

AGENDA FOR

AUDIT COMMITTEE

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To: All Members of Audit Committee

Councillors : M Hayes, S Nuttall, T Rafiq, D Silbiger, Sarah Southworth, R Walker, S Walmsley, M Whitby (Chair) and S Wright

Dear Member/Colleague

Audit Committee

You are invited to attend a meeting of the Audit Committee which will be held as follows:-

| | |
|-----------------------------|---|
| Date: | Thursday, 20 September 2018 |
| Place: | Lancashire Fusiliers Room - Town Hall |
| Time: | 7.00 pm |
| Briefing Facilities: | If Opposition Members and Co-opted Members require briefing on any particular item on the Agenda, the appropriate Director/Senior Officer originating the related report should be contacted. |
| Notes: | |

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

Members of the Audit Committee are asked to consider whether they have an interest in any of the matters on the agenda and, if so, to formally declare that interest.

3 MINUTES OF THE LAST MEETING *(Pages 1 - 6)*

The Minutes of the last meeting of the Audit Committee held on 17th July, 2018 are attached.

4 MATTERS ARISING

5 MEMBER TRAINING

Welfare Reforms – Ian Davenport will give a presentation at the meeting.

Property Strategy – Alex Holland will give a presentation at the meeting.

6 QUARTER 1 FINANCIAL MONITORING REPORT *(Pages 7 - 14)*

A report from the Interim Executive Director of Resources and Regulation is attached.

7 QUARTERLY GOVERNANCE STATEMENT *(Pages 15 - 32)*

A report from the Head of Financial Management is attached.
The updated Corporate Risk Register is also attached.

8 RISK MANAGEMENT ANNUAL REPORT 2017/2018 *(Pages 33 - 54)*

The Risk Management Annual Report is attached.

9 ANNUAL AUDIT LETTER 2017/2018 *(Pages 55 - 64)*

A Report from KPMG is attached

10 EXCLUSION OF PRESS AND PUBLIC

To consider passing the appropriate resolution under Section 100(A)(4) of the Local Government Act 1972 that the press and public be excluded from the meeting during consideration of the following items of business since they involve the likely disclosure of the exempt information stated.

11 INTERNAL AUDIT PROGRESS REPORT *(Pages 65 - 74)*

A report from the Head of Financial Management is attached.
Appendix A attached

Appendix B attached
Appendix C attached

12 MEMBERS' FEEDBACK (*Pages 75 - 80*)

A report from the Head of Financial Management is attached.
Appendix attached

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Minutes of: **AUDIT COMMITTEE**

Date of Meeting: 17 July 2018

Present: Councillor M Whitby (in the Chair)
Councillors M Hayes, S Nuttall, T Rafiq, D Silbiger,
Sarah Southworth, R Walker and S Wright

Also in attendance: R Jones - KPMG
J Lewis - KPMG

Public Attendance: One member of the press was present at the meeting.

Apologies for Absence: Councillor S Walmsley

AU.86 DECLARATIONS OF INTEREST

Councillor Sarah Southworth declared a personal interest in any item relating to Six Town Housing as she is a Member of the Board of Directors. She also declared a personal interest in any item relating to Persona and Townside Fields as her husband's accountancy business has been awarded the contract to audit both companies.

Councillor S Wright declared a personal interest in any item relating to the Department for Children, Young People and Culture as his wife is employed in a Bury School. He also declared a personal interest in any item relating to Six Town Housing as he is a member of the Board.

Councillor Nuttall declared a personal interest in any item relating to Bury Blind Society as she is a trustee of the charity.

All Councillors declared personal interests in relation to any matters relating to schools of the Borough due to their roles as Councillor Governors.

AU.87 MINUTES OF THE LAST MEETING

It was agreed:

That the Minutes of the last meeting of the Audit Committee held on 13 March 2018 be agreed as a correct record and signed by the Chair.

AU.88 MATTERS ARISING

Councillor Walker referred to a question that he had asked with regards to social care services and income shortfall. Councillor Walker asked if a response had been received.

Andrew Baldwin stated that he would follow this up and report back.

AU.89 AUDITED STATEMENT OF ACCOUNTS 2017/2018

The Head of Financial Management presented a report providing Members with details of the Authority's audited Statement of Accounts for the financial year ended 31 March 2018.

It was reported that the pre-audited Statement of Accounts had been approved by the Responsible Finance Officer on 31 May, 2018. The accounts have now been audited by KPMG and members of the Audit Committee noted that;

- No audit adjustments have been required;
- Seven recommendations have been made although none of these have been categorised as high priority;
- The quality of the Council's accounts and working papers have remained at a high level;
- The Council is able to meet the earlier statutory deadline of 31 July in respect of presenting its audited accounts to Members and KPMG are to be thanked for their part in achieving this;
- A notice will be placed advertising the completion of the audit and how members of the public can access copies of the statement and summary of accounts.

Jerri Lewis, representing KPMG, the Council's external auditors, presented the ISA 260 for 2017/2018 alongside the Statement of Accounts. The ISA 260 summarised the key findings from KPMG's work in relation to the financial statements for the year ending 31 March 2018 and their assessment of the Authority's arrangements to secure Value for Money in its use of resources.

It was explained that KPMG had substantially completed their work on the 2017/2018 financial statements and it was anticipated that an unqualified audit opinion would be issued by 31 July 2018.

Appendix 1 set out the key issues and recommendations along with the management responses to those recommendations and the responsible officer and deadline date.

Steve Kenyon, the Interim Executive Director of Resources and Regulation presented the Letter of Representation which was signed by him and the Chair of the Audit Committee, Councillor Whitby, to KPMG which was required before the audit opinion could be issued.

Members of the Committee were given the opportunity to ask questions and make comments and the following points were raised:

- Councillor Walker referred to the Council carrying out payroll work for other organisations and asked where this information would be located within the Statement of Accounts.

Steve Kenyon explained that that this information wasn't specifically disclosed within the accounts; it was included in income within Resources & Regulation department in the Income & Expenditure Statement.

Delegated decision:

1. That the final audited version of the Statement of Accounts for the 2017/2018 financial year be approved in line with the provisions of the Accounts and Audit Regulations 2015.
2. That the matters and issues arising from the audit and contained within the ISA (UK+I) 260 Financial Statement Report presented by KPMG be accepted.
3. That the letter of representation signed by the Interim Executive Director of Resources and Regulation and the Chair of the Audit Committee which was presented at the meeting be approved.
4. That KPMG be thanked for their support and advice during the audit process.

AU.90 ANNUAL GOVERNANCE STATEMENT

The Head of Financial Management, Andrew Baldwin, presented a report introducing the Annual Governance Statement.

It was explained that Bury Council had complied with the requirements of Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, in relation to the publication of a statement on internal control.

The Annual Governance Statement provides an assurance that the Governance Framework is operating effectively and reports any significant issues arising during the year. The Governance Framework comprises the systems, processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community.

The report also includes details of the key risks that the Council faced in 2017/2018, a review of the effectiveness of the governance framework including the system of internal control plus a copy of the latest Audit Commission VFM profiles, the governance arrangements in respect of group relationships and a number of the challenges facing the Council in 2018/2019.

It was explained that it was a legal requirement for every Council to produce an annual governance statement and that Bury Council also produces a quarterly report in line with best practice.

It was also stated that the Annual Governance Statement was signed off by SLT and has been endorsed by KPMG in their ISA 260 report, as "complying with CIPFA guidance, is not misleading nor inconsistent with other information they are aware of from their audit of the financial statements".

Delegated decision:

That the Annual Governance Statement 2017/2018 be accepted.

AU.91 INTERNAL AUDIT ANNUAL REPORT

The Head of Financial Management, Andrew Baldwin, presented a report summarising the work undertaken by the Internal Audit service during the 2017/2018 financial year and comparing it to the Audit Plan for the year.

The report contained an Audit Opinion which assessed the authority's control framework as "robust" and updated the Members on some of the issues facing the Internal Audit Service. It was also explained that the report would provide information to support the 2017/2018 Annual Governance Statement, also on the agenda.

It was explained that 99% of the target chargeable days had been achieved by the Internal Audit Team, 49 final reports had been produced which contained 252 recommendations. It was also reported that 89% of the recommendations had been accepted.

Appended to the report was a Review of the Effectiveness of Internal Control, an update on the Internal Audit Plan and Internal Audit Performance Indicators 1 April 2017 – 31 March 2018.

Delegated decision:

That the Audit Committee accept the report and endorse its suitability in support of the Governance Statement for 2017/2018.

AU.92 EXCLUSION OF PRESS AND PUBLIC

Delegated decision:

That in accordance with Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business since they involved the likely disclosure of exempt information, relating to any action taken, or to be taken in connection with the prevention, investigation and prosecution of crime.

AU.93 REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE

Andrew Baldwin, Head of Financial Management, submitted a report summarising the work carried out by the Audit Committee over the 2017/2018 Municipal Year which showed the effectiveness of the Committee. Included in the report was a copy of one of the self-assessment checklists that had recently been sent out for Members to complete which helped to demonstrate that CIPFA guidance was being complied with.

Comments received from the self assessment checklists would be addressed both individually and collectively, where required, through the production of an action plan.

Delegated decision:

That the report be accepted.

AU.94 MEETING DATES 2018/2019

The Committee discussed the dates of the scheduled Audit Committee Meetings for the 2018/2019 Municipal Year and how they fit in with the publishing of the financial reports.

Delegated decision:

That, subject to the approval of the Leader, the November 2018 meeting and the March 2019 meeting now be held as follows:

Tuesday 20 November 2018

Tuesday 26 February 2019

COUNCILLOR M WHITBY
Chair

(Note: The meeting started at 7.00pm and ended at 8.00pm)

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REPORT FOR INFORMATION

MEETING: **AUDIT COMMITTEE**

DATE: **20 September, 2018**

SUBJECT: **FINANCIAL MONITORING REPORT – APRIL 2018 TO JUNE 2018**

REPORT FROM: **INTERIM EXECUTIVE DIRECTOR OF RESOURCES & REGULATION**

CONTACT OFFICER: **S Kenyon**

TYPE OF DECISION: **NON-KEY DECISION**

FREEDOM OF INFORMATION/STATUS: This paper is within the public domain

SUMMARY: To up-date the Committee on the authority's financial position in line with the Committee's Statement of Purpose to '*provide....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*'.

The report shows that the authority is projecting an overspending of **£3.176m** for the year based on spending and income information as at 30 June.

OPTIONS & RECOMMENDED OPTION The Committee is asked to note the contents of the report.

IMPLICATIONS:

Corporate Aims/Policy Framework:

Do the proposals accord with Policy Framework? Yes.

