

AUDIT COMMITTEE

**Venue: Town Hall, Moorgate
Street, Rotherham. S60
2TH**

Date: Wednesday, 13 April 2011

Time: 4.00 p.m.

A G E N D A

1. To determine if the following matters are to be considered under the categories suggested in accordance with the Local Government Act 1972.
2. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
3. Minutes of the previous meeting held on 16th March, 2011 (herewith) (Pages 1 - 4)
4. Reintegration of 2010 Rotherham Ltd with RMBC (report herewith) (Pages 5 - 9)
5. KPMG Grants Report 2009/10 (herewith) (Pages 10 - 19)
6. Corporate Risk Register (report herewith) (Pages 20 - 43)
7. Audit Committee Annual Report 2010/11 (herewith) (Pages 44 - 60)
8. Cooption onto the Committee (Tim Mumford to report)

**AUDIT COMMITTEE
16th March, 2011**

Present:- Councillor Sangster (in the Chair); Councillors Gilding, Kaye and Sims.

Also in attendance were Councillor Wyatt (Cabinet Member for Resources and Commissioning), Mrs. A. Bingham (Vice-Chair of the Standards Committee) and Alison Ormston (KPMG)

P55. MINUTES

Resolved:- That the minutes of the previous meeting held on 16th February, 2011 be agreed as a correct record.

P56. ACCOUNTING POLICIES

Derek Gaffney, Chief Accountant, presented the submitted report indicating that Section A14 of the Financial Regulations required the Strategic Director of Finance to determine the Council's accounting policies and ensure they were applied consistently.

International Accounting Standards (IAS) 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors' set out the principles to be followed in :-

- selecting accounting policies
- accounting for changes in accounting policies, accounting estimates and errors
- the disclosures needed to help users to understand them and how they had been implemented

The Council prepared its Statement of Accounts following the Code of Practice on Local Authority Accounting in the United Kingdom and this reflected fully the requirements of IAS 8.

The report detailed the policies that the Strategic Director of Finance had chosen and recommended were applied in the preparation of the 2010/11 and 2011/12 Statement of Accounts.

Resolved:- That the accounting policies to be applied in the preparation of the Council's 2010/11 and 2011/12 Statement of Accounts, as now submitted, be approved.

P57. VALUE FOR MONEY AUDIT APPROACH 2010/11

Stuart Booth, Director of Central Finance, introduced the submitted KPMG Value For Money audit approach 2010/11 report which summarised the planned external audit work in relation to fulfilling their responsibilities for assessing the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources which would enable them to form their annual Value For Money Conclusion.

Alison Ormston (KPMG) presented briefly the report indicating that the new approach no longer required the Use of Resources scored assessment which was abolished with the Comprehensive Area Assessment (CAA) in 2010. The report summarised the new approach, outlining the background and how it would be structured under the following two themes:-

- Assessing the Council's arrangements for securing financial resilience
- Assessing the Council's arrangements for challenging how it secures economy, efficiency and effectiveness

Discussions and a question and answer session ensued and the following issues were covered:-

- review and factoring in of risks
- sustainability of carbon footprint
- benchmarking

Resolved:- That the new Value For Money audit approach to be adopted by the Council's external auditors (KPMG) in 2010/11, as now submitted, be noted.

P58. PREPARATION OF ANNUAL GOVERNANCE STATEMENT 2010/11

Colin Earl, Director of Internal Audit and Governance, presented the submitted report indicating that the Council was required to prepare, approve and publish an Annual Governance Statement (AGS) in accordance with the Accounts and Audit Regulations and professional accounting practice. The Statement identified the arrangements in place within the Council for ensuring its activities were carried out in a fair and proper manner.

The report set out the process for producing the AGS for 2010/11 in accordance with statutory requirements and ensuring corporate ownership and accountability for its production.

The timetable was submitted and the final AGS would be submitted to this Committee for approval on 20th July, 2011.

Resolved:- (1) That the proposals, as now submitted, for the production of the 2010/11 AGS be approved.

(2) That the timetable, as now submitted, for the preparation of the 2010/11 AGS be approved.

P59. AUDIT COMMITTEE UPDATE - ISSUE 4

Colin Earl, Director of Internal Audit and Governance, presented the submitted report indicating that the Better Governance Forum had issued recently its fourth edition of the Audit Committee Update series. The purpose of the publication was to provide members with direct access to relevant and topical information that would support them in their role.

The submitted fourth edition covered:-

- role of the Audit Committee in strategic risk management
- top 10 potential governance risks for 2011
- role of the Head of Internal Audit

Discussion and a question and answer session ensued and the following issues were covered:-

- Council's risk positioning
- need to maintain good governance/processes led by this Committee

Resolved:- That the information be noted.

P60. LOCALISM BILL - STANDARDS REGIME

Colin Earl, Director of Internal Audit and Governance, presented briefly the submitted report setting out in more detail the changes to the Standards regime contained in the Localism Bill.

The report covered:-

- principal changes regarding authorities in England :-

- The power whereby the Secretary of State may by order specify the principles which are to govern the conduct of members would be repealed.
- The power for the Secretary of State by order to issue a Model Code of Conduct would be repealed.
- The duty of relevant authorities to adopt a Code of Conduct would be repealed. The Code of Conduct adopted by a relevant authority would cease to have effect, as would the undertaking to comply with such a Code.
- The power of the Secretary of State to issue a Code of Conduct as regards employees would be repealed (although this has never been implemented).
- The requirement to establish a Standards Committee would be repealed.
- Provisions whereby a Standards Committee has the same functions in relation to the parish councils within the principal authority's area would be repealed.
- The legislation regarding Joint Standards Committees would be repealed.
- Standards for England would be abolished together with Ethical Standards Officers.
- The current provisions regarding written allegations and the arrangements for their consideration and investigation would be repealed.

- replacement provisions

- Clause 15 provides that a relevant authority must promote and maintain high standards of conduct by members and co-opted members of the authority
- Clause 16 provides that a relevant authority may adopt a Code dealing with the conduct that is expected of members and co-opted members when acting in that capacity
- Clause 17 provides for disclosure and registration of members' interests (potential regulations were set out)
- Clause 18 provides that a member commits an offence if, without reasonable excuse, he or she fails to register a financial or other interest in accordance with Clause 17 Regulations, fails to disclose an interest of a kind specified in Clause 17 Regulations before taking part in business relating to the interest, or takes part in business to which the interest relates contrary to a prohibition or restriction in the Regulations

- the Bill contained an enabling power whereby an order could be made containing transitional provisions. This allowed for cases still in progress under the current regime when the repeals and amendments came into force. In particular, provision could be made for an allegation or case that was being investigated by Standards for England or an Ethical Standards Officer to be referred to an authority of a kind specified in the order or to be dealt with in accordance with provisions made by the order (proposed transitional measures were set out)

Resolved:- That the information be noted .

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Audit Committee
2.	Date:	13 April 2011
3.	Title:	Reintegration of 2010 Rotherham Ltd with RMBC
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

This report details the background and reasoning behind the integration of Rotherham's ALMO, 2010 Rotherham Ltd, with Rotherham Metropolitan Borough Council and highlights the risks associated with this re-integration and how those risks are being managed.

6. Recommendation

- **The Audit Committee is asked to note and support the issues raised in the report.**

7. Proposals and Details

7.1 Background

The Council's Arms Length Management Organisation (ALMO), 2010 Rotherham Ltd, was set up in May 2005 following a positive outcome to a tenant consultation and gave Rotherham the means to access some £218m towards the cost of delivering the decent homes standard across its 21,000 homes.

The original management contract was due to run until May 2010 but was extended to June 2011, in 2008/09, to allow completion of the decent homes programme and related environmental improvements.

2010 Rotherham Ltd has been successful in delivering decent homes work to timescale. However, now that the decent homes programme has come to a close the main reason the ALMO was created no longer exists.

In the summer of 2010, RMBC commissioned Price Waterhouse Cooper to carry out an independent appraisal on the options for the future management of Rotherham's council housing. PWC recommended that the best available option for Rotherham was to return the management its housing stock directly to the local authority. Direct management would:

- Minimise tenants' confusion around which organisation (2010 Rotherham or RMBC) is responsible for what service
- Promote greater accountability, through elected members
- Result in savings of around £1m per annum, excluding transfer costs

Further more, any savings achieved will be re-invested in front line services.

7.2 Implementation

The ALMO Options Core Group meets fortnightly and is managing the re-integration of 2010 Rotherham Ltd with RMBC. The main work streams identified by the Core Group, and examples of associated tasks, are:

- Strategic HR, eg, TUPE, pay equalisation
- Consultation, eg, test of opinion, staff road shows, member briefings
- Governance, eg, voluntary round up of business, novation of contracts
- Operation Issues eg, see extract on next page
- Finance, eg, commitments transferred (pensions), budget alignment

The Core Group has created a detailed Implementation Plan, which includes a short risk management section outlining the overarching, strategic risks, (listed in Section 9 of this report, below) with more operational risks appearing in the Implementation Plan under the relevant work stream's section.

The following page has been extracted from the Governance Section of the Implementation Plan to give a flavour of the level of detail captured within the plan.

Governance (Tess Butler and Richard Waller)

Action	Progress	Due Date	Update
Article amendments relating to board structure	An independent member is to resign after the March Board. Amendment is required so as not to compel the company to fill the vacancy. Articles currently provide for the Council to dismiss the Board and appoint its own. Needs checking for mass resignation at date of transfer.	30.03.11	
Board member insurance (indemnity)	Quote requested from RMBC to renew for 2011/12 and 'run-on' provision for 6 years.	31.03.11	
Conflict management re council board members	None arisen as yet.		
Company required for other reasons? If not – wind up.	Cabinet decision included closure of company to be enacted after transfer as voluntary wind-up requires a minimum 3 months without trading.	3 months post transfer	
Membership of other orgs: <ul style="list-style-type: none"> Procurement consortia NFA HouseMark & APSE performance networks Green issues 	Membership of E-North to be considered by J Brayshaw and Tim Whitworth 2011 membership paid for 6 months only Membership to be paid by 2010R for 2011/12 and transferred to RMBC Need to clarify organisation and terms to determine whether required to transfer	31.03.11 30.06.11 Transfer date 31.03.11	
Provisions for termination – non renewal, default, notice by Council?	Cabinet decision not to review management agreement.	23.02.11 ✓	
Ensure SLAs are dealt with	All will take account of transfer to RMBC Providers will be given the contact details of the officer who will instruct them in future	31.03.11	

8. Finance

Savings will be achieved through minimising bureaucracy, duplication and management whilst safeguarding front line services; there are several opportunities to provide more effective services by integrating them with those currently delivered by the Council.

