audit Manager, Audit Commission
Katherine Bennett, Audit Team Leader, PricewaterhouseCoopers

Apologies for absence: Councillor Lawrie Stratford
Councillor Rose Stratford

Officers: Mary Harpley, Chief Executive and Head of Paid Service
Martin Henry, Chief Finance Officer / Section 151 Officer
Chris Dickens, Chief Internal Auditor
Karen Curtin, Head of Finance
Jessica Lacey, Technical Accountant
Natasha Clark, Senior Democratic and Scrutiny Officer

22 **Declarations of Interest**

There were no declarations of interest.

23 **Petitions and Requests to Address the Meeting**

There were no petitions or requests to address the meeting.

24 **Communications**

The Chairman advised the Committee that the Head of Finance had successfully passed her Accountancy exams. The Committee joined the Chairman in congratulating the Head of Finance on her magnificent achievement. The Chief Executive echoed the sentiments of the Committee and added her congratulations to the Head of Finance.

The Chief Executive thanked the Chief Finance Officer / S151 Officer for his hard work with the Finance Team and support to Cherwell District Council over the past 6 months. In particular, she thanked the Chief Finance Officer and Head of Finance for all their hard work supporting Cherwell District Council. The Chairman also thanked the Finance Team for the tremendous amount of preparatory work that had already taken place as part of the 2011/12 budget setting process.

25 **Urgent Business**

There was no urgent business.

26 **Minutes**

The Minutes of the meeting held on 23 June 2010 were agreed as a correct record and signed by the Chairman.

27 **2009/10 Statutory Accounts**

The Head of Finance submitted a report which presented the 2009/10 Audited Financial Statements and Annual Governance Statement for consideration and sought to obtain official sign-off by the Chief Financial Officer, Chairman of Accounts, Audit and Risk Committee, Chief Executive, Leader of the Council and District Auditor.

The Head of Finance reported the Finance Team had implemented 4 changes that had been requested by external audit and 17 minor presentation changes to the Statement of Accounts "Subject to Audit" 2009/10 as adopted by the Accounts, Audit and Risk Committee on 23 June 2010.

The Committee noted the continued improvement the Council had made in the closedown process and commended the Finance Team for all their hard work and efforts throughout the process and requested that the entire the Team be advised of Members' satisfaction with the documents presented. The Committee assured the External Auditors that the Council would not be satisfied with merely maintaining the current standard, rather it would continue to look forward and continually seek to improve further.

Resolved

- (1) That the adjustments to the financial statement made subsequent to the adoption of the draft accounts on 23 June 2010 be noted.
- (2) That the 4 changes requested by external audit be noted.
- (3) That the continued improvement in the closedown process and positive impact on the audit opinion and Value For Money judgement be noted.
- (4) That, subject to reviewing the contents of the Annual Governance Report, the 2009/10 financial statements be approved.

28 **Annual Report and Summary of Accounts 2009/10**

The Head of Finance submitted a report which sought approval for the combined Annual Report and Summary of Accounts 2009/10. The Technical Accountant distributed an updated version which incorporated changes that had been made since the publication of the agenda.

Members of the Committee commented that the Annual Report and Summary of Accounts provided an invaluable opportunity to present its achievements to local businesses and residents. The Committee requested a copy of the Annual Report be sent to all elected Members for information.

The Committee thanked the Finance Team for their hard work in producing the Annual Report and Summary of Accounts 2009/10. The Chief Executive echoed the sentiments of the Committee and thanked the Finance Team for producing an excellent set of accounts.

Resolved

- (1) That the Annual Report and Summary of Accounts 2009/10 be approved for publication.
- (2) That a copy of the Annual Report and Summary of Accounts 2009/10 be sent to all elected Members.

29 **External Audit Annual Governance Report**

The District Auditor, Audit Commission presented the External Auditors Annual Governance Report to the Committee, which included comments on the audit of the 2009/10 Statement of Accounts and judgement against the Value for Money (VFM) criteria.

The District Auditor reported that Cherwell District Council had carried out an excellent closedown process and produced the best working papers and set of accounts of all the sets she had signed off. The Council would receive an unqualified opinion on the 2009/10 financial statements and a positive value for money conclusion. The District Auditor thanked the Finance Team for all their hard work in producing an exemplary set of accounts.

Members of the Committee commented that they were very pleased to receive such positive feedback and echoed the sentiments of the District Auditor in praising the Finance Team. The Committee and Chief Executive also thanked the External Auditors for their guidance and support.

In response to Members' questions, the District Auditor updated the Committee on the future external audit arrangements in light of the Government's announcement in August that the Audit Commission would be disbanded. She reported that until 2012 the Audit Commission would continue to provide the same service to Local Authorities in terms of auditing accounts and Annual Governance reports. It was anticipated that draft legislation would

be published in the autumn which set out the design of the future regime and arrangements for local audit.

Resolved

- (1) That the 2009/10 financial statements be approved.
- (2) That the adjustments to the financial statements be noted.
- (3) That the letter of representation on behalf of the Council be approved.
- (4) That it be noted that all of the Criteria for the Value for Money Assessment have been met.
- (5) That the proposed action plan be agreed.

Note: Following consideration of this item and in accordance with the Accounts and Audit Regulations, the Chairman signed the letter of representation on behalf of the Council, the Chairman and Chief Finance Officer signed the 2009/10 Statement of Accounts and the Chief Executive and Leader of the Council signed the Annual Governance Statement and the District Auditor signed the Independent Auditor's report to members of Cherwell District Council.

30

Internal Audit Progress Report

The Committee considered a report of the Chief Internal Auditor which summarised the progress made against the internal audit plan for 2010/11 for the period from June to September 2010. The Committee was advised that 36% of the plan had been completed and the remainder would be completed by the end of the financial year.

The Audit Team Leader reported that since the start of the financial year five final reports had been issued, assurance provided on one area and draft reports had been issued and/or fieldwork had commenced in five areas.

The Audit Team Leader updated the Committee with a summary of the activity of the Benefits Investigation Team from April – July 2010. The Team had received 112 referrals and had a sanctions success rate of 58.50% against a target of 50%

The Chief Internal Auditor advised the Committee that the Internal Audit Charter had been updated to reflect the requirements of the Audit Commission Triennial Review. This would be presented to the Committee's December meeting.

Resolved

- (1) That the Internal Audit Progress report be approved.

31 **Overview of Treasury Management Performance April - August 2010**

The Committee considered a report of the Head of Finance which updated Members on the actual return on investments for the period from 1 April 2010 to 31 August 2010, detailed the counterparties that have been used for investments and considered compliance with the investment strategy.

The Head of Finance reminded Members that as part of the Council's Investment Strategy the Committee had responsibility for considering the investment performance to date and the Council's compliance with counterparties being used. The Committee was advised that the performance for to August 2010 showed a small positive variance and, at present, the interest received looked set to stay on track for the remainder of 2010/11.

The Head of Finance advised the Committee that on the advice of the Council's treasury advisors, the Portfolio Holder Resources and Communication had agreed that the cash limit the Council invests with any bank one banking group be increased from £8m to £15m. This was due to a reduction in the Council's counterparty list which had resulted in difficulties finding places to invest funds.

The Head of Finance reported that the Treasury Management function had undergone its internal audit during the first quarter of 2010/11. The audit had given a 'high assurance' rating. The report had noted an improvement in the performance of the Treasury Management function since 2009/10.

The Head of Finance updated Members on the current situation regarding the Council's investments with the failed Icelandic bank Glitnir. The Council had not been given preferential status and would therefore only recover 31% of the £6.5m investment balance. The objections of all Local Authorities to their creditor status would be considered under Icelandic insolvency law and legal arguments to support the preferred creditor status for 14 test cases (3 of which represented Cherwell deposits) had been presented to Icelandic Courts in September 2010. A further update would be provided to the Committee's December meeting.

Resolved

- (1) That the contents of the report and treasury performance to date be noted.

32 **Update on International Financial Reporting Standards (IFRS)**

The Committee considered a report of the Head of Finance which updated Members on the Council's progress towards International Financial Reporting Standards (IFRS) and completing the 2010/11 Statement of Accounts under these new standards.

