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Wyre Borough Council
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Audit Committee Agenda

Audit Committee meeting on Tuesday, 16 November 2021 at 6.00 pm in the Council Chamber - Civic Centre, Poulton-le-Fylde

1. Apologies for absence

2. Declarations of interest

To receive any declarations of interest from any members of the Committee on any item on this agenda.

3. Confirmation of minutes (Pages 3 - 6)

To confirm as a correct record the minutes of the last meeting of the Audit Committee held on 28 September 2021.

4. Compliance with the Regulation of Investigatory Powers Act 2000 (Pages 7 - 10)
(RIPA)

Report of the Legal Services Manager, presented by the Head of Governance and Business Support.

5. Internal Audit and Risk Management - Progress Report (Pages 11 - 40)

Report of the Corporate Director Resources (Section 151 Officer), presented by the Audit and Risk Manager.

6. Annual Review of Financial Regulations and Financial Procedure (Pages 41 - 44)
Rules

Report of the Corporate Director Resources (Section 151 Officer), presented by the Head of Governance and Business Support.

7. Annual Review of the Council's Counter Fraud Policies (Pages 45 - 48)

Report of the Corporate Director Resources (Section 151 Officer), presented by the Head of Governance and Business Support.

12.   **Any Other Business**

13.   **Date of next meeting**

The next meeting of the Committee will be held on Tuesday 01 March
2022 at 6pm in the Council Chamber.

Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 28 September 2021 at the Council Chamber - Civic Centre, Poulton-le-Fylde.

Audit Committee members present:
Councillors McKay, Ingham, A Turner, Cartridge, E Ellison, Moon, L Walmsley and Webster

Apologies for absence:
Councillors R Amos, Longton, Minto, Fairbanks and George

Officers present:
Daphne Courtenage, Assistant Democratic Services Officer
Marianne Unwin, Democratic Services Officer
Karen McLellan, Audit and Risk Manager (and Chief Internal Auditor)
Clare James, Corporate Director Resources and Section 151 Officer
Paul Hewitson, External Auditor Deloitte

No members of the public or press attended the meeting.

19	**Declarations of interest**

None.

20	**Confirmation of minutes**

The minutes of the meeting held on Monday 27 July 2021 were confirmed as a correct record.

21	**Statement of Accounts 2020/2021 (Post-Audit)**

The Corporate Director Resources (Section 151 Officer), Clare James, submitted a covering report on the Statement of Accounts, following completion of the audit, and the final capital and revenue position of the financial year 2020/21.

The Corporate Director Resources (Section 151 Officer) introduced the report to members.

She stated that in normal circumstances, the Chair of Audit Committee would,

at the end of the meeting, physically sign both the Statement of Accounts and the Management Representation Letter (Item 5), however, as the Management Representation Letter was not completed this could not occur. She assured members that this would be resolved through digital signatures following the completion of the audit.

Agreed that the council's Audited Statement of Accounts 2020/21 be approved.

22   **Management Representation Letter 2020/21**

Paul Hewitson, the External Auditor from Deloitte, submitted an update to the committee on the Management Representation Letter 2020/21. He explained to the committee that the letter was a standard document that was sent to the council, with the purpose of getting more information from them so as to cover all details relating to the audit.

Mr Hewitson explained that as the audit was not finished, he could not bring the letter to the committee yet, but assured members that so far there were no specific matters that they were unsure of that required extra information. The letter would be brought to the committee once the audit was finished.

23   **Report to Those Charged with Governance (ISA 260) 2020/21**

Paul Hewitson submitted an update of the External Audit (ISA 260 Report) for Wyre Borough Council for 2020/21.

Mr Hewitson updated members that the completion of the audit has been delayed owing to team sickness and in the delivery of some supporting working papers. This meant that the audit would not be completed by the 30 September deadline. He reassured members that this was not an unusual position and the five councils he worked with were yet to conclude their audits.

He reassured members that, to date, they had not identified any significant issues worth highlighting to the Audit Committee.

Following a question posed by a member of the committee, Mr Hewitson confirmed that the final report would be concluded by October; therefore, it should come to the next meeting.

He presented the committee with an overview of the report and summarised the conclusions from the testing undertaken for the council. Additionally, Mr Hewitson explained that they have included Covid-19 grant funding income as a significant audit risk.

He highlighted the main four significant risks that had been identified:
- Recognition of Covid-19 grant income
- Inappropriate capitalisation of expenditure
- Valuation of property assets
- Management override of controls

Members asked some questions surrounding the valuation of the council's property assets. Mr Hewitson explained his current judgement was that there was no evidence for any material concern. Also, Clare James, Corporate Director Resources (Section 151 Officer), reassured members that the council's two in-house surveyors were RICS qualified, one had completed the valuations and the other was conducting peer reviews.

He explained another area of audit focus was the pension liability valuation. Again, he assured members that currently there were no matters that the Audit Committee needed to be made aware of. He added that unfortunately the pension fund audit had not been completed yet, but if any issues did arise this would be highlighted in the final ISA 260 report.

Mr Hewitson updated members that the new requirement to consider value for money was ongoing and that this work would be reported to the committee in their Auditor's Annual Report before 31 December 2021.

The Chair thanked Mr Hewitson for his update.

Agreed that the update of the External Auditor's Report to those charged with Governance (referred to as the ISA 260 report) for 2020/21, be noted.

24   **Annual Audit Letter on the 2019/20 External Audit.**

Paul Hewitson submitted the Annual Audit Letter from the 2019/20 external audit. He explained to members that the purpose of the letter was to close off the 2019/20 accounts. The letter would be published on the council website for it to be accessible to the public. He stated that everything from previous reports was included in this letter. He also told members that if they had any questions or corrections to be made he would be happy to do so.

Agreed the Annual Audit Letter on the 2019/20 External Audit, be noted.

25   **Other business**

The Corporate Director Communities (Section 151 Officer), Clare James, updated members that ultimately the responsibility for appointing External Auditors would transfer to Wyre after the audit contract expires or the council can opt into the Public Sector Audit Appointment Ltd (PSAA) route. The PSAA independently carry out the procurement of audit services for opted-in local government bodies for the audit of the accounts from April 2023. She added that after consultation with other local authorities in and around Lancashire, the consensus was to use the national PSAA route. Therefore, Ms James updated members that there would be a report recommending this option presented to full Council shortly.

26   **Periodic private discussion with External Audit**

Following the conclusion of the formal meeting, members of the Committee were given the opportunity to have their private periodic discussion with the

External Auditor, Paul Hewitson, as provided for in the Committee's work programme.

(The Corporate Director Resources (and Section 151 Officer), Democratic Services Officer, Assistant Democratic Services Officer and the Audit and Risk Manager left the meeting for this item).

27   Time and date of next meeting

The next meeting of the Audit Committee would be held on Tuesday 16 November 2021 at 6pm in the Council Chamber.

The meeting started at 6.03 pm and finished at 6.46 pm.

Date of Publication: 5 October 2021.

Report of:	Meeting	Date
Mary Grimshaw, Legal Services Manager	Audit Committee	16 November 2021

Compliance with the Regulation of Investigatory Powers Act 2000 (RIPA)

1. **Purpose of report**

   1.1 To review the authority's use of RIPA since it was last considered at the Audit Committee in November 2020.

2. **Outcomes**

   2.1 Evidence that the council complies with current legislation.

3. **Recommendations**

   3.1 Members are requested to note that there have been no authorisations granted for directed surveillance or covert human intelligence source under the Regulation of Investigatory Powers Act 2000 since 2012.

   3.2. Members are requested to note that there are no changes to the RIPA policy which was last updated and approved by the Audit Committee in November 2020. The RIPA policy can be found at the following location. https://wyregovuk.sharepoint.com/sites/LegalDepartment/SitePages/Regulation-of-Investigatory-Powers-Act.aspx

. **Background**

   4.1 Local authorities can undertake surveillance and access communications data under the framework of the Regulation of Investigatory Powers Act 2000. These rules set high standards for all public authorities that use these powers to undertake a range of enforcement functions to ensure they can keep the public safe and bring criminals to justice, whilst protecting individuals' rights to privacy.

   4.2 From 1 November 2012, the Protection of Freedoms Act 2012, became effective. It introduced a more restrictive approach to the use of RIPA by local authorities by limiting the use of direct authorisations to serious crimes, i.e. those crimes punishable by a maximum custodial sentence of

six months or more or those constituting an offence of selling alcohol or tobacco to children. The application must also have judicial approval by a magistrate before an authorisation takes effect and the magistrate needs to be satisfied that there are reasonable grounds for believing that the requirements of RIPA are met.

5. Key Issues and proposals

5.1   The Home Office Code of Practice requires a number of best working practices to be adopted by all public authorities, including:

➢ An annual review of the authority's use of RIPA to ensure that it is being used consistently and in accordance with the Council's policy; and

➢ An annual review of the policy ensuring that it remains fit for purpose.

5.2   There is a requirement for the council to nominate a Senior Responsible Officer, who will be responsible for:

➢ The integrity of the RIPA process in place within the council to authorise surveillance and the covert use of human intelligence source (CHIS);

➢ Compliance with the legislation and codes of practice;

➢ Engagement with the Commissioners and inspectors when they conduct their inspections; and

➢ Overseeing the implementation of any post inspection action plan recommended by the Commissioner.

5.3   There is also a requirement to have a Senior Responsible Officer who oversees the competence of Authorising Officers and the processes in use in the authority. Both of these roles are allocated to the Legal Services Manager.

5.4   There has been no authorisations issued under RIPA since 2012.

5.5   The Investigatory Powers Commissioner's Office (IPCO) has taken over the inspection and oversight functions on RIPA, previously carried out by the Surveillance Commissioner's Office and the IPCO and his assistants have confirmed that they will continue to ensure RIPA compliance by conducting a programme of inspections of Local Authorities. As a generality, they aim to inspect each council in England, Wales and Scotland once every three years but have introduced remote desktop inspections when a local authority has significantly reduced or stopped using their powers under RIPA and when there are no apparent significant compliance concerns. However, a desktop inspection will always be followed by an onsite inspection.

5.6 The council's last inspection was carried out by a remote assessment in March 2019 According to the IPSO's website, the IPSO have continued to carry out their core functions throughout Covid-19 and are now into a routine of hybrid inspections. The council's next inspection is due in 2022.

5.7 Following the last desktop-based documentary inspection, the Inspector issued a report in April 2019, which concluded that the council's policy and guidance regime was clear and comprehensive and that regular refresher training carried out by the officers was appropriate. He drew the council's attention to the usefulness and accessibility of social media in assisting with the council's enforcement processes and the advice contained in the revised Home Office Covert Surveillance and Property Interference Code of Practice.

5.8 In light of the Inspector's report and following refresher training undertaken by officers where the use of social media was addressed, paragraph 11 of the Council's policy at Appendix A was updated, together with a few other minor changes. The amendments were approved by the Audit Committee on 19 November 2019. A new social media process was also added at Appendix 11 which outlines the process to be followed by officers when considering using social networking sites for enforcement purposes, in investigations or to gather evidence.

5.9 Following the Corporate Management Team restructure in December 2019, the Corporate Director Resouces requires training on RIPA but this has been on hold owing to the Covid-19 pandemic. Training will be arranged for all relevant officers before the next inspection due in 2022.

Financial and legal implications	
Finance	There are no direct financial implications associated with the changes. Training for staff, to ensure that they are kept up to date with good enforcement practices and revisions to RIPA, will be met from existing budgets.
Legal	The approval of the recommendation will ensure that the statutory requirements have been complied with.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report for those issues marked with an **X**.

risks/implications	✓ / x		risks/implications	✓ / x
community safety	**x**		asset management	**x**
equality and diversity	**x**		climate change	**x**

sustainability	**x**	ICT	**x**
health and safety	**x**	data protection	✔

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a 3rd party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Mary Grimshaw	01253 887214	Mary.grimshaw@wyre.gov.uk	20.10.2021

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

None

wyre council

Report of:	Meeting	Date
Corporate Director Resources (Section 151 Officer)	Audit Committee	16 November 2021

INTERNAL AUDIT AND RISK MANAGEMENT - PROGRESS REPORT

1. Purpose of report

1.1 To review progress in relation to the 2021/22 Audit Plan and Risk Management and to consider progress against the action plan resulting from the 2020/21 Annual Governance Statement.

2. Outcomes

2.1 Effective leadership of audit and governance issues allowing the council to demonstrate that arrangements are in place to maintain a sound system of internal control.

3. Recommendation

3.1 Members are asked to note the progress reports attached at Appendices 1, 2, and 3.

4. Background

4.1 The Audit Committee has a clear role in relation to the authority's internal audit function and this involves:

➢ Formally approving, but not directing, the overall strategy to ensure that it meets the council's overall strategic direction;

➢ Approving the annual programme of audits paying particular attention to whether there is sufficient and appropriate coverage and;

➢ Monitoring progress against the plan and assessing whether adequate skills and resources are available to provide an effective audit function.

4.2 The Audit Committee's role in relation to reviewing the work carried out will include formal consideration of summaries of work done, key findings, issues of concern and actions planned as a result of audit work. A key part of the role is receiving and reviewing regular reports from the Audit

and Risk Manager (Chief Internal Auditor) in order to reach an overall opinion on the internal control environment and the quality of internal audit coverage.

5. **Key Issues and proposals**

5.1 The progress reports in relation to Internal Audit, Risk Management and the action plan resulting from the 2020/21 Annual Governance Statement are attached at Appendices 1, 2, and 3.

Financial and legal implications	
Finance	There are no financial implications that impact the Internal Audit and Risk Management progress report. The in-house team performs the annual programme of audits.
Legal	Effective audit and risk management assist in good governance and probity of council actions.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with an x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x
Data Protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Karen McLellan	01253 887586	Karen.mclellan@wyre.gov.uk	04.11.21

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Internal Audit Progress Report

Appendix 2 – Risk Management Progress Report

Appendix 3 – Annual Governance Statement 2020/21 - Action Plan update

INTERNAL AUDIT PROGRESS REPORT – April 2021 to NOVEMBER 2021

THE AUDIT PLAN AND DELIVERY

The Internal Audit and Risk Management Section is responsible to the Corporate Director Resources (Section 151 Officer) for carrying out a continuous examination of the accounting, financial and other operations of the Council in accordance with Section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015 (as amended in 2021). The latter states that *"the relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk."*

Members of the Audit Committee should note that copies of both terms of reference and internal audit reports are published on the council's Intranet. Access to the supporting files is available to Members of the Audit Committee on request. The table overleaf summarises audit work performed since the last progress reported at the Audit Committee meeting on the 15 June 2021.

Wyre Council attends the Lancashire District Council's Audit Group and continues to participate in the Cabinet Office National Fraud Initiative data sharing exercise. The council also works closely with the Association of Local Authorities Risk Managers (ALARM) and our insurer, Zurich Municipal.

Internal Audit will continue to provide the council with the necessary assurance about its various activities and associated systems, as outlined in the council's Internal Audit Charter.

Following the retirement of the Head of Business Support in June 2021, the Head of Governance assumed responsibility for Business Support, becoming the Head of Governance and Business Support. Her role of Chief Internal Auditor was passed to the Audit and Risk Manager, formerly the Senior Auditor. An additional post of an Audit, Risk and Performance Lead was created and the post holder was appointed in June 2021. As a result, all audit work is now completed by the in-house team, with no external support. However, the ICT support framework managed by Lancashire County Council is still available should additional expertise be required in this area.

Additional resources have enabled the team to review their standardised working papers and report templates and review the audit opinions in line with other local authorities. All audit reports completed from June 2021 will be issued using the new report template.

Internal audit work is benchmarked where possible with other local district councils who participate in the Public Sector Internal Audit peer reviews to ensure that quality and standards are maintained. In addition, the standardised working papers along with a robust review process prior to report publication, ensures continual conformance to the PSIAS, consistency and high standards of reporting are maintained.

Audit Work Performed April to November 2021

As summarised below the following reviews have been performed and reports issued since the Annual Audit report in June 2021.