9. Risks and Uncertainties

Identified strategic risks include:

a) Impact on business continuity and reduced service quality

A Transition Plan is being created to capture tasks which must be implemented before and after closing the ALMO. The Transition Plan deals with non-strategic operational issues such as re-branding and EDRMS (to prepare for 2010's current employees' eventual move to Riverside). A secondment opportunity will be advertised in April for a full time officer whose role will be to ensure the Transition Plan is realised.

b) Financial management issues

In recent times, 2010 Rotherham Ltd's financial management has not been entirely satisfactory:

- The closure of the decent homes programme means a significant funding stream no longer needs managing
- The outsourcing of the repairs and maintenance contract has brought about new challenges in terms of managing a large, commercial contract. A restructure is underway to ensure this contract is managed effectively – this will be the only restructure which takes place prior to transfer.
- 2010 Rotherham Ltd's trading deficit is known and will be absorbed by RMBC

c) Impacts on personnel

There is a concern that key members of 2010 Rotherham Ltd's staff may leave their employment and, therefore, affect the quality of the services provided and business continuity.

- Staff road shows being held to ensure all affected RMBC and 2010 staff receive the same information, at the same time and get the opportunity to ask questions
- Draft structures showing not only where housing functions will sit within the local authority but also outlining job titles, JDs, personal specifications and grades are due to be drafted and reported to Cabinet in April
- Pay equalisation is an issue as the salaries for some posts at 2010 Rotherham Ltd are considerably higher than their RMBC equivalents. Payment protection will be available to employees under the current Council policy which provides for 3 years post transfer, to within 8 spinal points.
- The possibility of sharing structures and offering certainty to 2010 staff prior to transfer is being explored
- TUPE transfers carry the risk of challenge if any transferring employees are not placed in substantive equivalent roles or their terms and conditions of employment are changed. The only circumstances where this can be

defended is if the receiving organisation has a justifiable Organisational, Technical or Economic reason for taking such action.

d) Communication

An extensive consultation programme took place with tenants, leaseholders and other stakeholders between November 2010 and February 2011. Further events are planned for employees and tenants, as well as ongoing updates being delivered to representative bodies and key stakeholders such as RotherFed, Cabinet Member for Safe and Attractive Neighbourhoods, AHP Chairs Meeting, and the Strategic Housing Partnership.

10. Policy and Performance Agenda Implications

Returning the management of council housing to the Council will assist the Council to address the significant challenges that more deprived areas, especially council housing estates, will face over the medium term.

Since inception, the ALMO has increased the opportunity for the involvement of tenants in relation to strategic and policy matters through tenant representation on the 2010 Board. Area Housing Panels established prior to the ALMO being established have continued to play a role. It is intended to review and build upon this experience of tenant involvement when housing management returns to RMBC.

11. Background Papers and Consultation

- Cabinet Report, The Future Management of Council Housing in Rotherham, 3 November 2010
- Equality Impact Assessment, The transfer of RMBC's Council Housing from the ALMO to the Local Authority
- Cabinet Report, The Future of Council Housing in Rotherham, 23 February 2011
- ALMO Options Core Group, Implementation Plan, November 2010 – July 2011, V1
- Options Appraisal Report, PriceWaterhouse Coopers LLP, October 2010
- Department for Communities and Local Government, Review of Arms Length Housing Management Organisations, June 2006

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ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Audit Committee
2.	Date:	13th April 2011
3.	Title:	KPMG Grants Report 2009/10
4.	Directorate:	Financial Services

5. Summary

The report advises Members of the matters arising from the external audit of the Council's 2009/10 Government Grant Claims and Returns.

6. Recommendations

That Audit Committee notes:

- 1. the external auditor's report (appended to this report)**
- 2. the management actions put in place to continuously improve performance when preparing and submitting the Council's 2010/11 Government Claims and Returns**

7. Proposals and Details

In agreement with our external auditor, KPMG agreed to provide feedback observations on the effectiveness of the Council's arrangements for the preparation and submission of its Government Grant Claims and Returns. Their report is appended to this report.

This report summarises KPMG's findings for the preparation and submission of the Council's 2009/10 Government Claims and Returns.

The main findings were:

- The Council's administration arrangements for the preparation and submission of claims and returns was generally satisfactory, although there is an opportunity to still improve how Financial Services work together with Directorate Service Teams (who are responsible for the notification and preparation of claims for audit) so as to ensure all grants requiring audit certification are made available to KPMG in accordance with the agreed protocol and in accordance with deadlines.
- 44 claims and returns were audited this year. No claims/returns were subject to a qualification letter to the relevant funding body although financial adjustments were made to three of the claims submitted. Page 4 of KPMG's report refers to the details of the three amendments made to the claims prepared by the Council's Environment and Development Services Directorate

In reporting these findings, we recognise the opportunity to further embed the Council's arrangements so as to ensure all claims requiring audit certification are identified and notified promptly to KPMG. The ongoing Financial Services Review is looking at the future management of external funding activities across the Council and in doing so has been cognisant of the audit findings.

8. Finance

The total cost of audit certification in 2009/10 was £99,666 which was approximately £10,000 higher than estimate due primarily to the additional Derelict Land Grant claims requiring audit certification.

9. Risks and Uncertainties

There are no outstanding risks and uncertainties as all 2009/10 government grant claims and returns have been submitted and audited.

10. Policy and Performance Agenda Implications

The proposed management action (set out in Section 7 of this report) for continuously improving the way the Council prepares and submits government claims and returns should continue to contribute to improving the accuracy and quality of these and ensure the consistent submission within agreed deadlines.

11. Background Papers and Consultation

External Auditor's Final Grants Report 2009/10

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PUBLIC SECTOR

Certification of grants and returns 2009/10

Rotherham Metropolitan Borough Council

February 2011

AUDIT

Contents

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	Page
● Headlines	2
● Summary of certification work outcomes	3
● Fees	5
● Prior year recommendations	6

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

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

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Steve Clark who is the engagement leader to the Authority (telephone +44 113 2542910, e-mail stephen.clark@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421

Headlines

<p>Introduction & background</p>	<p>This report summarises the results of work on the certification of the Council’s 2009/10 grant claims and returns</p> <ul style="list-style-type: none"> For 2009/10 we certified <ul style="list-style-type: none"> 38 grants with a total value of £24.5m. six returns with a total value of £175m. 	<p>-</p>
<p>Certification results</p>	<p>We issued unqualified certificates for all 44 grants and returns. This compared to no qualifications from 37 grants and returns in 2008/09</p>	<p>Pages 3 – 4</p>
<p>Audit adjustments</p>	<p>Eleven adjustments were necessary to the Council’s grants and returns as a result of our certification work this year:</p> <ul style="list-style-type: none"> Yorkshire Forward Single Programme – adjustments were made to five of the claims due to inaccuracies on the statement of grant expenditure and a small number of ineligible expenditure claims. Housing and Council Tax Benefit – various credit and debit amendments were made to the return, but the net effect was zero, meaning there was no impact on the value of the subsidy. Housing Subsidy – fields F002CI and F003CI were amended, but there was no monetary impact on the return. South Yorkshire Inward Investment 2006/07 – the claim was reduced by £20,959 to £42,548. Magna BIC – adjustments were made to the claim, leading to a decrease in eligible expenditure of £56,112. Key Account Management – an adjustment of £1,547.50 was made to the claim. Alternative Provision Grant – incorrectly included an amount of £3,010 in respect of fees for developing specifications and tenders in the Capital claim which was actually an accounting estimate. <p>This compares to nine of 37 claims adjusted in 2008/09.</p>	<p>Pages 3 – 4</p>
<p>The Council’s arrangements</p>	<p>The Council has adequate arrangements for preparing its grants and returns and supporting our certification work but some improvements are required in the following areas:</p> <ul style="list-style-type: none"> Central co-ordination and communication, especially relating to the timeliness and completeness of notification of grant claims expected [2008/09 Recommendation]. 	<p>Page 6</p>
<p>Fees</p>	<p>Our overall fee for the certification of grants and returns is £99,666 which has exceeded the original estimate by £9,666. This is due to Derelict Land Grants that were not identified in the original estimate.</p> <ul style="list-style-type: none"> This compares to fees of £111k raised in 2008/09. 	<p>Page 5</p>

Summary of certification work outcomes

Overall, we certified 44 grants and returns

- 33 were unqualified with no amendment
- 3 were unqualified but required some amendment to the final figures
- 8 were unqualified with some amendments, but these did not impact the final figures

Detailed comments are provided overleaf

Detailed below is a summary of the key outcomes from our certification work on the Council's 2009/10 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
YF – All Saints Design & Demolition	1				
Magna BIC	2				
SY Inward Investment 2006/07	3				
Alternative Provision Grant					
YF – Westgate Chambers					
YF – Riverside Precinct					
YF – Lloyds Bank					
YF – Weirside Public Realm					
Housing & Council Tax Benefit					
Housing Subsidy					
Key Account Management					
Other unqualified (33)					
	Total	0	3	8	44

Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page

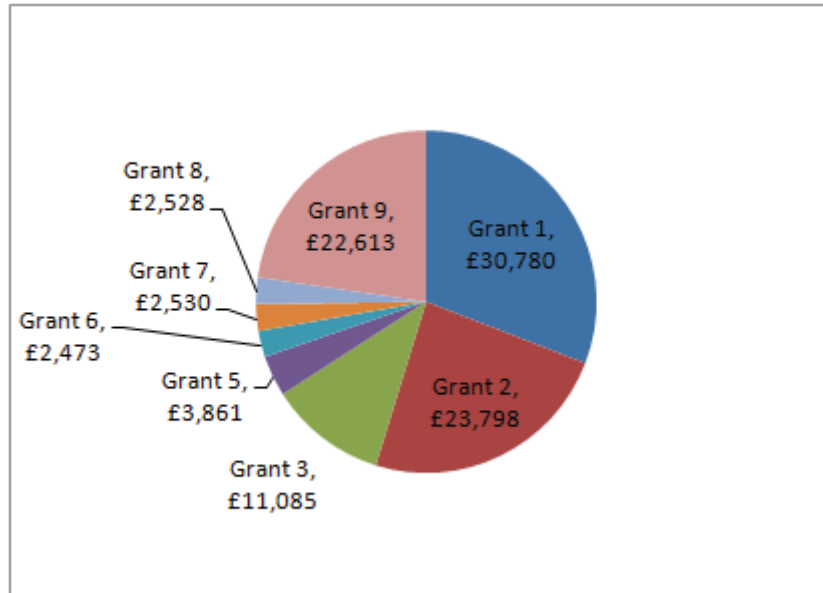
Ref	Summary observations	Amendment
1	<p>Yorkshire Forward – All Saints Design & Demolition</p> <ul style="list-style-type: none"> Balance due from Yorkshire Forward was amended from £29,497 to nil; The Council had already received the income therefore there was no balance due from Yorkshire Forward . This did not have an impact upon the eligible expenditure claimed. 	-29,497
2	<p>Magna BIC</p> <ul style="list-style-type: none"> Eligible expenditure was incorrectly stated, which lead to grant entitlement being overstated by £56,112; The Council had entered the total amount spend on the project in the audit period rather than the expenditure eligible for Yorkshire Forward funding. 	-£56,112
3	<p>South Yorkshire Inward Investment 2006/07</p> <ul style="list-style-type: none"> Only £42,584 was received as income from Yorkshire Forward, as they deemed £20,959 of expenditure to be ineligible; The claim was amended to reflect this change in income. 	-£20,959

Fees

Our overall fee for the certification of grants and returns has exceeded the original estimate by £9,666.

This is due to Derelict Land Grants that were not identified in the original estimate.

Breakdown of certification fees 2009/10



Breakdown of fee by grant / return	2009/10 (£)	2008/10 (£)
1) Housing and Council Tax Benefits	30,780	32,882
2) Yorkshire Forward Single Programme	23,798	29,780
3) Housing (Base Data, Subsidy & Disabled Facilities)	11,085	11,963
4) ERDF	0	19,622
5) Teachers Pension Return	3,861	4,210
6) Pooling of Housing Capital Receipts	2,473	2,755
7) NNDR	2,530	2,955
8) Surestart and Transport	2,528	6,685
9) Other (Adult Safeguarded Learning, Derelict Land and DTI Incubation)	22,613	0
Total fee	99,666	110,852

Our initial estimated fees for certifying 2009/10 grants and returns was £90,000. The actual fee charged was higher than that estimate. The reason for the fee exceeding the original estimate were the need to certify Derelict Land Grants not being highlighted to us by the Council when we prepared the original fee estimate.

We recommend the Council takes the following steps to improve its support for our certification work, which should help minimise certification fees in the future:

- improve the co-ordination of grants and returns preparation through Directorates pro-actively communicating existing grants to the Central Grants Co-ordinator on a timely basis to help ensure the completeness of the grants and returns identified as requiring certification.

Prior year recommendations

We made one recommendation in our 2008/09 Certification of Grants and Returns report. We have detailed the current status of the recommendation below.

Priority rating for recommendations

- | | | |
|--|---|---|
| <p>1 Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p> | <p>2 Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p> | <p>3 Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p> |
|--|---|---|

Issue	Implication	Recommendation	Priority	Status as at December 2010	Responsible officer & target date
Central Coordination of Grant Claims					
<p>Identification and Notification of Claims Requiring External Certification</p> <p>The Council needs to improve its system for notifying KPMG of claims and returns that require certification in a timely manner.</p>	<p>Late and/or incomplete identification and notification of grant claims and returns requiring external certification can lead to delayed internal completion and external certification of claims and the withholding of funding in extreme cases.</p>	<p>The Council should review and enhance its project management processes for grant claims and returns requiring external certification. This should ensure that:</p> <ul style="list-style-type: none"> All grant claims and returns requiring external certification are identified and logged; All claims and returns are completed internally by certification deadlines; KPMG is advised of all claims and returns requiring certification by the end of April each year to allow KPMG to allocate resources efficiently to meet certification deadlines. 	<p>2</p>	<p>During the grant audit cycle for 2009/10 KPMG have noted an improvement in this area however still experienced a problem getting a complete and timely grant register.</p> <p>This has been discussed with Central Finance and procedures put in place to ensure that timely data for 2010/11 is available to the audit team.</p>	<p>Grants Co-ordinator & Directorate Finance Managers</p> <p>March 2010</p>

1.	Meeting:	Audit Committee
2.	Date:	13 April 2011
3.	Title:	Corporate Risk Register
4.	Directorate:	Financial Services

5. Summary

Attached to this report is the current corporate risk register summary. The summary shows the risks associated with the Council's most significant priorities and projects, and actions being taken to mitigate these risks.

Included in the significant changes this period is a new risk relating to the integration of 2010 Rotherham Ltd services back into Council management. New risks have also been added relating to highways road conditions, schools collaboration (relating to procurement of services) and the establishment of Free Schools.

There are 2 red residual risks, relating to Use of Resources for Children's Services and Social Care Commissioning. This has reduced from 4 residual red risks in the previous quarter's report, as the achievement of the Cultural Quarter risk is not immediately at risk and the delivery of the Children & Young People's Plan is no longer a statutory requirement. Both have therefore been moved from the Corporate Risk Register to the CYPS Directorate Risk Register.

6. Recommendations

Audit Committee is asked to:

- **note the updated corporate risk register summary attached at Appendix A**
- **indicate any further risks that the Committee feels should be added to the risk register.**

7 Proposals and Details

7.1 Format

This report contains the latest position on the Corporate Risk Register. The report has two key parts:

- An '*at a glance*' picture showing the pattern of risk assessments for corporate priorities or projects both before and after risk management actions – see 7.3 below.
- A more detailed summary of the risk register that reflects the current risk assessments for each corporate priority or project. This is attached at **Appendix A**.

There are 3 overall categories of risk (RED, AMBER, GREEN) representing varying degrees of exposure. Each category contains a range of risk scores, so there are varying degrees of risk within each category. Appendix A shows specific current risk scores and after mitigating actions, as well as the general risk category for each priority or project included in the register.

7.2 Changes since previous SLT report.

The risk relating to the ALMO Decent Homes Programme has been removed from the corporate risk register following the completion of the programme.

Other significant changes in this period include:

- A new risk has been created relating to the integration of 2010 Rotherham Ltd services back into Council management (Appendix A reference SLT0014). This replaces the previous risk relating to 2010 Rotherham Ltd service and financial performance.
- The risk formerly titled 'Response to DFE Notice to Improve' (SLT0021) has been renamed 'Sustaining improvement post intervention' to reflect the official confirmation of the removal of the notice to improve, which was received on 13 January 2011.
- A new risk has been added to reflect the position regarding Highway Maintenance in light of deteriorating road conditions and finite budgets for road maintenance. (SLT0029).
- Two new CYPS risks have been added entitled 'Schools Collaboration' (SLT0030) and 'Free Schools and Other School Arrangements' (SLT0031) in recognition of the potential negative impact on both schools commissioning and wider Local Authority services.
- The risk relating to the Cultural Quarter has been removed from the Corporate Risk Register as this does not constitute an immediate risk.
- The former risk relating to the delivery of the Children & Young People's Plan (SLT0007) is no longer a statutory requirement and has therefore been moved to the CYPS Directorate Risk Register.
- The mitigations relating to former risk Academy Schools (SLT0028) are now at 90% complete level and / or are being managed operationally; therefore the risk has been moved to the CYPS Directorate Risk Register.

7.3 Corporate Risks at a Glance

7.3.1 Risk assessments prior to mitigating actions.

The first diagram shows the pattern of risk assessments for corporate priorities or projects before risk management actions.

Probability:
Will it
Happen?

Almost certain			04 Cost of Capital Programme(20) 14 2010 Integration (20) 27 Managing Budget Adjustments (20) 29 Highway Maintenance (20)	13 Commissioning (25) 21 Sustaining improvement (25) 22 Resources (25)
Very Likely		01 Civic Building Accommodation (12) 05 Single Status (12)	03 Schools Capital investment(16) 09 Implementation of Personalisation in Adult Social Services (16) 12 Local authority reform implementation Plan (16) 30 Schools Collaboration (16) 31 Free Schools (16)	
Likely		02 Waste Management Strategy (9) 17 Carbon Reduction Commitment (9) 18 EDRMS (9) 19 Relationship with RBT (9) 24 Community Stadium (9) 25 Civic Centre- Work Smart Project (9)		
Possible				
Unlikely				

Insignificant Minor Significant Major Catastrophic

Impact: Will it Hurt?

Note on the diagram entries:
E.G. “ 04 Cost of Capital Programme (20)”. The first number, in this case 04, is the reference number of the risk. Risks are listed in reference number order in the risk register summary at Appendix A. The second number in brackets, in this instance (20), shows the risk score. The higher the score, the greater the risk.

7.3.2 Risk Assessments after allowing for mitigating controls

The second diagram shows the pattern of risk assessments for corporate priorities or projects after risk management actions.

**Probability:
Will it
Happen?**

Almost certain				
Very Likely		04 Cost of Capital Programme(12) 14 2010 Integration (12) 21 Sustaining improvement (12) 27 Managing Budget Adjustments (12) 30 Schools Collaboration (12) 31 Free Schools (12)	13 Commissioning (16) 22 CYPS Resources (16)	
		03 Schools Capital Investment (9) 29 Highway Maintenance (9)		
	25 Civic Centre- Work Smart Project (4)	02 Waste Management Strategy (6) 05 Single Status (6) 17 Carbon Reduction Commitment (6) 24 Community Stadium (6)	09 Implementation of Personalisation in Adult Social Services (8) 12 Local authority reform implementation Plan (8)	
Likely	01 Civic Building Accommodation (2)	18 ED RMS (3) 19 Relationship with RBT (3)		

Insignificant Minor Significant Major Catastrophic

Impact: Will it Hurt?