The Head of Finance advised the Committee that the IFRS Project Group was holding regular meetings to ensure the smooth transition of the accounts, which would be facilitated by the publication of the CIPFA Guidance Notes in

December 2010. She reported that the District Auditor had offered to present an overview of the IFRS to Members at the Committee's December meeting.

Resolved

- (1) That the contents of the report and the officers' proposed actions to deal with the implementation of International Financial Reporting Standards be noted.
- (2) That an IFRS training session facilitated by District Auditor be held at the Accounts, Audit and Risk Committee's December meeting.

33 **AARC Forward Plan**

The Head of Finance gave a verbal update on the Accounts, Audit and Risk Committee's work programme.

34 **Exclusion of the Press and Public**

Resolved

That, in accordance with Section 100A(4) of Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that they could involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1, Schedule 12A of that Act.

35 **Treasury Report - Exempt Appendix 1**

The Committee considered the exempt annex to the report of the Head of Finance updating Members on Treasury Management Performance, which listed the investments that Cherwell District Council had across all funds at 31 August 2010.

Resolved

- (1) That the exempt annex be noted.

The meeting ended at 8.00 pm

Chairman:

Date:

Accounts, Audit and Risk Committee

Annual Audit Letter 2009/10

13 December 2010

Report of Head of Finance

PURPOSE OF REPORT

The purpose of this report is to inform the committee of the Annual Audit Letter as prepared by the Audit Commission. This report summarises findings from the 2009/10 audit of the financial statements and an assessment of the arrangements to achieve value for money in the Council's use of resources.

This report is public

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of the Annual Audit Letter.

Executive Summary

1.0 Introduction

- 1.1 The draft Annual Audit Letter is attached in Appendix 1 and the District Auditor will present the contents at the Committee meeting.
- 1.2 The Auditor's opinion of the financial statements relate to the Statement of Accounts, approved by this Committee on September 22 2010 and the annual governance report issued.
- 1.3 The Audit Commission's Code of Audit Practice requires auditors to prepare an annual audit letter and issue it to each audited body.
- 1.4 The purpose of preparing and issuing annual audit letters is to communicate to the audited body and key external stakeholders, including members of the public, the key issues arising from auditors' work, which auditors consider should be brought to the attention of the audited body. The annual audit letter covers the work carried out by auditors since the previous annual audit letter was issued.
- 1.5 In previous years, the letter has also reported on Use of Resources. This work was ceased by the Audit Commission in May under the instruction of the new Conservative Government. \the results of the audit work that was

undertaken to this point are summarised in the letter.

2.0 Conclusion

- 2.1 All work on the financial statements is complete and an unqualified opinion on the statements and value for money conclusion was given on 22 September 2010.
- 2.2 The Council received an unqualified conclusion on its arrangements for securing economy, efficiency and effectiveness in the use of resources.
- 2.3 The actual audit fees for 2009/10 were in line with the budget provision of £120,000.
- 2.4 Officers and Members can be rightly proud of the successful outcomes delivered during the period covered and the continued improvements in financial reporting.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 This report summarises the Audit Commissions findings from the 2009/10 audit. It includes messages arising from the audit of the financial statements and the results of the work undertaken to assess the Council's arrangements to secure value for money.

The following options have been identified.

Option One: To note the contents of the report

Option Two: To raise issues or questions relating to this report

The approach in the recommendations is believed to be the best way forward

Implications

Financial:	There are no financial implications arising from this report but the contents of the report will influence future financial decisions. Comments checked by Karen Muir, Corporate System Accountant 01295 221559.
Legal:	There are no implications arising from this report Comments checked by Liz Howlett, Head of Legal and Democratic Services 01295 221686
Risk Management:	The report provides an independent, external assessment of the Council's performance in key areas of financial

management. The findings will help inform and shape improvements in the Council's financial arrangements, reducing the risk of financial failings.

Comments checked by Karen Muir, Corporate System Accountant 01295 221559.

Wards Affected

All

Document Information

Appendix No	Title
1	Annual Audit Letter
Background Papers	
Financial Statements 2009/10	
Report Author	Karen Curtin, Head of Finance
Contact Information	01295 221564 jessica.lacey@cherwell-dc.gov.uk

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Annual Audit Letter

Cherwell District Council

Audit 2009/10

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Key messages

This report summarises my findings from the 2009/10 audit of the financial statements (page 3) and my assessment of the arrangements to achieve value for money in its use of resources (pages 4 to 5).

Audit opinion and financial statements

1 I issued an audit report including an unqualified opinion on the financial statements on 22 September 2010. There were only minor presentational errors in the statements adopted.

2 I reported to those charged with governance (in this case, the Accounts, Audit and Risk Committee) on the issues arising from the 2009/10 audit.

Value for money

3 I gave an unqualified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources when I gave my opinion on the financial statements.

Current and future challenges

4 The Council faces some major challenges. These include responding to the government's Spending Review which requires every council across the country to make large financial savings. The Council has been anticipating this. It has made plans to make significant savings through its Medium Term Plan and Financial Strategy and is working in partnership with other local public bodies.

5 Like other local government authorities, the Council must prepare financial statements for 2010/11 based on International Financial Reporting Standards (IFRS). It has a project plan for putting IFRS in place. This is on track to meet all the statutory deadlines for financial reporting in 2010/11.

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

Overall conclusion from the audit

6 I issued an audit report including an unqualified opinion on the financial statements on 22 September 2010. The accounts and working papers presented were of a good standard and officers responded well and in a timely way to our audit queries.

Significant weaknesses in internal control

7 I did not identify any significant weaknesses in your internal control arrangements.

Icelandic investments

8 The Council has £6.5 million invested in three deposits with the Icelandic bank Glitnir. It had invested the money during 2006 and 2007 in line with its treasury management policy before any warnings about Icelandic banks.

9 During 2009/10, the Winding-Up Board of Glitnir Bank decided that local authority depositors would not be granted preferential creditor (priority) status. Local authorities are challenging the decision by the Winding-Up Board through the Icelandic courts. All three of Cherwell District Council's deposits have been selected as test cases. If local authority deposits are awarded priority status, claims will be fully repaid. If local authority deposits do not get priority status, the Council will receive much less of its investment back. In addition the Council has also put in a request to capitalise any loss.

10 No payment is expected before the court cases and any appeals for priority status. The earliest likely date by which payment could be made is June 2011.

Value for money

I considered whether the Council is managing and using its money, time and people to deliver value for money. I assessed its performance against the criteria specified by the Audit Commission and reported the outcome as the value for money conclusion.

2009/10 use of resources assessments

11 At the end of May 2010, the Commission wrote to all chief executives to inform them that following the government's announcement, work on CAA would cease with immediate effect and the Commission would no longer issue scores for its use of resources assessments.

12 However, I am still required by the Code of Audit Practice to issue a value for money conclusion. I have therefore used the results of the work completed on the use of resources assessment up to the end of May to inform my 2009/10 conclusion.

13 I report the findings from the work I have carried out to support the value for money conclusion.

Value for money conclusion

14 I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the value for money conclusion at each type of audited body.

15 This is a summary of my findings.

Criteria	Adequate arrangements?
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Good governance	Yes
Risk management and internal control	Yes
Managing resources	
Natural Resources	Yes
Workforce	Yes

16 I issued an unqualified conclusion stating that the Council had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources.

Approach to local value for money work from 2010/11

17 Given the scale of pressures facing public bodies in the current economic climate, the Audit Commission has been reviewing its work programme for 2010/11 onwards. This review has included discussions with key stakeholders of possible options for a new approach to local value for money audit work. The Commission aims to introduce a new, more targeted and better value approach to our local value for money audit work.

18 I will base my work on fewer reporting criteria, specified by the Commission, concentrating on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

19 I will determine a local programme of value for money audit work based on my audit risk assessment, informed by these criteria and my statutory responsibilities. I will no longer provide an annual scored judgement for my local value for money audit work. Instead I will report the results of all this work and the key messages for the Council in my annual report to those charged with governance and in my annual audit letter.