Wyre Council Reports completed prior to June 2021 and their follow up reviews

AUDIT OPINION DEFINITIONS	
Excellent	Controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council / Partnership against significant foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found.
Good	Controls exist to enable the achievement of service objectives, good corporate governance and reduce significant foreseeable risks. However, occasionally instances of failure to comply with the control process were identified and opportunities still exist to reduce potential risks.
Fair	Controls are in place and to varying degrees are complied with but there are gaps in the control process, which weaken the system and leave the Council / Partnership exposed to some minor risk. There is therefore the need to introduce some additional controls and improve compliance with existing controls to reduce the risk to the Council / Partnership.
Weak	Controls are considered inefficient with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls, and errors and omissions have been detected. Failure to improve controls leaves the Council / Partnership open to significant risk, which could lead to major financial loss, embarrassment or failure to deliver service objectives.
Poor	Controls are generally weak or non-existent leaving the system open to abuse or error. A high number of key risks remain unidentified and therefore unmanaged.

DEFINITION OF PRIORITY RANKINGS		
Level 1	Non-compliance with Financial Regulations and Financial Procedures Rules, Employees Code of Conduct, staff instructions etc. which could have a material effect on the Council's finances or, a lack of or serious weakness in key control(s) which may impact on the Council's finances or operational performance.	Immediate Action Required
Level 2	Non-compliance with Financial Regulations and Financial Procedures Rules, Employees Code of Conduct, staff instructions etc. which have a minor effect on the Council's finances or operational performance.	Within 3 months
Level 3	A lack of, or weakness in an internal control which does not pose an immediate high level of risk, but if left unresolved could expose the Council to financial losses or reduce operational performance.	Within 6 months
Level 4	Suggestions for improvement of internal controls of a minor nature.	Within 9 months
Level 5	Suggestions for improvements, efficiencies in service delivery.	None

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
Building Maintenance (follow-up)	**Final Report Issued November 2021**	1	2	0	0	0	**Fair**	The original review of Building Maintenance was completed in November 2019 as part of the 2018/19 audit plan and given an overall opinion of 'fair'. A follow-up was completed in February 2021 and of the 16 findings originally reported, 9 of these required further attention and the overall opinion remained at 'fair'. As a result, a further follow-up has been completed as part of the 2021/22 audit plan. Of the 9 outstanding findings, there are still 3 that require further attention to fully implement these and in view of this the overall opinion continues to be 'fair'. This opinion is considered appropriate given that the 3 recommendations still outstanding from the 2018/19 audit work are relating to Health and Safety Issues (legionella and asbestos). Namely; • The statutory maintenance schedule still requires fully updating to confirm completion of all statutory inspections, followed by ongoing review; • Whilst all the asbestos surveys of council occupied buildings have been completed and any significant risks arising from these have been or are being actioned, the rollout of these completed surveys to all buildings is still to be completed to include familiarisation for staff on the management and monitoring of any asbestos which may be present; and • The 2019 legionella risk assessment process by Lancashire County Council commenced in June 2021, but to date only seven reports have been received. The reason for the delay is to be discussed with LCC. In addition, the monitoring of the in-house temperature checks is to be completed in-house, as the appointment of a Compliance Surveyor could not be completed due to a lack of suitable candidates. A further follow-up will be completed in three months.

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								In accordance with the Audit Charter, as the audit opinion remains unchanged after two 'follow-up' reviews, the Head of Built Environment has been asked to the attend the Audit Committee on the 16 November 2021 to discuss the report and explain the reasons for the delay to implement all the recommendations. A further follow-up review will be completed in January 2022.
Inspection Regime – Site Inspections (follow up)	**Final Report Issued November 2021**	0	7	0	0	0	**Fair**	The original review of Site Inspections was completed in October 2020 as part of the 2019/20 audit plan and given an overall opinion of 'fair'. A follow-up has been completed as part of the 2021/22 audit plan and of the 7 findings originally reported, 7 of these required still further attention, namely; • A documented inspection policy / procedure or staff guidance manual has not been compiled for by all departments; • Formal training on the completion of inspections has not been given to all inspection staff; • Inspections are not carried out in accordance with the agreed frequency in all instances; • The recording of the actions taken to repair any defects identified is not completed and retained by all departments; • Accurate inspection records of the areas inspected and the defects identified are not completed in all instances; • Formal retention periods for completed inspection records have not been agreed for all departments; and • Monitoring of inspection processes and feedback to staff is not routinely undertaken. A further follow-up will be completed in three months

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
IR35 (follow-up)	**Final Report Issued November 2021**	**0**	**3**	**0**	**0**	**0**	**Good**	The original review of IR35 was completed in October 2018 as part of the 2018/19 audit plan and given an overall opinion of 'fair'. A further follow-up was completed in February 2021 and of the 8 findings originally reported, 5 of these still required further attention. The overall opinion remained at 'fair'. As a result of this, a further follow up completed as part of the 2021/22 audit plan identified that of the 5 outstanding findings, 3 still require further attention to fully implement these and in view of this the overall opinion has been increased to 'good'. The recommendations still outstanding from the 2018/19 audit work are as follows; - The implementation of the quarterly monitoring process to evaluate continued compliance with IR35 has been delayed owing to staffing vacancies and other key work pressures within the finance team. This task has now been allocated to the HR team. The first review of agency and consultancy expenditure will look at the period April to June 2021. The information obtained from these checks will inform the next quarter's reviews and when complete only new arrangements will be investigated going forward. - The HMRC employment assessments attached to a new creditor reference form will continue to be retained by the Finance team and attached to the creditor profile. Any additional evidence obtained by the HR team when carrying out the monitoring process, will be retained by them in a central file. - Evidence of the assessment of employment status for consultants or individuals engaged to provide services to the council through an agency will be requested by the HR team during the monitoring process and retained by them.

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		

Wyre Council Reports completed from June 2021 using the new audit opinions

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Minimal / No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is

DEFINITION OF PRIORITY RANKINGS

Level 1	Non-compliance with Financial Regulations and Financial Procedures Rules, Employees Code of Conduct, staff instructions etc. which could have a <u>material effect</u> on the Council's finances or, a lack of or serious weakness in key control(s) which may impact on the Council's finances or operational performance.	Immediate Action Required
Level 2	Non-compliance with Financial Regulations and Financial Procedures Rules, Employees Code of Conduct, staff instructions etc. which have a <u>minor effect</u> on the Council's finances or operational performance.	Within 3 months
Level 3	A lack of, or weakness in an internal control which does not pose an immediate high level of risk, but if left unresolved could expose the Council to financial losses or reduce operational performance.	Within 6 months
Level 4	Suggestions for improvement of internal controls of a minor nature.	Within 9 months

		inadequate to effectively manage risks to the achievement of objectives in the area audited.

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
Beach Management Scheme	**On-going**	N/A	N/A	N/A	N/A	N/A		The Audit and Risk Manager attends the monthly beach management project meetings to provide advice and support in respect of internal control, risk management and governance procedures. It is not anticipated that a report will be published in relation to this work, however an overall opinion on the control environment in relation to this project will be provided in the Internal Audit Annual report for 2021/22.
Project Neptune	**On-going**	N/A	N/A	N/A	N/A	N/A		The Audit Team regularly attend the monthly Project Neptune project meetings to provide advice and support in respect of internal control, risk management and governance procedures. It is not anticipated that a report will be published in relation to this work, however an overall opinion on the control environment in relation to this project will be provided in the Internal Audit Annual report for 2021/22.
NFI Covid-19 grants Post assurance testing	**On-going** **No final report Issued**	N/A	N/A	N/A	N/A	N/A	**Reasonable Assurance**	Following the introduction of the Covid-19 business grants in April 2020, pre and post assurance work required by the Department for Business, Energy and Industrial Strategy (BEIS) has been completed and evidence submitted. The council has yet to receive its certificate of compliance, however it isn't anticipating a 'fail' result. All councils were requested to upload three datasets from the Small Business, Retail Hospitality

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								and Leisure and Local Discretionary Grants from the first lockdown to the National Fraud Initiative to enable data matching within the authority and other organisations. The matches have now been received, reviewed and the results of these matches have been reported in the National Fraud Initiative report that is included later in the agenda. Whilst an overall report has not been produced for this post assurance work, for the purpose of this report an overall opinion of 'good' is appropriate given the strong controls were implemented from the outset which have resulted in a low number of NFI matches. Should the compliance certificate be returned as a fail, this area and opinion will be revisited.
Members Ethical Governance Survey	**On-going**	N/A	N/A	N/A	N/A	N/A	N/A	In September 2021 Elected Members were asked to participate in an Ethical Governance Survey to test their knowledge and understanding of the council's key policies and procedures and expected behaviours around ethical governance. An original deadline of the 1 November was given at which time only 19 Members had completed the survey. It has been decided to extend the deadline to the 6 December 2021. An action plan will be formulated once all questionnaires have been received to address any gaps in knowledge.
Matrix Agency Staff contract	**Draft Report Issued November 2021**							The overall objective of the audit is to review the controls in place around the management of the Matrix Agency contract to identify any areas of potential weakness and / or risk and provide an overall opinion as to whether the controls in place are managed adequately and effectively.
Council Resilience	**Fieldwork In Progress**							The overall objective of the audit is to review the controls in place around the council's resilience in respect of Emergency Planning, Business Continuity and Disaster Recovery to identify any

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								areas of potential weakness and / or risk and provide an overall opinion as to whether the controls in place are managed adequately and effectively.
Public Sector Geospatial Agreement (PSGA)	**Fieldwork In Progress**							The overall objective of the audit is to review the controls in place around the compliance with the terms and conditions of the Public Sector Geospatial Agreement (PSGA) to identify any areas of potential weakness and / or risk and provide an overall opinion as to whether the controls in place are managed adequately and effectively.
Hybrid working good practice principles – spot checks	**On-going**							Following the introduction of hybrid working the Corporate Director Resources asked the Audit Team to carry out a number of 'spot checks' to ensure that staff are adhering to the 'good practice principles' outlined at the recent staffing sessions in relation to outlook calendars, out of office messages and phone diversions. This piece of work will continue as the hybrid working programme is rolled out and any issues will be reported as and when. Reminders of these good practice principles have been reiterated in the November Core Brief and will feature in the Frequently Asked Questions currently being drafted by the Hybrid Working Group.
Data Protection Policy and process review	**Fieldwork in Progress**							The overall objective of the audit is to review the controls in place around the management of the Data Protection Policy and UK General Data Protection Regulations to identify any areas of potential weakness and / or risk and provide an overall opinion as to whether the controls in place are managed adequately and effectively.
VAT (see note below)	**Fieldwork in Progress**							The last audit review of VAT was carried out by Lancashire County Council in 2017/18. Full assurance was given and no recommendations

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								were made. In view of this a decision was made not to complete any detailed testing as part of the 2020/21 audit plan, however a position statement was documented in April 2021 to capture any system or procedural changes that may have introduced any additional risks. Two observations were made at the time in relation to VAT and the partial exemption calculation and a further follow-up review is scheduled to be carried out in November 2021 to ensure the observations have been addressed.
Expenses (see note below)	**Fieldwork in Progress**							The last audit review of expenses was undertaken by Mazars in 2017/18. An adequate assurance opinion was given and only two minor recommendations were made. In view of this a decision was made not to complete any detailed testing as part of the 2020/21 audit plan, however a position statement was documented in April 2021 to ensure the two recommendations previously made had been addressed and that there had not been any system or procedural changes that may have introduced any additional risks. A number of observations were made at the time in relation to the review of travel and subsistence policies, the inconsistent use of log books to record expenses and obtaining evidence of insurance for officers who claim mileage expenses. A further follow-up review is scheduled to be carried out in November 2021 to ensure these observations have been addressed.
Debtors, Creditors and Budgetary Control (see note below)	**Fieldwork in Progress**							The last audit review of Debtors, Creditors and Budgetary Control was undertaken by Lancashire County Council in 2017/18. A full or substantial assurance opinion was given and five recommendations were made overall.

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								In view of this a decision was made not to complete any detailed testing as part of the 2020/21 audit plan, however a position statement was documented in April 2021 to ensure the five recommendations previously made had been addressed and that there had not been any system or procedural changes that may have introduced any additional risks. A further follow-up review is scheduled to be carried out in November 2021 to ensure the observations made in relation to Creditors, Debtors and Budgetary Control have been addressed.
Cash receipting (front desk procedures and Fleetwood Market) (see note below)	**Fieldwork in progress**							The last audit review of cash receipting was undertaken by Lancashire County Council in 2017/18. Full assurance was given and no recommendations were made. In view of this a decision was made not to complete any detailed testing as part of the 2020/21 audit plan, however a position statement was documented in April 2021 to ensure that there had not been any system or procedural changes that may have introduced any additional risks. A further follow-up review is scheduled to be carried out in November 2021 to ensure the observations made in relation to the panic alarms at the Civic Centre and the under banking at Fleetwood Market have been addressed.

<u>Note</u>

VAT, Expenses, Cash Receipting, Debtors, Creditors and Budgetary Control are all on a rolling audit programme, as are all of the council's key financial systems. Therefore whilst no detailed tested was completed in this areas during the year, position statements were required to ensure previous audit opinions can still be relied upon and used in the council's annual audit opinion for 2021/22.

Outstanding work to be completed in 2021/22 (ending 31 March 2022)

- Building Maintenance – new re-active repairs framework
- Building Maintenance – further follow up of 2018/19 report
- Key Financial Systems – (to be agreed following the completion of the Financial Services risk register)
- National Fraud Initiative (NFI) – Annual NFI exercise (including Single Person Discount (SPD) Data Matching exercise)
- Election accounts (post assurance)
- Citizen access portal
- Civica Pay
- Fleetwood Market and Market House Studios
- Marine Hall - continual review

Other audit work undertaken during the year 2021/22

National Fraud Initiative – Cabinet Office data matching exercise

A report was presented to the Audit Committee on the 16 November 2021 in respect of the results of the NFI data matching exercise for 2019/20.

Information Governance - Compliance with the Data Protection Act 2018 and UK GDPR

The Council's Data Protection Officer (DPO) and Deputy DPO continue to work to ensure the Council is compliant with the Data Protection Act 2018 (the Act) and the enshrined UK General Data Protection Regulations (GDPR). The DPO reports quarterly to the Corporate Management Team, with the last update being on the 4 August 2021 and the next quarterly update being scheduled for the 10 November 2021. The following areas were reported in August and will be again updated on the 10 November 2021 as follows;

- Following the appointment of the new Audit, Risk and Performance Lead in June and the return to work of the Information Governance Manager, work has now started in relation to the Data Protection and UK GDPR compliance work that was scheduled to be completed last year. It is hoped that once this piece of work has been completed a detailed action plan will be in place to address any gaps or weaknesses in controls regarding the council's business assets (data). It is anticipated this piece of work will be completed before 31 March 2022.

- The council continues to receive a steady flow of Subject Access, Freedom of Information and Environment Information requests. A fundamental FOI/EIR review will be completed early in 2022 to ensure the process continues to be effective and robust and continuity arrangements are in place in the absence of key personnel. Data sets are to be explored to address repetitive FOI/EIR requests.

- The Elections and Information Governance Manager continues to monitor compliance to the Local Government Transparency Code (The Code). Whilst a piece of work was completed earlier in the year which highlighted a number of gaps across the organisation, a further check will now be made following the launch of the new website to ensure all documents have been successfully

transferred across, links work as intended and previously identified gaps have also been addressed.

- The council's new e-learning platform 'Learning Pool' went live on 6 September 2021. It includes a number of corporate and mandatory training modules, which include Data Protection, Information Security and Cyber Resilience. Whilst these modules will become part of the mandatory induction process, all council employees will also be asked to complete these modules as a refresher exercise. It is hoped that modules for FOI / EIR and Subject Access can also be added at a later date.

- There are no immediate plans to carry out any security sweeps of the civic centre. Some form of security inspection will be completed once staff start to return to the office on a larger scale.

- ICT / Cyber risks are now monitored by the council's new risk management system 'GRACE' and will continue to be reviewed on a quarterly basis by the Corporate Director Resources, Head of Service, Audit and Risk Manager and the ICT Service Delivery Lead.

- Cyber / Disaster Recovery - The council's is currently liaising with Blackpool Council and SOCITM with a view to procuring external assistance to ensure the council has the necessary plans in place in the event of a disaster or a cyber-attack. It is expected that work will commence in the next quarter.

- The Information Governance Group have not met since March 2021 owing to annual leave / availability. The action plan last reported to CMT on the 26 May 2021 will need to be reviewed and refreshed following the departure of the former Head of ICT. The next meeting is scheduled for December 2021 and future meetings will be re-scheduled to fall before the quarterly update to CMT to allow progress to be fed into the report.