It can be seen from the second chart, that risk is being reduced by management actions. The following tables provide a summary of the risk reduction achieved.

7.4 Review of risks and trends

The Risk Register report is sent to directorates for updating on a quarterly basis. The draft report is then produced based on the responses that are given by the directorates. Further quality assurance takes place to ensure that the risks are being monitored effectively and to identify any notable changes. This

may take the form of seeking clarification from directors on information contained within the mitigation actions or on the risk scores. There are 18 risks in the current report that were also reported on in the previous report. Of these:

- 8 have been updated with additional mitigation actions put in place.
- 10 have remained unchanged.

Table 1 shows the risk category that initial red and amber risks are converted to, following mitigating actions:

Risk category	Number of Projects / Priorities in the category BEFORE mitigating actions		Risk category	Number of Projects / Priorities in the category AFTER mitigating actions
Red	12	→	Red	2
Amber	8		Amber	10
			Green	NIL
			Amber	4
			Green	4

Table 2 shows the average risk score for priorities rated as red and amber prior to mitigating actions, and the average reduction in risk scores resulting from the mitigating actions:

Risk category	Average risk score BEFORE mitigating actions	Average risk score AFTER mitigating actions	Reduction in average risk score as a result of mitigating actions
Red	19.6	11.5	8.1
Amber	9.8	5.0	4.8

8. Finance

The risks contained in the register require ongoing management action. In some cases additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the risks should be reported to the Strategic Leadership Team and Members for consideration on a case by case basis.

It is important to review the effectiveness of our approach to capturing, managing and reporting corporate risks on an ongoing basis, to ensure risks relating to the Council's key projects and priorities are effectively monitored and managed by the Strategic Leadership Team and Members.

10. Policy and Performance Agenda Implications

Risk Management is part of good corporate governance and is wholly related to the achievement of the objectives in the Council's Corporate Plan.

11. Background Papers and Consultation

The content of this report has been informed by consultation with Directorates.

Contact Names:

Colin Earl, Director of Audit and Governance, x22033

Rob Houghton, Governance and Risk Manager, x54424

Appendices

A Corporate Risk Register Summary

APPENDIX A: CORPORATE RISK REGISTER SUMMARY

Explanatory Note:

For the purposes of illustration, Risk Reference 12: ‘Local Government Reform Implementation Plan’ from the corporate risk register is extracted below:

Ref	Risk Area	Current Risk	Pre - Mitigation Risk Assessment	Lead Officer	Mitigating Controls & Current Position	After Man’t Control																							
Cross Cutting																													
0012	Local Government Reform Implementation Plan	Failure to implement statutory reforms provided for in national policy and new legislation	R E D <div style="border: 1px solid black; padding: 2px; width: 30px; margin: 0 auto;">16</div>	Matt Gladstone	<p>All current statutory requirements are met.</p> <p>The implementation plan has been completely refreshed to provide workstreams covering coalition government commitments that are relevant to the Council. This is broader than the previous plan, which primarily covered governance issues.</p> <p>The previous version of the plan is being retained to cover commencement issues. These now primarily relate to e-petitions and byelaws.</p>	A M B E R <div style="border: 1px solid black; padding: 2px; width: 30px; margin: 0 auto;">8</div>																							
	<table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr> <td style="background-color: yellow;">L</td> <td style="background-color: blue;">Ac</td> <td style="background-color: blue;">Al</td> <td style="background-color: green;">S</td> <td style="background-color: red;">P</td> <td style="background-color: orange;">SD</td> <td style="background-color: grey;">F</td> </tr> <tr> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> </table>	L	Ac	Al	S	P	SD	F	√	√	√	√	√	√	√	<p>Previous periods:</p> <table style="width: 100%; text-align: center; font-size: x-small;"> <tr> <td>-3</td> <td>-2</td> <td>-1</td> </tr> <tr> <td style="border: 1px solid red; width: 20px; height: 20px;"></td> <td style="border: 1px solid red; width: 20px; height: 20px;"></td> <td style="border: 1px solid red; width: 20px; height: 20px;"></td> </tr> </table>	-3	-2	-1				<p>Previous periods:</p> <table style="width: 100%; text-align: center; font-size: x-small;"> <tr> <td>-3</td> <td>-2</td> <td>-1</td> </tr> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> </tr> </table>	-3	-2	-1			
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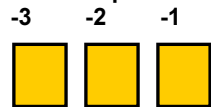
There are 3 overall categories of risk (RED, AMBER, GREEN), representing varying degrees of exposure. Each category contains a range of risk scores, so there are varying degrees of risk within each category. Scores have now been added to the register entries to show the specific risk assessments pre (48 in this example) and post (36) mitigating actions, in order to demonstrate the effectiveness of mitigating actions, particularly where the overall risk category for any priority or project has not changed, as is the case in the example above.

The following table gives more information:

Risk Category	Range of risk scores	Level of Risk
Red	16 to 25	High level of risk, requiring close and regular review and further preventive or remedial action as necessary
Amber	5 to 15	Medium level of risk, requiring regular monitoring and, in the event of any identified increase in risk, escalation for consideration of further actions.
Green	1 to 4	Low level of risk, initially requiring regular monitoring and reporting.

The register shows the respective risk categories for the last 3 risk registers, as follows:

Previous periods:



In this case, the risk category has been amber both before and after mitigating actions in each of the last 3 periods. Where any period has no colour (i.e. is white), this indicates that the priority or project was not included in the risk register in that period.

The register also shows the corporate priorities that each project or priority included in register contributes to. This is indicated in the 'Risk Area' column for each priority / project included in the register. The corporate plan priorities are as follows:

- | | | | | | |
|---|---|----------------------------|---|---|--------------------------------|
|  | = | Rotherham Learning |  | = | Rotherham Proud |
|  | = | Rotherham Achieving |  | = | Sustainable Development |
|  | = | Rotherham Alive |  | = | Fairness |
|  | = | Rotherham Safe | | | |

CORPORATE RISK REGISTER

Ref	Risk Area	Current Risk	Pre - Mitigation Risk Assessment	Lead Officer	Mitigating Controls & Current Position	After Man't Control														
Major Projects																				
0001	Civic Building accommodation <table border="1"> <tr> <td>L</td> <td>Ac</td> <td>AI</td> <td>S</td> <td>P</td> <td>SD</td> <td>F</td> </tr> <tr> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> </table>	L	Ac	AI	S	P	SD	F	√	√	√	√	√	√	√	New accommodation not fit for purpose Failure to maximise use of resources Failure to modernise services and respond to changing needs Failure to apply appropriate governance arrangements: procurement; risk transfer; affordability; deliverability; structures and controls.	AMBER <div style="border: 1px solid black; width: 30px; height: 30px; text-align: center; margin: 0 auto;">12</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around;"> <div style="width: 20px; height: 20px; background-color: yellow;"></div> <div style="width: 20px; height: 20px; background-color: yellow;"></div> <div style="width: 20px; height: 20px; background-color: yellow;"></div> </div>	Karl Battersby	The business case was agreed by Cabinet in September 2008. Planning permission granted in June 2009. Judicial Review ended 22 Dec 09. Land works commenced on site Jan 2010. The contract went unconditional in December. All pre-commencement conditions have been discharged. Building progressing on time, no issues to report; fit out contract was entered into on 15 th December 2010. Building completion due on 16 th September 2011, with first decants into building in November.	GREEN <div style="border: 1px solid black; width: 30px; height: 30px; text-align: center; margin: 0 auto;">2</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around;"> <div style="width: 20px; height: 20px; background-color: lightgreen;"></div> <div style="width: 20px; height: 20px; background-color: lightgreen;"></div> <div style="width: 20px; height: 20px; background-color: lightgreen;"></div> </div>
L	Ac	AI	S	P	SD	F														
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Ref	Risk Area	Current Risk	Pre - Mitigation Risk Assessment	Lead Officer	Mitigating Controls & Current Position	After Man't Control																				
Major Projects																										
0002	<p>Delivery of the Waste Management strategy. Failure could involve significant penalties.</p> <p>Needs:</p> <p>1 Disposal facilities to be agreed with other authorities</p> <p>2 Med term contracts 2008-2014/2015</p> <p>3 Long term contract 2014 2015 onwards</p> <p>Two treatment solutions are currently being considered, "energy from waste" and "mechanical biological treatment". Both treatment solutions will assist the Council in delivering a 50% recycling rate.</p> <table border="1"> <tr> <td>L</td> <td>Ac</td> <td>AI</td> <td>S</td> <td>P</td> <td>SD</td> <td>F</td> </tr> <tr> <td></td> <td></td> <td></td> <td>√</td> <td>√</td> <td>√</td> <td></td> </tr> </table>	L	Ac	AI	S	P	SD	F				√	√	√		<p>Potential significant financial penalties</p> <p>Adverse inspection assessment</p> <p>Failure to apply appropriate governance arrangements:</p> <ul style="list-style-type: none"> - procurement - risk transfer - affordability - deliverability - structures and controls <p>Failure to meet targets relating to the diversion of biodegradable municipal waste from landfill.</p>	<p>A M B E R</p> <p>9</p> <p>Previous periods: -3 -2 -1</p> <table border="1"> <tr> <td></td> <td></td> <td></td> </tr> </table>				Karl Battersby	<p>BDR Waste Partnership has secured £74.4m in PFI credits. DEFRA has confirmed continuing support.</p> <p>PFI: There is a detailed project plan in place with clear milestones; it allows for completion of the procurement by 31st March 2011, a date which is tight but achievable. Failure to hit that deadline puts the award of PFI credits at risk.</p> <p>Final Tender documents were issued to 2 bid consortia in December 2010</p> <p>Although the timetable has slipped due to closing off dialogue with bidders, the project is continuing to be supported by DEFRA to deliver a long term waste solution for the BDR Councils. Preferred bidder to be chosen on the 23rd March Cabinet with formal announcement on the 6th April 2011.</p> <p>The BDR Waste Partnership is seeking to obtain financial close on the Project in Summer 2011.</p>	<p>A M B E R</p> <p>6</p> <p>Previous periods: -3 -2 -1</p> <table border="1"> <tr> <td></td> <td></td> <td></td> </tr> </table>			
L	Ac	AI	S	P	SD	F																				
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Ref	Risk Area	Current Risk	Pre - Mitigation Risk Assessment	Lead Officer	Mitigating Controls & Current Position	After Man't Control														
Major Projects																				
0003	Schools Capital Investment <table border="1"> <tr> <td>L</td><td>Ac</td><td>AI</td><td>S</td><td>P</td><td>SD</td><td>F</td> </tr> <tr> <td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td></td> </tr> </table>	L	Ac	AI	S	P	SD	F	√	√	√	√	√	√		The Secretary of State has closed the BSF programme to those authorities "not at financial closure with their partners". This does not necessarily mean the end of capital spend on schools but further details will be given following the review in the autumn.	R E D <div style="border: 1px solid black; width: 40px; margin: 0 auto; padding: 5px;">16</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: red;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: red;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: red;"></div> </div>	Karl Battersby	The Council will prepare for the outcome of the autumn review by prioritising schools for any future funding. This will be based on the current condition and suitability of each school. In addition. The DfE decision on funding for schools has ensured that we can now allocate resources appropriately.	A M B E R <div style="border: 1px solid black; width: 40px; margin: 0 auto; padding: 5px;">9</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: red;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: red;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: yellow;"></div> </div>
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Major Projects																				
0004	Costs of the capital programme. Significant revenue consequences (£11m per year). <table border="1"> <tr> <td>L</td><td>Ac</td><td>AI</td><td>S</td><td>P</td><td>SD</td><td>F</td> </tr> <tr> <td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td> </tr> </table>	L	Ac	AI	S	P	SD	F	√	√	√	√	√	√	√	Significant financial impact and/or failure to deliver the capital programme.	R E D <div style="border: 1px solid black; width: 40px; margin: 0 auto; padding: 5px;">20</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: red;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: red;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: red;"></div> </div>	Andrew Bedford	Detailed financial calculations are included in the MTFs. These are being reviewed as part of the Council's on-going budget monitoring and financial planning processes	A M B E R <div style="border: 1px solid black; width: 40px; margin: 0 auto; padding: 5px;">12</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: yellow;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: yellow;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; background-color: yellow;"></div> </div>
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Ref	Risk Area	Current Risk	Pre - Mitigation Risk Assessment	Lead Officer	Mitigating Controls & Current Position	After Man't Control
Cross Cutting						
0005	Impact of single status job evaluation.	Lengthy timescales, causing uncertainty and possible unrest unless resolved quickly. <ul style="list-style-type: none"> - potential dispute - costs - possible negative impact on staff retention, depending upon the evaluation outcomes 	A M B E R <div style="border: 1px solid black; width: 30px; margin: 0 auto; text-align: center;">12</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	Phil Howe	Phase 2 implemented successfully on 1/04/08. Through the effective implementation process RMBC has successfully avoided major industrial unrest. Barrister commissioned to help defend Equal Pay challenges. Reasonable conclusion on No Win No Fee and Trade Union solicitors' cases. There are two low value unresolved claims from the no win no fee solicitor. The memo of understanding with the trade unions has now been signed and individual offers of settlement were passed to the trade unions' solicitors. Thirty eight new claims from Trade Union Members have been received. No offers have been made to these new claimants. There will always remain some as yet 'unknown' element of risk of challenge under Equal Pay & Single Status, which could in future require resources to defend.	A M B E R <div style="border: 1px solid black; width: 30px; margin: 0 auto; text-align: center;">6</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>