Current and future challenges

Spending review and economic downturn

20 The Council faces some major challenges. The new coalition government announced details of its spending plans for the next few years on 20 October 2010. It requires every council across the country to make big financial savings.

21 It will be important in this time of major change for the Council to consider and respond to the following issues:

- the resilience of medium-term financial strategies and the capacity to deliver significant efficiency savings;
- the need to keep enough management capacity to influence and respond to changes in patterns of demand for services; and
- the need to preserve proper standards of governance through changes in the way services are provided.

22 The Council has been anticipating the spending review for some time. It has made plans to make significant savings through its Medium Term Plan and Financial Strategy. This includes a review of all services in conjunction with the Council's latest public consultation and residents priorities.

23 The Council is working in partnership with other public bodies. The Council's Executive has recommended a shared management team between Cherwell and South Northamptonshire Council to help deliver these savings. The Council has estimated that this would give annual savings of around £0.7 million and cumulative five year savings of £3.4 million. The Council estimates the one off implementation costs at between £0.8 million and £1.7 million, with Cherwell responsible for 60 per cent. These are Council estimates of the potential savings implementation costs: we have not audited the figures.

International Financial Reporting Standards

24 Like other local authorities, the Council must prepare financial statements based on International Financial Reporting Standards (IFRS) for 2010/11. The transition to IFRS is challenging. The financial impact will vary widely from one body to another but the broader implications are wide-reaching. IFRS is not just a technical accounting issue for the finance team as there are wider process and systems changes to consider across the organisation. Significant preparatory work is essential.

The Council has recognised the challenges posed by IFRS. The Council has project plan for putting IFRS in place. This is on track to meet the deadlines for financial reporting in 2010/11. In addition the Accounts, Audit and Risk Committee has been kept informed of the impact of changes on the financial statements and how they are being addressed.

Closing remarks

25 I have discussed and agreed this letter with the Chief Executive, Chief Finance Officer and the Head of Finance. I will present this letter at the next Accounts, Audit and Risk Committee and will provide copies to all members.

26 Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Council during the year.

Report	Date issued
Audit plan	April 2009
Opinion plan	June 2010
Annual governance report	September 2010
Opinion	September 2010
Value for money conclusion	September 2010
Annual audit letter	November 2010

27 The Council has taken a positive and helpful approach to our audit. I wish to thank the Council staff for their support and cooperation during the audit.

Maria Grindley
District Auditor

25 November 2010

Appendix 1 – Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	£74,500	£74,500	--
Value for money	£45,500	£45,500	--
Total audit fees	£120,000	£120,000	--

Appendix 2 – Glossary

Annual governance statement

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

Financial statements

The annual accounts and accompanying notes.

Qualified

The auditor has some reservations or concerns.

Unqualified

The auditor does not have any reservations.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

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0844 798 7070

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



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November 2010

Accounts Audit and Risk Committee

Internal Audit Progress Report

13 December 2010

Report of Chief Internal Auditor

PURPOSE OF REPORT

This report provides the Committee with an update of the work of Internal Audit since the last meeting.

This report is public

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- (1) Consider and approve this report.

Executive Summary

1.1 Introduction

This report provides the Committee with an update of the work of Internal Audit since the last meeting. It includes a high level overview of final reports issued and issues raised.

1.2 Proposals

No specific proposals included

1.3 Conclusion

The Accounts, Audit and Risk Committee is recommended to consider and approve this report and the amendments made to the audit plan

Background Information

Internal Audit has undertaken work in accordance with the 2010/11 Internal Audit Plan which was approved by the Accounts, Audit and Risk Committee. Progress reports are taken to this committee to outline the work performed and conclusions forged to date.

Implications

Financial: n/a

Legal: n/a

Risk Management: The progress of the Audit Plan approved by this Committee is monitored as part of the Council's Performance Monitoring Framework. Failure to achieve the audit plan could result in a risk that independent assurance will not be provided on the internal control environment as required, and could be seen to undermine the effectiveness of the Internal Audit team. Failure to achieve the audit plan could lead to adverse comment from the external auditors. This risk has been assessed on the Council's risk register, entry number 0264.
Comments checked by Chris Dickens, Chief Internal Auditor, 07720 427215

Wards Affected

All

Document Information

Appendix No	Title
Appendix 1	Internal Audit Progress Report
Background Papers	
n/a	
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Internal audit summary
report for Accounts,
Audit and Risk
Committee

December 2010



DISTRICT COUNCIL
NORTH OXFORDSHIRE

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1. Plan Outturn

2010/11 Audit Plan

We have undertaken work in accordance with the 2010/11 Internal Audit Plan which was approved by the Accounts, Audit and Risk Committee at its meeting in March 2010. A number of changes have been made to the audit plan to reflect the changing priorities of the Council. These are summarised below:

Review	Original Days	Amendments	Revised Days
Agreed Plan	215	-	-
Sustainability	10	(10)	0
IFRS	5	3	8
Procurement	5	5	10
Joint Management Team Business Case Review	0	2	2
Performance Management	10	(5)	5
Revised Plan	215	(5)	210

An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix One. At present we have completed **114 days** out of a total planned **215 days (53%)**.

2. Reporting and Activity Progress

Final reports issued

Since the last Accounts, Audit and Risk Committee in September 2010, we have issued one further final report to the Council, as detailed below:

Review of Freedom of Information and Data Protection – We provided a HIGH assurance opinion over the approach being taken at the Authority to comply with Freedom of Information (FoI) requirements, raising one medium and one low risk issue regarding sign-off of responses and acknowledgement of FoI requests, respectively.

Fieldwork and draft reports

Draft reports have been issued and/or fieldwork has commenced in the following areas:

- General Ledger;
- Debtors;
- Creditors;
- Collection Fund;
- Housing Benefits;
- Procurement;
- Health and Safety; and
- Job Evaluation.

3. Summary of Key Risks

Overview

Our final reports include recommendations made in line with our risk ratings summarised in Appendix Three.

Further information is provided in the individual reports which can be produced in full if required.

At the time of this report, we have identified no issues that should be considered as significant control weaknesses.

4. Performance Indicators

A set of performance indicators have been agreed with officers to monitor performance of our audit contract for 2010/11. These have been detailed below for reference. Progress against performance indicators will be reported on a 6 monthly basis and therefore will be brought to this meeting in December and then in June to reflect performance to year end:

Objective	Performance Indicators PwC	Actual Performance to 2 nd December 2010	Performance Indicators OCC	Actual Performance to 2 nd December 2010
Delivering the internal audit service in an efficient manner	Delivery of programme of audits against the set audit plan.	53% of audit days delivered to date.		
	Scoping meeting held with project sponsors on all reviews.	100% of sponsors met.		
	Terms of reference for audits submitted at least 10 working days prior to the start of fieldwork.	8.2 days	Terms of Reference to be agreed (by email or hard copy) within 5 working days of receipt.	4.5 days
	Draft reports issued within 10 working days after completion of the audit.	13.1 days	Management responses to be provided within 10 working days of receipt of draft report.	11.7 days
	Final reports issued within 5 days of receipt of final management responses.	3.5 days		
Are our services addressing the issues of relevance to the Council?	Individual audit survey issued for every completed review.	6 out of 6 surveys issued.	Audit survey completed by audit sponsor for each review.	3 out of 6 returned.
	Feedback from individual audit surveys – aims to achieve an average of 3 (Good) for overall performance.	Average score of 3.4 achieved.		
	Reliance on financial control work by external audit.			

Objective	Performance Indicators PwC	Actual Performance to 2 nd December 2010	Performance Indicators OCC	Actual Performance to 2 nd December 2010
Our work has impact	All issues noted from prior year should be followed-up in year. All high/critical risk issues to be followed up within 6 weeks of issuing final report. Progress is to be reported to those charged with governance.	Follow up is ongoing. No high/critical risk issues noted to date.	Number of recommendations implemented by management.	No high/critical risk issues noted to date.
	Arrangement of 2 training sessions in year to address training needs of members/officers.	Discussions in January regarding risk training	All critical issues to be addressed within 6 weeks.	None noted to date.
We communicate with you	Attendance and presentation of progress report to all Accounts, Audit and Risk Committee meetings.	All AARC meetings attended.	Bills to be paid in line with prompt payment policy (30 days) once agreed	All agreed bills paid within 30 days.
	Quarterly meetings with contract manager.	Chief Internal Auditor and contract manager meet on a regular basis.		