- There have been no incidents that have been reported to the Information Commissioner during 2021 and all incidents reported by staff were logged in the data incident register and investigated immediately. All were considered minor in nature with a minimal impact on either the data subject or the council.

- Following communication with the Department for Work and Pensions (DWP) in October 2021 the council have been informed that from Spring 2022 staff accessing DWP systems will no longer be able to use their own ICT equipment. Therefore, the Head of Contact Centre and ICT Services is currently in the processes of identifying those offices who do have access to DWP systems and those officers will be prioritised in relation to replacement kit as part of the hybrid working rollout programme.

Overall, there are no significant concerns in relation to the security and use of the council's business assets (data). However, it is important that assurances are sought going forward via Internal Audit that there are no fundamental gaps in respect of compliance to Data Protection / UK General Data Protection Regulations.

Anti-Fraud and Corruption

All the council's counter fraud policies are reviewed annually by the Audit Committee, with the last review being completed in November 2021. The policies are located on the Hub to allow staff and Elected Members easy access. The council's four counter fraud policies are as follows;

- Counter Fraud, Corruption and Bribery;
- Anti-Money Laundering
- Gifts, Hospitality and Registering Interests, and
- Whistleblowing.

Anti-Money Laundering - To date, there has been no reports of suspected money laundering during 2021/22. The money laundering legislation was last amended in March 2021 following recent changes in legislation.

Gifts, Hospitality and Registering Interests – There have been no declarations made by council officers receiving gifts and hospitality since the 1 April 2021. A reminder will go out in the December Core Brief reminding staff to use the on-line form to register any gifts or hospitalitlity received and to report any registered interests they may have in relation to council business.

Whistleblowing / Investigations - There has been one whistleblowing made during 2021/22. This is currently in the process of being investigated by the Head of Governance and Business Support at the time of this report. The Audit Committee Chairman and the External Auditors have been provided with an overview of the whistleblowing and the investigations made so far. On completion of the investigations, the Audit Committee will be updated on the outcome.

RISK MANAGEMENT PROGRESS REPORT

Progress on the embedding of risk management is reported to the Audit Committee via six monthly reports by the Audit and Risk Manager. This is in line with the council's Risk Management Policy, originally approved by Cabinet in April 2004 and reviewed and approved annually by the Audit Committee.

Strategic Risks

The Corporate Management Team (CMT) met on the 25 February 2021 to carry out the annual strategic risk workshop. The results of the workshop were presented to the Audit Committee at its meeting in June 2021.

In June 2021 the council purchased a Risk Management Software System (GRACE) to assist with the management of the council's strategic and operational risks. Since this time the Audit, Risk and Performance Lead has been developing the system and within the last month has successfully transferred all the strategic risks onto the new system. The Corporate Directors have all received training and future quarterly updates will be carried out using the new system.

The last quarterly update was carried out on the 13 October 2021. The results of this review will be reported verbally to the Audit Committee on the 16 November 2021.

The next strategic risk workshop will be held in February 2022. The date has yet to be confirmed.

Operational Risks

Following the successful roll out of the GRACE system for strategic risks, the Audit, Risk and Performance Lead has now started to populate the system with the current operational risks. Risk workshops are currently taking place with each service to update / refresh their existing risks and highlight any further 'key' service risks. Whilst this process takes place, the council will continue to use spreadsheets to monitor operational risks.

The Audit Committee are encouraged to go and view the risks identified by each service unit on the Hub (link below) and challenge any areas were limited progress is being made to mitigate the risks identified.

https://wyregovuk.sharepoint.com/sites/Governance/SitePages/Risk-management.aspx

ICT Risks

From the 1 November 2021, the Corporate Director Resources took over responsibility for ICT Services.

The council has a separate ICT risk register which is reviewed quarterly by the relevant Director, the Head of Service, the ICT Service Delivery Lead and the Audit and Risk Manager. The last review was completed on 18 October 2021 and the updated register is available on the Hub .

ANNUAL GOVERNANCE STATEMENT 2020/21 - ACTION PLAN UPDATE

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
ICT Disaster Recovery / Cyber Resilience	C/F 2018/19	Whilst an ICT disaster recovery (DR) plan was initially drafted prior to the departure of the Head of ICT, this has yet to be finalised.	The Disaster Recovery Plan needs to be finalised and rolled out as soon as possible.	Peter Mason / Lee Brophy\n\nASAP	External support is required to progress this issue. Proposals have been sought from SOCITM and Blackpool Council to help assess current arrangements and to develop a DR plan and cyber plan. This will be progressed over the next quarter.
Information Governance	C/F 2018/19	The council continues to work towards ensuring full compliance with the Data Protection Act and the UK GDPR. Whilst significant work has been completed in respect of contracts, data subject rights and privacy, further work is still required in respect of data sharing and validation of the council's information asset registers.\n\nA GDPR compliance audit was included in the 2019/20 audit plan and was to be completed by an external	A GDPR compliance audit will be included in the 2021/22 audit plan and completed by in-house team.	Jo Billington / Jo Porter / Dawn Allen / Karen McLellan\n\nMarch 2022	A piece of work has now started with an expected completion date of March 2022. Data sharing and information asset registers will be the key focus of this piece of work however, a full overview of the council's compliance to DP legislation will be completed. It is expected this piece of work will be completed by 31 March 2022.

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
		provider under the Lancashire County Council (LCC) ICT audit framework. Unfortunately, owing to the Covid-19 pandemic and limited resources LCC can no longer complete this piece of work.			
Ethical Governance	C/F 2018/19	The council has conducted an Ethical Governance Survey to ensure staff know and understand the council's key policies and procedures around expected behaviours. It is suggested that the survey also be rolled out to Elected Members. The last survey of this nature was completed several years ago. Owing to the recent Covid-19 pandemic this survey has been delayed, however it is hoped it will be completed by December 2021	The Ethical Governance Survey needs to be rolled out to all Elected Members to test their knowledge and understanding of the council's key policies and procedures in respect of expected behaviours.	Jo Billington / Dawn Allen Autumn 2021	The survey is currently live and is on-track to be completed by December 2021.
Staff Survey	2019/20	It was identified that a full staff survey had not been carried out for some time. Previously, the council has also carried out a number of	Once normal business activities resume, the council should consider carrying out a further staff survey and / or possibly carrying out further engagement sessions	Liesl Hadgraft / CMT December 2020	Completed

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
		staff 'engagement sessions' giving staff an opportunity to raise or voice concerns. There have been no sessions of this nature for over a year although the hybrid working sessions held in September/October 2021 have covered some of this ground.	with a Health and Wellbeing focus.		
Transparency Code	CF 2019/20	The council endeavours to comply with the Local Government Transparency Code 2010 and publishes a number of documents on the website. A review was completed in November 2020 and it was noted that not all the information was up to date and key documents were missing. Key officers were notified and asked to address any gaps. A follow-up review will be carried out in 2020/21 to ensure these gaps have been addressed.	A follow-up review of the council's compliance to the Local Government Transparency Code 2010 need to be completed following the go-live date of the Hub.	Jo Porter August 2021	Completed
IRP Member Training	2020/21	Following the retirement of two long standing Independent Remuneration	A recruitment exercise needs to be completed to identify another IRP member who should then be	Jo Billington / Peter Foulsham	Completed

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
		Panel (IRP) Members there is currently a vacancy on the panel which needs to be addressed before the next review in November 2021.	recommend to Full Council for approval.	November 2021	
Corporate Comments, Compliments and Complaints Procedure	C/F 2019/20	The staff ethical governance survey carried out in October 2018 identified that although staff were aware that the council had a corporate Comments, Compliments and Complaints procedure, they were less familiar with the content, in particular, how the policy worked and where to locate it. There were also a number of staff who did not know where or who to go to for support or advice on this procedure. In addition, it has become apparent that there are limited number of senior officers available to carry out second stage investigations.	The corporate Comments, Compliments and Complaints Procedure should be refreshed and rolled out to all staff to ensure they understand its content, the processes and stages involved and who to go to for support and advice.

Consideration should also be given to extending the opportunity for third tier Managers to assist in the second stage review to spread the administration burden on current senior leadership. | Peter Mason / Jo Billington

December 2021 | This is currently in the process of being completed and is on-track to be completed by December 2021. |
| **YMCA** | C/F 2019/20 | Following the recent Covid-19 pandemic which resulted in the closure of the | Additional subsidy was agreed for 2021/22 and slippage approved (aggregate £720K) as part of the | Corporate Directors of Communities | Ongoing review meetings are being held. Progress so far is positive with the |

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
		Borough's leisure centres, the council has continued to financially support the YMCA. CMT and Management Board are working closely with the YMCA to work through the pandemic. A report under emergency powers was approved during the first lockdown to agree additional funding of £489,000 for 2020/21 with another report approved by Cabinet in December 2020 for a further £341,000. This situation is now being kept under review.	budget setting and year-end process and regular meetings continue to be held with the YMCA to monitor progress both financial and KPI performance related.	and Resources Ongoing	YMCA optimistic that they will stay within the agreed subsidy. A provisional reduced subsidy of £350K in 2022/23 has also been agreed and included in the MTFP. Thereafter £147.5K is currently in the forecast ongoing.
Regulation of Investigatory Powers (RIPA) Act 2000	2020/21	Following the last Corporate Management Team restructure in December 2019, the Corporate Director Resources has not received any formal RIPA training.	The Corporate Director Resources needs to ensure she completes RIPA training at the earliest convenience and preferably before the next review by the Surveillance Commissioner which is due in 2022.	Mary Grimshaw April 2022	RIPA refresher training will be sought from Act Now in January / February 2022.
Member Code of Conduct	2020/21	The Local Government Act has recently issued a new 'model Code of Conduct', which should be used to benchmark and refresh	In conjunction with a working group, the Monitoring Officer (MO) and their Deputy need to consider the new Code of Conduct to decide if changes are required to	Mary Grimshaw / Jane Collier April 2022	The Code of Conduct is in the process of being reviewed following the recently issued model Code of Conduct. The

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
		Wyre's Code of Conduct for Elected Members.	Wyre's current Code of Conduct.		amended code will be submitted to the next Full Council for approval following which training on the amended Code will be given to all Elected Members.
Staff Inductions / Training and Development	2020/21	Whilst the council already has a corporate induction process in place, it does require modernising. In addition, there are also a number of other mandatory training courses that are either outstanding or in desperate need of refresher training e.g. Data Protection, Cyber Security etc.	Following the purchase of Learning Pool, the training package now needs to be developed and rolled out to all new starters (via the induction process) and also existing staff for all courses identified as mandatory.	Jane Collier / Marc Whittaker

December 2021 | Learning Pool went 'live' on the 1 September 2021. HR are now in the process of rolling out the induction package and also identifying and developing a suite of mandatory courses for all existing staff. |
| **Scheme of Delegation** | 2020/21 | Following the last Corporate Management re-structure in 2019 and the imminent departure of the Head of Business Support (Monitoring Officer), the Scheme of Delegation requires a number of updates. | The Scheme of Delegation requires an immediate refresh following which regular reviews need to be completed to ensure it remains fit for purpose. | Jo Billington / Peter Foulsham

October 2021 | Completed – the updated scheme of delegation was approved at Full Council in October 2021. |
| **Leisure Management** | 2020/21 | Whilst regular internal meetings with the YMCA | The Leisure Management Partnership Board meetings need | Mark Broadhurst | Following the introduction of a new Chief Executive |

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
Partnership Board		took place during the Covid-19 pandemic, no Management Partnership Board meetings were held to oversee the operation of the council's leisure centres and pools.	to resume as soon as possible.	Immediate	at the YMCA, there's an opportunity to review the current arrangements and find a solution that works better. The council will ensure that there is a mechanism in place for the Portfolio Holder to have periodic partnership meetings with the YMCA.
Community Engagement	2020/21	During the recent Covid-19 pandemic, whilst regular communication was maintained with the residents of the borough in relation to the pandemic, the council has not carried out any other community engagement / surveys for over 12 months. This information is vital as it feeds into the Council's Business Plan.	The State of Wyre / Life in Wyre Survey needs to be completed.	Sara Ordonez Ongoing	A short update of the State of Wyre report is currently being prepared for the CMT/Heads of service business planning session. The Life in Wyre survey has been postponed until 2022. Other consultation activity has resumed such as public consultation linked with the development of the town centre regeneration frameworks.
Performance	2020/21	A recent 'performance' audit highlighted that the council's processes to monitor the performance of the projects within the council's Business Plan require further	A new role has been created to lead on the refresh of monitoring the performance of the projects within the Business Plan.	Marianne Hesketh / Jo Billington August 2021	The Audit, Risk and Performance Lead is now in post and has taken over the quarterly reporting of the business plan projects. They have been invited to

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
		enhancement.			the business planning day in November where their role will to be to ensure that the council's priorities are matched with deliverable projects and achievable measures.
Risk Management	2020/21	Whilst the council has a robust system in place for the recording and monitoring of risk (both Strategic and Operational), Audit and Risk Management are still having to regularly remind risk owners to review and update their action plans to ensure risks are appropriately mitigated. To allow Internal Audit to give an 'independent opinion' on the risk management processes, their involvement in respect of this process should be minimal.	A new post 'Audit, Risk and Performance Lead' has now been advertised which once filled will lead on the purchase, development and roll-out of new Risk Management Software which will remove the need for Internal Audit to administer risk.	Jo Billington / Karen McLellan December 2021	The Audit, Risk and Performance Lead is now in post. The GRACE risk Management System is now up and running. The strategic risks are now populated within the system and it is hoped that from December 2021 the 'system prompts' can be switched on to enable the Audit Team to remove themselves from the day-to-day administration of strategic risk. The Audit, Risk and Performance Lead has already started to work with Service Managers to identify and document 'key' operational risks in GRACE. Whilst this takes place, the council will

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Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
					continue to use spreadsheets to manage operational risks.
ICT / Projects	2020/21	Prior to the Covid-19 pandemic the Digital Transformation Team use to meet on a regular basis however since March 2020 these meetings have ceased.	The Digital Transformation Board meetings need to resume to oversee key infrastructure projects to ensure their delivery.	Clare James / Peter Mason	The Digital Transformation Board Meetings will resume from the 1 November 2021 when ICT formally transfers over to Resources.
Performance Appraisals	2020/21	Whilst there are standardised documents for documenting performance appraisal, it has been identified that not all Managers are using these for conducting and documenting staff 1-2-1 discussions, including CMT.	A reminder should be sent out corporately informing Managers that the paperwork within the Performance Appraisal documentation is mandatory and should be used in all instances to ensure there is a consistent approach across the organisation.	HR / All Corporate Directors / All Heads of Service ASAP	Transitional arrangements have begun for the Corporate Director Resources to comply with CPD requirements. Further roll out in progress.
Other	2020/21	Prior to the recent Covid-19 pandemic, Corporate Directors would meet with their Portfolio Holders at least once a month. However, regular meetings have not taken place now for over 12 months.	Monthly briefings need to resume between Portfolio Holders and Corporate Directors.	All Corporate Directors ASAP	Fortnightly meetings with the Resources PH are scheduled. Regular catch ups are in place with Leisure, Health and community engagement. David Thow and Steve Smith have regular catch ups with the Planning Policy and the Economic

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as at 1 November 2021
					Development PH. The Corporate Director Environment has regular catch-up's with the Neighbourhood Services and Community Safety Portfolio Holder and the Street Scene, Parks and Open Spaces Portfolio Holder.

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Report of:	Meeting	Date
Corporate Director Resources (Section 151 Officer)	Audit Committee	16 November 2021

Annual Review of Financial Regulations and Financial Procedure Rules

1. **Purpose of report**

   1.1   To review the Financial Regulations and Financial Procedure Rules.

2. **Outcomes**

   2.1   Evidence that the council has arrangements in place to maintain a sound system of internal control.

3. **Recommendation**

   3.1   Members are asked to note the proposed changes summarised in paragraph 5.1 and to approve the updated Financial Regulations and Financial Procedure Rules set out in Appendix 1 of this report which can be viewed on the council's website at:

   https://wyre.moderngov.co.uk/documents/b4889/Proposed%20Financial%20Regulations%20and%20Financial%20Procedure%20Rules%2016th-Nov-2021%2018.00%20Audit%20Committee.pdf?T=9

4. **Background**

   4.1   The Financial Regulations and Financial Procedure Rules form part of the council's governance structure and help to demonstrate that arrangements are in place to maintain a sound system of internal control.