L	Ac	Al	S	P	SD	F
				√		√

Ref	Risk Area	Current Risk	Pre - Mitigation Risk Assessment	Lead Officer	Mitigating Controls & Current Position	After Man't Control																										
Neighbourhoods and Adult Services																																
0009	<p>Adult Social Services:</p> <ul style="list-style-type: none"> - Demand continues to increase and only the most vulnerable are being helped - in-house costs are higher than independent sector costs - recruitment, retention, resources <table border="1"> <thead> <tr> <th>L</th> <th>Ac</th> <th>Al</th> <th>S</th> <th>P</th> <th>SD</th> <th>F</th> </tr> </thead> <tbody> <tr> <td></td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> </tbody> </table>	L	Ac	Al	S	P	SD	F		√	√	√	√	√	√	<p>Significant adverse impact on council financial position</p> <p>Adverse inspection outcomes.</p> <p>Adverse press reaction and user / public satisfaction</p>	<p>R E D</p> <div style="border: 1px solid black; width: 40px; margin: 0 auto; padding: 5px;">16</div> <p>Previous periods:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">-3</td> <td style="text-align: center;">-2</td> <td style="text-align: center;">-1</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	-3	-2	-1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Chrissy Wright	<p>The 2010/11 & 11/12 budget setting process has proposals to minimise the impact of cost and demographic pressures: (1) re negotiating contracts to achieve efficiency savings, (2) transforming traditional services to provide better outcomes, (3) reviewing high cost areas (4) increasing income – bringing charges in line with other LA's, and (5) continuing shifting the balance of care to the independent sector.</p> <p>An Ageing Well Group has been established with representation from all partners. The work is progressing well, with a target April 2011 for the delivery of the Ageing Well Strategy and the implementation plan.</p> <p>An initial self assessment against the 12 criteria in DoH "Use of Resources in Adult Social Care" has resulted in actions being added into the Directorate Service Plan.</p> <p>Members have agreed to merge Re-enabling and wardens services to create a prevention/early intervention service. Merger will deliver full year savings of £1.3m and create capacity.</p>	<p>A M B E R</p> <div style="border: 1px solid black; width: 40px; margin: 0 auto; padding: 5px;">8</div> <p>Previous periods:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">-3</td> <td style="text-align: center;">-2</td> <td style="text-align: center;">-1</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	-3	-2	-1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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0012	Local Government Reform Implementation Plan	Failure to implement statutory reforms provided for in national policy and new legislation	R E D <div style="border: 1px solid black; width: 30px; margin: 0 auto; text-align: center;">16</div>	Matt Gladstone	<p>All current statutory requirements are met.</p> <p>The implementation plan is capturing all developments. Consultations are being responded to.</p> <p>A cross council working group has been established to take forward the cross-cutting nature of the Localism Bill and a report will be presented to SLT and Cabinet in May/June. Reports will also be made to Cabinet members' delegated powers meetings as appropriate.</p> <p>A programme of sessions has been held for members as part of the member development programme. Members have agreed that further sessions should be held as the agenda develops. Arrangements are also in place to connect with the voluntary sector and parish councils' network.</p>	A M B E R <div style="border: 1px solid black; width: 30px; margin: 0 auto; text-align: center;">8</div>																							
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: yellow;">L</td> <td style="background-color: #cccccc;">Ac</td> <td style="background-color: #cccccc;">Al</td> <td style="background-color: #90ee90;">S</td> <td style="background-color: #cccccc;">P</td> <td style="background-color: #cccccc;">SD</td> <td style="background-color: #cccccc;">F</td> </tr> <tr> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> </table>	L	Ac	Al	S	P	SD	F	√	√	√	√	√	√	√	<p>Previous periods:</p> <table style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">-3</td> <td style="width: 33%;">-2</td> <td style="width: 33%;">-1</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	-3	-2	-1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Previous periods:</p> <table style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">-3</td> <td style="width: 33%;">-2</td> <td style="width: 33%;">-1</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	-3	-2	-1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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0013	Commissioning	We continue to commission services in a traditional, unaffordable manner resulting in a failure to achieve better VFM and improved outcomes.	R E D <div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; text-align: center; line-height: 30px;">25</div>	Matt Gladstone	<p>The risk relating to the commissioning of some Children's Services increased due to a halt on some contracts as a result of £2.1m reduction in Area Based Grant. All contracts will be reviewed to ensure exit strategies are up to date and applied where appropriate. Position adversely affects chances of achieving commissioning objectives.</p> <p>The Council has just completed a review of policy and performance resources across the Council and this includes commissioning resources. The Director will now concentrate on ensuring that commissioning priorities are agreed by SLT and resources redeployed accordingly.</p> <p>The Commissioning VFM review which is seeking to improve outcomes and better VFM can now be quickly progressed.</p> <p>Main priorities for the coming year are achieving efficiency savings, co-ordinate across the organisation, improve external Children's placements into care and assist the School catering service</p>	R E D <div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; text-align: center; line-height: 30px;">16</div>																							
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: yellow;">L</td> <td style="background-color: grey;">Ac</td> <td style="background-color: blue;">AI</td> <td style="background-color: lightgreen;">S</td> <td style="background-color: red;">P</td> <td style="background-color: orange;">SD</td> <td style="background-color: grey;">F</td> </tr> <tr> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> </table>	L	Ac	AI	S	P	SD	F	√	√	√	√	√	√	√	<p>Previous periods:</p> <table style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">-3</td> <td style="width: 33%;">-2</td> <td style="width: 33%;">-1</td> </tr> <tr> <td><div style="border: 1px solid black; width: 20px; height: 20px;"></div></td> <td><div style="border: 1px solid black; width: 20px; height: 20px;"></div></td> <td><div style="border: 1px solid black; width: 20px; height: 20px;"></div></td> </tr> </table>	-3	-2	-1	<div style="border: 1px solid black; width: 20px; height: 20px;"></div>	<div style="border: 1px solid black; width: 20px; height: 20px;"></div>	<div style="border: 1px solid black; width: 20px; height: 20px;"></div>	<p>Previous periods:</p> <table style="width: 100%; text-align: center;"> <tr> <td style="width: 33%;">-3</td> <td style="width: 33%;">-2</td> <td style="width: 33%;">-1</td> </tr> <tr> <td><div style="border: 1px solid black; width: 20px; height: 20px;"></div></td> <td><div style="border: 1px solid black; width: 20px; height: 20px;"></div></td> <td><div style="border: 1px solid black; width: 20px; height: 20px;"></div></td> </tr> </table>	-3	-2	-1	<div style="border: 1px solid black; width: 20px; height: 20px;"></div>	<div style="border: 1px solid black; width: 20px; height: 20px;"></div>	<div style="border: 1px solid black; width: 20px; height: 20px;"></div>
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0014	2010 Transition arrangements <table border="1"> <tr> <td>L</td> <td>Ac</td> <td>AI</td> <td>S</td> <td>P</td> <td>SD</td> <td>F</td> </tr> <tr> <td></td> <td></td> <td></td> <td>√</td> <td></td> <td></td> <td></td> </tr> </table>	L	Ac	AI	S	P	SD	F				√				Adverse impact on: - services to tenants - Housing Revenue Account resources.	R E D <div style="border: 1px solid black; padding: 2px; width: 30px; margin: 0 auto;">20</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	David Richmond	Significant work is being carried out by RMBC and 2010 Rotherham Ltd senior managers to plan the transfer of services back to the Council. A comprehensive project plan is being developed to manage risks associated with the integration of all services. A strategy for absorbing the Company's residual financial position is in place and will be applied as the final position is clarified.	A M B E R <div style="border: 1px solid black; padding: 2px; width: 30px; margin: 0 auto;">12</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>
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0017	Carbon Reduction Commitment (CRC)	<p>Risk of non compliance with Carbon Reduction Order due to inadequate funding.</p> <p>The coalition government announced in the Comprehensive Spending Review that significant changes would be made to the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme</p>	<p style="text-align: center;">A M B E R</p> <p style="text-align: center;">9</p> <p>Previous periods:</p> <p style="text-align: center;">-3 -2 -1</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	Andrew Bedford	<p>Carbon Reduction Fund to be set up. Registration for the scheme is complete. A Carbon Reduction Officer has been appointed to assist with identifying energy reductions & engaging with staff, clients, customers and schools to encourage energy efficiency.</p> <p>Systems already in place to produce the data required for the scheme, but improvements on accuracy, property changes and reporting in process. Risk is lowering in terms of our ability to participate in the scheme and produce accurate data.</p> <p>The current estimated cost of purchasing the allowances in 2012/13 has been built into the MTFS. The risk is still amber as details of the scheme are still changing, including the cost of purchasing the allowances so the amount built into the MTFS may prove to be insufficient.</p> <p>Work continues on reducing emissions across RMBC street lighting and operational properties. Work with schools continues but RMBC can only influence.</p>	<p style="text-align: center;">A M B E R</p> <p style="text-align: center;">6</p> <p>Previous periods:</p> <p style="text-align: center;">-3 -2 -1</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>