Appendix One – Plan Progress

Our schedule of work has been based upon the revised audit plan that has been presented to you in this meeting.

Planned activity	Planned days	Actual days	Status
1. Fundamental assurance			
General Ledger	5	4	Fieldwork Completed
Debtors	10	8	Fieldwork Completed
Creditors	5	4	Fieldwork Completed
Payroll	5	5	Final Report Issued
Budgetary Control	10	0	To be commenced
Collection Fund	15	14	Draft Report Issued
Bank Reconciliations	5	5	Final Report Issued
Cashiers	5	5	Final Report Issued
Treasury Management	10	10	Final Report Issued
Housing Benefits	10	8	Fieldwork Completed
Fixed Assets	10	0	To be commenced
IFRS	8	0	To be commenced
Car Parking	5	5	Final Report Issued
Risk Management	5	0	To be commenced
Procurement	10	7	Fieldwork Commenced
TOTAL	118	75	

Planned activity	Planned days	Actual days	Status
2. Operational system reviews			
– risk based assurance			
Partnership Working	5	0	To be commenced
Freedom of Information and Data Protection	5	5	Final Report Issued
Health and Safety	5	4	Fieldwork Completed
ICT Audits	20	3	To be commenced
Job Evaluation	5	4	Fieldwork Completed
Strategic Planning	5	0	To be commenced
TOTAL	45	16	
3. Strategic Reviews			
Anti Fraud and Whistleblowing	5	4	Draft Report Issued
Performance Management	5	0	To be commenced
Business Plan	2	2	Draft Letter Issued
TOTAL	12	6	
4. Other			
Follow Up	5	2	Ongoing
Audit Management	30	15	Ongoing
TOTAL	35	17	
Overall Total	210	114	

Appendix Two – Finalised Reports

Assignment	High	Medium	Low	Total	Overall opinion
Bank Reconciliations	0	2	2	4	MODERATE
Car Parking	0	2	3	5	MODERATE
Cash Collection	0	3	4	7	MODERATE
Freedom of Information and Data Protection	0	1	1	2	HIGH
Payroll	0	2	1	3	HIGH
Treasury Management	0	2	1	3	HIGH
Eco Town Funding	n/a No opinion issued				
Total	0	12	12	24	

Appendix Three – Risk Ratings

Our assessment criteria are shown below:

Each of the issues identified has been categorised according to risk as follows:

Risk rating	Assessment rationale
<p>●● Critical</p>	<p>Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the authority's objectives in relation to:</p> <ul style="list-style-type: none"> • the efficient and effective use of resources; • the safeguarding of assets; • the preparation of reliable financial and operational information; or • compliance with laws and regulations.
<p>● High</p>	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall authority objectives.</p>
<p>● Medium</p>	<p>Control weakness that:</p> <ul style="list-style-type: none"> • has a low impact on the achievement of the key system, function or process objectives; or • has exposed the system, function or process to a key risk. However the likelihood of this risk occurring is low.
<p>● Low</p>	<p>Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.</p>

Overall opinion rating:

Level of assurance	Description
High	No control weaknesses were identified; or 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.
Moderate	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 significant or they are unlikely to occur.
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.
No	There are weaknesses in the design and/or operation of controls which, in aggregate, could have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisation objectives.

Appendix Four – Internal Audit Charter

1. Mission and Scope of Work

The mission of internal audit is to provide independent, objective assurance and consulting services designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of work of internal audit is to determine whether the Council's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement is fostered in the Council's control process.
- Significant legislative or regulatory issues impacting the Council are recognised and addressed appropriately.

Opportunities for improving management control, profitability and the Council's image may be identified during audits. They will be communicated to the appropriate level of management.

2. Accountability

The Chief Internal Auditor, in the discharge of his duties, shall be accountable to management and the Accounts, Audit and Risk Committee to:

Provide annually an assessment on the adequacy and effectiveness of the Council's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.

Report significant issues related to the processes for controlling the activities of the Council and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.

Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources.

Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

Whilst the annual internal audit report is a key element of the assurance framework required to inform the Annual Governance Statement (AGS), there are also a number of other sources from which those charged with governance should gain assurance. The level of assurance required from internal audit will be agreed with the Accounts, Audit and Risk Committee at the beginning of the year and presented in the annual internal audit plan (and subsequent agreed amendments). As such, the annual internal audit opinion does not supplant responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.

The Chief Internal Auditor will agree with management a suite of performance indicators to provide for effective performance management of the internal audit function. Performance against these indicators will be reported to the Accounts, Audit and Risk Committee on a regular basis. In addition the Chief Internal Auditor will undertake an annual self-assessment of the IA function against the CIPFA Code.

3. Independence

To provide for the independence of internal audit, its personnel report to the Chief Internal Auditor, who reports functionally to the Accounts, Audit and Risk Committee and administratively to the Head of Legal and Democratic Services in a manner outlined in the above section on Accountability. It will include as part of its reports to the Accounts, Audit and Risk Committee a regular report on internal audit progress against the internal audit plan. In accordance with the definition of Internal Audit by the Chartered Institute of Internal Auditors and the contract with the Council, Internal Audit may at times undertake work of a consulting nature. The Chief Internal Auditor will, in conjunction with management, determine whether this falls under the Internal Audit engagement. If this is not the case separate terms of engagement will be agreed with management.

In addition to the reporting arrangements set out above, the Chief Internal Auditor also has a direct right of access to the Chief Executive and the Corporate Management Team should it be required.

4. Responsibility

The Chief Internal Auditor and staff of the internal audit team have responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Accounts, Audit and Risk Committee for review and approval as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Accounts, Audit and Risk Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the Accounts, Audit and Risk Committee and management summarising results of audit activities.
- Keep the Accounts, Audit and Risk Committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the Accounts, Audit and Risk Committee.
- Assist in the investigation of significant suspected fraudulent activities within the Council in accordance with its anti fraud and corruption procedures and notify management and the Accounts, Audit and Risk Committee of the results. It is the Council's responsibility to ensure that Internal Audit is informed of any actual or suspected fraudulent activity.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Council at a reasonable overall cost.

5. Authority

The Chief Internal Auditor and internal audit staff are authorised to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Accounts, Audit and Risk Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the Council where they perform audits, as well as other specialised services from within or outside the Council.

The Chief Internal Auditor and internal audit staff are not authorised to:

- Perform any operational duties for the Council or its affiliates.
- Initiate or approve accounting transactions.
- Direct the activities of any Council employee, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

6. Relationships

The Chief Internal Auditor and internal audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.

- **Relationships With Management**

The Chief Internal Auditor and internal audit staff will maintain effective relationships with managers of the Authority. Regular meetings will be held with key stakeholders and management will be consulted with in the audit planning process. Timing of audit work will be in conjunction with management.

- **Relationships With Other Internal Auditors**

Where it is necessary for the Chief Internal Auditor and internal audit staff to work with the internal auditors of another organisation, the roles and responsibilities of each party will be agreed. Appropriate safeguards will be put in place to ensure that third party responsibilities are clearly defined understood by all concerned.

- **Relationships With External Auditors**

Internal audit and the Audit Commission will establish a working relationship where internal and external audit can rely on each other's work, subject to the limits determined by their responsibilities, enabling them to evaluate, review and only re-perform where necessary. Regular meetings will be held and plans and reports shared. External audit are consulted as part of the internal audit planning process.

- **Relationships With Other Regulators And Inspectors**

The Chief Internal Auditor and his staff will take account of the results and reports from any inspections when planning and undertaking internal audit work. Where appropriate, the Chief Internal Auditor will establish a dialogue with representatives of the appropriate inspection agencies.