   4.2   The Financial Regulations and Financial Procedure Rules were subject to a major review and updated in accordance with best practice and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) prior to being agreed by the Standards Committee at their meeting on the 14 October 2004 and the Council meeting on 11 November. In addition an annual review is completed by the Head of Governance and Business Support and reviewed by the Corporate Director Resources. The last review was completed in November 2020.

5. Key Issues and proposals

5.1 A number of amendments are proposed, namely:

➢ Amended to reflect that the 'Monitoring Officer' is now the Head of Legal Services and the 'Deputy Monitoring Officer' is now the Human Resources Manager (Part 4.06/03 Para 1.4d);

➢ Amended to reflect that 'Service Directors' are now 'Corporate Directors' (Part 4.06/03 Para 1.4e);

➢ Amended to reflect that the 'Head of Internal Audit' is now the Audit and Risk Manager (Part 4.06/03 Para 1.4h);

➢ Updated to include the reference to compliance with the UK GDPR as well as the Data Protection Act (Part 4.06.01/2 Para A10), (Part 4.06.04/8 Para 3.57e) and (Part 4.06.06/2 Para 5.07f);

➢ Amended to reflect the correct title of the Risk Management Policy and Procedure (Part 4.06.04/1-2. Para 3.02 and Para 3.04);

➢ Amended to update the auditing practices and standards currently used to assess how the Internal Audit service is operated and its effectiveness (Part 4.06.04/3 Para 3.18d);

➢ Amended to reflect the changes in anti-money laundering legislation (Part 4.06.04/7 Para 3.47g);

➢ Amended to reflect that higher limits of up to £10,000 have been agreed for certain officers and confirmed with Internal Audit. At the time of this review, one officer had a limit of £10,000, one officer had a limit of £5,000 and one officer had a limit of £1,000 (Part 4.06.05/8 Para 4.59);

➢ To include the requirement to carry out privacy impact assessments (if applicable) prior to processing personal data (Part 4.06.06/3 Para 5.17);

➢ Removal of the reference to 'European Funding' in respect of the receipt of external grant funding (Part 4.06.06/3 Para 5.17);

➢ Amended to reflect the changes to procurement rules following the departure from the European Union (Part 4.06.06/12 Para 6);

➢ Amended to reflect the changes to procurement rules following the UK's departure from the European Union, in particular the removal of any reference to the Official Journal of the European Union which has been replaced with the 'Find a Tender Service'.

The Contract Procedures have also been amended to ensure that Climate Change is considered when setting a quality / price mechanism to be used for evaluating tender documentation (Part 4.06.7) and;

➢ A number of other minor amendments have been made throughout the document to correct typo's, grammar etc. These are track changed for reference.

Financial and legal implications	
Finance	None arising directly from the report.
Legal	The adoption of clear and up to date advice should ensure legal probity and good governance of the council.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with an x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	Email	date
Joanne Billington	01253 887372	joanne.billington@wyre.gov.uk	04.11.21

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Proposed changes to Financial Regulations and Financial Procedural Rules (published on website).

Report of:	Meeting	Date
Corporate Director Resources (Section 151 Officer)	Audit Committee	16 November 2021

ANNUAL REVIEW OF THE COUNCIL'S COUNTER FRAUD POLICIES – ANTI-FRAUD, CORRUPTION AND BRIBERY, ANTI-MONEY LAUNDERING, WHISTLEBLOWING AND GIFTS AND HOSPITALITY AND REGISTERING INTERESTS

1. **Purpose of report**

   1.1 Approval of the Council's Counter Fraud Policies, namely:
   - Anti-Fraud, Corruption and Bribery;
   - Anti-Money Laundering;
   - Whistleblowing; and
   - Gifts and Hospitality and Registering Interests.

2. **Outcomes**

   2.1 The ability to demonstrate that the council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.

3. **Recommendation**

   3.1 Members are asked to approve the policy documents detailed above.

4. **Background**

   4.1 The Audit Committee work plan includes an annual review of the policies listed below:

   4.2 <u>Anti-Fraud, Corruption and Bribery</u> - originally approved by the Standards Committee in 2006. The policy was amended in November 2011 to make reference to the Bribery Act 2010, which came into effect on the 1 July 2011.

   4.3 <u>Anti-Money Laundering Policy and Procedure</u> - The Council's Anti-Money Laundering Policy and Procedure was first introduced in 2007 to comply with the new 'Money Laundering Regulations (MLR) 2007 Act', which came into effect in December 2007. In June 2017 the MLR were superseded by the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017. In 2019 further changes to the

regulations came into force updating the UK's anti-money laundering regime to incorporate international standards set by the Financial Action Task Force (FATF) and to transpose the EU's 5th Money Laundering Directive.

4.4 Whistleblowing - originally agreed by the Standards Committee in 2004. The Whistleblowing Policy has been reviewed using the British Standards Institute (BSI) Whistleblowing Arrangements Code of Practice for 1998:2008 and the Enterprise and Regulatory Reform Act (ERRA) which received royal assent on 25 April 2013. The ERRA includes major changes to employment law which will impact considerably on whistle-blower protection. The policy has also been reviewed to ensure it is in line with the Public Concern At Work publication; The Whistleblowing Commission - Report on the effectiveness of existing arrangements for workplace whistleblowing in the UK, published in November 2013.

4.5 Gifts and Hospitality and Registering Interests – originally agreed by Audit Committee in February 2009.

5. Key Issues and proposals

5.1 The general aim of all the council's counter fraud policies is to reduce the occurrence and impact of fraud, corruption and bribery on the organisation and provide an effective channel of communication for anyone who has concerns or suspicions of malpractice.

5.2 The Anti-Fraud, Corruption and Bribery Policy has been amended to reflect the changes to staff titles following a recent re-structure and to document that the NFI exercise is now completed annually not biannually.

5.3 The Anti-Money Laundering Policy and Procedure was last reviewed by the Audit Committee in March 2021. There have been no further changes to this document since this review. Future reviews will be carried out annually in November along with the other counter fraud polices.

5.4 The Whistleblowing Policy has been amended to update the NSPCC's telephone number and to reflect the changes to staff titles following a recent re-structure.

5.5 The Gifts and Hospitality and Registering Interest's Policy has been amended to reflect the change in staff titles following a recent re-structure and to remove the reference to 'BRIAN' following the launch of the Wyre Hub.

5.6 All the draft policies can be viewed by using the following link. All amendments have been track changed.

https://wyregovuk.sharepoint.com/sites/Governance/SitePages/Counter-fraud-and-corruption.aspx

Financial and legal implications	
Finance	There are no specific financial implications arising from the adoption of these counter-fraud policies.
Legal	The Council's counter-fraud policies assist in good governance and probity of Council actions and decision-making.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x		risks/implications	✓ / x
community safety	X		asset management	X
equality and diversity	X		climate change	X
sustainability	X		ICT	X
health and safety	X		Data protection	X

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018

report author	telephone no.	email	date
Joanne Billington	01253 887372	joanne.billington@wyre.gov.uk	19.10.2021

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

None

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wyre council

Report of:	Meeting	Date
Corporate Director Resources (Section 151 Officer)	Audit Committee	16 November 2021

ANNUAL REVIEW OF THE COUNCIL'S DATA PROTECTION POLICY AND PROCEDURES

1. **Purpose of report**

   1.1 Review and approve the council's Data Protection Policy and Procedures which includes the council's incident / breach reporting and investigation instruction.

2. **Outcomes**

   2.1 The ability to demonstrate that the council has arrangements in place to ensure compliance with the UK General Data Protection Regulations (GDPR) and other data protection laws.

3. **Recommendation**

   3.1 Members are asked to approve the amended Data Protection Policy and Procedures and incident / breach reporting and investigation instruction attached at Appendix 1.

4. **Background**

   4.1 In March 2018 the Audit Committee were given delegated responsibility for ensuring the council is complaint with the Data Protection Act 2018 and the UK GDPR. The Committee's Terms of Reference states; "To receive updates and reports and to approve policies in relation to compliance with the Data Protection Act and Regulations made under the Act". The Audit Committee receives an annual update from the Data Protection Officer in respect of the security and use of business assets.

   4.2 During the period 1 October 2020 to 1 October 2021 the council has recorded only 7 minor data incidents. Following investigation, a decision was made not to report these incidents to the Information Commissioner; however, a summary of these incidents was reported to CMT during the Head of Governance and Business Supports quarterly update. Given these incidents were minor in nature; they were not reported to the Audit Committee, however the Audit Committee on request can view the incident register for further details.

4.3 The council obtains, uses, stores and processes personal data relating to our residents / customers, potential, current and former staff, contractors and partners, collectively referred to in this policy as 'data subjects'. When processing personal data, the council is obliged to fulfil individuals' reasonable expectations of privacy by complying with the UK GDPR and other relevant data protection legislation (The Data Protection Act 2018).

4.4 This policy and guidance seeks to ensure that the council;

- is clear about how personal data must be processed and the expectations for all those who process personal data on its behalf;

- complies with the data protection law and with any other good practice around data processing;

- protects its reputation by ensuring the personal data entrusted to us is processed in accordance with data subjects' rights; and

- protects itself from risks of personal data breaches and other breaches of data protection law.

5. Key Issues and proposals

5.1 Wyre Council takes its responsibilities with regards to the management of the requirements of the UK GDPR and other data protection requirements very seriously. This policy sets out how the council manages those responsibilities.

5.2 The Data Protection Policy and Procedures and incident / breach reporting and investigation instruction was last reviewed and approved by the Audit Committee in November 2020 and is attached at Appendix 1. Following a review by the council's Data Protection Officer, a few minor changes have been made relating to the council's approach to Data Protection training, guidance for hybrid workers and the correct referencing of the UK GDPR. The document has been track changed for easy reference.

Financial and legal implications	
Finance	There are no specific financial implications arising from the adoption of this policy.
Legal	The council's Data Protection Policy and Procedures assist the council in ensuring it meets the requirements of the UK General Data Protection Regulations and other data protection law.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There

are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x		risks/implications	✓ / x
community safety	X		asset management	X
equality and diversity	X		climate change	X
sustainability	X		ICT	✓
health and safety	X		Data protection	✓

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Data Protection Policy and Procedures

Data Protection Policy and Procedures

Version 3.0 – November 2021

1.0   Introduction

1.1   The processing of personal data is essential to many of the services and
        functions carried out by local authorities. Wyre Council ('the Council')
        recognises that compliance with data protection legislation (including the UK
        General Data Protection Regulations ('GDPR'), the Data Protection Act 2018
        ('DPA') and related legislation) will ensure that such processing is carried out
        fairly, lawfully and transparently.

1.2   Data protection legislation, and Article 8 of the European Convention on
        Human Rights recognise that the processing of personal data needs to strike
        a balance between the need for an organisation utilising personal data to
        function effectively, efficiently and in the wider public interest, and respect for
        the rights and freedoms of the individual(s) ('data subject(s)') to whom the
        personal data relates. This policy sets out how the Council intends to
        safeguard those rights and freedoms.

1.3   The Information Commissioner's Office (ICO) is an independent authority
        which has legal powers to ensure organisations comply with the DPA and UK
        GDPR. For more information on the role of the ICO, please go to
        www.ico.org.uk.

2.0   Scope

2.1   This policy applies to the collection, use, sharing and other processing of all
        personal data held by the Council, in any format including paper, electronic,
        audio and visual. It applies to all council staff. 'Staff' for the purposes of this
        policy includes all council officers, volunteers and agency staff.

3.0   Legal context

3.1   Reference to the following legislation and guidance may be required when
        reading this policy.

        - The Data Protection Act 2018
        - The UK General Data Protection Regulations
        - The Freedom of Information Act 2000
        - Regulation of Investigatory Powers Act 2000
        - Computer Misuse Act 1990
        - Human Rights Act 1998

3.2   Reference to the following internal council documents may also be required
        when reading this Policy;

        - The Council's Constitution
        - Employee's Code of Conduct
        - ICT Computer Use Policy
        - Security Incident Policy

- Records Management Policy (in review)
- Password Policy and User Guidance

4.0   Personal data processed by the Council

4.1   The Council processes personal data for many reasons, including in relation to the services it provides and in its role as an employer. In most instances the Council will be the data controller (usually alone, but sometimes jointly) in respect of the personal data it processes (i.e. it will determine the purpose and means of the processing); on occasion it may act as a data processor on behalf of another data controller.

4.2   Whether acting as a data controller in its own right, or on another's behalf as data processor, the Council will maintain a record of its processing activities and make this available to the Office of the Information Commissioner ('ICO') upon request. Information concerning the processing of personal data in respect of which the Council is a data controller will be communicated by the Council to data subjects by means of appropriate privacy notices.

4.3   The Council has an overarching privacy notice and individual service privacy notices that can be found on the Council's website.

4.4   The Council is committed to ensuring compliance with data processing legislation and will;

- Respect the rights of each individual;
- Be open and honest about the personal data it holds;
- Provide training and support to those handling personal data in the course of their duties;
- Notify the ICO annually, that it processes data. (This is a statutory requirement and notification must be kept up to date with any changes to the use of personal data being updated within 28 days.) The Council has two registration numbers Z5682712 (General processing) and ZA319367 (elected Members); and
- Inform the ICO and in some instances the data subject of any data breaches.

5.0   Data protection principles

5.1   The Council will comply with the principles relating to the processing of personal data set out in the UK GDPR by putting in place processes to ensure that personal data is:

a) processed lawfully, fairly and in a transparent manner in relation to the data subject;

b) collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; (further processing for archiving purposes in the public interest, scientific or historical

research purposes or statistical purposes shall not be considered to be incompatible with the initial purposes);

c) adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;

d) accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay;

e) kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; (personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures required by the UK GDPR in order to safeguard the rights and freedoms of the data subject); and

f) processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

5.2 The Council shall be responsible for, and be able to demonstrate compliance with all the above principles.

5.3 Where the Council processes personal data as a 'competent authority' for 'law enforcement purposes' (-i.e under statutory law enforcement functions) it shall do so in accordance with the version of the data protection principles set out in the Law Enforcement provisions of the DPA. Those principles are similar (but not identical) to the principles applying to more general processing of personal data detailed above.

5.4 'Law enforcement purposes' include the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, including the safeguarding against and the prevention of threats to public safety.

6.0 Legal basis for processing

6.1 The Council will ensure that it's processing of personal data (other than law enforcement processing) fulfils the appropriate general condition(s) for processing outlined in the UK GDPR. Where a 'special category' of personal data is processed (this includes information about racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetic data, biometric data for the purposes of identifying an individual, physical or mental health, sex life or sexual orientation), the Council will ensure that one of the additional conditions set out in relation to special category personal data in the UK GDPR is also met, along with any further requirements regarding the processing of sensitive personal data set out in other data protection legislation.

6.2 While not formally defined as a 'special category' of personal data under the UK GDPR, similar additional conditions and requirements also apply to personal data relating to criminal convictions and offences (including personal data relating to the alleged commission of offences and proceedings relating to the commission or alleged commission of offences). When processing such data the Council will ensure that the relevant additional conditions and requirements are met.

6.3 Where the Council processes personal data as a 'competent authority' for 'law enforcement purposes' it shall do so in accordance with the requirements of the law enforcement provisions of the DPA. In all cases such processing will only be carried out where the individual concerned has given their consent to the processing of their personal data for law enforcement purposes or where the processing is necessary for the performance of a task carried out for law enforcement purposes by a competent authority. Where such processing involves 'sensitive processing' (this is equivalent to the processing of special category personal data under the UK GDPR) the Council will ensure that the processing is strictly necessary and (unless the individual has consented to the processing) that one of the conditions for sensitive processing set out in the DPA is met.