Comments of s151 Officer:

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been

prepared in accordance with all relevant Codes of Practice.

There may be risks arising from any changes to service levels or service patterns that result from any remedial action taken to address the budget position.

Comments of Executive Director of Resources & Regulation:

The successful management of the Council's financial resources is central to the Council's Financial Strategy. Successful budget monitoring provides early warning of potential major overspends or underspendings against budget of which Members need to be aware.

This report draws Members attention to the fact that, based on the most prudent of forecasts, several known budget hotspots exist, and remedial action continues to be taken.

Equality/Diversity implications:

No

Considered by Monitoring Officer:

Budget monitoring falls within the appropriate statutory duties and powers and is a requirement of the Council's Financial Regulations to which Financial Regulation B: Financial Planning 4.3. (Budget Monitoring and Control) relates. The report has been prepared in accordance with all relevant Codes of Practice.

Are there any legal implications?

Yes

Staffing/ICT/Property:

There may be staffing implications arising from the need to address budget pressures.

Wards Affected:

All

Scrutiny Interest:

Overview & Scrutiny Committee

TRACKING/PROCESS

DIRECTOR: Steve Kenyon

| Chief Executive/ Senior Leadership Team | Cabinet | Overview & Scrutiny | Council | Ward Members | Partners |
|--|---------|---------------------|---------|--------------|----------|
| | 25/7/18 | 11/9/18 | | | |

1.0 INTRODUCTION

- 1.1 This report is intended to allow the Committee to keep abreast of the authority's financial position and to gauge the effectiveness of corrective action that has been determined by the Cabinet and/or Scrutiny Committee.
- 1.2 This report summarises the forecast financial position as at the end of June 2018.

2.0 MONITORING PROCESSES

- 2.1 The Authority's financial position is continually monitored throughout the year as follows;

Monthly - reports are considered by service management teams and summaries made available to specific Cabinet Members. A monthly summary of the financial position is submitted to the Senior Leadership Team and to the Cabinet Member for Finance & Housing.

Quarterly - detailed corporate monitoring reports based on the position at June, September, December and March (year-end) are considered by the Senior Leadership Team, the Cabinet, Joint Cabinet / SLT meetings and Overview & Scrutiny Committee. These set out a risk assessed summary of the financial position, explanations of major variances from budget, an assessment of the minimum level of balances, information on the forecast balances position and an assessment of performance against the objectives of the Financial Strategy (including the Golden Rules).

3.0 FINANCIAL POSITION

- 3.1 The authority's overall financial position based on forecasts made using income and expenditure information as at 30 June 2018 is summarised in the table in paragraph 3.3. As Members will be aware, financial reporting involves an element of judgement, and this particularly applies to the treatment of budget pressures.
- 3.2 It is appropriate to alert Members to potential pressures so that they can monitor the situation and take ownership of the necessary remedial action and this is the basis on which the report is written.
- 3.3 In summary the outturn forecast based on the position at 30 June 2018:

| Department | Budget £000 | Forecast £000 | Variance £000 |
|-----------------------------------|----------------|------------------|------------------|
| Communities & Wellbeing | 80,794 | 83,827 | +3,033 |
| Resources & Regulation | 5,215 | 6,330 | +1,115 |
| Children, Young People & Culture | 40,209 | 43,556 | +3,347 |
| Business, Growth & Infrastructure | (3,791) | (1,669) | +2,122 |
| Art Gallery & Museum | 439 | 534 | +95 |
| Non Service Specific | 15,150 | 8,614 | (6,536) |
| TOTAL | 138,016 | 141,192 | +3,176 |

- 3.4 The projected overspend of £3.176m represents approximately 2.30% of the total net budget of £138.016m and compares to the previous year's outturn as follows;

| 2017/18 Outturn | 2018/19 Quarter 1 |
|----------------------------|------------------------------|
| +£0.844m | +£3.176m |

3.5 An overview of the reasons for this variance is outlined in the table below;

| Month 3 Variance | Children, Young People & Culture | Communities & Wellbeing | Resources & Regulation | Business, Growth & Infrastructure | Art Gallery & Museum | Non Service Specific | TOTAL |
|---|--|-------------------------------|------------------------------|---|-------------------------------|----------------------------|-----------------|
| Reason | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Demand Pressures | 3,313 | 5,182 | 0 | 0 | 0 | 147 | 8,642 |
| Delayed Achievement of Cuts Options | 124 | 3,981 | 100 | 547 | 0 | 0 | 4,752 |
| Non-Achievement of Cuts Options | 110 | 0 | 0 | 0 | 0 | 0 | 110 |
| Income Shortfall | 0 | 15 | 927 | 1,640 | 95 | 0 | 2,677 |
| Planned use of one-off funding | 0 | (1,815) | 0 | 0 | 0 | 0 | (1,815) |
| Continued Impact of 10 Control Measures | 0 | 0 | (117) | (65) | 0 | 0 | (182) |
| Other | (200) | (4,329) | 205 | 0 | 0 | (6,683) | (11,008) |
| TOTAL | 3,347 | 3,033 | 1,115 | 2,122 | 95 | (6,536) | 3,176 |

3.6 Due to the extremely difficult financial situation facing the Council the Senior Leadership Team agreed and drew up an action plan with some immediate additional spending controls over & above usual controls.

These include:

1. Recruitment freeze on staff and new agency placements (exceptions to be signed off by SLT);
2. Release of all existing casual / agency staff (exceptions to be signed off by SLT);
3. Cease overtime / additional hours (exceptions to be signed off by SLT);

4. Enter into no new training commitments, and review existing arrangements (exceptions to be signed off by SLT);
5. Re-launch Work Life Balance options around reduced hours / purchase of leave;
6. Cease spend on discretionary budgets; stationery, office equipment etc;
7. Cease spend on IT / Communications (exceptions to be signed off by SLT);
8. Any spend greater than £250 to be signed off by Executive Director;
9. Any new contractual commitments greater than £5,000 (lifetime value of contract) to be signed off by SLT;
10. Consider "in year" budget options – e.g. previously unidentified efficiencies, review of non-key services.

3.7 It is expected that these actions will not only help to reduce the financial burden facing the Council within the current year but also for the coming years.

Commitment Accounting

3.8 Further analysis of the month 3 figures highlights;

| Status | £'000 | % |
|-----------------------------|----------------|--------------|
| Spent @ 30/6/18 | 37,226 | 26.4 |
| Committed @ 30/6/18 | 33,794 | 23.9 |
| Forecast (1/7/18 – 31/3/19) | 70,172 | 49.7 |
| Total | 141,192 | 100.0 |

3.9 Spend and Commitment are clearly factual, however "forecast" is based upon an assessment of a wide range of factors and risks.

Balance Sheet Monitoring

3.10 The following key indicators have been extracted as at Month 3;

| Indicator | Position at 1/4/18 | Position at 30/6/18 |
|-----------------------------|-------------------------------|--------------------------------|
| Treasury Performance | | |
| | | |
| Total Sums Invested | £21.25m | £18.85m |
| % Return on Investments* | 0.24% | 0.50% |
| | | |
| Total Sums Borrowed | £194.5m | £190.5m |
| % Cost of Borrowing | 3.96% | 3.96% |
| | | |
| Assets | | |
| | | |
| Stocks & Work in Progress | £1.600m | £1.364m |

| | | |
|-----------------------|----------|----------|
| Long Term Debtors | £0.032m | £0.032m |
| Sundry Debtors | £44.494m | £29.758m |
| Cash | £13.264m | £1.496m |
| | | |
| Liabilities | | |
| | | |
| Sundry Creditors | £33.783m | £8.888m |
| Short Term Provisions | £10.537m | £10.435m |
| | | |

Note - compares to sector benchmark of 0.21%*

- 3.11 It should be noted that these figures represent a “snapshot” of the Council’s Balance Sheet at a given point in time, and are by no means indicative of the Council’s overall financial position.
- 3.12 From a monitoring perspective however they provide useful information, and trends can be plotted as the exercise is repeated in future quarters.

Procurement Activity

- 3.13 The table below summarises key performance indicators maintained by the Procurement Section;

| Indicator | Performance To Date | Last Year |
|--|----------------------------|------------------|
| %age of orders placed via automated purchasing system | 89.43% | 95.89% |
| %age of invoices received in electronic format | 26.99% | 31.88% |
| Cashable Procurement savings (Procurement Team) | £0 | £0 |
| %age spend in Bury Area | 28.00% | 30.90% |
| Number of Bury suppliers invited to bid via the “Chest” | 6 | 3 |
| Number of contracts Bury Suppliers invited to bid for via the “Chest” | 4 | 3 |

Minimum Level of Balances

- 3.14 The actual position on the General Fund balance is shown below:

| | £m |
|--|--------------|
| General Fund Balance 31 March 2018 per Accounts | 7.549 |
| Less : Minimum balances to be retained in 2018/19 | -4.250 |
| Less : Forecast overspend at Month 3 | -3.176 |
| Forecast Available Balances at 31 March 2019 | 0.123 |

- 3.15 Based on the information contained in this report, on the risk assessments that have been made, on the forecast outturn position for 2018/19 and using the latest available information on the likely achievement of savings options it is clear that there is no reason to take the minimum balances above the existing level of £4.250m.

S. Kenyon
Interim Director of Resources & Regulation

Background documents:

Further information available from;

Interim Executive Director of Resources & Regulation
Mr S Kenyon
Tel. 0161 253 6922
Email: S.Kenyon@bury.gov.uk

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REPORT FOR DECISION

MEETING: **AUDIT COMMITTEE**

DATE: **20 SEPTEMBER, 2018**

SUBJECT: **QUARTERLY GOVERNANCE STATEMENT - APRIL to JUNE 2018**

REPORT FROM: **HEAD OF FINANCIAL MANAGEMENT**

CONTACT OFFICER: **ANDREW BALDWIN**

TYPE OF DECISION: **NON-KEY DECISION**

FREEDOM OF INFORMATION/STATUS: This paper is within the public domain.

SUMMARY: This report presents Members with a quarterly update on the Annual Governance Statement. The 2017/18 Annual Governance Statement was approved by Audit Committee on 17 July 2018.

OPTIONS & RECOMMENDED OPTION The Committee is asked to note the contents of the report.

Members are requested to consider the revised corporate risks at Appendix A (risk register to follow).