- **Relationships With Elected Members**

The Chief Internal Auditor will establish a good working relationship with members, in particular with members of the Accounts, Audit and Risk Committee. The Chief Internal Auditor has the opportunity to meet with the Chair of the Accounts, Audit and Risk Committee if desired.

7. Standards of Audit Practice

Internal audit will meet or exceed the *Standards for the Professional Practice of Internal Auditing* of The Chartered Institute of Internal Auditors, The Government Internal Audit Standards (“GIAS”) and the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006.

Chief Internal Auditor (PricewaterhouseCoopers LLP)

Presented to Accounts, Audit and Risk Committee

December 2010

In the event that, pursuant to a request which Cherwell District Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PricewaterhouseCoopers (PwC) promptly and consult with PwC prior to disclosing such report. Cherwell District Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Cherwell District Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Cherwell District Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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Accounts, Audit and Risk Committee

Update on International Financial Reporting Standards (IFRS)

13 December 2010

Report of Head of Finance

PURPOSE OF REPORT

The purpose of this report is to provide a brief update to Councillors on the Councils progress towards IFRS and completing the 2010/11 Statement of Accounts under these new standards.

This report is public

Recommendations

The Accounts, Audit and Risk Committee is recommended to:

- (1) Note the contents of this report and the officers' proposed actions to deal with the implementation of IFRS.

Executive Summary

1.1 Introduction

International Financial Reporting Standards (IFRS) represents a significant change in financial reporting across government and the public sector. Local authorities will have to move to accounting on an IFRS basis by 2010/11, a year after central government and the NHS.

A large volume of work was undertaken in the winter of 2009/10 and in most cases it was found that when materiality was applied, the numbers required in the accounts didn't change much. It hasn't been a fruitless exercise though as the experience gained, not only in technical accounting terms but also in sorting out the data and information needed to support the process, will serve us well in meeting the requirements for 2010/11.

Now that the 2009/10 accounts have been approved by audit, finance officers can now focus their attention on IFRS once again.

1.2 Progress since AARC 22nd September 2010

In the two months since the approval of the 2009/10 accounts, the following IFRS work has been undertaken:

- a) A draft policy on Componentisation has been completed in order to ensure compliance with IAS 16 Property, Plant & Equipment Assets. This has been sent to the Head of Estates to be reviewed and will be tested with a sample of assets in early December 2010.
- b) A draft policy for Cash & Cash Equivalents has been completed in order to ensure compliance with IAS7 Cash Flows. Once this has been formally adopted, the balance sheet can be amended.
- c) The Code of Practice on Local Authority Accounting, "The Code", has been read thoroughly and a list made of all areas of change which will need addressing at Cherwell. This list has been circulated to relevant finance officers so that they are aware of the tasks needed for transition and beyond.
- d) The balance sheets for 2008/09 and 2009/10 have been reformatted to how they need to look under IFRS. This has so far been done as an Excel exercise and this will now be fed into Agresso so that the Excellerator reports which are used for automatic reporting, give us the correct answers. There are some name changes to categories on the balance sheet and some areas look technically different.
- e) Discussions have taken place between the Technical and Management accounting teams within the Council to look at how we can produce an additional Income and Expenditure Statement for 2009/10 and going forwards, based on segmental reporting. So far this looks as if it will be a fairly easy exercise as the Council already produces a form of segmental accounts via the Dashboard.
- f) All Investment assets have been reviewed to determine if they still constitute as investment assets under the new definition. 23 of the Councils 40 investment properties (£1.7m of £29m) will have to be recategorised as Other, Land & Buildings. Supporting evidence for the Audit Commission has been produced.
- g) All assets held as 'For Sale' have been reviewed. Under the IFRS rules, an asset is only for sale if it is being, or will be being in the next 12 months, marketed for sale. As the Councils 2 assets held for sale (total value £300k) were not, they have to be moved back to Other Land & Buildings.
- h) The Technical Accountant has attended an invaluable day at the CIPFA Finance Advisory Network (FAN) event where the topic was 'IFRS Presentation & Restatement of the 2009/10 Accounts'.
- i) The Technical Accountant has represented the Council at the Northamptonshire Chief Accountants workshop which was held at South Northamptonshire District Council. Various topics were discussed including the lay-out of the new statements and the approach to the new accounting policies which will be needed.

Further to this, before the Audit Commission plan to come and do their next IFRS review in early February, the Technical Accountant has timetabled to:

- a) Complete combining the Income & Expenditure Account (Note 5.0) and Statement of Total Recognised Gains & Losses (Note 7.0) to a combined Comprehensive Income & Expenditure statement. This will initially be done in Excel for 2009/10 and then we can amend the reporting structure on Agresso.
- b) Analyse all of the grants held on our balance sheet to identify which of them

have conditions applied. Any which have conditions which have not yet been met can stay on the balance sheet, however any grants which don't have conditions attached will have to be credited to the Income & Expenditure Statement as soon as they are received.

- c) Statement of Movement on General Fund Balance (Note 6.0) needs to be changed in to a new Movement in Reserves Statement.
- d) Previous years fixed asset impairments need to be analysed to assess the reason for the impairment as this will now effect the accounting treatment and needs to be applied retrospectively.
- e) Test the new balance sheet report on Agresso for compliance.
- f) Start preparing journal entries where needed for changes to the 2009/10 accounts under IFRS.
- g) Start a review of provisions. Under IFRS they have to be analysed between those that will be needed within one year and more than one year. These are then shown in different sections of the balance sheet.
- h) The procuring of a new asset register system needs to be completed so that it can be installed in time for implementation and testing before March 2011.
- i) The work on leases which was done in the winter of 2009 needs to be reviewed and updated.

The guidance notes to accompany the Code are due for release on 17th December 2010. Once we are in receipt of these, we should have a better idea on the accounting entries needed to our accounts and also how some of the supporting notes to the accounts need to look.

A meeting of the IFRS Steering Group is planned ahead of the next Accounts, Audit & Risk committee on 19th January 2011 and will provide as a suitable follow-on from the IFRS training this evening.

Implications

Financial:	There are no financial issues arising from this report. Its publication is funded from within existing resources. Comments checked by Eric Meadows, Service Accountant 01295 221552.
Legal:	The Council must ensure its 2010/11 financial statements are prepared in accordance with International Financial Reporting Standards and the Code of Practice on Local Authority Accounting (the Code). Comments checked by Eric Meadows, Service Accountant 01295 221552.
Risk Management:	If we fail to comply with the new standards and the Code, we may get a qualified opinion issued on our accounts. Comments checked by Eric Meadows, Service Accountant 01295 221552.

Wards Affected

All

Document Information

Appendix No	Title
None	
Background Papers	
There are no applicable background papers.	
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Accounts, Audit and Risk Committee

Risk Management Principles and Core Risks

13 December 2010

Report of Corporate Strategy and Performance Manager and Risk Management & Insurance Officer

PURPOSE OF REPORT

To endorse the underlying principles of risk and opportunity management, to update the Committee on the management of Strategic, Corporate and Partnership Risks (Core Risks) and endorse the proposed reporting timetable for 2011/2012.

This report is public

Recommendations

The Accounts, Audit and Risk Committee is recommended to endorse:

- (1) The underlying principles for risk management.
- (2) The Strategic, Corporate and Partnership (Core) Risk Register
- (3) The proposed reporting timetable to the Executive and the Accounts Audit & Risk Committee 2011/2012.

Summary

1. Introduction

- 1.1 In advance of 2010/11 we carried out a thorough review of our risks. This gave us the opportunity to consider the underlying principles of our overall approach to managing risk.
- 1.2 In April we integrated a high level strategic risk register with performance management using PerformancePlus, the Council's corporate performance management tool. This move allows an integrated approach to managing risk and organisational performance and rationalises the administration involved.
- 1.3 Risks are reviewed monthly and monitored by the Corporate Management Team. There is effective oversight by members through the Executive and the Accounts Audit & Risk Committee.