7.0 Individuals' rights

7.1 Data protection legislation provides individuals with various rights. An individual's rights include:

- The right to be provided with specified information about the Council's processing of their personal data **('the right to be informed').**

- The right to access their personal data and certain supplementary information **('the right of access').**

- The right to have their personal data rectified, if it is inaccurate or incomplete **('the right of rectification').**

- The right to have, in certain circumstances, their personal data deleted or removed **('the right of erasure', sometimes knowns as 'the right to be forgotten').**

- The right, in certain circumstances, to restrict the processing of their personal data **('the right to restrict processing').**

- The right, in certain circumstances, to move personal data the individual has provided to the Council to another organisation **('the right of data portability').**

- The right, in certain circumstances, to object to the processing of their personal data and, potentially, require the Council to stop processing that data **('the right to object').**

- The right, in relevant circumstances, to not be subject to decision-making based solely on automated processing **('Rights related to automated decision making, including profiling').**

7.2   In relation to the first right referred to above ('the right to be informed') in general the Council will:

   ➢ where the personal data is collected from an individual, provide them with specified privacy notice information, at the time the personal data is collected, for example when a member of public is signing up to receive a council service;

   ➢ where the personal data has not been obtained from an individual, provide them with specified privacy notice information within one month; if the Council uses personal data that it has not collected directly from an individual to communicate with that individual, it will provide the specified privacy notice information, at the latest, when the first communication takes place; if disclosure to another recipient of personal data that has not been collected directly from the individual is envisaged the Council will provide the specified privacy notice information, at the latest, before the data is disclosed.

7.3   It should be noted that there are limited specified circumstances in which the right to be informed will not apply. For further information go to www.ICO.org.uk

7.4   Where an individual exercises one of the other rights listed above, the Council will respond without undue delay and in any event within one calendar month, subject to the following two exceptions:

   ➢ Where further time is necessary, taking into account the complexity and the number of the request(s) from the data subject, the period for responding will be extended by up to two further calendar months. Where such an extension is required the Council will notify the data subject that this is the case within one calendar month of receiving their request.

   ➢ Where the request(s) from a data subject are manifestly unfounded or excessive (in particular because of their repetitive character) the Council will ordinarily refuse the request(s). In exceptional cases the Council may instead exercise its alternative right in such circumstances to charge a reasonable fee that takes into account the administrative cost of complying with the request.

7.5   The Council recognises the fundamental nature of the individual rights provided by data protection legislation. The Council will ensure that all valid requests from individuals to exercise those rights are dealt with as quickly as possible and by no later than the timescales allowed in the legislation.

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7.6   To minimise delays, and to help ensure that the Council properly understands the request being made, it is preferable for requests from data subjects wishing to exercise their data subject rights to be either in writing or made via the Council's on-line process. However, a valid request may also be made verbally.

7.7   The Council's dedicated email address for exercising individual rights is informationgovernance@wyre.gov.uk or individuals can use the council's online form available from the Council's website at;

https://www.wyre.gov.uk/info/200373/your_data_and_us

7.8   All requests from data subjects to exercise their data subject rights must:

➢ Be accompanied by, where necessary, proof of the identity of the data subject and, where applicable, the written authorisation of the data subject (if the request is being made on their behalf by a legal or lawfully appointed representative or authorised agent);

➢ Specify clearly and simply how the data subject wishes to exercise their rights – this does not mean that an individual needs to refer specifically to a particular right by name or legislative provision (for example, "I would like a copy of my employee file" is sufficiently clear to indicate that the right of access is being engaged);

➢ Give adequate information to enable the Council to determine whether the right is engaged and to comply (subject to any exemption(s)) if it is;

➢ Make it clear where the response should be sent; and

➢ Where relevant specify the preferred format in which any information disclosed to the data subject should be provided.

7.9   Data protection law allows exemptions from complying with data subject rights in specific and limited circumstances. The Council will normally apply the exemptions where they are engaged, unless it is satisfied that it is appropriate or reasonable not to do so.

7.10   If a data subject exercising one or more of their data subject rights is dissatisfied with the response received from the Council, they may ask for the matter to be dealt with by the Council's Data Protection Officer (DPO). Alternatively, a data subject also has the right to complain to the ICO if they believe that there has been an infringement by the Council of data protection legislation in relation to the data subject's personal data. A data subject may also pursue a legal remedy via the courts. Further information on the rights of data subjects is available from the ICO's website www.ico.org.uk.

7.11   Additional guidance for staff on how to deal with requests to exercise data subject rights is available via the Council's intranet.

8.0   Individuals' Rights – Law Enforcement Processing

8.1   The rules relating to an individual's rights are different where the Council processes personal data as a 'competent authority' for 'law enforcement purposes'. In those circumstances individuals have the following rights:

- the right to be informed;
- the right of access;
- the right to rectification;
- the right to erasure or restriction of processing; and
- the right not to be subject to automated processing.

8.2   There are no equivalents to the right to object or the right to data portability. Also, the right of access, the right to rectification and the right to erasure or restriction of processing will not apply to 'relevant personal data' in the course of a criminal investigation or criminal proceedings.

8.3   'Relevant personal data' means personal data contained in a judicial decision or in other documents relating to the investigation or proceedings which are created by or on behalf of a court or other judicial authority. Where an individual exercises their rights in respect of personal data that the Council is processing for law enforcement purposes the Council will ordinarily respond without undue delay and in any event within one calendar month. There is not an option for the Council to extend this for a further period in the case of complex or numerous requests, although the Council can refuse (or make an administrative charge for) manifestly unfounded or excessive requests.

9.0   Further legal requirements

9.1   The Council may be required to disclose personal data to a person or organisation other than the data subject by virtue of a court order, or to comply with other legal requirements, including those relating to the prevention or detection of crime, the apprehension/prosecution of an offender, or the collection of taxation/duties.

9.2   The Council may also, in appropriate circumstances, make discretionary disclosures of personal data to a person or organisation other than the data subject where it is permitted to do so by law. When deciding whether to exercise its discretion to disclose personal data in such circumstances the Council will always give proper consideration to the data subject's interests and their right to privacy.

9.3   External agencies, companies or individuals undertaking processing of personal data on behalf of the Council ("data processors") must be required to demonstrate, via a written contractual agreement, that personal data belonging to the Council will be handled in compliance with data protection legislation and that appropriate technical and organisational security measures are in place to ensure this. Any contractual agreement between the Council and a data processor will contain all the relevant elements specified in data protection legislation.

9.4   The Council will follow relevant guidance issued by the Government, the ICO and the Surveillance Camera Commissioner for users of CCTV and similar

surveillance equipment monitoring spaces to which the public, residents, service users and staff have access and will also strive to ensure that partner organisations involved in joint or multi-agency initiatives seek to do the same.

9.5   The Council reserves the right to monitor telephone calls, e-mail and internet access in compliance with relevant legislation. This will be handled in line with guidance issued by the ICO and the Investigatory Powers Commissioner's Office (IPCO).

10.0   Privacy by design and by default (Privacy Impact Assessments)

10.1   The Council's approach to compliance with data protection legislation will be underpinned by the principles of privacy by design and privacy by default. 'Privacy by design' means that the Council will take into account privacy issues from the very outset of planning for an activity that might involve the processing of personal data.

10.2   'Privacy by default' means that the Council will ensure that only personal data that is necessary for a specific purpose is processed. The Council will not collect more personal data than is needed for the purposes concerned, process it more than is necessary or store it longer than is needed.

10.3   When undertaking a new activity, privacy considerations will be embedded throughout. A Privacy Impact Assessment will need to be completed and signed off by the Council's DPO before the activity commences.

11.0   Records Management

11.1   The Council must manage and dispose of its records in accordance with the Council's Records Management Policy (under review) and service specific Information Asset Registers. It is essential that records are stored securely and the location of information is up to date at all times to enable the Council to process any requests for information (FOI's and SAR's) within the required timescales.

12.0   Information Security

12.1   Effective methods of security must be in place to help prevent the inappropriate disclosure or loss of personal data. The Council will process personal data in accordance with the DPA and UK GDPR and any other related Council policy and procedure to ensure appropriate physical, technical and organisational measures are in place.

12.2   Access to areas where data is stored and used must be controlled as follows;

- Paper files must be locked away when not in use and electronic systems must be password protected, with only authorised users being given access;
- Hybrid workers and other sStaff working away from the office must ensure records are adequately protected at all times, preventing damage, theft / loss and unauthorised access to personal data;

- Electronic data must be stored on the Council's servers and should be backed up each night to prevent the loss of valuable data;
- Personal data must not be stored on unencrypted portable equipment, e.g. laptops, mobile phones, tablet devices or memory sticks / pen drives. Staff are advised to contact ICT for assistance if they are wanting to transfer personal data out of the organisation;

- Desktop cComputers, laptops and tablet devices must be password protected and locked when left unattended during the day. Staff are required to log off and shut down all systems at the end of the working day;
- Staff must not disclose passwords to colleagues or use passwords belonging to other staff members.
- Confidential waste bins are located throughout the building and must be used for the destruction of personal data. The Council employs a contractor to shred all paper waste on site once a week, therefore, there is no requirement to shred any personal data prior to using the confidential waste bins. Hybrid workers should continue to use the office facilities provided to dispose of confidential waste.

13.0 Information Sharing

13.1 When personal data is collected, the data subject must be informed, via a privacy notice, what data the Council expects to share, with whom it is likely to be shared and in what circumstances. See 7.2 for guidance on when the data subject needs to be informed.

13.2 Non-sensitive personal data may be shared across Council departments and with contractors working on the Council's behalf for legitimate purposes, such as:
- Updating Council records;
- Providing services; and
- Preventing and detecting fraud.

13.3 Sensitive personal data is normally only disclosed with the informed consent of the data subject. However, there are circumstances in which personal data may be disclosed without obtaining the data subject's consent such as when safeguarding the data subject or others, and to assist with the prevention and detection of crime. For further guidance, refer to the ICO's website or speak to the Council's DPO.

13.4 Information sharing protocols / agreements should be in place between all Council and third parties when personal data is being shared. All agreements must be signed off by the DPO at which point a record of the data shared will be documented in the relevant information asset register.

13.5 Any sharing of Council-controlled personal data with other data controllers must comply with all statutory requirements and corporate policies. Where appropriate the Council will enter into a data sharing agreement before

sharing personal data with another data controller, particularly where personal data is to be shared on a large scale and/or regularly. Any data sharing agreements must be signed off by the DPO and the Council's Legal Services Manager.

14.0   Secure Transfer of Data

14.1   The transfer of data in all formats (written, fax, email, phone or face to face) must be completed in a secure manner, ensuring the identity of the recipient has been verified. This will help prevent personal data being misplaced or disclosed in error. Hybrid workers must take particular care when working in an unsecure location and must ensure they cannot be overheard when disclosing personal data.

14.2   Secure Email
When providing information by email, client details must not be placed in the subject heading. Be aware that when the recipient replies and includes your original email, the return email is not secure. Recipients should be made aware of this and be advised to refer to their own organisation's procedures. All emails that contain personal data must be encrypted. Password protecting the email or file is not sufficient protection to secure the contents. Employees should contact ICT if they do not know how to encrypt an email or a document that contains personal data.

14.3   Postal Mail
The Council has a data classification scheme in place that sets out how internal and external mail should be sent depending on its content.

14.4   Fax
When sending personal data by fax, it is imperative that the sender phones ahead to the receiver to ensure they are standing by the machine to receive the fax. The receiver must then confirm that the fax has been received in full.

15.0   Roles and Responsibilities

15.1   Everyone representing the Council has a duty to protect the information it holds, and access to personal data must be on a strict need to know basis. Personal data must not be disclosed without appropriate authorisation.

15.2   The Council has an Information Governance Group which is accountable for ensuring compliance with this policy across the Council. The work of the group will be supported by the Corporate Management Team and the Audit Committee who have delegated responsibility for ensuring the Council's compliance to the DPA and UK GDPR. The group's primary membership consists of the DPO, the Information Governance Manager (Deputy DPO), ICT Service Delivery LeadHead of ICT and the Legal Services Manager., Hhowever other officers are also invited to attend, depending on the agenda.

15.3   The Council will ensure that:

- The DPO reports to the highest management level of the Council in respect of their duties as DPO, in this instance, this is the Corporate Management Team and reports are submitted on a quarterly basis.

- The DPO operates independently and is not dismissed or penalised for performing their task.
- Individuals handling personal data will be trained to an appropriate level in the use and control of personal data.
- All staff handling personal data know when and how to report any actual or suspected data breach, and that appropriately trained staff manage any breach correctly, lawfully and in a timely manner.
- Breaches will be reported to the ICO where such reporting is mandatory or otherwise appropriate and shall be done within the required timescales.
- It monitors and reviews its processing activities to ensure these are compliant with data protection legislation.
- Where there is any new or altered processing of personal data it will take appropriate steps (including where necessary a privacy impact assessment) to identify and assess the impact on data subjects' privacy as a result of the processing of their personal data.
- Appropriate privacy notices are maintained to inform data subjects of how their data will be used and to provide other mandatory or relevant information; and
- This policy remains consistent with the law, and any compliance advice and codes of practice issued from time to time by the ICO is incorporated.

15.4   Elected Members may have access to, and process personal data in the same way as employees and therefore must comply with the six data protection principles. These can be found at the following link:

https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-law-enforcement-processing/principles/

15.5   As data held on Council systems may be used by Elected Members in their roles, the data controller may be the Elected Member or the Council individually, jointly or on behalf of the other. Notification must be arranged as follows:

- When acting on behalf of the Council, Elected Members can rely on the Council's legal basis and notifications for processing,
- When acting on their own behalf, for example, when dealing with complaints made by local residents, Elected Members are data controllers in their own right, therefore must themselves ensure they comply with the DPA and the UK GDPR; and
- When campaigning within their own political party (unless Independent Members), Members may rely on the legal basis and notification for processing of their own party.

15.6   From the 1 April 2019, the requirement for Elected Members to pay a registration fee to the ICO was abolished. Elected Members are now exempt from paying a fee, unless they process personal data for purposes other than

the exercise of their functions as an Elected Member. For example, if they have their own business or they are using CCTV for business or crime prevention purposes in connection with that business, then a fee will still apply.

15.7 Whilst the majority of the Council's Elected Members will be exempt from paying a fee and having to register with the ICO, they are still Data Controllers in their own right and therefore have data protection responsibilities. This means they are responsible for making sure all personal data handled complies with the requirements of the DPA and UK GDPR. All Elected Members have been issued with guidance on how they can achieve this. They have also been provided with a privacy notice which they can distribute to their constituents.

15.8 Elected Members must attend all training recommended to them and take the necessary steps to ensure the Council's data is stored safely in accordance with any Council policy and procedure. They must store all Council data separately from data relating to their ward and political party work.

16.0 Training

16.1 The Council recognises that data protection training is crucial so that all staff understand their responsibilities relating to data protection and the use of personal data. Failure to comply with data protection legislation could lead to serious consequences, and in some cases may result in significant fines or criminal prosecution.

16.2 All data protection training provided by the Council is mandatory and Line Managers are responsible for ensuring that all staff are given the necessary time to participate. At present, tThe Council provides all new starters with an induction pack which includes the Data Protection Policy and Procedures and Incident / Breach Reporting and Investigation Instruction. All staff are asked to sign to confirm they have read and that they understand the content of both documents. The Whilst previously the Council has recently procured used an e-learning training portal (Learning Pool) which launched in September 2021. Ffrom January 2022 it will be the primary tool used to train all staff on data protection and information security, access to this software is no longer permitted. At the time of this policy review, the Council was in the process of looking for a corporate e-learning training platform what would include both Data Protection and Information Security training modules.

16.3 Some post-holders are required to undertake further information governance or data protection training where appropriate for a particular role or within a specific service area, for example the DPO and their deputy and staff with specific responsibility for processing Freedom of Information (FOI's) Act requests and Subject Access Requests (SAR's).

17.0 Reporting a potential data breach

17.1 In the event of a suspected data breach it is essential that staff follow the guidance for reporting potential breaches (attached at Appendix A). Adhering to this guidance will ensure that all risks are identified and mitigated, the appropriate people and organisations are informed, and communication is

prepared to help prevent damage to the data subject and the Council's reputation.

17.2   All incidents, including near misses, should be reported to the DPO or the Deputy DPO. Failure to report an incident could result in disciplinary action including dismissal (see 19.1).

17.3   All incidents are logged into a 'data incident log' which is maintained by the DPO and monitored by the Information Governance Group. It is also available for inspection by the ICO.

17.4   It should be noted that at present, the council has a separate 'Security Incident Protocol' for the reporting and recording of any ICT related incidents, e.g. loss of equipment, viruses, bogus emails etc. However, this protocol does not supersede the guidance attached at Appendix A.

18.0   Governance and Distribution

18.1   The ownership of this policy sits with the Information Governance Group. The group will review the policy annually with any changes being submitted to the Audit Committee for approval.