IMPLICATIONS:

| | |
|---|---|
| Corporate Aims/Policy Framework: | Do the proposals accord with Policy Framework? Yes. |
|---|---|

| | |
|--|---|
| Financial Implications and Risk Considerations: | The Annual Governance Statement is a fundamental document for recording, monitoring and communicating the effectiveness of the internal control framework within the Council. |
|--|---|

| | |
|--|--|
| Statement by Assistant Director of Resources & Regulation (Finance & Efficiency): | Failure to maintain an internal control and governance framework jeopardises the Council's ability to deliver economy, efficiency and effectiveness in the delivery of its priorities and ambitions. |
|--|--|

Equality/Diversity implications: No

Considered by Monitoring Officer: Yes - Through the Governance Panel; the Monitoring Officer has raised no issues that require inclusion in the Quarterly Governance Statement.

Are there any legal implications? No

Staffing/ICT/Property: No

Wards Affected: All

Scrutiny Interest: No

TRACKING/PROCESS

DIRECTOR: STEVE KENYON

| Chief Executive/ Strategic Leadership Team | Cabinet Member/Chair | Ward Members | Partners |
|--|-------------------------|----------------|----------|
| | | | |
| Scrutiny | Cabinet | Committee | Council |
| | | Audit 20/09/18 | |

1.0 Purpose of the Annual Governance Statement

- 1.1 The purpose of the Annual Governance Statement is to provide a continuous review of the effectiveness of an organisation's internal control and risk management system in order to give an assurance as to their effectiveness.
- 1.2 It is a mandatory requirement to produce a Governance Statement to accompany the Authority's Statement of Accounts – as presented on 17 July 2018.
- 1.3 It is accepted good practice to continuously review the internal control framework and make interim reports to those charged with governance – the Audit Committee.
- 1.4 The Council has adopted this practice since 2008 and refers reports to the Audit Committee on a quarterly basis.

2.0 Matters for consideration

2.1 Members are asked to:

- Note the report

3.0 Quarterly Update

3.1 Risk Management

- 3.1.1 A review has taken place of the risk management process which now provides for the reporting against assurance measures, improves alignment between financial, performance and risk management and introduces an additional risk score focussing on the “proximity” of the risk. The format of risk registers at both Corporate and Departmental levels now incorporate these changes.
- 3.1.2 The registers are web-based to allow “real time” update as and when circumstances require.
- 3.1.3 An officer-level risk management group meets quarterly to discuss operational matters. Meetings are scheduled to coincide with the quarterly meetings of the Corporate Risk Management Group. The Operational Risk Management Group comprises of a representative from the two directorates of Communities & Wellbeing and Children, Young People and Culture along with the Insurance Manager, Health & Safety Advisor, Risk Manager and the Interim Executive Director for Resources & Regulation. The last meeting of the Operational Risk Management Group was held on the 17th July 2018 and is next due to meet on 20 November.
- 3.1.4 A Member-level Corporate Risk Management Group sits quarterly to review the Corporate Risks and take account of issues arising from the Operational Risk Management Group. The Corporate Risk Management Group met on Monday 23rd April 2018 and is due to meet on 13 September to review the Corporate Risk Register. Further meetings are scheduled to coincide with the quarterly reviews of the Corporate Risk Register.
- 3.1.5 The Corporate Risk Register has been updated to reflect the latest high level risks facing the organisation.

3.2 Business Continuity

- 3.2.1 A full review of the Council’s services, heads of service and services managers has been carried out to ensure all aspects of the Business Planning Database can be utilised effectively and allow for the review of service BC Plans, inter-dependency mapping and a review of critical services across the Council to take place. The Corporate Business Continuity Plan has been updated to take account of the Council Emergency Response Plan for 2018/19 which is available online.

3.3 Budget Monitoring

- 3.3.1 Budget monitoring is undertaken on a monthly basis and quarterly reports are produced for Members.
- 3.3.2 The Q1 statement (i.e. April to June 2018) provides a summary of spend to date and a forecast outturn for the year. This continues to alert Directors to any pressures which they are required to address.
- 3.3.3 As such, it is critical that forecasts are accurate, evidence based and have been through a rigorous quality assurance process.

- 3.3.4 The Quarter 1 report went to Cabinet on 25 July and to Overview & Scrutiny Committee on 11 September and will be reported in summary elsewhere on this agenda.

3.4 Work of Internal Audit

- 3.4.1 The Internal Audit Section operates according to a risk based Audit Plan.
- 3.4.2 During the period April to June 2018, the section has examined the following fundamental financial systems;
- Main Accounting system;
 - Council tax;
 - Creditors;
 - Business Rates;
 - Housing Rents;
 - Cash and Banking;
 - Debtors;
 - Housing Benefit;
 - Treasury Management;
 - Payroll
- 3.4.3 The Internal Audit section produces reports which rank recommendations according to urgency / priority. The reports completed during the first quarter year have produced a total of 32 recommendations.

3.5 Work of Governance Panel

- 3.5.1 The Governance Panel has now met regularly since its inception in November 2008, and continues to be a valuable arena to exchange information / concerns regarding the Council's governance arrangements.
- 3.5.2 The Panel comprises:
- Interim Executive Director of Resources & Regulation and S151 Officer;
 - Assistant Director of Legal & Democratic Services (Monitoring Officer);
 - Head of Financial Management
- 3.5.3 The Panel last met on 14 August and the next meetings are scheduled for 11 October and 10 January.

3.6 Sickness Update

- 3.6.1 The Audit Committee has shown considerable interest in sickness absence, requesting absence data and action plan updates from Executive Directors.
- 3.6.2 The following table contain the sickness absence figures per full time equivalent for the Council.

| Department | 2014/15 Full Year | 2015/16 Full Year | 2016/17 Full Year | 2017/18 Full Year | 2018/19 Q1 | % change 2017/18 to 2018/19 Q1 |
|--|----------------------|----------------------|----------------------|----------------------|---------------|---|
| Communities & Wellbeing | 12.1 | 13.5 | 12.5 | 11.2 | 11.6 | +3.6 |
| Resources & Regulation | 7.0 | 8.0 | 6.8 | 9.6 | 9.7 | +1.0 |
| Children, Young People & Culture | 7.99 | 8.4 | 9.9 | 9.6 | 9.7 | +1.0 |
| Total FTE days lost | 10.2 | 9.3 | 9.9 | 9.9 | 10.0 | +1.0 |

Note – the quarterly figures are calculated on a rolling 12 month basis and do not reflect the quarter in isolation. Therefore, the Q1 period for 2018/19 relates to the full year period of 01/07/17 to 31/06/18.

- 3.6.3 The sickness levels have continued to remain relatively constant per days lost per FTE over the last three years.
- 3.6.4 Going forward, sickness absence figures will continue to be reported to the Audit Committee in future quarterly updates.

4.0 Conclusion

- 4.1 This report provides an assurance, and presents evidence, that the Council reviews its internal control / governance mechanisms on a continuous basis.
- 4.2 There have been no significant internal control issues during the period covered by this report.
- 4.3 The control environment will continue to be monitored throughout the year, and Audit Committee will continue to receive updates on a quarterly basis.

Andrew Baldwin
Head of Financial Management

Background documents:

Risk Registers

Internal Audit Reports

Minutes of Governance Panel

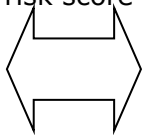
For further information on the details of this report, please contact:

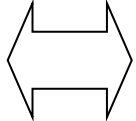
Mr A Baldwin, Head of Financial Management
Tel. 0161 253 5034
Email: a.baldwin@bury.gov.uk

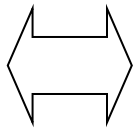
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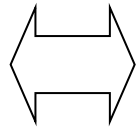
BURY COUNCIL

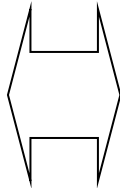
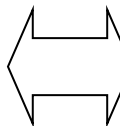
Corporate Risk Register 2018/19 – As at 30th June 2018

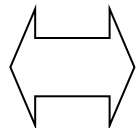
| Risk | Risk Owner | Raw Risk Score | | | | Target Risk Score | Mitigation Measures / Assurance Levels | | | Risk Conclusion | Residual Risk Score | | | | Direction of Travel |
|---|---------------|----------------|--------|-----------|-------|-------------------|--|--|--|-----------------|---------------------|--------|-----------|-------|--|
| | | Likelihood | Impact | Proximity | Score | | Level 1 | Level 2 | Level 3 | | Likelihood | Impact | Proximity | Score | |
| The Council doesn't agree a balanced budget | Cabinet / SLT | 4 | 4 | 4 | 64 | LOW | <p>The Council has a 4 year financial forecast covering 2016/17 to 2019/20 in line with the Government's 4 year funding offer.</p> <p>Budget options have now been approved (Feb 17) covering a 3 year period, recognising the lead in times for the development of options.</p> <p>Budget forecasts will continue to be reviewed on a 12 month rolling forecast; or as new information come to light.</p> | <p>Budget options validated by the Councils Strategic Leadership Team, and through regular meetings with Portfolio Holders.</p> <p>Budget proposals were considered by the Overview & Scrutiny Committee prior to approval.</p> <p>Currently no reliance being placed on reserves, however this is the second year an overspend is predicted.</p> <p>Future years equally challenging.</p> | <p>External Audit Opinion on VFM / Financial Standing</p> <p>LGA review undertaken</p> | Manage | 2 | 4 | 4 | 32 | <p>No change to risk score</p>  |

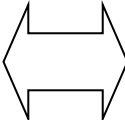
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| | | | | | | | | Council needs to consider alternative approaches to budget setting. | | | | | | | |
| The Council cannot deliver cuts approved in the budget | Cabinet / SLT | 4 | 4 | 4 | 64 | LOW | <p>Robust budget monitoring procedures are in place, given early warning of potential pressures.</p> <p>Challenges of delivering continuous budget cuts with reduced organisational capacity.</p> <p>Control measures in place to mitigate overspend pressures where possible.</p> <p>Q1 outturn forecast overspend of £3.2m</p> | <p>Budget monitoring reports are considered every month by SLT, and reported quarterly to Cabinet.</p> <p>SLT and the Cabinet meet regularly to discuss progress with the in year budget.</p> <p>Monitoring reports consider a RAG rating for delivery of cuts</p> <p>Finance Portfolio Holder now "calling in" specific business areas to investigate issues.</p> <p>Monitoring reports are also considered quarterly at;</p> <ul style="list-style-type: none"> • SLT / Cabinet | <p>External Audit Opinion on VFM / Financial Standing.</p> <p>Officer led budget recovery group in place</p> | Manage | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |

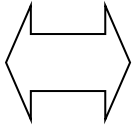
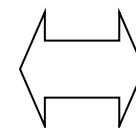
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|--|-----|---|---|---|----|-----|---|---|---|--------|---|---|---|----|--|
| | | | | | | | | <ul style="list-style-type: none"> Overview & Scrutiny Audit Cttee <p>Increasingly considering "Invest to Save" options.</p> | | | | | | | |
| Resilience and capacity of services is jeopardised by ongoing funding reductions | SLT | 4 | 4 | 4 | 64 | LOW | <p>Budget options consider operational impact, and are subject to separate risk assessments.</p> <p>The Council undertakes workforce planning to ensure the right staff are in place, with the right skills at the time needed.</p> <p>Recruitment & Retention of staff presents a challenge in some service areas.</p> <p>There is a dedicated workstream looking at HR / OD as the Council moves to OCO / LCO</p> | <p>Business continuity plans exist for all services</p> <p>The Council has access to transformation funding under GM Health & Social Care arrangements</p> <p>Greater use of interim placements to address time limited pressures / work tasks e.g. Growth / Regeneration and Traded Services</p> <p>New CE in place and addressing longer term strategies/structure of the Council</p> | <p>External Audit Opinion on VFM / Financial Standing</p> <p>External reviews, e.g. OFSTED / CQC, LGA</p> <p>Resident satisfaction levels</p> | Manage | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |

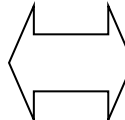
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| | | | | | | | operating arrangements with the NHS. | | | | | | | | |
| | | | | | | | Change to senior management structures | | | | | | | | |
| Changes to the Business Rates Retention scheme (100%) impact adversely on the Council – e.g. appeals | Cabinet Member for Finance & HR / Interim Executive Director of Resources & Regulation | 3 | 4 | 4 | 48 | LOW | <p>The Council makes “in year” provision for the impact of appeals when estimating yield (NNDR1), and also makes provision within the annual revenue budget.</p> <p>In addition, the Council holds a reserve to fund the backdating (i.e. one-off) effect of appeals.</p> <p>Impact of business failure also increases, however mitigated through work of Business Engagement Team</p> | <p>The Council maintains an active dialogue with the Valuation Office Agency to ensure that appeals are dealt with in a timely manner.</p> <p>The Council participates in the GM Collection Fund Accounting Group.</p> <p>Pilot exercise underway to tackle aged debt.</p> <p>Any departure from 100% retention would be detrimental to the Council</p> | <p>The Council’s External Auditors review the Council’s Collection Fund, and Appeals Provisions as part of the annual audit process.</p> <p>New check, challenge and appeal procedures in place</p> | Manage | 2 | 4 | 4 | 32 | <p>No change to risk score</p>  |

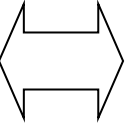
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| Ongoing Welfare Reforms place additional pressure on both residents and the Council | Cabinet Member for Strategic Housing & Support Services / Interim Executive Director of Resources & Regulation | 4 | 4 | 4 | 64 | LOW | <p>Regular monitoring of the impact of reforms is undertaken.</p> <p>Increased risk due to revised CTS scheme, and increased Council Tax (necessary to fund Adult Social Care)</p> <p>Increasing reliance on 3rd Sector, which itself faces funding reductions</p> <p>Concerns over security of employment and uncertain economic outlook</p> <p>Full universal credit rolled out in July 2018</p> | <p>The impact of reforms is reported through the Welfare Reform Board.</p> <p>The Cabinet has now endorsed an Anti-Poverty Strategy, and additional resources (£200k) have been allocated to address poverty related issues.</p> <p>The Council has endorsed a motion to develop a Young Savers scheme.</p> | <p>There is close liaison with Partner organisations, e.g. CAB, Six Town Housing to assess and mitigate the impact of reforms.</p> <p>The Council is an active member of the Manchester Credit Union.</p> | Manage | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |
| General pressures from school budgets and impacts upon income levels for traded services | Cabinet Member for Children & Families / Executive Director of Children, Young People & Culture | 3 | 4 | 3 | 36 | LOW | <p>Traded services are currently undergoing a comprehensive review to assess the impact of academy conversions.</p> <p>Requires more proactive management as</p> | <p>The Council has a good relationship with schools, and a high level of buy-back.</p> <p>Where possible, and viable, services will continue to be traded to schools</p> | <p>The relationship with schools is managed proactively through the Schools Forum.</p> <p>Working group set up to explore</p> | Manage | 4 | 4 | 3 | 48 | <p>No change to risk score</p>  |

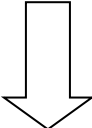
| | | | | | | | | | | | | | | | |
|---|---------------|---|---|---|----|--------|---|---|--|--------|---|---|---|----|--|
| | | | | | | | <p>risk of schools not buying-back increases</p> <p>Risks from increasing academies across schools</p> <p>Risk heightened by pressures on school budgets</p> | that undergo academy conversion. | <p>further opportunities for providing competitive traded services</p> <p>Additional resources in place, and pricing offers sent to schools.</p> <p>No further cleaning/cat ering contracts lost for 2018.</p> | | | | | | |
| Unknown implications of the Brexit referendum impact adversely upon the Council | Cabinet / SLT | 4 | 4 | 4 | 64 | MEDIUM | <p>The most significant risk is the uncertainty of the implications of Brexit – notably economic conditions.</p> <p>Potential impact on the pound, inflation, and impact upon Bury businesses</p> | The Council makes use of external brokers (Link) who offer advice on economic conditions and the Council's Treasury Management. | <p>Other professional networks are utilised, e.g. GM Treasurers Group</p> <p>Regular "Brexit Monitors" are received from the GMCA</p> | Accept | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |

| | | | | | | | | | | | | | | | |
|---|---------------|---|---|---|----|-----|---|---|---|--------|---|---|---|----|--|
| The Council is unable to manage customer / resident demands and expectations in the light of funding reductions | Cabinet / SLT | 4 | 4 | 3 | 48 | LOW | <p>The Council has previously written to all residents advising them of the impact of funding reductions.</p> <p>Further communication required e.g. resident briefings</p> | <p>Public meetings are held each year as part of the budget consultation process.</p> <p>Public engagement necessary to move forward with Neighbourhood working models / contract with residents</p> <p>Focus of Neighbourhood working model is to facilitate and empower residents and communities, and assist with capacity building.</p> | <p>The role of elected members is critical as they provide an interface between residents and the Council</p> <p>Further work requested to progress Health & Social Care agenda</p> | Manage | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |
|---|---------------|---|---|---|----|-----|---|---|---|--------|---|---|---|----|--|

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|---|--------------------------|---|---|---|----|-----|---|---|--|--------|---|---|---|----|---|
| The Council's growth strategy is impeded by external influences, e.g. economic conditions | Leader / Chief Executive | 3 | 4 | 3 | 36 | LOW | <p>The Council has a clear Growth Strategy in place</p> <p>GMSF timescales now revised to 2018</p> <p>Economic uncertainty may stifle growth.</p> <p>Key sites identified and actions underway to develop them.</p> | <p>Growth Strategy has been agreed at both Council and Partner level (Bury Wider Leadership Group).</p> <p>Interim resource recruited (20 months) to oversee delivery of plan</p> | <p>The Council actively promotes development opportunities nationally, and engages with GM activity to promote the region.</p> <p>Work is also taking place with employers and students through the Bury Skills Commission</p> | Manage | 3 | 3 | 3 | 27 | <p>No Change to risk score</p>  |
| Population growth and age profile lead to service demands exceeding Council capacity / resources. | Cabinet / SLT | 4 | 4 | 3 | 48 | LOW | <p>The Council has adopted the Social Care Precept (2018/19) to channel additional resources to pressures in Adult Social Care.</p> <p>Continuing pressures in the NHS will impact upon the Council's services</p> <p>Complexity and long term nature of conditions an increasing</p> | <p>A number of initiatives are in place aimed at early intervention, and self care e.g. re-ablement, wellbeing service</p> <p>The Bury Locality has secured £19m transformation funding to redesign care models</p> <p>Social Care demands have been clearly outlined in the Council's Fair</p> | <p>Close working takes place with partners in the CCG and key providers to mitigate demand pressures.</p> <p>Development of LCO / OCO working model in place by April 2019 live date</p> | Manage | 4 | 4 | 4 | 64 | <p>No Change to risk score</p>  |

| | | | | | | | | | | | | | | | |
|--|---------------|---|---|---|----|-----|---|--|---|--------|---|---|---|----|--|
| | | | | | | | pressure Fragile market of care providers | Funding submission. | | | | | | | |
| Ability to maintain core functions (statutory & non-statutory) e.g. safeguarding is impeded by funding reductions. | Cabinet / SLT | 2 | 4 | 3 | 24 | LOW | <p>The budget setting process reflects to a degree the statutory nature of services when allocating cuts targets</p> <p>Further work needs to be undertaken to reflect prioritisation of resources</p> <p>Additional resources now available for Adult Social Care</p> <p>Narrative revised to reflect that both statutory and discretionary functions are now at risk.</p> | <p>Directors prioritise spend to ensure statutory obligations are fulfilled – this is done through the Cash ceiling / virement scheme.</p> | <p>External Audit Opinion on VFM / Financial Standing</p> <p>Corporate Parenting / Health Scrutiny</p> <p>External reviews, e.g. OFSTED / CQC – NB action plan now in place.</p> <p>LGA Review being undertaken</p> | Manage | 2 | 4 | 3 | 24 | No Change to risk score  |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|----|-----|--|---|--|--------|---|---|---|----|--|
| Health & Social Care integration does not reform services and deliver required efficiency savings | Cabinet Member for Health & Wellbeing / Executive Director of Communities & Wellbeing | 3 | 4 | 4 | 48 | LOW | <p>The Council and CCG work closely together and operate pooled budgets in some areas (Better Care Fund).</p> <p>The Council and CCG management teams meet jointly on a fortnightly basis.</p> <p>Capacity to develop arrangements is a risk, however the Bury Locality has now secured £19m transformation funding to mitigate this</p> | <p>The Council is working towards development of a single commissioning organisation and Local Care Alliance (LCA) both are operating in shadow form from April 2018 progressing towards going live April 2019.</p> <p>The Health integration project has clearly defined governance arrangements and its own project risk register</p> <p>Council and CCG Staff co-located for improved service delivery</p> | <p>Partnership working takes across the broader Public Service footprint.</p> <p>Requires a multi-agency approach to encourage behaviour change.</p> <p>Staff of the Council and CCG are co-locating to aid joint working.</p> | Manage | 3 | 4 | 4 | 48 | No Change to risk score  |
|---|---|---|---|---|----|-----|--|---|--|--------|---|---|---|----|--|

| | | | | | | | | | | | | | | | |
|--|--------------------------|---|---|---|--------|-----|--|--|---|------------|---|---|---|---|---|
| GM approach to devolution does not reform services and deliver required efficiency savings | Leader / Chief Executive | 2 | 4 | 3 | 2 4 | LOW | <p>The Council is an equal partner in AGMA / CA, and engages actively through regular GM meetings at officer level.</p> <p>Need to ensure democratic / governance processes preserve local accountability</p> <p>Need to look beyond Health & Social Care and examine where joint working can offer wider efficiencies</p> <p>Operation of GM Business Rates Pool working well</p> | <p>This is supplemented by a comprehensive schedule of meetings at member level.</p> <p>Mature joint working arrangements developed in respect of Health & Social Care Devolution</p> <p>Clear emerging roles around Transport, congestion and Air Quality</p> | Elected Mayor now in place, with key positions held by Bury elected members | Manag e | 1 | 3 | 3 | 9 | <p>Risk Reduced</p>  |
|--|--------------------------|---|---|---|--------|-----|--|--|---|------------|---|---|---|---|---|