1.4 The report sets out the following:

- The underlying principles by which we manage risk in the Council.
- The Corporate Risk Register for 2010/11 at 31 October 2010.
- The proposed timetable for reporting risks to the Executive and the Accounts Audit & Risk Committee 2011/2012.

Proposals

1.5 **Underlying Principles.** It is proposed that the following principles continue to be adopted for the management of risk:

- **Core Risks.** There are cores of risks that have organisation wide significance. These are recorded in the Council's Risk Register and are monitored and reported through the corporate Performance Management Framework. The core risks are the strategic and corporate risks (see definitions below). Also included are some partnership risks which, although operational by nature, are included in the Corporate Risk Register because of the high priority we give to improving partnership working.
- **Operational Risks.** In addition to the core risks, individual managers manage locally any operational risks they believe could affect the delivery of services in their area. These may be stored on Performance Plus and monitored locally. They will not be monitored corporately through the Performance Management Framework.

Type of Risk Questions have been raised about the difference between Strategic, Corporate, Partnership and Operational risks. In practice there will always be areas of overlap between them. Our definitions are as follows:

- **Strategic.** These are risks that are significant in size and duration and will impact on the reputation and performance of the Council as a whole and in particular on its ability to deliver its four strategic priorities.
- **Corporate.** These are risks to corporate systems or processes that underpin the organisation's overall operation and ability to deliver services.
- **Partnership.** These are the risks to a partnership delivering services or meeting other objectives.
- **Operational.** Risks specific to the delivery of individual services.

Net Risk. This is a measure of impact x likelihood after the proposed mitigating actions have been taken into account. This is given a score using a 5 x 5 matrix which can then range from 1 to 25.

1.6 **Risk Register 2010/11.** Following a full scale review of the Risk Register in 2009/10 there are now 19 risks on the corporate risk register: 8 Strategic, 7 Corporate and 4 Partnership risks (Appendix 1). Although fewer in numbers than in previous years, in practice this has had the effect of making the

Council focus on the most significant risks to the organisation. This is especially important in view of the current economic pressures on service delivery and the Council's finances.

- 1.7 **Reviewing the Risks.** Strategic, Corporate and high level Partnership risks are reviewed monthly. The contents of the Risk Register as a whole are reviewed at least annually to ensure its contents reflect current priorities and circumstances.
- 1.8 **Operational Risks.** Operational risks are managed locally. As with local performance indicators, any issues arising from these operational risks may be escalated up the Performance Management Framework to the Corporate Management Team and the Executive.

Reporting Arrangements. For 2011/12 the reporting of the Strategic/Corporate Risk Register will continue to be integrated into the quarterly performance report to the Executive. It is proposed that the performance of risks on the Strategic/Corporate Risk Register is also reported quarterly to the Accounts, Audit and Risk Committee.

Conclusion

- 1.9 Since 1 April 2010 we have introduced a number of significant changes to the way we manage risk in the Council. These changes were built on an already strong performance that has been recognised by the Audit Commission. By integrating risk and performance management we have a clearer understanding of the risks which may prevent the Council achieving its strategic objectives. In improving the accountability to members we have taken the management of risk to a higher stage of development.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 To endorse the overall approach to managing risks and opportunities and to provide a clear focus on the risks which may prevent Council delivering its core strategic objectives.
- 3.2 To consider the Strategic, Corporate and Partnership Risk Register
- 3.3 To note the proposed reporting timetable to the Executive and the Accounts Audit & Risk Committee for 2011/2012.

The following options have been identified. The approach in the recommendations is believed to be the best way forward.

Option One To support the current approach and having considered the Strategic, Corporate and Partnership risks, report any concerns arising to the Executive.

Option Two To reject the current approach and report any concerns arising to the Executive.

Implications

- Financial:** The Council has identified the impact of the current economic climate and CSR on the Council's ability to deliver its corporate priorities as a Strategic Risk. There is also a Corporate Risk arising from the Council's ability to fund its activities because of a reduction in investment income or income from other capital assets such as buildings.
Comments checked by Karen Curtin, Head of Finance, 01295 221551
- Legal:** There are no direct legal implications arising from this report but the Council has to ensure it is aware of any risks to its delivering what is required by law.
Comments checked by Liz Howlett, Head of Legal and Democratic Services, 01295 221686
- Risk Management:** There are no direct risks associated with this report. However, if core risks or opportunities are not regularly monitored and reviewed, especially in the current financial climate, there is a danger of the Council not achieving its corporate objectives.
Comments checked by Rosemary Watts, Risk Management & Insurance Officer, 01295 221566

Wards Affected

All

Corporate Plan Themes

All

Document Information

Appendix No	Title
Appendix 1	Corporate Risk Register 2010/11 (31 October 2010)
Background Papers	
None	
Report Author	Rosemary Watts
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		STRATEGIC RISKS					
	Description	Owner	Gross	Gross Net	Net	Control Measures as at 30/04/2010	Comment
[-] RS - STRATEGIC RISK REGISTER		Exec... Chief	High Me... 15	High Me... 10	High Me... 10		
	The risk in not breaking the cycle of deprivation and addressing inequalities across the District is that the life opportunities of residents in the greatest need will not be improved and as a result the reputation of the Council will suffer. The risk is particularly acute in areas such as the Neithrop, Ruscote and Grimsbury wards in Banbury where there is a high level of deprivation as measured by the Government's indices of multiple deprivation.					Proposals include a) Long term approach for support to local people and communities as many issued can only be addressed on this basis b) Multi agency action with clear and common objectives c) Additional funding from Government grants to supplement current resources	Risk reviewed. No change.
[+] RS01 Deprivation & Equalities		Davies, Ian	High Me... 12	High Me... 12	Me... 9		
	The risks are that national and local policy support and resources will be inadequate to support the development of the Eco Bicester Town. As a result the Council may fail to fully exploit the Eco Bicester Town as an opportunity to develop a centre of excellence in terms of sustainable living.					a) Planning policy development through Local Development Framework. b) Eco Bicester Town Project plan and related partnership working with private and public sector partners c) Dedicated Project Team	No change in risk or control measures
[+] RS02 Eco Bicester Town		Hoad, John	High 16	High 16	Me... 8		
	The risks are that the Local Development Framework is not prepared adequately, in time, or is found unsound at public examination. Such outcomes would result in further risks arising from speculative planning applications, undesirable major developments and / or expense for the Council in contesting planning appeals. An unsound plan would mean that the Council would have to repeat 2 to 3 years work at high cost.						No change to risk or control.
[+] RS03 Local Development Framework		Clarke, Philip	High 20	High 20	High Me... 15		
	The risk is that the Council does not identify and					Control measures remain the same a) Service and financial planning process	No change in risk or control measures