18.2   The policy will be displayed on the Council's intranet and also the Council's website on the data protection web page:

https://www.wyre.gov.uk/info/200373/your_data_and_us

19.0   Disciplinary action and criminal offences

19.1   Serious breaches by staff of this policy caused by deliberate, negligent or reckless behaviour could result in disciplinary action including dismissal and may even give rise to criminal offences.

20.0   Sources of information and guidance

20.1   This policy is supported by training, awareness and additional guidance made available to staff on the Council's intranet. The ICO also provides a free helpdesk that can be used by anyone and a website containing a large range of resources and guidance on all aspects of information law for use by organisations and the public. Please see www.ico.org.uk

20.2   Other useful contact details

Data Protection Officer   01253 887372

Deputy Data Protection Officer   01253 887503

Legal Services Manager   01253 887214

Information Commission Officer helpline   0303 123 1113

ICT helpdesk   01253 887652

Incident / breach reporting and investigation instruction

1.0   Introduction

1.1   Wyre Council is obliged under Data Protection law to investigate any breaches of security that lead to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data when it is being used in any content or location.

1.2   The organisation needs to take steps as quickly as possible to recover any data involved in the incident or otherwise contain the spread or effects of the incident, whilst trying to ensure that the cause of the incident is properly identified. At Wyre Council, this responsibility falls to the Data Protection Officer (DPO) or the Deputy DPO.

1.3   Once an incident comes to light, a decision must be made by the DPO or their Deputy within 72 hours about whether to inform the Information Commissioner, and subsequently, whether to inform the affected individuals.

1.4   A genuine accident, mistake or theft that could not have been prevented is not considered to be a breach of Data Protection law, whereas a failure to implement proper security measures, whether technical or practical, to protect data is almost certainly a breach. Either way, they both need to be reported to the DPO or their Deputy and investigated thoroughly.

2.0   What to look out for and what should I report?

2.1   Losses and theft
- Loss or theft or paper documents / equipment containing council / personal data, especially sensitive or confidential information;
- Unauthorised access to, tampering with or use of ICT systems or equipment;
- Unauthorised changes to system hardware, firmware or software; or
- A deliberate attempt by a third party to steal data.

2.2   Mishandling
- Emails, post, faxes or other correspondence sent to the wrong person or destination, especially where the data is sensitive or the incidents are repeated;
- Wrong data or files attached to correspondence when sent out;
- Data or equipment on which data is stored is not securely disposed of; or
- Data or equipment is left in vacated buildings or furniture containing records is disposed of without records being cleared out.

2.3   Improper and inappropriate use
- Improper use of ICT system;
- Use of non-work email, equipment or storage for work purposes; or

- Failure to revoke access from leavers, contractors or people changing job roles.

2.4 <u>Electronic and operational</u>
- Malware attacks (viruses, ransomware, worms, Trojan horses);
- Unauthorised disruption of service, phishing attacks etc., or;
- System failure, crashes, environmental failures and operator errors. These may have security implications and should be treated as incidents.

3.0 How should I report one of the above?

3.1 Any suspected data breaches must be reported immediately in the first instance to the DPO or Deputy DPO. In the instance that neither officer is available, your Director or Service Manager should be informed. Contact details for the DPO and the Deputy DPO are as follows;

Data Protection Officer   Joanne Billington   01253 887372
Deputy Data Protection Officer   Joanne Porter   01253 887503

Alternatively, you can email the Council's dedicated incident reporting mailbox informationgovernance@wyre.gov.uk

3.2 Given that the organisation has a responsibility to notify the ICO where applicable within 72 hours of the identification of a breach, it is imperative that officers report incidents immediately, to allow the 72 hour timescale to be adhered to.

3.3 All documentation in relation to the incident must be collated and held securely until further instruction is given by the DPO or Deputy DPO. The DPO or Deputy will ask you for a 'written statement of fact'. Which is basically a detailed account of how the incident occurred, what data has been lost or put at risk and any other information that is important to the investigation.

3.4 It should be noted at this stage, any investigation is carried out in an informal manner with the primary objective being to ascertain if an 'actual breach' has occurred and if the breach has or could cause harm or damage to an individual or the organisation.

3.5 Staff <u>under no circumstances</u> should alert the data subject, the ICO or any third party to the suspected incident. The decision to notify the individuals concerned, the ICO and any third parties is the responsibility of the DPO or the Deputy DPO following a full investigation.

3.6 Failure to report an incident or adhere to paragraphs 3.1 – 3.5 above could lead to disciplinarily action.

4.0 Management of a data breach / incident

4.1 Once it has been identified that an actual data breach has occurred, it is important that the Council has an effective, documented plan of how they will deal with the incident. The DPO or the Deputy DPO is responsible for

ensuring that all reported incidents are dealt with as quickly as possible, in a transparent and consistent way.

4.2 ~~The ICO recommends that A~~as part of the investigation, the DPO or Deputy DPO will take the following four steps;

- Containment and Recovery
- Assessment of Risks
- Notification
- Evaluation and Response

4.3 The DPO or Deputy DPO may ask for your involvement at any stage of the investigation and it is expected that full participation and cooperation will be given. Where it is deemed that deliberate obstruction or withholding of information is taking place, this may lead to the council taking disciplinary action.

4.4 ~~For further information on the four steps detailed at 4.2, please refer to the Data Protection page on the Council's intranet 'carrying out an investigation'.~~

~~https://wyregovuk.sharepoint.com/sites/Governance/SitePages/Data-protection.aspx~~

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Report of:	Meeting	Date
Corporate Director Resources (Section 151 Officer)	Audit Committee	16 November 2021

ANNUAL REVIEW OF AUDIT COMMITTEE'S PERFORMANCE

1. **Purpose of report**

   1.1 To consider CIPFA's Self-Assessment of Good Practice contained within the CIPFA publication 'Audit Committees - Practical Guidance for Local Authorities and Police 2018' and identify the actions necessary to ensure that the Audit Committee meets best practice guidance and provides value to the authority.

2. **Outcomes**

   2.1 The determination of an improvement plan for the Audit Committee.

3. **Recommendation**

   3.1 That the Audit Committee considers CIPFA's Self-Assessment of Good Practice at Appendix 1. At this stage, no areas have been identified where further improvement is considered beneficial; however, this may change at the meeting where the Audit Committee will be asked to contribute to a discussion with a view to ensuring the Audit Committee are still meeting the requirements of CIPFA's 'Self-Assessment of Good Practice'.

4. **Background**

   4.1 Audit Committees are a key component of an authority's governance framework. Their function is to provide a high-level focus on assurance and the organisation's arrangements for governance, managing risk, maintaining an effective control environment, reporting on financial and non-financial performance and supporting standards and ethics.

   4.2 An Audit Committee's effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on, the authority's business.

   4.3 Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'. A good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential for delivering effectiveness.

4.4 Authorities are encouraged not to regard meeting the recommended practice as a tick box activity and are reminded that achieving recommended practice does not mean necessarily that the Audit Committee is effective. To help give a more rounded opinion of the Committee's effectiveness, further guidance is provided in CIPFA's Audit Committee publication in respect of a knowledge and skills framework.

5. Key Issues and proposals

5.1 The self-assessment at Appendix 1 has been completed by the Audit and Risk Manager (Chief Internal Auditor) and reviewed by the Corporate Director Resources (Section 151 Officer). Members will be asked to contribute to a discussion at the meeting with a view to ensuring the Audit Committee are still meeting the requirements of CIPFA's 'Self-Assessment of Good Practice'.

Financial and legal implications	
Finance	There are no specific financial implications arising from this review of the effectiveness of the Audit Committee.
Legal	There are no specific legal implications arising from this review of the effectiveness of the Audit Committee.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x		risks/implications	✓ / x
community safety	X		asset management	X
equality and diversity	X		climate change	X
sustainability	X		ICT	X
health and safety	X		Data protection	X

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Karen McLellan	01253 887586	karen.mclellan@wyre.gov.uk	02.11.2021

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – CIPFA Self-Assessment of Good Practice

CIPFA Self-Assessment of Good Practice – November 2021

Good practice questions		Yes	Partly	No	Comments
Audit Committee purpose and governance					
1	Does the authority have a dedicated Audit Committee?	✓			The Audit Committee has been in place since December 2005.
2	Does the Audit Committee report directly to Full Council?	✓			A periodic report is submitted to Full Council with the last report being considered on the 11 March 2021.
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓			The terms of reference was last reviewed in March 2021 to ensure it accurately reflected CIPFA's guidance 'Audit Committee's – Practical Guidance for Local Authorities and Police 2018.
4	Is the role and purpose of the Audit Committee understood and accepted across the authority?	✓			
5	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	✓			The Audit Committee provide assurance on the adequacy of internal control, risk management, the integrity of financial reporting, and the annual governance processes. They also oversee responsibility for the Council's compliance to the UK's General Data Protection Regulations 2018.

Good practice questions		Yes	Partly	No	Comments
6	Are the arrangements to hold the Audit Committee to account for its performance operating satisfactorily?	✓			
Functions of the Committee					
7	Do the Audit Committee's terms of reference explicitly address all the core areas identified in CIPFA'S Position Statement?	✓			The Audit Committee's terms of reference are in accordance with CIPFA's 'Audit Committees - Practical Guidance for Local Authorities and Police 2018'.
	- good governance - assurance framework - internal audit - external audit - financial reporting - risk management - value for money or best value - counter-fraud and corruption - supporting the ethical framework				
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓			Although the annual evaluation is completed by the Audit and Risk Manager (Chief Internal Auditor) and reviewed by the Corporate Director Resources (Section 151 Officer), the annual review of effectiveness gives the Audit Committee the opportunity to assess if it is fulfilling the terms of reference.
9	Has the Audit Committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓			The Audit Committee already participate by considering governance and risk. The Code of Practice on Treasury Management requires a body to be nominated and responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies. The Council has nominated the Overview and Scrutiny Committee (Cabinet 25/03/2015).

Good practice questions		Yes	Partly	No	Comments
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	N/A	N/A	N/A	There have been no instances where coverage of core areas has been found to be limited.
11	Has the Audit Committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓			The Audit Committee does not take on any decision making powers that are not documented within its terms of reference.
Membership and support					
12	Has an effective Audit Committee structure and composition of the Committee been selected? This should include: ▪ separation from the executive ▪ an appropriate mix of knowledge and skills among the membership ▪ a size of committee that is not unwieldy ▪ consideration has been given to the inclusion of at least one independent member (where is it not already a mandatory requirement).	✓ ✓	✓	✓	Whilst individual Members of the Audit Committee (AC) may also serve on Overview and Scrutiny the Audit Committee is independent of the scrutiny function. The Audit Committee Chairman is not a member of the Executive. Whilst the size of the Audit Committee has been discussed on a number of occasions, a decision has been made by the Leader of the Council to leave the current membership number (14) as it is.
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the Full Council.			✓	The Audit Committee membership does not contain any independent members.
14	Does the Chairman of the Audit Committee have appropriate knowledge and skills?	✓			The Audit Committee Chairman was appointed in May 2015. She holds an Associate Chartered Accountants qualification (ACA) and has previously worked in managerial roles within the audit environment.

	Good practice questions	Yes	Partly	No	Comments
15	Are arrangements in place to support the Audit Committee with briefings and training?	✓			Training is provided to the Audit Committee in accordance with their Audit Committee Work Programme. In addition, the Committee members will receive briefings as part of the Audit Committee agenda as and when required.
16	Has the membership of the Audit Committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓			The induction training in May 2019 covered the core areas of the knowledge and skills framework. Any new Members are trained as and when appointed to the Committee. On-going regular attendance will ensure members complete the work programme thereby continually enhancing their knowledge and skills.
17	Does the Audit Committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	✓			The Corporate Director Resources (Section 151 Officer), Head of Governance and Business Support and the Audit and Risk Manager (Chief Internal Auditor) routinely attend every Audit Committee meeting, with the exception of the meeting to approve the Statement of Accounts, which the Head of Governance and Business Support and the Audit and Risk Manager does not attend. A representative from the council's External Auditors is frequently in attendance.
18	Is adequate secretariat and administrative support to the Audit	✓			Each meeting is attended by an officer from the

Good practice questions	Yes	Partly	No	Comments
Committee provided?				Council's Democratic Services Team. The meetings are minuted and published on the Council's Internet.
Effectiveness of the Committee				
19 Has the Audit Committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓			Feedback is sought annually from the External Auditor.
20 Are meetings effective with a good level of discussion and engagement from all members?	✓			Members routinely ask questions at Audit Committee and have written to the Executive where they want a further explanation and updates following audit reports.
21 Does the Audit Committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?		✓		Following the receipt of a final audit report, the Audit Committee have the opportunity to call in Service Managers to challenge them on audit findings, outstanding actions or any associated risks.
22 Does the Audit Committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓			If areas of work receive a 'limited or minimal/no overall assurance opinion', the Audit Committee may make recommendations for further audit reviews, more frequent updates and may also request the intervention of the relevant Director or Portfolio Holder for additional assurances that the weaknesses are being addressed.
23 Has the Audit Committee evaluated whether and how it is adding value to the organisation?	✓			During their induction in May 2019, Audit Committee Members were asked to give

Good practice questions		Yes	Partly	No	Comments
					examples of where they felt the AC added value and if there was anything else the committee could be doing to improve the value added to the organsiation.
24	Does the Audit Committee have an action plan to improve any areas of weakness?	N/A	N/A	N/A	No areas have been identified following this review.
25	Does the Audit Committee publish an annual report to account for its performance and explain its work?	✓			A periodic report is submitted to Full Council with the last report being considered on the 11 March 2021. The report explains the work of the Committee and more specifically details the reports that been submitted to the Audit Committee during the year.

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wyre council

Wyre Council - Audit and Risk Management

National Fraud Initiative - Data Matching Exercise Year 2020/21

Issued	Final – 02 November 2021

Report Contents

Report Preparation

Report prepared by: Dawn Allen; Audit, Risk and Performance Lead
Telephone: 01253 887341

Report Distribution

This report has been issued to:

♦ Clare James, Corporate Director Resources / Section 151 Officer

♦ Jo Billington, Head of Governance and Business Support

♦ Karen McLellan, Audit and Risk Manager / Chief Internal Auditor

♦ Andrew Robinson, Revenues Manager

♦ The External Auditor – Deloitte

1. Introduction

1.1 The National Fraud Initiative (NFI), conducted by the Cabinet Office (CO), involves data matching to help in the prevention and detection of fraud. The NFI provides multiple solutions, ranging from real time point of application fraud prevention checks through to the national data matching exercise which helps those that take part detect active fraud cases within systems.

1.2 Wyre Borough Council are active participants in the NFI national data matching exercise. A full NFI data matching exercise is completed every two years and a council tax single person discount (SPD) matching exercise is carried out annually. These exercises match electronic data within and between audited bodies to prevent and detect fraud. This includes police authorities, local probation boards, fire and rescue authorities as well as other local councils and other government departments. Each organisation carries out data matching under its own powers, but uses the CO's systems, processes and expertise.

1.3 Since it began in 1996, the NFI has enabled its 1,200 participating organisations from the public and private sectors to detect and prevent fraud, overpayments and errors in excess of £1.93 billion. Every time the Government spends money or provides benefits and services, it is vulnerable to fraud and error. The main categories of fraud identified by the NFI in England relate to:

- pension fraud and overpayments;
- creditor fraud and overpayments/duplicate payments;
- fraudulent or wrongly received, council tax SPD payments; and
- housing benefit fraud and overpayments.

1.4 This report is intended to identify how the council has contributed towards the above figure since the matches were released in January 2021.

1.5 The last NFI update report was presented to Audit Committee in 2017. Owing to limited resources and staff being redeployed during the Covid-19 pandemic, a report on the outcomes from the 2018/19 exercise was not produced. A summary of the results for the two yearly exercise for 2018/19 is as follows:

- A total of 817 matches were processed;
- One fraud and six errors were identified totalling £39,022; and
- The council is recovering £36193.

1.6 Unfortunately we no longer have data relating to the 2018/19 SPD exercise as the Cabinet Office have removed access owing to it containing personal data.

1.7 It should be noted that since August 2015 the responsibility for housing benefit and council tax benefit fraud investigation work transferred to the Department for Work and Pensions (DWP). As a result, whilst the council retains the responsibility to sift the data matches and identify any potential frauds, the DWP are responsible for investigating these cases and taking action as appropriate. As such, the prioritisation and timescales for completion for this area of work is outside the control of the council.