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0018	EDRMS - Failure to implement EDRMS effectively across the Council. <table border="1"> <tr> <td>L</td> <td>Ac</td> <td>AI</td> <td>S</td> <td>P</td> <td>SD</td> <td>F</td> </tr> <tr> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> </table>	L	Ac	AI	S	P	SD	F	√	√	√	√	√	√	√	Risk to Accommodation Strategy and WorkSmart Programme and unable to realise savings.	A M B E R <div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; text-align: center; line-height: 30px;">9</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	Andrew Bedford	<p>First phase of the project successfully completed including full information audit and production of a draft file plan.</p> <p>A Steering Group with representation from all Directorates and RBT has been established and is meeting monthly to drive the programme forwards. Project plan produced setting out the roll out plan for all Directorates in the run up to the opening of the civic office. Project management arrangements are being established.</p>	G R E E N <div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; text-align: center; line-height: 30px;">3</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>
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0019	Maximising the value from the renegotiated RBT contract <table border="1"> <tr> <td>L</td> <td>Ac</td> <td>AI</td> <td>S</td> <td>P</td> <td>SD</td> <td>F</td> </tr> <tr> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> </table>	L	Ac	AI	S	P	SD	F	√	√	√	√	√	√	√	Failure to fully realise the benefits of the strategic partnership with BT.	A M B E R <div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; text-align: center; line-height: 30px;">9</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	Andrew Bedford	<p>Strong partnership governance arrangements and strengthened client arrangements in place.</p> <p>Further development of benchmarking to ensure value for money.</p> <p>Developing Joint Forward Plan.</p> <p>Exploring synergies with other BT sites.</p>	G R E E N <div style="border: 1px solid black; width: 30px; height: 30px; margin: 0 auto; text-align: center; line-height: 30px;">3</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>
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0021	Sustaining improvement post intervention.	<p>Future intervention from OFSTED/DFE.</p> <p>Children exposed to inadequately managed risk.</p> <p>Council exposed to financial and reputational risks.</p> <p>Impact on future inspection outcomes.</p>	R E D <div style="border: 1px solid black; padding: 2px; width: 30px; margin: 0 auto;">25</div>	Joyce Thacker	<p>Service improvement and school attainment improvement plan is monitored fortnightly internally and monthly by DFE. Milestones meeting confirmed that Ministers felt progress was satisfactory.</p> <p>Fostering inspection June 2010 outcome satisfactory.</p> <p>Safeguarding and Looked After Children (LAC) inspection July 2010 outcome satisfactory. Action plans in place.</p> <p>Confirmation of removal of Notice To Improve received on 13 January 2011. Action plans subsequently reviewed and updated to reflect current position and future improvement targets.</p>	A M B E R <div style="border: 1px solid black; padding: 2px; width: 30px; margin: 0 auto;">12</div>																							
	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: yellow;">L</td> <td style="background-color: #cccccc;">Ac</td> <td style="background-color: #cccccc;">Al</td> <td style="background-color: #90ee90;">S</td> <td style="background-color: #cccccc;">P</td> <td style="background-color: #cccccc;">SD</td> <td style="background-color: #cccccc;">F</td> </tr> <tr> <td>√</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	L	Ac	Al	S	P	SD	F	√							<p>Previous periods:</p> <table style="width: 100%; text-align: center;"> <tr> <td>-3</td> <td>-2</td> <td>-1</td> </tr> <tr> <td style="background-color: red; width: 20px; height: 20px;"></td> <td style="background-color: red; width: 20px; height: 20px;"></td> <td style="background-color: red; width: 20px; height: 20px;"></td> </tr> </table>	-3	-2	-1				<p>Previous periods:</p> <table style="width: 100%; text-align: center;"> <tr> <td>-3</td> <td>-2</td> <td>-1</td> </tr> <tr> <td style="background-color: red; width: 20px; height: 20px;"></td> <td style="background-color: red; width: 20px; height: 20px;"></td> <td style="background-color: yellow; width: 20px; height: 20px;"></td> </tr> </table>	-3	-2	-1			
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0022	CYPS Resources <table border="1"> <tr> <td>L</td> <td>Ac</td> <td>AI</td> <td>S</td> <td>P</td> <td>SD</td> <td>F</td> </tr> <tr> <td>√</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	L	Ac	AI	S	P	SD	F	√							Insufficient and Ineffective use of resources to meet statutory and moral obligations due to focus on high priority services.	R E D <div style="border: 1px solid black; width: 40px; margin: 0 auto; padding: 2px;">25</div> Previous periods: -3 -2 -1 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Joyce Thacker	<p>Additional funding made into the service in 2010/11 and plans are being implemented to improve the use of existing resources. Regular monitoring and reporting of risks and progress to Cabinet, Scrutiny and Directorate Leadership Team.</p> <p>A review of partnerships and contributions is being undertaken. Savings work programme being implemented in key areas. All high spend areas are under review but these are mainly volatile and related to children in care.</p> <p>Due to high proportion of at risk grant funding we are looking at all non statutory services to assess the need to continue. Risks continue as pressure to place Children in care continues.</p> <p>Following the Council's injection of additional funding in 2010/11, CYPS is projecting a balanced budget outturn. 2011/12 settlement agreed at full Council on 3 March 2011. CYPS continue to work through service reductions.</p>	R E D <div style="border: 1px solid black; width: 40px; margin: 0 auto; padding: 2px;">16</div> Previous periods: -3 -2 -1 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
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0024	Community Stadium	<p>Failure by Rotherham UFC to secure funding to build a stadium, resulting in a lack of a crucial community facility. The site will not be purchased if the lease is not acceptable to the club.</p> <p>No provision has been made in the Council's MTFS for the payback of the bond, should the football club fail to move back into Rotherham.</p> <p>Reputation damage.</p>	<p style="text-align: center;">A M B E R</p> <p style="text-align: center;">9</p> <p>Previous periods: -3 -2 -1</p> <p style="text-align: center;">□ □ □</p>	Karl Battersby	<p>Outline planning permission has been granted for the development.</p> <p>The purchase of the site from Evans of Leeds has been successfully negotiated and completed by RMBC.</p> <p>Lease agreement between RMBC and RUFC to be finalised.</p> <p>Planning application for infill and land levels to be considered by planning board on the 28th April, to enable start on site in May 2011. RUFC has selected the contractor.</p> <p>If the build subsequently falls through, the land ownership would revert to RMBC. RMBC would then be liable for the listed building and would need to identify funding for maintenance, restoration and security etc.-</p>	<p style="text-align: center;">A M B E R</p> <p style="text-align: center;">6</p> <p>Previous periods: -3 -2 -1</p> <p style="text-align: center;">■ □ □</p>