<p>RS04 Economic & Social Changes</p>	<p>respond to general economic and social changes and as a result would not fulfil its role as a community leader and a provider of top quality services driven by a clear understanding of community and individual needs.</p>	<p>Hoad, John</p>		<p>High 16</p>		<p>High Me... 12</p>		<p>b) Sustainable Community Strategy c) Economic Development Strategy and related partnership activities</p>	<p>Risk reviewed. No change</p>
<p>RS05 Horton Hospital</p>	<p>The risks to maintaining the Horton Hospital as a facility that meets community aspirations for local health provision are the deliverability and affordability of a revised consultant delivered service model for paediatrics and obstetrics. Failure of either will jeopardise current service provision and could result in a service reduction from the Horton.</p>	<p>Davies, Ian</p>		<p>High 16</p>		<p>Me... 9</p>		<p>a) Support to the PCT in challenging ORHT proposals b) Providing evidence of deliverability of consultant delivered services elsewhere c) Gaining consensus locally that this is important</p>	<p>Risk reviewed. No change</p>
<p>RS06 The Natural Environment</p>	<p>The risk is that the Council does not take the necessary actions to meet its obligation, as set by National Government, to ensure its own operations and that of its District's residents and businesses reduce their carbon footprints.</p>	<p>Potter, Ed</p>		<p>High Me... 15</p>		<p>Me... 9</p>		<p>a) Environmental Strategy for a changing climate b) Responsibility for delivery plans for the Environmental Strategy clear c) Relevant delivery groups</p>	<p>No change to risk or controls</p>
<p>RS07 Managing Change</p>	<p>The risk is that the Council does not adequately manage the impact of major change programmes on organisational performance and individual morale.</p>	<p>Scott, Anne-Marie</p>		<p>High 16</p>		<p>High 16</p>		<p>a) Agreed change policies in place and being followed b) Trade Union time allocated for project support c) Consultation and communication plans in place</p>	<p>Budget Monitoring Continued review - meeting held with Fund Managers and Advosors to discuss performance</p>
<p>RS08 Financial Resources</p>	<p>The risk is that in an uncertain economic and financial climate the Council will not have the resources to deliver its corporate priorities. Poor economic conditions also tend to produce increased demand on services. As the Council's income from capital reduces our dependency on interest to support revenue expenditure must also reduce and capital assets will need to be rebuilt to fund future infrastructure investments.</p>	<p>Curtin, Karen</p>		<p>High 16</p>		<p>High Me... 12</p>		<p>Whilst we don't under estimate the challenges presented as a result of the economic downturn, the council's financial position remains strong ensuring we are able to continue to meet our priorities in the future. Our rolling programme of VFM reviews has generated cost reductions of £3.7m over the last 3 years, proving our ability to deliver identified savings in full over extended periods of time. Support costs and frontline services alike have been subject to VFM reviews. We have reduced support costs by £1m over the last 3 years, a reduction of 18% in real terms.</p>	<p>a) Budget 2010/11</p>




Failure to do either will result in budgetary shortfall, service reductions, above inflation increases to council tax and lack of capital to fund future community schemes.

- b) Medium financial strategy and sensitivity analysis
- c) Workforce planning
- d) Dashboard - budget monitoring

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		CORPORATE RISKS							
	Description	Owner	Gross	Gross	Net	Net	Net	Control Measures as at 30/04./2010	Comment
RC - CORPORATE RISK REGISTER		Exec... Chief		High Me... 15		Me... 9			
RC01 Health & Safety	The risk is that a failure to comply with health and safety and welfare legislation and policies could lead to injuries and death, high sickness absence and claims and litigation against the Council.	Marri... David		High 20		High Me... 10		<ul style="list-style-type: none"> a) Wide range of Health & Safety policies and procedures in place as set out on the Council's intranet b) Training is given to all relevant staff undertaking manual work c) Relevant safe working practice notes are issued as part of standard induction procedures 	<ul style="list-style-type: none"> a) Wide range of Health & Safety policies and procedures in place as set out on the Council's intranet b) Training is given to all relevant staff undertaking manual work c) Relevant safe working practice notes are issued as part of standard induction procedures
RC02 Capital Investments	The risk is to the Council's ability to fund its activities because of a reduction in investment income or income from other capital assets such as buildings.	Curtin, Karen		High 16		High Me... 12		<ul style="list-style-type: none"> a) Utilisation of treasury management advisors to assist with investing in strong rated institutions. b) We adhere to an annual investment strategy that complies with CIPFA code. c) All rental income from buildings is monitored monthly and managed by the Head of Estates to minimise the number of "empty" properties. In this economic climate we will review our occupancy rates. d) Budget 2010/11 e) Medium term financial strategy f) Asset Management Strategy g) Dashboard - budget monitoring h) Annual Treasury Management Strategy i) Counterparty Lists 	<p>Budget Monitoring Q2 Report to Exec detailing income variances - car parking is current risk. Investment income on track despite low base rate</p>
RC03 ICT Systems	<ul style="list-style-type: none"> 1) ICT unable to provide Disaster Recovery Services as required by the Business Continuity Plan. 2) Loss of ICT systems that would have a significant negative impact on service delivery and cause exceptional costs to the Council. 	Simp... Pat		High 20		Me... 8		<ul style="list-style-type: none"> 1a) Disaster Recovery Plan to be tested by system administrators on a 6 monthly schedule. 2a) Architectural approach of systems and implementation of key projects is quality assured by external auditors; 2b) Annual compliance with ISO 27001 through annual testing of operation procedures by external auditors 	re-assessment after changes to thorpe Lane
RC04 Equalities Legislation	The risk is the Council may be open to litigation and loss of reputation if it is not compliant with equalities	Taylor, Claire		High Me... 15		Me... 9		<ul style="list-style-type: none"> a) Equalities scheme b) Mandatory Equalities Training c) Equalities performance monitored through d) PMF e) IDEA Peer assessment planned for 2010 	risk reviewed ct 11/11/2010

<p>RC05 Job Evaluation</p>	<p>legislation. The risk is the impact of a significant number of appeals arising from the Job Evaluation scheme on the resources of the Council and Human Resources in particular. Also there is a risk that Job Evaluation may encourage staff to pursue equal pay claims due to greater awareness.</p>	<p>Scott, Anne-Marie</p>		<p>High Me... 12</p>		<p>Me... 6</p>		<p>f) Equalities steering group and communications plan 1) Consultation with employee representatives 2) Equal pay audit 3) Job Evaluation project 4) Removal of Company Car Scheme</p>	<p>Risk Reviewed : no change to to controls required</p>
<p>RC06 Civil Emergency</p>	<p>Civil Emergency</p>	<p>Mars... - West... Paul</p>		<p>High Me... 15</p>		<p>High Me... 10</p>		<p>As a Category 1 Responder under the Civil Contingencies Act 2004, the Council has a duty to prepare and maintain an Emergency Plan which is updated on a regular basis. Furthermore, the plan has an annual testing and exercising schedule. Table top exercises are carried out annually to test the robustness of the plan and for plan familiarisation. Training is also provided as necessary to relevant staff to enable them to undertake effectively their emergency planning duties/role.</p>	<p>Gross risk remains high but mitigated by effective planning and training. EP Desk top training undertaken in October. Further updating of plans/details to be undertaken in December. BC Plan live test in next 6 months.</p>
<p>RC07 Data Quality</p>	<p>The risk is that unreliable data sources are used to support decision and policy making putting the Council at risk of making poor decisions. Decisions are made on the basis of information about the population and the nature of the district. If data is out of date, incomplete or inaccurate, those decisions may turn out to be inappropriate.</p>	<p>Taylor, Claire</p>		<p>High Me... 12</p>		<p>Me... 9</p>		<p>a) Single trusted data source available for all decision makers to access b) Use external trusted and reliable data source as the basis for our own information c) Internal audit programme for performance indicators d) Initiate a series of data quality health checks</p>	<p>Risk reviewed ct 11/11/10</p>

PARTNERSHIP RISKS									
	Description	Owner	Gross	Gross Net	Net	Control Measures as at 30/04/2010	Comment		
<p>RP - PARTNERSHIP RISK REGISTER</p>		<p>Exec... Chief</p>		<p>High Me... 10</p>		<p>Me... 8</p>			
<p>RP01 Local Area Agreement</p>	<p>The risk is the failure to deliver the Council's elements of the Local Area Agreement having a negative impact on service delivery to the public, the Council's reputation with other local</p>	<p>Taylor, Claire</p>		<p>High Me... 12</p>		<p>Me... 9</p>		<p>a) PMF b) High level of District engagement in LAA2 negotiation c) CDC coordination of all Oxon districts LAA performance management arrangements. d) LSP management group to monitor performance</p>	<p>risk reviewed ct 11/11/10 LAA requirement is no longer in effect. This risk is will be removed from the register at year end.</p>