2. Objectives of our work

2.1 The primary purpose of this report is to bring together all the findings and report the total number of frauds, errors or overpayments and their values that were identified as part of the 2020/21 NFI data matching exercise.

2.2 The 2020/21 NFI data matching exercise consisted of the following three data sets:

- o Annual council tax SPD exercise;
- o Two yearly national exercise; and
- o Government Covid-19 business grants (new for 2020/21)

3. Overall Audit Opinion

3.1 Collectively over 14,000 data matches have been received, of which 4,300 (31%) have so far been examined. As at today's date (02 November 2021), the council has identified £9,196.13 in errors and overpayments as part of the 2020/21 two yearly national exercise, £10,000 in errors as part of the 2020/21 Government Covid-19 Grants exercise, and a further £38,700.13 in council tax SPD errors and overpayments as part of the annual SPD exercise.

3.2 The overall financial benefit resulting from the outcomes reported of £57,896.26 is 23 times greater than the annual fee of £2,573 that the council pays to participate in the NFI exercise. Therefore it is considered a cost effective exercise to complete although it should be noted that the council itself does not always benefit from any recovered sums in full. For instance, any council tax recovered benefits the council by approximately 11p in the £1, with the rest payable to other major preceptors such as Lancashire County Council. However, there is a wider public good to be considered by participating in the NFI exercise and the council has a duty to recover council tax on behalf of the vast majority of residents who pay promptly and in full and this exercise helps to fulfil that requirement.

4.1   Attached at Appendix A is a list of the data match reports that were examined as part of the 2020/21 full NFI data matching exercise.

4.2   Of the 34 data match reports examined, 101 errors / overpayments have been identified. The council is working towards recovering 100% of the £57,896.26 identified through various means (amended bills, attachment of earnings etc.). The table below shows the relevant data match reports, the number of instances and the values attached.

2 Yearly National Exercise (1852 matches)			
Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Housing Benefit Claimants to Student Loans	£6,435.24 (2 instances)	0	£6,435.24 (2 instances)
Housing benefit claimants to Housing benefit claimants/phone number	0	0	0
Housing benefit claimants to Housing tenants	0	0	0
Housing benefit claimants to Waiting Lists	0	0	0
Housing benefit claimants to Taxi drivers	0	0	0
Housing benefit claimants to DWP Deceased	0	0	0
Housing benefit claimants to Council Tax Reduction Scheme	0	0	0
Council Tax Reduction Scheme to Payroll	0	0	0
Council Tax Reduction Scheme to Pensions	£2,760.89 (5 instances)	0	£2,760.89 (5 instances)
Council Tax Reduction Scheme to Council Tax Reduction Scheme	0	0	0
Council Tax Reduction Scheme to Housing Tenant	0	0	0
Council Tax Reduction Scheme to Taxi Drivers	0	0	0
Council Tax Reduction Scheme to Housing Benefit Claimants	0	0	0
Council Tax Reduction Scheme to DWP Deceased	0	0	0
Payroll to Payroll, Payroll to Pensions and Payroll to Creditors	0	0	0
Procurement – Payroll to Companies House	0	0	0
Duplicate Creditors by Name	0	0	0
Duplicate Creditors by Reference	0	0	0

Reports	Overpayments / errors (£)	Fraudulent Claims (£)	Total (£)
Duplicate Records by Reference, Amount and Creditor Reference	0	0	0
Duplicate creditors by Address detail	0	0	0
Duplicate Records by Amount and Creditor Reference	0	0	0
Duplicate creditors by Bank account number	0	0	0
VAT overpaid	0	0	0
Resident Parking to DWP deceased	0	0	0
Total for Two Yearly National Exercise	**£9,196.13 (7 instances)**	**£0**	**£9,196.13 (7 instances)**

Government Covid Grants Exercise (73 matches)			
Reports	**Overpayments / errors (£)**	**Fraudulent Claims (£)**	**Total (£)**
Duplicate Small Business Grants Fund (SBGF) Within Wyre BC	£10,000 (1 instance)	0	£10,000 (1 instance)
Duplicate Small Business Grants Fund (SBGF) Between Wyre BC and other authorities	0	0	0
Duplicate Small Business Grants Fund and Retail Hospitality and Leisure Grants Within Wyre BC	0	0	0
Duplicate Small Business Grants Fund and Retail Hospitality and Leisure Grants Between Wyre BC and other authorities	0	0	0
Discretionary Grants to Other Grants	0	0	0
Unknown Grant Types Between Wyre BC and other authorities	0	0	0
Total for Covid Grants Exercise	**£10,000 (1 instance)**	**£0**	**£10,000 (1 instance)**

Combined Total for Two Yearly Exercise	**£19,196.13 (8 instances)**	**£0**	**£19,196.13 (8 instances)**

Annual Council Tax Single Person Discount Exercise (12,289 matches)			
Council Tax to Electoral Register	£23,663.27 (55 instances)	0	£23,663.27
Council Tax rising 18s	£5,485.14 (20 instances)	0	£5,485.14
Council Tax to HMRC Household Composition	£9,551.72 (18 instances)	0	£9,551.72
Council Tax to other datasets	0	0	0
Total for SPD Exercise	**£38,700.13 (93 instances)**	**£0 (0 instances)**	**£38,700.13 (93 instances)**

All Reports	**Overpayments / errors (£)**	**Fraudulent Claims (£)**	**Total (£)**
Total for all exercises in 2020/21	**£57,896.26 (101 instances)**	**£0 (0 instances)**	**£57,896.26 (101 instances)**

4.3   It should be noted that as a result of the Covid-19 pandemic Wyre Council has been responsible for administering over 2,200 lockdown one grant applications on behalf of the government. These comprised of small business rate relief grants, retail, hospitality and leisure grants and local authority discretionary grants. This has resulted in the council distributing nearly £29 million of government grant money.

4.4   Given the high value and number of grants administered it is pleasing to report that both internal testing and NFI data matching only identified one duplicate payment of £10,000. Action is currently being taken in order to recover this duplicate grant payment.

5. Conclusions

5.1   The use of the NFI data matching service is only one element of an effective counter-fraud strategy. It must be underpinned by a thorough understanding of the fraud risks that an organisation faces, to ensure effort is focused in the right places. It is also important to have strong anti-fraud cultures and anti-fraud policies and procedures that emphasise that fraud is unacceptable.

5.2   Given that participation in the 2020/21 exercise has identified nearly £60,000 in possible error / overpayments / frauds so far, the council will continue to participate in future NFI data matching exercises. As such, data is currently being collated in respect of the 2021/22 annual SPD data matching exercise, results of which will be reported to the Audit Committee in 2022.

5.3   Although clearly a worthwhile exercise for the council to participate in, there are concerns that given the 2020/21 annual SPD involved examining over 12,000 returned matches the process is a very labour intensive exercise. Currently only one employee is trained to appropriately investigate each of the returned matches and this is carried out alongside their day job. Consideration needs to be given to whether there may be scope to introduce a post specifically tasked with conducting this exercise and therefore making the most of the process and the overpayments to be reclaimed. Given the figures reported above this post could potentially be self-funded but a business case is needed to establish this in terms of direct financial benefit to the council as opposed to all preceptors.

<u>DATA MATCH REPORTS EXAMINED - 2020/21</u>

- ➢ Housing benefit claimants to:
  - o Student loans
  - o Payroll
  - o Pensions
  - o Housing benefit claimants
  - o Housing tenants
  - o Insurance claimants
  - o Taxi drivers
  - o Waiting lists
  - o Council Tax Reduction Scheme (CTRS)

- ➢ Payroll to:
  - o Payroll
  - o Pensions
  - o Creditors

- ➢ Procurement to:
  - o Companies House

- ➢ Duplicate Creditors by:
  - o Creditor name
  - o Creditor reference
  - o Amount
  - o Address name
  - o Bank account number

- ➢ VAT overpaid

- ➢ Resident Parking to DWP deceased

- ➢ Council Tax to:
  - o Electoral Register
  - o Rising 18's
  - o Other datasets
  - o Council Tax to HMRC Household Composition

- Duplicate Small Business Grants Fund (SBGF)
  - Within Wyre Borough Council and
  - Between Wyre Borough and other authorities

- Duplicate Small Business Grants Fund and Retail Hospitality and Leisure Grants
  - Within Wyre Borough Council

- Discretionary Grants to Other Grants

Report of:	Meeting	Date
Corporate Director Resources (Section 151 Officer)	Audit Committee	16 November 2021

ANNUAL REVIEW OF THE COUNCIL'S RISK MANAGEMENT POLICY

1. **Purpose of report**

1.1 To review and approve the council's refreshed Risk Management Policy following the purchase of new risk management software (GRACE).

2. **Outcomes**

2.1 Evidence that the council manages its significant business risks and recognises that effective risk management is integral to the council's corporate governance arrangements.

3. **Recommendation**

3.1 That the Audit Committee reviews and approves the refreshed Risk Management Policy attached at Appendix 1.

4. **Background**

4.1 The Risk Management Policy is a key document, which identifies the council's approach to risk management and demonstrates how it is embedded across the council. The adoption of this amended policy will help the council to demonstrate its commitment to a policy of managing risk wherever it may arise.

4.2 In accordance with their terms of reference the Audit Committee will review the risk profile of the organisation and consider the effectiveness of the council's risk management arrangements. This involves monitoring the progress of embedding risk management, reviewing the council's risk registers and ensuring that actions are being taken where necessary to mitigate such risks.

4.3 The Audit Committee review the Risk Management Policy on an annual basis, the next review of this policy being due in November 2022.

4.4 Since the last review which took place in June 2020, the council has procured risk management software called GRACE (Governance, Risk and Control Evaluation) to assist with the embedding of risk across the organisation. Work over the next 12 months will include cascading the attached policy and risk management training for selected officers. This will incorporate the roll out of the GRACE Risk Management software across the organisation which incorporates both strategic and operational risks registers for all council services.

4.5 Audit Committee will continue to have access to both strategic and operational risk registers via the HUB. These will be updated and uploaded on a quarterly basis.

5. Key Issues and proposals

5.1 The refreshed Risk Management Policy is at Appendix 1. The policy has been amended to reflect the new processes and procedures to be adopted following the procurement of the GRACE Risk Management software in June 2021.

Financial and legal implications	
Finance	None arising directly from the report.
Legal	Effective risk management assist in good governance and probity of council actions.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Dawn Allen	01253 887341	dawn.allen@wyre.gov.uk	18 October 2021

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Risk Management Policy (refreshed October 2021)

<u>Risk Management Policy</u>

<u>October 2021</u>

Wyre Borough Council
Risk Management Policy V0.1
14 October 2021

Contents

Version control

	Description	Date
V0.1	Draft Risk Management Policy	14/10/21
V0.2		
V1.0		

1.0 Introduction

1.1 Risk is unavoidable and is part of all our lives. As an organisation, we need to take risks to grow and develop. Risk management involves understanding, analysing and addressing risks to make sure the organisation achieves its objectives. Successful risk management can make a council more flexible and responsive to new pressures and external demands. It allows an organisation to deliver services better and to meet the needs and expectations of its community in what is a fast changing and dynamic environment. The benefits of successful risk management include, improved service delivery, financial performance and robust corporate governance supporting the effective use of the council's resources, as well as improved decision making and budgeting, and enhanced communication between staff, elected members and partners.

1.2 This policy explains the council's approach to risk management and the framework that will operate to establish and drive an effective system not only to minimise risk but also to enable continuous improvement at every level of the organisation.

1.3 By managing our risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.

2.0 Scope

2.1 This policy applies to all staff, elected Members and all working groups and partnerships. The responsibilities of these groups and the individuals within them, for the implementation and the effective management of risk is detailed below.

2.2 This policy will be reviewed annually to take account of changing legislation, government initiatives, best practice and experience gained within the council.

3.0 Risk Management Objectives

3.1 The council has identified a number of key risk management objectives that need to be met to ensure a robust risk management framework is embedded across the council; namely:

- Adopt a strategic approach to risk management to make better informed decisions which is vital to successful transformational change;

- Set the 'tone from the top' on the level of risk we are prepared to accept on our different service delivery activities and priorities;

- Acknowledge that even with good risk management and our best endeavours, things can go wrong. Where this happens, we use the lessons learnt to try to prevent it from happening again;

- Develop leadership capacity and skills in identifying, understanding and managing the risks facing the council;

- Integrate risk management into how we run council business. Robust risk management processes help us to achieve our core purpose, priorities and outcomes;

- Support a culture of well-measured risk taking throughout the council's business. This includes setting risk ownership and accountabilities and responding to risk in a

balanced way, considering the level of risk, reward, impact and cost of control measures;

- Ensure that the council continues to meet any best practice requirements in relation to risk management; and

- Ensure risk management continues to be a key and effective element of our Corporate Governance arrangements.

4.0   Definitions

4.1   Risk can be defined as;

"An uncertain event that, should it occur, will have an effect on the council's objectives and/or reputation. It is the combination of the probability of an event (likelihood) and its effect (impact)".

Risk management can be defined as;

"The systematic application of principles, approach and processes to the identification, assessment and monitoring of risks."

4.2   Risk management is applied at all levels of service delivery across the council. The council separates risk into two categories;

Strategic Risks – Risks that could have an effect on the successful achievement of the Council's long term vision, business plan priorities and outcomes. These are risks that could potentially have a council-wide impact and / or risks that cannot be managed solely at a service level because higher level support / intervention is needed.

Operational (service) Risks – Risks that could have an effect on the successful achievement of the service or business plans / objectives. Potentially these risks could have a significant financial, reputational and / or service delivery impact on the business unit as a whole.

5.0   Risk Management Standards

5.1   A number of standards have been developed worldwide to help organisations implement risk management systematically and effectively. These standards seek to establish a common view on frameworks, processes and practice, and are generally set by recognised international standards bodies or by industry groups. Risk management is a fast-moving discipline and standards are regularly supplemented and updated.

5.2   Despite the publication of the global risk management standard in 2009; ISO 31000 (updated early 2018), the Institute of Risk Management (IRM) has decided to retain its support for the original 'Risk Management Standard' that was published in 2002 because it is a simple guide that outlines a practical and systematic approach to the management of risk.

The standard is not prescriptive i.e. a box ticking exercise or a certifiable process. Instead, the standard represents best practice against which organisations can measure themselves. The council has reviewed this policy against this standard.

6.0   Risk Management Approach

6.1   The purpose of the risk management approach outlined in this Policy is to:

- Provide standard definitions and language to underpin the risk management process;
- Ensure risks are identified and assessed consistently throughout the organisation through the clarification of key concepts;
- Clarify roles and responsibilities for managing risk; and
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards.

6.2   Before we can identify our risks we need to establish the context by looking at what we are trying to achieve and what our proposed outcomes are. Depending on the area under review, the relevant objectives and outcomes will usually be detailed in existing documents, e.g. council business plan, individual services plans, project briefs, partnership agreements etc.

To ensure consistency, the following four steps should be followed when identifying, evaluating, treating / mitigating and reviewing risks;

Step 1 – Identifying risk

Risk identification should be approached in a methodical way to ensure that all significant activities within the organisation have been identified and all risks flowing from these activities have been defined. The majority of risks will be identified as part of the routine service planning stages where barriers to specific business objectives can easily be recognised. All staff have a duty to report emerging risks to their heads of service or manager as and when they are identified. Risks can arise and be identified when the following events occur:

- the change of internal or external processes;
- staff / Elected Members leave and / or restructuring takes place;
- through procurement of a new supplier or asset;
- partners change or are re-structured;
- legislation is revised or introduced;
- the social and or economic climate alters; or
- an incident occurs.

To help in the risk identification process a number of common risk assessment techniques / methods can be used, for example, questionnaires, checklists, workshops, brainstorming sessions, audits and inspection reports or flowcharts.

There are a number of different types of risks that an organisation may face including financial loss, failure of service delivery, physical risks to people, and damage to the organisation's reputation. To act as a prompt and to ensure completeness, a checklist of risk categories has been developed around the acronym '**PERFORMANCE**'. Examples of risks from each category are detailed in the Risk Identification Checklist at **Appendix A**.

When describing risks, it helps to display the identified risk in a structured format to ensure a comprehensive risk identification, description and assessment process takes place.