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0025	Civic Centre - WorkSmart Project <table border="1"> <tr> <td>L</td> <td>Ac</td> <td>AI</td> <td>S</td> <td>P</td> <td>SD</td> <td>F</td> </tr> <tr> <td>√</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	L	Ac	AI	S	P	SD	F	√							Parts of the new building are not taken up. The existing estate remains partly occupied. Incomplete adoption of WorkSmart practices.	A M B E R <div style="border: 1px solid black; padding: 5px; width: 40px; margin: 0 auto;">9</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 60px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	Karl Battersby	Effective leadership and adoption by departments of WorkSmart. Effective project management- contractual and logistical tasks re: detail programmes. WorkSmart Steering Group is being disbanded; the construction project will now report to Strategic Director, EDS and WorkSmart to the Estates Manager, EDS through Directorate Champions.	G R E E N <div style="border: 1px solid black; padding: 5px; width: 40px; margin: 0 auto;">4</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 60px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>
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0027	Managing budget adjustments <table border="1"> <tr> <td>L</td> <td>Ac</td> <td>AI</td> <td>S</td> <td>P</td> <td>SD</td> <td>F</td> </tr> <tr> <td>√</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	L	Ac	AI	S	P	SD	F	√							Failure to deliver relevant services and achieve substantial budget reductions. Change management relating to the service adjustments necessary.	R E D <div style="border: 1px solid black; padding: 5px; width: 40px; margin: 0 auto;">20</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 60px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	Andrew Bedford	Given highest priority through the Strategic Leadership Team and Cabinet having an ongoing focus on Government announcements made and by considering future options for services. Additional actions to mitigate the impact of budget reductions are being identified and implemented.	A M B E R <div style="border: 1px solid black; padding: 5px; width: 40px; margin: 0 auto;">12</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 60px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>
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0029	Highway Maintenance <table border="1"> <tr> <td>L</td><td>Ac</td><td>AI</td><td>S</td><td>P</td><td>SD</td><td>F</td> </tr> <tr> <td>√</td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>	L	Ac	AI	S	P	SD	F	√							Maintenance of the highway so that it meets at least national average standards for condition is a corporate priority. Due to a 50% reduction in external funding and insufficient revenue funding for maintenance the general condition of the highway will fall to below national average condition within 3 years.	R E D <div style="border: 1px solid black; width: 40px; margin: 0 auto; text-align: center;">20</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	David Burton	<p>Review packaging of work to include “super patching” as a replacement to major schemes</p> <p>Approval has been given for additional funding</p> <p>Review operational and working arrangements for highway teams leading to a reduction in overtime and reduced unit costs.</p> <p>Target is 5% increase in efficiency by May 2011</p>	A M B E R <div style="border: 1px solid black; width: 40px; margin: 0 auto; text-align: center;">9</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>
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0030	Schools' Collaboration <table border="1"> <tr> <td>L</td><td>Ac</td><td>AI</td><td>S</td><td>P</td><td>SD</td><td>F</td> </tr> <tr> <td>√</td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>	L	Ac	AI	S	P	SD	F	√							Impact of schools commissioning (or not) services on a collaborative basis could impact on the Local Authority. Services such as finance, building management, health and safety, SEN etc could be affected. This would impact on the Council more widely than just CYPS.	R E D <div style="border: 1px solid black; width: 40px; margin: 0 auto; text-align: center;">16</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	Joyce Thacker	<p>The situation is currently being monitored and a report being prepared for Cabinet.</p> <p>The Strategic Director has communicated with all Head Teachers and Chairs of Governors regarding the implications of collaboration and purchasing services from outside the Council. The appetite for schools to pursue this route is still being assessed</p>	A M B E R <div style="border: 1px solid black; width: 40px; margin: 0 auto; text-align: center;">12</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>
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CYPS																				

Ref	Risk Area	Current Risk	Pre - Mitigation Risk Assessment	Lead Officer	Mitigating Controls & Current Position	After Man't Control
0031	Free Schools and other School Arrangements	With the introduction of free schools and other arrangements - risk of LA school falling numbers, loss of revenue, reduction in attainment of C & YP in Rotherham.	R E D <div style="border: 1px solid black; width: 40px; margin: 0 auto; text-align: center;">16</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100%;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>	Joyce Thacker	<p>The situation is currently being monitored and a report will be prepared for Cabinet in due course.</p> <p>The implications for local schools in relation to pupil learning and financially is being assessed by CYPS working with schools in the areas of proposed free schools.</p>	A M B E R <div style="border: 1px solid black; width: 40px; margin: 0 auto; text-align: center;">12</div> Previous periods: -3 -2 -1 <div style="display: flex; justify-content: space-around; width: 100%;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>

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ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE
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1.	Meeting:	Audit Committee
2.	Date:	13 April 2011
3.	Title:	Audit Committee Annual Report 2010/11
4.	Directorate:	Financial Services

5. Summary

This report refers to and contains, at Appendix A, a draft Audit Committee Annual Report 2010/11. The Annual Report shows the Audit Committee has successfully fulfilled its terms of reference and has helped to improve the Council's governance and control environments

6. Recommendations

The Audit Committee is asked:

- **To agree the attached annual report for the year 2010/11**
- **To agree the Chair should present the report to the next appropriate Cabinet and Council Meetings**

7. Proposals and Details

The Audit Committee's Terms of Reference and best practice as contained in the CIPFA, IPF document "A Toolkit for Local Authority Audit Committees" require the Audit Committee to complete an annual report.

A copy of a draft Annual Report 2010/11 is attached at **Appendix A**. It shows key information relating to the Committee, its achievements during the year and key targets for 2011/12.

The Audit Committee has previously been commended by the external auditor and the Annual Report shows that it has successfully fulfilled its terms of reference and has improved the Council's governance and control environments.

It is proposed that the report is agreed by the Audit Committee and that the Annual Report is presented to the next appropriate Cabinet and Council meetings.

8. Finance

There are no direct financial implications.

9. Risks and Uncertainties

The preparation of an Annual Report is in line with best practice.

10. Policy and Performance Agenda Implications

Good Governance is wholly related to the achievement of the objectives in the Council's Corporate Plan.

11. Background Papers and Consultation

"A Toolkit for Local Authority Audit Committees", CIPFA, IPF, 2006

Contact Names:

Colin Earl, Director of Internal Audit & Governance, x22033

Appendices:

Appendix A

Audit Committee Annual Report 2010/11

AUDIT COMMITTEE

ANNUAL REPORT 2010/11

Councillor A Sangster, Chair
Councillor B Kaye, Vice-Chair

FOREWORD BY THE CHAIR OF THE AUDIT COMMITTEE

I am pleased to present the Audit Committee's 2010/11 Annual Report. The report shows the contribution the Audit Committee has made to the achievement of improved governance and internal control within the Council.

The Audit Committee oversees the management of risks within the Council and the operation and effectiveness of the Council's internal control arrangements. It fulfils this role by considering and approving reports from officers responsible for financial management and governance within the Council and from the Council's external auditors. Where relevant, the Committee also makes recommendations for action to address any deficiencies identified by or reported to the Audit Committee.

This year we have also considered various emerging risks and priorities, in particular relating to new Internal Financial Reporting Standards and the requirement to disclose details of the Council's spending ('spotlight on spend').

In my foreword last year I noted that 2010/11 would signify the start of a prolonged period of austerity and this has well and truly been the case. Rotherham Council has had to achieve £30million savings to produce a balanced budget for 2011/12. As an Audit Committee we want to help the Council to manage the risks associated with the substantial changes brought about by this level of reduction. This will be a key priority for us in 2011/12. We will also want to ensure the Council maintains the high standards of financial management and control it has achieved.

We have continued to develop our committee. Part of this included receiving refresher training sessions on areas relating to our areas of responsibility. We have continued to meet with audit committee representatives from other public sector bodies in Rotherham to consider broader partnership governance issues and other matters of mutual interest. I am particularly pleased that we were asked by the Chartered Institute of Public Finance and Accountancy (CIPFA) to give a presentation on our partnerships' governance arrangements as part of a CIPFA national training programme.



Finally, I would like to thank my colleague Members sitting on the Audit Committee during the year for the work they have done to help the Committee to fulfil its terms of reference effectively. And, I thank all officers and Members who have responded positively to the Audit Committee over the year, when questions have been asked and information requested.

***Councillor Alex Sangster
Chair, Audit Committee 2010/11***

AUDIT COMMITTEE: ANNUAL REPORT 2010/11

C O N T E N T S	Page
INTRODUCTION	3
SOME KEY INFORMATION	3 – 4
Audit Committee Membership	
Key features of the Audit Committee and its operation	
Meetings and attendance	
COMMITTEE ACTIVITY 2010/11	4 – 6
OTHER ACTIVITIES	6
OUTCOMES	7
PLANS FOR 2011/12	7 - 8
APPENDIX 1: AUDIT COMMITTEE TERMS OF REFERENCE	9 - 11
APPENDIX 2: AUDIT COMMITTEE ACTIVITY 2010/11	12 - 14

INTRODUCTION

This Annual report is produced in accordance with latest best practice*¹ and shows that the Council is committed to working as an exemplar organisation, operating the highest standards of governance. The report shows how the Audit Committee has successfully fulfilled its terms of reference and has helped the Council to improve its governance and control environments.

SOME KEY INFORMATION

Audit Committee Membership

The Audit Committee has 5 Members:

Councillor Alex Sangster	-	Chair
Councillor Barry Kaye	-	Vice-Chair
Councillor Neil License		
Councillor Kath Sims		
Councillor John Gilding		

In addition, Councillor Ken Wyatt, Cabinet Member for Resources, is invited to attend Audit Committee meetings. There is strong officer support to the Audit Committee, through the regular attendance of the Strategic Director of Finance, the Assistant Chief Executive (Legal Services), the Director of Central Finance and the Director of Internal Audit & Governance. Other officers attend as and when appropriate, including the Chief Executive.

Key features of the Audit Committee and its operation

Comparison against best practice illustrates the Audit Committee's strengths:

Best Practice	Expectation	Met?	Comment
Independence	Independent from the executive and scrutiny	√	The Committee reports to the Council
Number of Members	3-5	√	The Committee has 5 Members
Number of meetings	Aligned to business needs	√	The frequency of meetings enables all business to be considered in a timely manner
Co-option	To be considered relative to skills	√	Training is provided to increase Members' skills
Terms of Reference	Accord with suggested best practice	√	The Committee has adopted the model ToR
Skills and training	Members have sufficient skills for the job	√	General and, through the PDR process, specific training is provided to increase Members' skills

¹ Best practice as contained in the CIPFA, IPF document "A Toolkit for Local Authority Audit Committees"

Meetings and attendance

The Audit Committee meets normally on the penultimate Wednesday of each month. There have been 11 meetings between May 2010 and April 2011 (no meeting was held in August 2010). Attendance by Members was 76% (70% in 2009/10).

COMMITTEE ACTIVITY 2010/11

Terms of Reference

The Audit Committee's terms of reference cover 6 main areas and are copied at **Appendix 1** to this Annual Report. The Committee's work and outcomes in each of its areas of responsibility are summarised in the following sub-sections.

Internal Audit

The Audit Committee:

- Approved the Chief Auditor's audit plan
- Considered quarterly reports produced by the Chief Auditor, highlighting internal audit work completed, internal audit performance against key indicators, management's response to recommendations and any significant issues arising during the period
- Considered the Chief Auditor's annual report and opinion on the Council's control environment
- Considered the statutory review of the effectiveness of the system of internal audit
- Ensured internal and external audit plans were complementary and provided optimum use of the total audit resource
- Received and considered information on the performance of the internal audit team.

We continue to provide support to the Internal Audit service to ensure management is responsive to recommendations made and agreed.