<p>⊕ RP02 Local Strategic Partnership</p>	<p>authorities and this being reflected in national inspection regimes. The risk is the failure of the Local Strategic Partnership to deliver its objectives having a negative impact on service delivery to the public, the Council's reputation with other local agencies and this being reflected in national inspection regimes.</p>	<p>Taylor, Claire</p>		<p>Me... 9</p>		<p>Me... 9</p>		<p>a) Partnership governance review implemented b) Management group to support implementation of LSP decisions c) Annual self assessment of performance</p>	<p>Risk reviewed ct 11/11/10</p>
<p>⊕ RP03 Community Safety Partnership</p>	<p>Failure of the Community Safety Partnership to deliver a continuous reduction in crime and the fear of crime.</p>	<p>Roth... Chris</p>		<p>High Me... 12</p>		<p>Me... 9</p>		<p>The four Action Groups produce annual action plans to deliver the priorities of the partnership. This is monitored bi-monthly by the partnership's performance management team (CDC head of service and TVP local commander) which reports into the quarterly strategic partnership meetings. Control Measures remain the same.</p>	<p>Role and Terms of Reference for Partnership to be redefined given new partnership framework around Local Enterprise Partnerships (LEPs)</p>
<p>⊕ RP04 Spatial Planning & Infrastructure Partnership</p>	<p>The risk is the failure of the Spatial Planning and Infrastructure Partnership to establish itself as an effective body locally and in relations with National Government. The consequences are reduced funding for the local area and failure to fully exploit development and infrastructure provision opportunities.</p>	<p>Hoad, John</p>		<p>High Me... 12</p>		<p>Me... 8</p>		<p>a) Partnership Work Programme / Forward Plan b) Resource provision for Partnership work (use of LAA Reward Grant)</p>	<p>Role and Terms of Reference for Partnership to be redefined given new partnership framework around Local Enterprise Partnerships (LEPs)</p>

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Accounts, Audit and Risk Committee

Risk Management Strategy 2011/12

13 December 2010

Report of the Corporate Strategy and Performance Manager and the Risk Management & Insurance Officer

PURPOSE OF REPORT

To present the Risk Management Strategy for 2011/12 for consideration and comment by the Accounts, Audit & Risk Committee in advance of its consideration by the Council's Executive in 2011.

This report is public

Recommendations

The Accounts Audit & Risk Committee is recommended to:

- (1) Endorse the Risk Management Strategy 2011/12 (Appendix A).
- (2) Note that the views of the Accounts, Audit & Risk Committee will be reported to the Executive when they consider this item.

Introduction

The existing Risk Management Strategy was approved by the Executive on 12 April 2010.

It is good practice to review such strategies annually and to update them where necessary. A suggested Risk Management Strategy for 2011/2012 is attached at Appendix A. This reflects current practice and will ensure continuous improvement in risk and opportunity management.

Background Information

Risk Management is a fundamental part in the successful management of any organisation and forms a key element of our Corporate Governance Framework.

Key Issues for Consideration/Reasons for Decision and Options

To agree an overall approach to risk management that builds on current practice and provides a clear focus on the risks to the Council delivering its strategic objectives.

The following options have been identified. The approach in the recommendations is believed to be the best way forward.

- Option One** To endorse the revised Risk Management Strategy 2011/12 and to recommend it to the Executive for adoption.
- Option Two** To propose amendments to the proposals in this report.
- Option Three** To reject the proposals in this report.

Implications

Financial: There are no direct financial effects arising from this report.
Comments checked by Karen Curtin, Head of Finance, 01295 221551

Legal: There are no direct legal implications arising from this report.
Comments checked by Liz Howlett, Head of Legal and Democratic Services, 01295 221686

Risk Management: Risk Management is a fundamental part of the successful management of any organisation. A failure to regularly review and update the Council's Risk Management Strategy could receive adverse comment from external Auditors.
Comments checked by Rosemary Watts, Risk Management & Insurance Officer , 01295 221566

Wards Affected

All

Document Information

Appendix No	Title
Appendix A	Risk Management Strategy 2011/12
Background Papers	
None	
Report Author	Rosemary Watts, Risk Management and Insurance Officer
Contact Information	01295 221566 rosemarywatts@Cherwell-dc.gov.uk

Cherwell District Council

Risk Strategy 2011/12

1. Introduction

The purpose of this document is to outline an overall approach to risk management that addresses the risks facing the Council in achieving its objectives, and which will facilitate the effective recognition and management of such risks.

Risk management will be embedded within the daily operations of the Council, from strategy and policy formulation through to business planning and general management processes. It will also be applied where the Council works in partnership with other organisations, to ensure that partnership risks are identified and managed appropriately.

Through understanding risks, decision-makers will be better able to evaluate the impact of a particular decision or action on the achievement of the Council's objectives.

Risk management will not focus upon risk avoidance, but on the identification and management of an acceptable level of risk. It is the Council's aim to proactively identify, understand and manage the risks inherent in our services and associated with our plans, policies and strategies, so as to support responsible, informed risk taking and as a consequence, aim to improve value for money. The Council will not support reckless risk taking.

Risk management is increasingly recognised as being concerned with both the positive and negative aspects of risk; that is to say opportunities as well as threats.

This strategy therefore applies to risk from both perspectives.

2. Objectives of the Strategy

- To maintain a risk register that identifies and ranks all significant risks facing the Council, which will assist the Council achieve its objectives through pro-active risk management,
- To rank all risks in terms of likelihood of occurrence and potential impact upon the Council,
- To allocate clear roles, responsibilities and accountability for risk management,
- To facilitate compliance with best practice in corporate governance, which will support the Annual Governance Statement which will be issued with the annual statement of accounts,
- To raise awareness of the principles and benefits involved in the risk management process, and to obtain staff and Member commitment to the principles of risk management and control.

3. Assessment and Review

This will involve consideration of all potential risks facing the Council, with risks broken down into strategic risks which could impact on the achievement of the Council's objectives, corporate risks which could impact across more than one

service, and significant partnership risks. Service risks which could impact upon the ability of service units to deliver their services or to achieve their service objectives will be monitored and reviewed locally..

All risks will be clearly defined together with the controls that currently exist to manage them. Consideration of the adequacy of the present control system will avoid duplication of resources as several of the identified risks may already prove to be effectively controlled.

It is important that the internal systems and procedures in place are adequate to manage the identified risk. Where control weaknesses are identified, these should be noted so that action can be taken to remedy such weaknesses.

The strategic/corporate risk register will be reviewed, updated and monitored on a monthly basis.

The Internal Audit section will focus audit work on significant risks, as identified by management, and will audit the risk management process across the whole Council to provide assurance on its effectiveness.

The Council will seek to learn from other organisations where appropriate, and to keep up to date with best practice in risk management.

4. Risk Ranking

All risks will be rated for the likelihood that they may occur and their potential impact. This will allow for risks to be ranked and prioritised, as not all risks represent equal significance to the Council.

5. Action Plan

Once risks have been identified and ranked, the next step is to control and manage them. This will involve the consideration of cost-effective action, which will be judged against risk rankings. The proposed action to be taken will then be mapped against the specified risk together with an implementation date, and a named person will be designated as responsible for 'owning' the risk.

6. Risk Appetite

The Council will use risk management to add value. It will aim to achieve a balance between under-managing risks (i.e. being unaware of risks and therefore having little or no control over them), and over-managing them (i.e. an obsessive level of management and control which could stifle innovation and creativity).

Appropriately managed and controlled risk-taking and innovation will be encouraged where it is in furtherance of the Council's objectives.

7. Benefits of Risk Management

- Awareness of significant risks with priority ranking assisting in the efficient control of the risks,
- Recognition of responsibility and accountability for risks and associated existing controls and any actions required to improve controls,
- An aid to strategic and business planning,

- Identification of new opportunities,
- Action plan for the effective management of significant risks,
- An aid in effective partnership working.

9. Accountability

There will be clear accountability for risks. This will be achieved through an annual public statement on risk management, an Annual Governance Statement signed by the Chief Executive and the Leader of the Council, and by making the Council's risks and risk management process open to regular Internal Audit and external inspections.

The Accounts, Audit & Risk Committee will be responsible for monitoring the Council's risk management arrangements, for undertaking an annual review of this Strategy to ensure it remains current and up to date and reflects current best practice in risk management, and for making recommendations to the Executive if it is considered that any improvements or amendments are required.

Members of the Executive will be briefed regularly to ensure they are aware of significant risks affecting their portfolios and any improvements in controls which are proposed.

A Risk Management Working Group will meet regularly to promote risk management throughout all departments and to ensure continuous improvement in risk and opportunity management.

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