Risk Scoring Matrix

| | |
|---------------|--------------------|
| Likelihood | 1 (low) – 4 (high) |
| Impact | 1 (low) – 4 (high) |
| Proximity | 1 (low) – 4 (high) |
| Maximum Score | 4 x 4 x 4 = 64 |

| | |
|--------------------|----------------|
| Low Risk | 0 - 20 |
| Medium Risk | 21 - 40 |
| High Risk | 41 - 64 |

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| Agenda Item | |
|----------------|--|

MEETINGS: Audit Committee
Cabinet
Council

DATE: 20th September 2018

SUBJECT: Risk Management Annual Report 2017/18

REPORT FROM: Councillor Eamonn O'Brien - Cabinet Member for Finance & Housing

CONTACT OFFICER: David Hipkiss, Risk & Governance Manager

TYPE OF DECISION: COUNCIL - KEY DECISION

FREEDOM OF INFORMATION/STATUS: This paper is within the public domain

SUMMARY: The Risk Management Annual Report provides Members with details of risk management activity that has taken place over the past 12 months. It outlines risk management policies and practices now in place and the key issues that will be addressed during the coming financial year.

OPTIONS & RECOMMENDED OPTION Members are requested to re-affirm their support for the Council's approach to Risk Management, and note progress made throughout 2017/18 and actions planned for 2018/19.

IMPLICATIONS:

Corporate Aims/Policy Framework:

Do the proposals accord with the Policy Framework? **Yes**

Financial Implications and Risk Considerations:

See Executive Director of Resources & Regulation comment below

Statement by Executive Director of Resources:

There are no direct resource implications arising from this report.

Risk management is an integral part of the

Council's approach to Corporate Governance and service and financial planning and it is essential that robust risk management practices are put in place to safeguard the Council's assets and its reputation.

Corporate, departmental and operational risk assessments have been undertaken and key elements of the resultant Management Action Plans are incorporated into Departmental Service Plans.

| | |
|--|---|
| Equality/Diversity implications: | No |
| Considered by Monitoring Officer: | Yes (Governance Panel) |
| Are there any legal implications? | No |
| Staffing/ICT/Property: | There are no direct HR, IT or property implications arising from this report. |
| Wards Affected: | All |
| Scrutiny Interest: | Overview & Scrutiny |

TRACKING/PROCESS

DIRECTOR:

| Chief Executive/ Strategic Leadership Team | Cabinet Member/Chair | Audit Committee | Partners |
|--|-------------------------|------------------------------------|-----------------------------------|
| | | 20 th September 2018 | |
| Overview & Scrutiny | Councillors | Cabinet | Council |
| | | 14 th November 2018 | 28 th November 2018 |

1.0 BACKGROUND AND RISK PRIORITIES DURING 2017/18

- 1.1 The Cabinet approved the Council's Risk Management Policy and Strategy in March 2006 which is reviewed annually.

Risk Priorities 2017/18

- 1.2 The Council continued to experience reduced funding, and increased demand for services, both placing pressure on the Council's budget, and regularly reported to Cabinet, Scrutiny, and Audit Committee.
- 1.3 An ongoing review of all the Council's Corporate and Service Business Continuity Plans including the Council's organisational structures that support these plans.
- 1.4 Understanding the implications and preparing as much in advance of the new Data Protection Legislation (GDPR) coming into force May 2018.

2.0 IMPLEMENTING RISK MANAGEMENT

- 2.1 Risk management forms an integral part of strategic planning in the Council, ensuring early intervention and management of uncertainty in delivering key strategic priorities.
- 2.2 Early intervention and assessment of risks ensures that departments are able to fully prepare for existing and emerging priorities, and manage their objectives effectively against financial, reputational and performance risks, whilst meeting Team Bury and the Council's Corporate Priorities.
- 2.3 This approach to risk management ensures a continuous and evolving process that runs throughout the council's core functional activities at all levels.

"Good risk management supports accountability, performance measurement and reward, thus promoting operational efficiency at all levels". A Risk Management Standard – Institute of Risk Management.

- 2.4 Risk Assessment Action Plan Registers (RAAP's) are used across departments to record identified risks and opportunities, and actions being taken. RAAP Registers as they are referred to throughout this report are used at all levels throughout the Council to record information and help manage Corporate, Departmental, and Operational risks.
- 2.5 RAAP's are an effective tool to identify, evaluate and manage areas of uncertainty and exploit opportunities at corporate, departmental and operational levels and to ensure achievement of the Council's aims and objectives.
- 2.6 The Council's risk management framework is outlined in summary below;

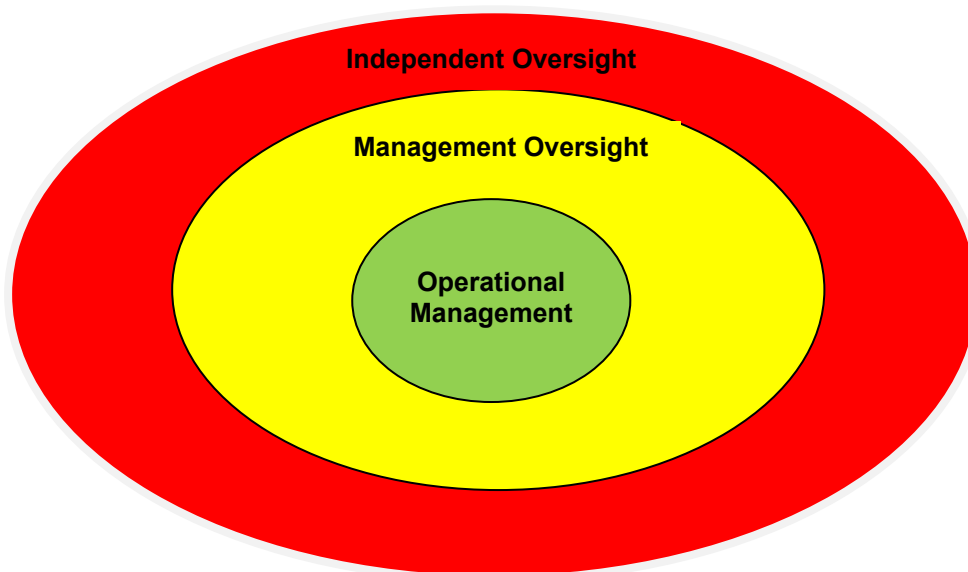
- An approved Corporate Policy & Strategy for Risk Management that can be read online or downloaded
- A Corporate Policy & Strategy that details the Council's approach to managing risk focussing on three key lines of defence that enables direct input, strategic overview and scrutiny at all levels from officers, senior management, governance groups and independent review bodies.

These three lines of defence ensure:

Effective Operational Management – Defence Level 1 - Having clear lines of responsibility/ownership, clear and accessible risk reporting and communication lines, up to date policies, procedures, guidance and training material and having in place a consistent approach to assessing and managing risk across the Council.

A clear management oversight – Defence Level 2 - That is clear about the risk management framework and actively taking place, oversees and manage risk both at strategic and operational levels.

Independent internal audit and scrutiny – Defence Level 3 – Actively engaged, involved and challenging current working practices at all levels having direct access at operational, senior management and governing team levels.



- Key strategic and corporate governing groups that are actively engaged in the risk management process ensure an objective review of the effectiveness of risk management and internal control both at strategic and operational level.
 - Senior Leadership Team (Senior Officers of the Council)
 - Corporate Risk Management Group (Member Level)
 - Operational Risk Management Group (Officer Level)
 - Governance Panel comprising:
 - Executive Director of Resources & Regulation
 - Assistant Director for Legal & Democratic Services
 - Head of Financial Management
- The Risk Management Framework is supported by up to date guidance and training material, accessible to all staff:

- Comprehensive Intranet Risk Management Website and Toolkit
- Corporate Risk / Opportunity Assessment Action Plan Register
- Departmental Strategic Risk Assessment Action Plan Registers
- Operational Risk Assessment Action Plan Registers – held by service managers and maintained as part of the day to day management of service provision
- A Common Risk Register (General good practice guide)
- Dedicated Risk Management Section – Operating from Strategic Finance alongside but independent from Internal Audit
- A working in Partnership Risk Assessment Model (PRAM) that provides a platform to manage risk working with other partners/organisations.

2.7 Also in place is an effective communication and risk reporting network, with regular reports to:

- Full Council (annual report)
- Audit Committee
- Strategic Leadership Team
- Corporate Risk Management Group (Members)
- Operational Risk Management Group (Officers)
- Business Continuity Management representatives
- All departments and Service Heads

2.7 The diagram at **Appendix A** has been drawn up to help demonstrate Bury Council's risk management processes, illustrating strategic and operational planning across the authority, also the delivery of service and the movement and reporting of risks associated with these two key risk drivers within each of the departments.

3.0 DEPARTMENTAL PROGRESS 2017/18

3.2 Children, Young People & Culture

2017/18 managed high risks focused upon;

- Demand pressures on available resources
- Budget constraints following large scale reductions
- Capacity to deliver services
- Legal challenges and reputational risks
- School roles changing – System Leadership Model
- Changing Government Legislation
- Impact of Academies
- Children & Young People in care
- Safeguarding mechanisms

Despite some success during 2017/18, the department is still highlighting a number concerns reflected by the final quarters result. Individual Departmental Risk Registers are available on request.

3.3 Communities & Wellbeing

2017/18 managed high risks focused upon;

- High cost packages relating to Children's transition cases

- Reducing budgets faced with increasing demands
- Lack of growth investment
- Cuts in Public Health Budgets
- Sickness and absence
- Business Continuity
- Improve/re-develop skills mix
- Commissioning functions between CCG and Council
- IT development
- GDPR
- Subject Access Requests
- Freedom of Information Requests
- Changes in legislation
- Growing demands – increasing population
- Safeguarding
- Unoccupied buildings
- Health & Safety
- Changes in welfare reform and consequences
- Development of new types of social enterprise
- Target reviews and assessments not met

Despite some success during 2017/18 with managing these risks, the department is still highlighting a number of concerns reflected by the final quarters risk review. Individual Departmental Risk Registers are available on request.