External Audit

The Audit Committee:

- Considered the external auditor's audit plan
- Considered progress against the plan presented by the external auditor
- Received and considered all external audit and inspection reports issued in the year and considered management's response to them, ensuring robust and thorough responses
- Reviewed the Council's progress on all external audit and inspection recommendations on a quarterly basis and asked managers to explain progress, thereby holding them to account.

We continue to provide support to external audit to ensure management is responsive to recommendations made and agreed.

Risk Management

The Audit Committee:

- Received details of the risk management system, how it works and arrangements in place for mitigating risks
- Received and considered reports on the corporate risk register
- Enquired about specific risks and the application of risk management arrangements within directorates.

Internal Control and Governance

The Audit Committee:

- Agreed the Council's Annual Governance Statement and action plans to improve identified weaknesses
- Considered and supported changes to the Council's Anti-Fraud and Corruption Strategy
- Reviewed the effectiveness of the Council's Anti-Fraud and Corruption arrangements and progress in implementing the Council's Anti-Fraud and Corruption Plan
- Encouraged the adoption of the Audit Commission's National Fraud Initiative
- Approved the production of the Council's Annual Fraud Report.

The Annual Governance Statement is a key document which summarises the Council's governance arrangements and the effectiveness of the arrangements during the year. The Audit Committee received a draft Annual Governance Statement prior to its inclusion in the Council's Statement of Accounts. This was intended to ensure the Audit Committee could more thoroughly review the robustness of the process for producing the Statement and the content of it. The Audit Committee was satisfied that:

- There was a comprehensive assurance framework in place to safeguard the Council's resources
- The framework was reliable and applied during the course of the year, including financial reporting, internal and external audit the Audit Committee's own arrangements.

Accounts

The Audit Committee:

- Agreed the Council's accounting policies
- Agreed the annual statement of accounts

- Received and considered the external auditor's report on the accounts, and ensured that the Council responded to the auditor's comments
- Agreed a response to consultation on changes to the Accounts & Audit Regulations
- Considered the implications of the introduction of International Financial Reporting Standards (IFRS) within local government
- Reviewed the Council's progress towards the implementation of the IFRS.

The Audit Committee received regular reports on the Council's Treasury Management arrangements in the context of the economic downturn.

Specific Issues

The Audit Committee also considered reports on the following specific issues which arose in the period:

- Implications of the reductions in Public Sector budgets
- Arrangements for disclosing spending ('spotlight on spend')
- Risks associated with ALMO re-integration
- The implications of a judgement relating to the inspection of accounts by the Public
- Consideration of a range of publications relevant to the Audit Committee's terms of reference

A full list of the reports considered by the Audit Committee can be found in **Appendix 2**.

OTHER ACTIVITIES

As part of our ongoing commitment to identifying and sharing good practice, we continued to support events in the sub-region during 2010/11. The Audit Committee is particularly pleased that Rotherham was asked to host a sub-regional half-day conference in Spring 2010. This was a reflection of the Council's proactive work in setting up the South Yorkshire and Wakefield Audit Forum and its continuing leading role in developing audit committee arrangements across the area. The conference was a significant success and sets up further development in the future.

The Committee has also continued to meet with colleagues across Rotherham through the '*Rotherham Audit Committee*'. The '*Rotherham Audit Committee*' has looked at partnerships' governance, the implications of NHS changes, place based budgeting and partnership activity. The Council was asked to present details of its work on partnerships' governance at a national programme of 3 training events organised by the Chartered Institute of Public Finance and Accountancy.

OUTCOMES

The Audit Committee aims to focus on adding value through its activity. By concentrating on outcomes the Committee can identify the benefits of its work. In particular this year the Audit Committee:

- Oversaw work on the Statement of Accounts which received a clean opinion from the external auditor
- Oversaw further development of the Council's Anti-Fraud and Corruption arrangements and agreed the production of the Council's Annual Fraud Report
- Learnt from others in the sub-region, shared good practice and facilitated shared learning activity
- Continued to meet with colleagues and reviewed Rotherham wide governance issues through the '*Rotherham Audit Committee*'
- Ensured there was appropriate focus on the risks associated with substantial budget reductions
- Encouraged and presided over a strengthening control environment, specifically by overseeing reviews of the Local Code of Corporate Governance, Ethical Standards and Partnerships' Governance.

In addition, individual Members and the Audit Committee collectively continued to develop and learn about our roles, and deliver these roles effectively. We have received refresher sessions this year on Internal Audit, Risk Management and Accounting Issues.

PLANS FOR 2011/12

We want to continue to develop and build on our current status. For 2011/12 we will:

- Continue to review all governance arrangements to ensure the Council adopts the very latest best practice, in particular relating to partnerships' governance
- Continue to support the work of Internal and External Audit and ensure appropriate responses are given to their recommendations
- Ensure we maintain and further improve our standards in relation to the production of accounts
- Closely monitor the implementation of the International Financial Reporting Standards
- Continue to help the Council to manage the risk of fraud and corruption
- Continue to support the improvement of standards across all relevant organisations in South Yorkshire

- Continue to develop the 'Rotherham Audit Committee' to review partnerships' issues and safeguard public sector interests
- Equip existing and any new Members to fulfil our responsibilities by providing refresher training on financial arrangements and risk management.

During 2010/11 we have consolidated the progress we made in previous years, and going forward we look to continue to be a champion of good governance at both a local and sub-regional level.

Councillors Alex Sangster (Chair) and Barry Kaye (Vice-Chair)
Rotherham MBC Audit Committee
April 2011

AUDIT COMMITTEE

Statement of Purpose

To provide independent assurance of the adequacy of the audit and risk management frameworks and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

Terms of Reference

Internal Audit

To approve (but not direct) the internal audit manager's proposed strategy plan and performance and ensure that this gives an adequate level of assurance over the Council's main risks.

To consider summaries of specific internal audit reports as requested and seek assurance that action has been taken where necessary.

To consider reports from the internal audit manager on agreed recommendations not implemented within a reasonable timescale.

To consider reports dealing with the management and performance of the internal audit service.

To consider the internal audit manager's annual report and opinion.

To ensure that there are effective relationships between internal and external audit, inspection agencies and other relevant bodies.

External Audit

To consider and comment upon the external audit plan.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To consider specific reports as agreed with the external auditor.

To consider the adequacy of management response to external audit advice, recommendations and action plans.

To consider issues arising from the external auditor's annual management letter prior to its submission to the full council.

To commission work from internal and external audit.

To liaise with the Audit Commission over the appointment of the Council's external auditor.

To provide feedback to the external auditor upon external audit performance.

Risk management

Consider the effectiveness of the Council's risk management arrangements and control environment.

Seek assurances that action is being taken on risk related issues identified by auditors and inspectors.

Review the robustness of risk registers.

Internal control arrangements and Corporate Governance

To consider and review the statement of internal control prior to recommending it to the full Council.

Be satisfied that the Council's assurance statements including the Statement of Internal Control properly reflect the risk environment and any actions required to improve it.

Review the procedures followed in compiling the Statement of Internal Control and supporting documentation to determine the robustness of the evidence and assurances upon which the statement is based.

Consider and monitor action plans for addressing any significant internal control weaknesses disclosed.

To consider the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best practice.

To maintain an overview of financial regulations and contract procedure rules.

To review and consider the adequacy of the Council's anti-fraud and corruption policy and to monitor its effectiveness throughout the Council.

To review and consider the statement of internal control prior to recommending.

Accounts

To consider and review the annual statement of accounts prior to recommending it to the full Council.

To consider the external auditors SAS610 report on the audit of the annual financial statement prior to recommending the audited statement of accounts to the full Council.

To consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statement or from the audit.

General

To review any issue referred by the Council, a Council body, the Chief Executive, an Executive Director, the Section 151 Officer or the Monitoring Officer.

To submit for consideration by the full council an annual report as to the work of the committee at the end of each financial year.

To liaise with the Audit Committees of 2010 Rotherham Limited, other partner organisations and other South Yorkshire authorities over the mutual exchange of views, good practice and approaches to issues of common concern.

Appendix 2

AUDIT COMMITTEE ACTIVITY – 2010/11

Function / Issue	May 2010	June 2010	July 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	March 2011	April 2011
Audit Activity											
Internal Audit											
Internal Audit Plan 2010/11	Agreed										
Annual Report of Head of Internal Audit Services	Received										
Review of Effectiveness of System of Internal Audit	Received										
Internal Audit Progress Report					Received				Received		
Managing the Risk of Fraud								Received			
External Audit											
Report on accounts				Received							
Value For Money Conclusion				Received							
Annual Audit & Inspection Letter 2009/10									Received		
Audit Opinion Plan 2010/11									Received		
Approach to Use of Resources/Value for Money Improvement										Received	
Audit & Inspection recommendations	Received				Received						
Certification of Claims and Returns											Received
Pensions Data Flows				Received							

Function / Issue	May 2010	June 2010	July 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	March 2011	April 2011
Risk Management											
Annual Review of Risk Management Arrangements						Received					
Corporate Risk Register			Received		Received			Received			Received
Economic Downturn	Received										
Joint Service Centres			Received								
Health & Safety Risk Management			Received								
Public Sector Funding Reductions						Received			Received		
Children's Services							Received				
Localism Bill										Received	
ALMO											Received
Governance											
Annual Governance Statement 2009/10	Received	Agreed									
Annual Governance Statement 2010/11										Received	
Annual Fraud Report				Agreed							
Governance publications						Received					
CIPFA Better Governance Forum Briefing Paper										Received	
Significant partnerships			Received								

Function / Issue	May 2010	June 2010	July 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	March 2011	April 2011
Accounts											
Letter of Representation											
Statement of Accounts 2009/10		Agreed		Agreed							
Treasury Management and Prudential Indicators				Received	Received				Received		
Update on the Transition to International Financial Reporting Standards					Received				Received		
'Spotlight on Spend'								Received			
Accounts & Audit Regulations changes									Received		
Confidentiality at Audit									Received		
Accounting Policies										Received	
General and Committee Working Arrangements											
Audit Committee Work Programme							Agreed				
Audit Committee Self Assessment							Agreed				
Audit Committee Annual Report											Agreed
Joint Audit Committee activity			Received					Received			