Once identified, all risks are recorded in a 'Risk Register'. A risk owner must be allocated and recorded against each risk on the risk register. Such accountability helps to ensure 'ownership' of the risk is documented and recognised. A risk owner is defined as a person

with the accountability and authority to effectively manage the risk. At this stage there may well be a long list of possible risks. The next step will help to prioritise these in order of importance.

Step 2: Analysing and Evaluating risk

In order to analyse and evaluate risks, a thorough risk assessment needs to be undertaken. That is, a detailed analysis of the potential threats faced by the council which may prevent achievement of its objectives. Through consideration of the sources of the risk, possible consequences, and the likelihood of those consequences occurring, it helps make decisions about the significance of risks and whether they should be accepted or treated.

To ensure that a consistent scoring mechanism is in place across the council, risks are assessed using agreed criteria for likelihood and impact and a score is calculated using the risk matrix e.g. High Likelihood (3) and High Impact (3) would result in a risk score of 9 – see **Appendix B**.

A "traffic light" approach is used to show high (red), medium (amber) and low (green) risks.

First Risk Score – Inherent (Gross) Risk Score

Following identification of the risk, a score for the gross likelihood and gross impact will be given to the risk as it currently stands, to ascertain the inherent (gross) risk score. The inherent risk score is the score given before any controls or actions are taken to alter the risk's impact or likelihood. This risk score is given to assist Internal Audit when pulling together the Risk Based Audit Plan. Those risks that have scored as 'red' risks will be the risks that Internal Audit will want to ensure are appropriately mitigated and will therefore take priority when the audit plan is produced.

Second Risk Score – Residual (Net) Risk Score

Risks are then re-scored to ascertain the residual (net) risk score. This is the score given when taking into consideration any controls already in place and / or any existing actions that are not operating effectively. To ensure resources are focused on the most significant risks, the council's approach is to focus on the risks that have scored as 'red' or 'amber' on the matrix. This may also be referred to as the council's risk appetite. The residual risk score will be the deciding factor as to whether further action is required in order to reduce the risk to within the council's 'risk appetite'. It is at this point that a risk response category is assigned by the risk owner to determine what, if any, action is to be taken e.g. reduce or accept the level of risk. (**See Appendix C for risk response categories.**)

Any risks that are NOT scored as a 'red' or 'amber' risk, will fall below the risk appetite, and will be accepted and kept under review for any significant changes that may increase the risk score. Anything identified as a 'red' or 'amber' risk will take priority and the necessary actions will be taken to mitigate the risk.

Third Risk Score – Target Risk (Retained Risk) Score

If a risk requires further mitigating action in order to reduce the risk score to within a tolerable level, the risk owner needs to set a realistic target score, and develop an action plan which when implemented will reduce the risk to within the target risk score.

Step 3: Treatment and Action Planning

Actions, which will help to minimise the likelihood and / or impact of the risk occurring, are identified for each 'red' risk. A risk owner should be identified for each action.

Residual risks are prioritised by applying the same scoring criteria and matrix used for assessing the Inherent risk level (Step 2). It is the risk owner's responsibility to ensure that the agreed residual risk level for each risk is an accurate reflection of the likelihood and impact measures detailed in **Appendix B.** Where the severity of a risk is reduced, evidence of the mitigating action taken in the implementation of the activity being assessed should be retained.

Not all risks can be managed, so having assessed and prioritised the identified risks, cost effective action needs to be taken to manage those that pose the most significant threat. Risk may be managed in one, or a combination of, the following ways:

- **Avoid** - A decision is made not to take a risk;
- **Accept** - A decision is taken to accept the risk;
- **Transfer** - All or part of the risk is transferred through insurance or to a third party;
- **Reduce** - Further additional actions are implemented to reduce the risk; or
- **Exploit** - Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.

These actions are described in more detail in **Appendix C.**

The managed approach to risk should always be documented in the risk register, for example, after the first assessment of the risk, a decision may be made to 'transfer' the risk, therefore no further mitigating controls are required. This must be clearly stated in the register to evidence the effectiveness of the evaluation and scoring process. In another example, a decision may be made following the second assessment, that despite additional controls the residual risk is still too great and that a decision is made to avoid the risk entirely by stopping the activity. Again, this must be clearly documented.

Step 4 – Monitoring and Reporting

Risk management should be thought of as an ongoing process and as such risks need to be reviewed regularly to ensure that prompt and appropriate action is taken to reduce their likelihood and / or impact.

Regular reporting enables senior managers and Elected Members to be more fully aware of the extent of the risks and progression being made to manage them. Both strategic and operational risk workshops will be administered by Internal Audit on an annual basis.

The Grace Risk Management system will encourage risk owners to continually monitor and update identified risks on a more frequent basis. The system will automatically email risk / action owners to update their registers on a monthly basis.

In addition, quarterly reminders will be sent to Heads of Service / Managers asking them to consider / add newly identified risks to the system throughout the course of the year and review risks, scores and action plans.

Progress on high 'red' risks for both strategic and operational risk registers will be reported to the Audit Committee as required.

7.0   Risk Registers

The council's risk registers are held within the Grace Risk Management system (GRACE). The registers document the key risks and who is responsible for them. It also records the action plans created to help mitigate these risks.

7.1   To ensure that the risk registers are comprehensive and accurately reflect the levels of risk within the council, all relevant and available sources of information will be used in their compilation and review, namely:-

- The council's Annual Governance Statement;
- Internal Audit reports;
- External Audit reports;
- Committee reports / portfolio holder / officer delegation reports;
- Risk Assessments;
- Incident / accident reports;
- Insurance claims and advice from the council's Insurers;
- Complaints; and
- Any relevant articles from risk management publications.

7.2   The Audit and Risk Team will oversee the administration of both strategic and operational risk registers within the Grace system. However, identified risk owners will ultimately be responsible for monitoring and updating their risk scores and actions plans.

7.3   The Grace system will automatically send risk owners a monthly email reminder of any overdue risk reviews and overdue actions and Internal Audit will monitor risk movements to ensure that risk owners are updating records as and when required.

7.4   Managers are encouraged to amend risk scores or descriptions with the intention of maintaining a culture of openness. However, Internal Audit will monitor these amendments to ensure that actions taken e.g. increased or improved control, or another viable explanation e.g. the activity ceases altogether, has been recorded within the system to support the change.

8.0   Roles and Responsibilities

8.1   To ensure risk management is effectively implemented, all staff and Elected Members should have a level of understanding of the council's risk management approach and regard risk management as part of their responsibilities:

Employees

- ♦   Manage day to day risks and opportunities effectively and report risk management concerns to their Heads of Service / Mangers;
- ♦   Participate fully in risk workshops and action planning as appropriate; and
- ♦   Attend training and awareness sessions as appropriate.

Elected Members

- ♦   Support and promote an effective risk management culture; and
- ♦   Constructively review and scrutinise the risks involved in delivering the council's core purpose, priorities and outcomes.

NB. Some individuals and groups have specific leadership roles or responsibilities and these are identified below:

Cabinet

- ♦   Risk manage the council in delivering its core purpose, priorities and outcomes; and
- ♦   Consider and challenge the risks involved in making any 'key decisions'.

Audit Committee

- ♦   Provide independent assurance to the council on the overall adequacy of the risk management framework, including review of proposed amendments to the Risk Management Policy;
- ♦   Review and challenge the content of risk registers;
- ♦   Where appropriate escalate operational risks for possible inclusion on the strategic risk register; and
- ♦   Approve and review recommendations and amendments to the Risk Management Policy.

Corporate Management Team

- ♦   Champion an effective council-wide risk management culture;
- ♦   Ensure Elected Members receive relevant risk information; and
- ♦   Be responsible for owning and managing corporate strategic risks.

Corporate Directors

♦ Risk manage their directorate in delivering the council's core purpose, priorities and outcomes;

♦ Constructively review and challenge the risks involved in decision making; and

♦ The Corporate Director Resources (Section 151 Officer), supported by the Audit and Risk Manager (Chief Internal Auditor), champion's risk management. It is their responsibility to promote the adequate and proper consideration of risk management to senior managers and more widely within the council.

Heads of Service / Managers

♦ Responsible for the effective leadership and management of risk in their service areas to meet service objectives / outcomes in line with the council's risk management framework;

♦ With the appropriate risk owner, maintain the relevant risk registers ensuring all key risks are identified, managed and reviewed in line with the corporate risk management approach;

♦ Promptly escalate risks appropriately;

♦ Encourage staff to be open and honest in identifying risks and opportunities;

♦ Ensure risk management process is an explicit part of transformation and all significant projects;

♦ Ensure that appropriate resources and importance are allocated to the process; and

♦ Provide assurance that the risks for which they are the risk owner are being effectively managed. This will be completed as part of the Annual Governance review process.

Risk Owners

♦ Take ownership of the actions they are responsible for by either confirming the existence and effectiveness of existing actions or ensuring that any further actions are implemented.

Partners

♦ Where appropriate participate in the development of a joint partnership risk register;

♦ Actively manage risk within the partnership; and

♦ Report on risk management issues to partnership boards or equivalent.

Internal Audit

♦ Design and facilitate the implementation of a risk management framework ensuring it meets the needs of the organisation;

♦ Act as a centre of expertise, providing support and guidance as required;

♦ Collate risk information and prepare reports as necessary to both the Corporate Management Team and the Audit Committee;

♦ Ensure the Internal Audit work plan is focused on the key risks facing the council;

♦ Provide assurance that risks are being effectively assessed and managed;

♦ During all relevant audits, challenge the content of risk registers; and

♦ Periodically arrange for the independent review of the council's risk management process and provide an independent objective opinion on its operation and effectiveness.

9.0   Embedding Risk Management

9.1   For risk management to be effective and a meaningful management tool, it needs to be an integral part of key management processes and day-to-day working. As such, risks and the monitoring of associated actions should be considered as part of a number of the council's significant business processes, including:

♦ Corporate Decision Making – significant risks, which are associated with policy or action to be taken when making key decisions, are included in appropriate committee reports.
♦ Business / budget planning – this annual process includes updating the relevant risk registers to reflect current aims / outcomes.
♦ Project Management – all significant projects should formally consider the risks to delivering the project outcomes before and throughout the project. This includes risks that could have an effect on service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).
♦ Partnership Working – partnerships should establish procedures to record and monitor risks and opportunities that may impact the council and/or the partnership's aims and objectives.
♦ Procurement – all risks and actions associated with a purchase need to be identified and assessed, kept under review and amended as necessary during the procurement process.
♦ Contract Management – significant risks associated with all stages of contract management are identified and kept under review
♦ Insurance – the council's Insurance Officer manages insurable risks and self-insurance arrangements.
♦ Health and Safety – the council has specific policies and procedures to be followed in relation to health and safety risks.

10.0 Culture

10.1 The council will be open in its approach to managing risks and will seek to avoid a blame culture. Lessons from events that lead to loss or reputational damage will be shared as well as lessons from things that go well. Discussion on risk in any context will be conducted in an open and honest manner.

11.0 Training and Awareness

11.1 Having documented a robust approach and established clear roles and responsibilities and reporting lines, it is important to provide staff and Elected Members with the knowledge and skills necessary to enable them to manage risk effectively. The Internal Audit and Risk Team will use a range of training methods to meet the needs of the organisation. Furthermore, risk management information will be developed and will be made available on the intranet to ensure the council can apply a consistent approach when managing risk.

12.0 Summary

12.1 The adoption of this policy and the ongoing efforts to embed sound risk management principles into the council's 'fabric' will improve the way in which services are

delivered. A solid, well-documented and comprehensive approach to risk management and its adoption into the decision making process is good practice, essential to good management and strengthens the council's governance framework.

Check List for Risk Identification (PERFORMANCE)

Political

♦ Change in Government policy
♦ Member support / approval
♦ Political personalities
♦ New political arrangements

Economic

♦ Demographics
♦ Economic downturn - prosperity of local businesses / local communities

Regulatory

♦ Legislation and internal policies/regulations including: Health & Safety at Work Act, Data Protection, Freedom of Information, Human Rights, Equalities Act 2010 and Public Sector Equality Duty 2011, Employment Law, TUPE, Environmental legislation etc.
♦ Grant funding conditions
♦ Legal challenges, legal powers, judicial reviews or public interest reports

Financial

♦ Budgetary pressures
♦ Loss of/reduction in income/funding
♦ Cost of living/inflation, interest rates, increase in energy costs
♦ Financial management arrangements
♦ Investment decisions, Sustainable economic growth
♦ Affordability models and financial checks
♦ Inadequate insurance cover
♦ System / procedure weaknesses that could lead to fraud

Opportunities/ Outcomes

♦ Add value or improve customer experience/satisfaction
♦ Reduce waste and inefficiency
♦ Maximising independence for older people with disabilities
♦ Developing sustainable places and communities
♦ Protecting the community and making Wyre a safer place to live

Reputation

♦ Negative publicity (local and national), increase in complaints

Management

♦ Loss of key staff, recruitment and retention issues
♦ Training issues
♦ Lack of/or inadequate management support
♦ Poor communication/consultation
♦ Capacity issues - availability, sickness absence
♦ Emergency preparedness / Business continuity

Assets

♦ Property - land, buildings and equipment,
♦ Information – security, retention, timeliness, accuracy, intellectual property rights
♦ ICT – integrity, security, availability, e-government
♦ Environmental - landscape, countryside, historic environment, open space

New Partnerships/ Projects/ Contracts

♦ New initiatives, new ways of working, new policies and procedures
♦ New relationships – accountability issues / unclear roles and responsibilities
♦ Monitoring arrangements
♦ Managing change

Customers/ Citizens

♦ Changing needs and expectations of customers - poor communication / consultation
♦ Poor quality / reduced service delivery - impact on vulnerable groups
♦ Crime and disorder, health inequalities, safeguarding issues

Environment

♦ Recycling, green issues, energy efficiency, land use and green belt issues, noise, contamination, pollution, increased waste or emissions
♦ Impact of planning or transportation policies
♦ Climate change – hotter drier summers, milder wetter winters and more extreme events – heat waves, flooding, storms etc.

Measures of Likelihood and Impact

Diagram 1

	Low	Medium	High
High	3	6	9
Medium	2	4	6
Low	1	2	3

(Likelihood on vertical axis; Impact / Severity on horizontal axis: Low, Medium, High)

Impact / Severity

Likelihood Measures

	Low	Medium	High
Probability	Less than 10% chance of circumstances arising	10% to 75% chance of circumstances arising	More than 75% chance of circumstances arising
Timescale	Is unlikely to occur.	Possible in the next 1-3 years.	Occurred in the past year or is very likely to occur in the next year.

Impact / Severity Measures

	Low	Medium	High
People/ Duty of Care	Low level of foreseeable minor injuries	Medium level of foreseeable minor injuries Low level of foreseeable serious injuries	High level of foreseeable severe / long-term injuries, illness
Financial Impact	Up to £500k / Less than 5% over project budget	Up to £5 million / 5 - 25% over project budget	Over £5 million / more than 25% over project budget
Legal Impact	Minor civil litigation	Major civil litigation and/or local/national public enquiry	Legal action certain Section 151 or government

Service Impact	Short term service disruption	Significant service failure but not directly affecting vulnerable groups	Serious service failure directly affecting vulnerable groups
Project Delivery	Minor delay to project	Significant delay to project	Project fails to deliver target impacting on the service performance / council's performance
Intervention Required	Intervention by Service Manager, Project Manager or equivalent	Intervention by Head of Service or equivalent.	Intervention by the Executive Team, Board or Council
Reputation Impact	Short term negative local media attention	Significant negative local media attention	Sustained negative local media attention and/or significant national media attention

Risk Response Categories

Categories	Description
Treat	Implement further additional action(s) to reduce the risk by minimising the likelihood of an event occurring (e.g. preventative action) and / or reducing the potential impact should the risk occur (e.g. business continuity plans). Further actions are recorded in the risk register and regularly monitored.
Tolerate	A decision is taken to accept the risk. Management and/or the risk owner make an informed decision to accept that existing actions sufficiently reduce the likelihood and impact of a risk and there is no added value in doing more.
Transfer	Transfer all or part of the risk through insurance or to a third party e.g. contractor or partner, who is better able to manage the risk. Although responsibility can be transferred, in most cases accountability remains with the council, so this needs to be monitored.
Terminate	A decision is made to avoid a risk. Where the risks outweigh the possible benefits, avoid the risk by doing things differently e.g. revise strategy, revisit objectives or stop the activity.
Exploit	Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.