3.4 Resources & Regulation

2017/18 focussed on a number of high risks, these include:

- Responding effectively to significant funding reductions
- Ongoing welfare reforms
- Acadamisation of schools
- Brexit
- Changes to Business Rates Retention Scheme
- Resident expectations
- Opportunities presented by the GM Devolution Agenda and wider Public Service Reform

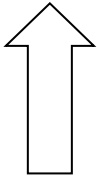
Owing to the nature and wider impact of these risks on public service they are also reflected within the Corporate Risk Register.

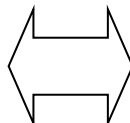
4.0 CORPORATE RISKS

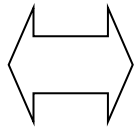
- 4.1 The Corporate Risk Assessment Action Plan records all risks posing the most serious threat to the Council, risks that would impact upon a wider range of services and that are not able to be managed effectively within a directorate. These risks are reviewed continually by the Strategic Leadership Team – both through quarterly reviews, and as agenda items in their own right. The Corporate Risk Register takes account of risk management activity taking place across departments allowing for the transfer of high risk and also of known future risk.
- 4.2 Member input is sought throughout the year via the Corporate Risk Management Group, and quarterly reports to the Audit Committee.

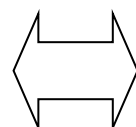
- 4.3 The table overleaf tracks the status of corporate risks throughout 2017/18.

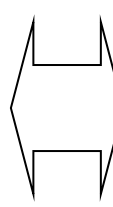
Corporate Risk Register 2017/18 – As at 31st March 2018

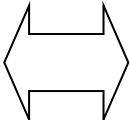
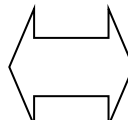
| Risk | Risk Owner | Raw Risk Score | | | | Target Risk Score | Mitigation Measures / Assurance Levels | | | Risk Conclusion | Residual Risk Score | | | | Direction of Travel |
|---|---------------|----------------|--------|-----------|-------|-------------------|--|---|--|-----------------|---------------------|--------|-----------|-------|---|
| | | Likelihood | Impact | Proximity | Score | | Level 1 | Level 2 | Level 3 | | Likelihood | Impact | Proximity | Score | |
| The Council doesn't agree a balanced budget | Cabinet / SLT | 4 | 4 | 4 | 64 | LOW | <p>The Council has a 4 year financial forecast covering 2016/17 to 2019/20 in line with the Government's 4 year funding offer.</p> <p>Budget options have now been approved (Feb 17) covering a 3 year period, recognising the lead in times for the development of options.</p> <p>Budget forecasts will continue to be reviewed on a 12 month rolling forecast; or as new information come to light.</p> | <p>Budget options validated by the Councils Strategic Leadership Team, and through regular meetings with Portfolio Holders.</p> <p>Budget proposals were considered by the Overview & Scrutiny Committee prior to approval.</p> <p>Currently no reliance being placed on reserves, however this is the second year an overspend is predicted.</p> <p>Future years equally challenging.</p> <p>Council needs to consider alternative approaches to budget setting.</p> | External Audit Opinion on VFM / Financial Standing | Manage | 2 | 4 | 4 | 32 | <p>Risk increased from last quarter</p>  |

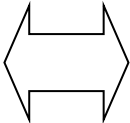
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| The Council cannot deliver cuts approved in the budget | Cabinet / SLT | 4 | 4 | 4 | 6 4 | LOW | <p>Robust budget monitoring procedures are in place, given early warning of potential pressures.</p> <p>Challenges of delivering continuous budget cuts with reduced organisational capacity.</p> <p>Control measures in place to mitigate overspend pressures where possible.</p> <p>Final outturn is an overspend of £844k.</p> | <p>Budget monitoring reports are considered every month by SLT, and reported quarterly to Cabinet.</p> <p>SLT and the Cabinet meet regularly to discuss progress with the in year budget.</p> <p>Monitoring reports consider a RAG rating for delivery of cuts</p> <p>Finance Portfolio Holder now "calling in" specific business areas to investigate issues.</p> <p>Monitoring reports are also considered quarterly at;</p> <ul style="list-style-type: none"> • SLT / Cabinet • Overview & Scrutiny • Audit Cttee <p>Increasingly considering "Invest to Save" options.</p> <p>Additional resources available for Adult Social Care – via precept & Government</p> | External Audit Opinion on VFM / Financial Standing. | Manage | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |
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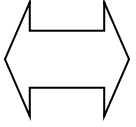
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|--|-----|---|---|---|--------|-----|--|--|--|--------|---|---|---|----|--|
| Resilience and capacity of services is jeopardised by ongoing funding reductions | SLT | 4 | 4 | 4 | 6 4 | LOW | <p>Budget options consider operational impact, and are subject to separate risk assessments.</p> <p>The Council undertakes workforce planning to ensure the right staff are in place, with the right skills at the time needed.</p> <p>Recruitment & Retention of staff presents a challenge in some service areas.</p> <p>There is a dedicated workstream looking at HR / OD as the Council moves to OCO / LCO operating arrangements with the NHS.</p> | <p>Business continuity plans exist for all services</p> <p>The Council received minimal transition funding from the Government compared to other GM authorities.</p> <p>The Council has access to transformation funding under GM Health & Social Care arrangements</p> <p>Greater use of interim placements to address time limited pressures / work tasks e.g. Growth / Regeneration and Traded Services</p> | <p>External Audit Opinion on VFM / Financial Standing</p> <p>External reviews, e.g. OFSTED / CQC</p> <p>Resident satisfaction levels</p> | Manage | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |
|--|-----|---|---|---|--------|-----|--|--|--|--------|---|---|---|----|--|

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|--|--|---|---|---|----|-----|---|--|--|--------|---|---|---|----|--|
| Changes to the Business Rates Retention scheme (100%) impact adversely on the Council – e.g. appeals | Cabinet Member for Finance & HR / Interim Executive Director of Resources & Regulation | 3 | 4 | 4 | 48 | LOW | <p>The Council makes “in year” provision for the impact of appeals when estimating yield (NNDR1), and also makes provision within the annual revenue budget.</p> <p>In addition, the Council holds a reserve to fund the backdating (i.e. one-off) effect of appeals.</p> <p>Risk of appeals is heightened under 100% retention (although protection for 2017/18 pilot); also likely to be increased incidence of appeals in light of 2017 revaluation</p> <p>Impact of business failure also increases, however mitigated through work of Business Engagement Team</p> | <p>The Council maintains an active dialogue with the Valuation Office Agency to ensure that appeals are dealt with in a timely manner.</p> <p>The Council participates in the GM Collection Fund Accounting Group.</p> <p>Pilot exercise underway to tackle aged debt.</p> | <p>The Council’s External Auditors review the Council’s Collection Fund, and Appeals Provisions as part of the annual audit process.</p> | Manage | 3 | 4 | 4 | 48 | <p>No change to risk score</p>  |
|--|--|---|---|---|----|-----|---|--|--|--------|---|---|---|----|--|

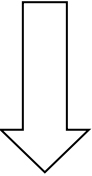
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| Ongoing Welfare Reforms place additional pressure on both residents and the Council | Cabinet Member for Strategic Housing & Support Services / Interim Executive Director of Resources & Regulation | 4 | 4 | 4 | 64 | LOW | <p>Regular monitoring of the impact of reforms is undertaken.</p> <p>Increased risk due to revised CTS scheme, and increased Council Tax (necessary to fund Adult Social Care)</p> <p>Increasing reliance on 3rd Sector, which itself faces funding reductions</p> <p>Concerns over security of employment and uncertain economic outlook</p> | <p>The impact of reforms is reported through the Welfare Reform Board.</p> <p>The Council is currently updating its Poverty Strategy, and assessing how fuel poverty for Council tenants can be addressed</p> <p>The Cabinet has now endorsed an Anti-Poverty Strategy, and additional resources (£200k) have been allocated to address poverty related issues.</p> <p>The Council has endorsed a motion to develop a Young Savers scheme.</p> | <p>There is close liaison with Partner organisations, e.g. CAB, Six Town Housing to assess and mitigate the impact of reforms.</p> <p>The Council is an active member of the Manchester Credit Union.</p> | Manage | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |
|---|--|---|---|---|----|-----|--|--|---|--------|---|---|---|----|--|

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|---|---|---|---|---|--------|--------|--|---|---|--------|---|---|---|----|---|
| Ongoing academisation of schools impacts upon income levels for traded services | Cabinet Member for Children & Families / Executive Director of Children, Young People & Culture | 3 | 4 | 3 | 3 6 | LOW | <p>Traded services are currently undergoing a comprehensive review to assess the impact of academy conversions.</p> <p>Requires more proactive management as risk of schools not buying-back increases</p> <p>Risk heightened by pressures on school budgets</p> | <p>The Council has a good relationship with schools, and a high level of buy-back.</p> <p>Where possible, and viable, services will continue to be traded to schools that undergo academy conversion.</p> | <p>The relationship with schools is managed proactively through the Schools Forum.</p> <p>Working group set up to explore further opportunities for providing competitive traded services</p> <p>Additional resources in place, and pricing offers sent to schools.</p> | Manage | 4 | 4 | 3 | 48 | <p>No change to risk score</p>  |
| Unknown implications of the Brexit referendum impact adversely upon the Council | Cabinet / SLT | 4 | 4 | 4 | 6 4 | MEDIUM | <p>The most significant risk is the uncertainty of the implications of Brexit – notably economic conditions.</p> <p>Potential impact on the pound, inflation, and impact upon Bury businesses</p> | <p>The Council makes use of external brokers (Link) who offer advice on economic conditions and the Council's Treasury Management.</p> | <p>Other professional networks are utilised, e.g. GM Treasurers Group</p> <p>Regular "Brexit Monitors" are received from the GMCA</p> | Accept | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |

| | | | | | | | | | | | | | | | |
|---|--------------------------|---|---|---|--------|-----|---|---|--|--------|---|---|---|----|--|
| The Council is unable to manage customer / resident demands and expectations in the light of funding reductions | Cabinet / SLT | 4 | 4 | 3 | 4 8 | LOW | <p>The Council has previously written to all residents advising them of the impact of funding reductions.</p> <p>Further communication required e.g. resident briefings</p> | <p>Public meetings are held each year as part of the budget consultation process.</p> <p>Public engagement necessary to move forward with Neighbourhood working models / contract with residents</p> <p>Focus of Neighbourhood working model is to facilitate and empower residents and communities, and assist with capacity building.</p> | The role of elected members is critical as they provide an interface between residents and the Council | Manage | 4 | 4 | 4 | 64 | <p>No change to risk score</p>  |
| The Council's growth strategy is impeded by external influences, e.g. economic conditions | Leader / Chief Executive | 3 | 4 | 3 | 3 6 | LOW | <p>The Council has a clear Growth Strategy in place</p> <p>GMSF timescales now revised to 2018</p> <p>Economic uncertainty may stifle growth.</p> | <p>Growth Strategy has been agreed at both Council and Partner level (Bury Wider Leadership Group).</p> <p>Second report to Cabinet – November 2017 outlining delivery plan.</p> <p>Interim resource recruited (20 months) to oversee delivery of plan</p> | <p>The Council actively promotes development opportunities nationally, and engages with GM activity to promote the region.</p> <p>Work is also taking place with employers and students through the Bury Skills Commission</p> | Manage | 3 | 3 | 3 | 27 | No Change to risk score |

| | | | | | | | | | | | | | | | |
|---|---------------|---|---|---|--------|-----|--|--|---|--------|---|---|---|----|--|
| Population growth and age profile lead to service demands exceeding Council capacity / resources. | Cabinet / SLT | 4 | 4 | 3 | 4 8 | LOW | <p>The Council has adopted the Social Care Precept (2017/18) to channel additional resources to pressures in Adult Social Care.</p> <p>Continuing pressures in the NHS will impact upon the Council's services</p> <p>Further funding for Social Care now made available</p> <p>Complexity and long term nature of conditions an increasing pressure</p> <p>Fragile market of care providers</p> | <p>A number of initiatives are in place aimed at early intervention, and self care e.g. reablement, wellbeing service</p> <p>The Bury Locality has secured £19m transformation funding to redesign care models</p> <p>Social Care demands have been clearly outlined in the Council's Fair Funding submission.</p> | <p>Close working takes place with partners in the CCG and key providers to mitigate demand pressures.</p> <p>Development of LCO / OCO working model</p> | Manage | 4 | 4 | 4 | 64 | <p>No Change to risk score</p>  |
|---|---------------|---|---|---|--------|-----|--|--|---|--------|---|---|---|----|--|

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|--|---|---|---|---|--------|-----|---|--|--|--------|---|---|---|----|-------------------------|
| Ability to maintain core functions (statutory & non-statutory) e.g. safeguarding is impeded by funding reductions. | Cabinet / SLT | 2 | 4 | 3 | 2 4 | LOW | <p>The budget setting process reflects to a degree the statutory nature of services when allocating cuts targets</p> <p>Further work needs to be undertaken to reflect prioritisation of resources</p> <p>Additional resources now available for Adult Social Care</p> <p>Narrative revised to reflect that both statutory and discretionary functions are now at risk.</p> | <p>Directors prioritise spend to ensure statutory obligations are fulfilled – this is done through the Cash ceiling / virement scheme.</p> | <p>External Audit Opinion on VFM / Financial Standing</p> <p>Corporate Parenting / Health Scrutiny</p> <p>External reviews, e.g. OFSTED / CQC – NB action plan being developed in light of recent OFSTED inspection.</p> | Manage | 2 | 4 | 3 | 24 | No Change to risk score |
| Health & Social Care integration does not reform services and deliver required efficiency savings | Cabinet Member for Health & Wellbeing / Executive Director of Communities & Wellbeing | 3 | 4 | 4 | 4 8 | LOW | <p>The Council and CCG work closely together and operate pooled budgets in some areas (Better Care Fund).</p> <p>The Council and CCG management teams meet jointly on a regular basis.</p> <p>Capacity to develop arrangements is a risk, however the Bury Locality has now secured £19m transformation funding to mitigate this</p> | <p>The Council is working towards development of a single commissioning organisation (OCO); similarly, it is proposed to operate a Local Care Alliance (LCA) in shadow form from April 2018.</p> <p>The Health integration project has clearly defined governance arrangements and its own project risk register</p> | <p>Partnership working takes across the broader Public Service footprint.</p> <p>Requires a multi-agency approach to encourage behaviour change.</p> <p>Staff of the Council and CCG are co-locating to aid joint working.</p> | Manage | 3 | 4 | 4 | 48 | No Change to risk score |

| | | | | | | | | | | | | | | | |
|--|--------------------------|---|---|---|--------|-----|--|--|---|--------|---|---|---|---|---|
| GM approach to devolution does not reform services and deliver required efficiency savings | Leader / Chief Executive | 2 | 4 | 3 | 2 4 | LOW | <p>The Council is an equal partner in AGMA / CA, and engages actively through regular GM meetings at officer level.</p> <p>Need to ensure democratic / governance processes preserve local accountability</p> <p>Need to look beyond Health & Social Care and examine where joint working can offer wider efficiencies</p> | <p>This is supplemented by a comprehensive schedule of meetings at member level.</p> <p>Mature joint working arrangements developed in respect of Health & Social Care Devolution</p> <p>Clear emerging roles around Transport, congestion and Air Quality</p> | Elected Mayor now in place, with key positions held by Bury elected members | Manage | 1 | 3 | 3 | 9 | <p>Risk Reduced</p>  |
|--|--------------------------|---|---|---|--------|-----|--|--|---|--------|---|---|---|---|---|

Risk Scoring Matrix

| | |
|---------------|--------------------|
| Likelihood | 1 (low) – 4 (high) |
| Impact | 1 (low) – 4 (high) |
| Proximity | 1 (low) – 4 (high) |
| Maximum Score | 4 x 4 x 4 = 64 |

| | |
|--------------------|----------------|
| Low Risk | 0 - 20 |
| Medium Risk | 21 – 40 |
| High Risk | 41 - 64 |

5.0 CHALLENGES FOR 2018/19

- 5.1 The challenge for the coming year will be to ensure risk and business continuity management form an integral part of the council's response to continued spending reductions, ensuring threats and opportunities to service provision are managed effectively and service resilience is maintained throughout.
- 5.2 Economic conditions continue to have an adverse impact on income levels in Departments, notably Resources & Regulation (Property and parking fees). The risk is recognised in the assessment of the minimum level of balances and will continue to be closely monitored throughout 2018/19.
- 5.3 Budgets in respect of Children's Social Care remain under pressure in the light of the increased emphasis on child protection nationally. Likewise, pressures remain in Adult Care Services in respect of an increasing elderly population and Learning Disability care packages. Controls are in place to ensure appropriate care packages are provided, and improved procurement activity ensures these are obtained at competitive rates. This situation will continue to be closely monitored during 2018/19.
- 5.3 The following areas will be our main priority for 2018/19:
- Ensuring risk and business continuity management forms an integral part of service planning, performance and the delivery of objectives in light of increased agile working and public service reforms.
 - Ensuring the Council is fully compliant with all requirements of the new Data Protection Legislation
 - Building upon the work started by Strategic Leadership Team where key corporate risks are considered in depth alongside the quarterly review process.
 - Continuing to raise Member involvement in risk management and business continuity.
 - Maintaining the Business Continuity Planning Database to ensure it maintains good quality information relating to service priorities and their continuity arrangements.
 - Continuing to strengthen risk management arrangements in key strategies such as the Medium Term Financial Strategy (Efficiency Plan), the Workforce Development Strategy, and the Asset Management Strategy.
 - Continuing the development of risk reporting and monitoring processes.
 - Strengthening risk management arrangements at operational level and with partnership arrangements.
 - Ensure risk management focus is widened to better understand, manage and take advantage of opportunity risk as well as managing potential risk threats
 - Benchmarking with other public and private sector organisations
 - Strengthen service resilience against disruption through effective risk and business continuity management.
 - Aligning the quarterly reporting of risk, performance and the Council's financial position.
 - Proactively responding to the risks, challenges and opportunities presented by the GM devolution agenda, and ensuring Bury interests are safeguarded

6.0 CONCLUSIONS

Considerable progress continues to be made in the area of risk management and in embedding the approach to risk management into the authority's processes and culture. However there is no room for complacency and this subject will continue to be given significant attention over the coming twelve months.

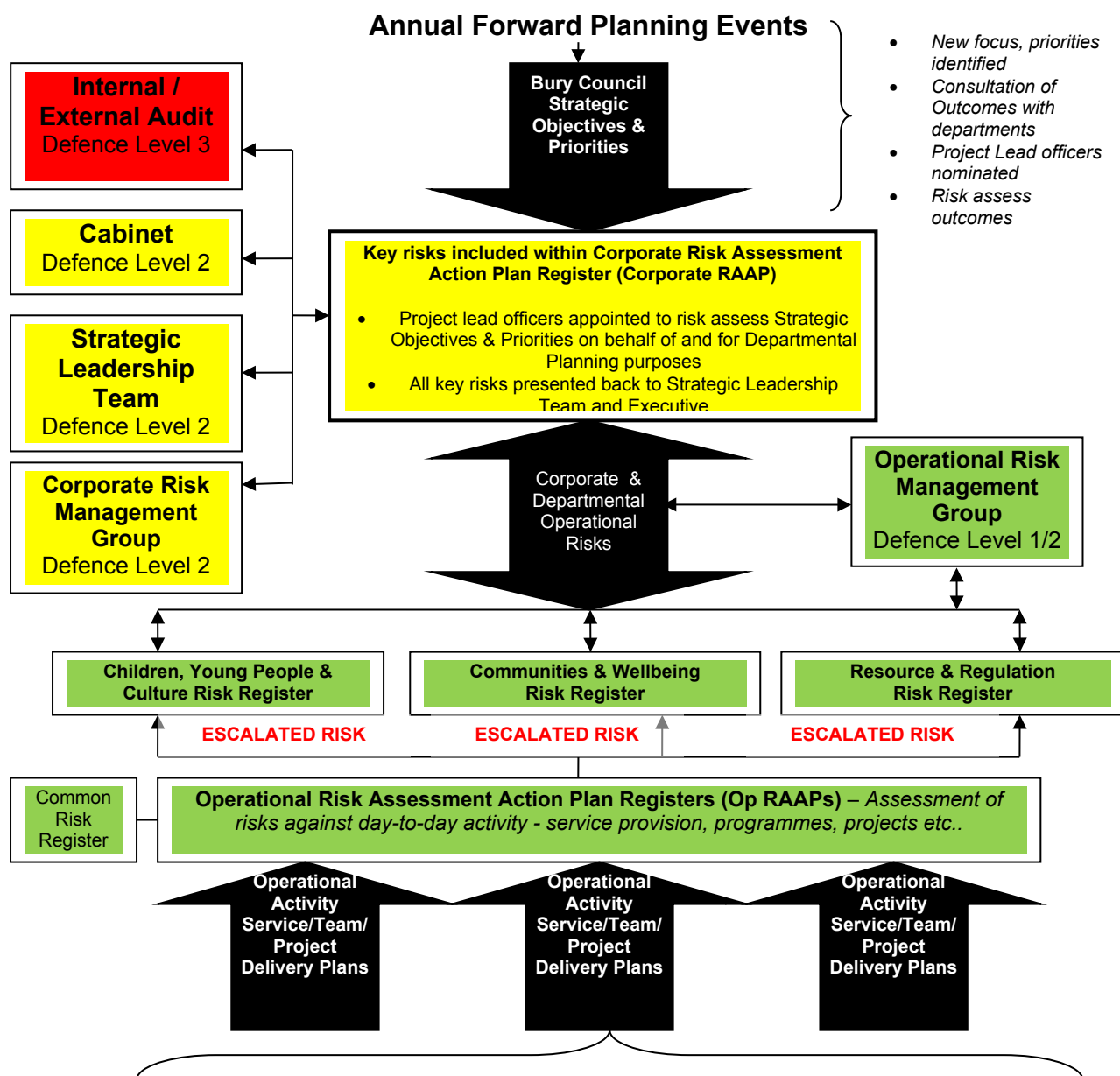
Background documents:

Risk Management Policy, toolkit & risk registers - maintained on Intranet.

For further information on the contents of this report, please contact:

David Hipkiss, Risk and Information Governance Manager
Tel: 0161 253 6677 e-mail: D.Hipkiss@bury.gov.uk

APPENDIX A



Risks Internal & External Environment

| External Drivers | | | |
|--------------------------|--|-----------------------------------|--|
| Financial | Strategic | Operational | Hazards |
| Interest Rates Credit | Competition Customer Change Industry change Customer Demand Political Change | Regulations Culture | Contractual Events Natural events Supply Chains Environmental |
| Internal Drivers | | | |
| Liquidity Cash Flow | Research Development | Accounting Information Systems | Employees Public Access Properties Products/Services |

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Annual Audit Letter 2017/18

**Bury Metropolitan
Borough Council**
August 2018



Section one

Summary for Audit Committee

Summary for Audit Committee

This Annual Audit Letter summarises the outcome from our audit work at Bury Metropolitan Borough Council ("the Authority") in relation to the 2017-18 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 31 July 2018. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include the consolidated financial statements for the Authority's Group, which consists of the Authority itself and Persona Group Ltd, Persona Care and Support Ltd, Six Town Housing Ltd and Bury MBC Townside Fields Ltd.

Financial statements audit

Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £7.5 million which equates to around 1.45 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We report to the Audit Committee any misstatements of lesser amounts, other than those that are "clearly trivial", to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £0.25 million for the Authority.

Adjustments were made to the accounts by Management totalling £9.3 million. This included an audit adjustment of £8.6m as a result of a revised pension report from the actuary (see overleaf for detail) and an adjustment made by management of £0.7m. These adjustments did not impact on the reported deficit on provision of services or the general fund.

Our audit work was designed to specifically address the following significant risks:

- **Management Override of Controls** – Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. There are no matters arising from this work that we need to bring to your attention.
- **Valuation of PPE** - The Authority's policy for asset revaluation is to 're-value sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years'. The Authority have made good progress developing their processes to ensure the programme of revaluation is up-to-date and the carrying value of the asset base is materially accurate. However, given the historical issues identified with fixed asset revaluations in the past and the significance of the value to the financial statements we identified this as a significant audit risk and planned our work accordingly. We did not identify any significant issues arising from this work. Whilst we were satisfied that there is no material misstatement in the financial statements we noted an inconsistency in the accounting policy included in the accounts and the actual treatment applied in accounting for Academy schools. The Authority have updated their accounting policy accordingly.

Continued overleaf

Summary for Audit Committee (cont.)

This Annual Audit Letter summarises the outcome from our audit work at Bury Metropolitan Borough Council ("the Authority") in relation to the 2017-18 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

- **Pensions Liabilities** – The valuation of the Authority's pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We have reviewed the processes in place to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation. We did not identify any issues during our work in this area. Our work also considered the roll forward of the assets undertaken by the actuaries and the allocation of those assets to the Authority. We noted that the actuaries used estimated investment rates of returns for the last few months of 2017/18 and on investigation we found the difference in actual and estimated investment rates of return had an impact greater than our materiality on the value of the pension fund assets and therefore net liability. The Authority requested a revised IAS 19 report which incorporates that actual returns and the final published accounts were amended accordingly to reflect this change in value. The result is a material increase in the pension assets (and associated reduction in the net pension liability) of £8.6m.

Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

Whole of Government Accounts

We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.

Value for Money conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2017-18 on 31 July 2018. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

Value for Money risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks. We did not identify any significant risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

High priority recommendations

We raised no high priority recommendations as a result of our 2017-18 work.

Summary for Audit Committee (cont.)

Certificate

We issued our certificate on 31 August 2018. The certificate confirms that we have concluded the audit for 2017-18 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

Audit fee

Our fee for 2017-18 was £116,730, excluding VAT (2017: £119,273). The 2016/17 audit fee included an additional fee of £2,543 for work undertaken on the two new system upgrades (the General Ledger and Fixed Asset systems).

Further detail is contained in Appendix 2.

Exercising of audit powers

We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about.

We have not identified any matters that would require us to issue a public interest report.

In addition, we have not had to exercise any other audit powers under the Local Audit & Accountability Act 2014.



Appendices



Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter. These reports can be accessed via the Audit Committee pages on the Authority’s website at www.bury.gov.uk.

Certification of Grants and Returns

This report summarised the outcome of our certification work on the Authority’s 2016-17 grants and returns.

External Audit Plan

The External Audit Plan set out our approach to the audit of the Authority’s financial statements, including those of the Group and to support the VFM conclusion.

Report to Those Charged with Governance

The Report to Those Charged with Governance summarised the results of our audit work for 2017-18 including key issues and recommendations raised as a result of our observations.

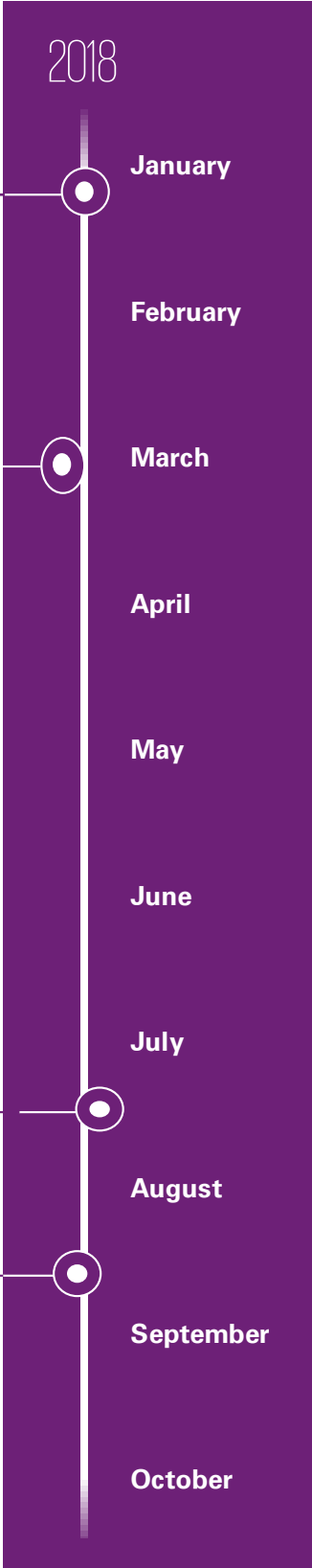
We also provided the mandatory declarations required under auditing standards as part of this report.

Auditor’s Report

The Auditor’s Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

Annual Audit Letter

This Annual Audit Letter provides a summary of the results of our audit for 2017-18.



Audit fees

This appendix provides information on our final fees for the 2017-18 audit.

External audit

Our final fee for the 2017-18 audit of the Authority was £116,730, which is in line with the planned fee.

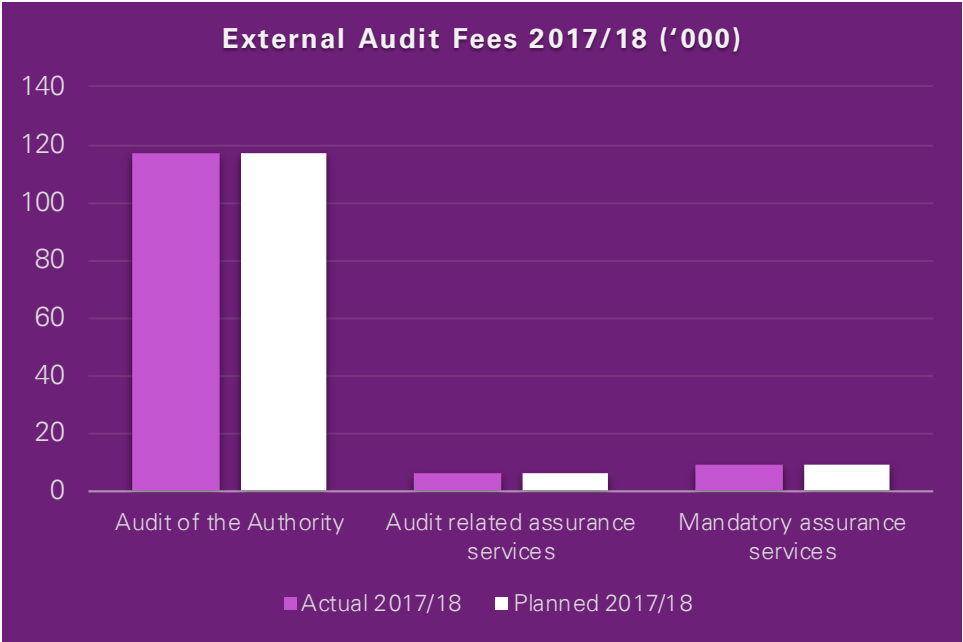
Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority’s housing benefit grant claim. This certification work is still ongoing. The planned fee for this work is £9,191 and the final fee will be confirmed through our reporting on the outcome of that work in January 2019.

During 2017/18 we charged £6,100 for additional audit-related services for the 2016/17 certification of Teachers Pensions Return and Pooling of Housing Capital Receipts Return which is outside of Public Sector Audit Appointment’s certification regime.

Other services

We did not charge any additional fees for other services.





The key contacts in relation to our audit are:

Rob Jones

Director

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E: Rob.Jones@kpmg.co.uk

Jerri Lewis

Manager

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E: Jerri.Lewis@kpmg.co.uk

kpmg.com/uk



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

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

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Rob Jones, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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