



Audit Committee Agenda

Wyre Borough Council
Date of Publication: 10 June 2019
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Democratic Services and Scrutiny
Manager
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**Audit Committee meeting on Tuesday, 18 June 2019 at 6.00 pm
in the Civic Centre, Poulton-le-Fylde**

- 1. Apologies for absence**
- 2. Declarations of interest**
- 3. Confirmation of minutes**

(Pages 1 - 4)

To confirm as a correct record the minutes of the last meeting of the Audit Committee held on 28 May 2019.

- 4. Marine Hall Audit: Verbal Update**

The Commercial Manager Waterfront and Venues (Julia Robinson) will attend the meeting to present the updated action plan.

- 5. `Training': Statement of Accounts 2018/19**

The Head of Finance (Section 151 Officer) will make a presentation.

During the course of her presentation the Head of Finance will refer to a guidance document published by the Chartered Institute of Public Finance and Accountancy, which can be viewed via the following link:

https://www.cipfa.org/~media/files/policy%20and%20guidance/boards/cipfa%20lasaac/understanding_lafs_v6.pdf?la=en

The Head of Finance (Section 151 Officer) will also refer to information published on the Wyre Council's web site, which can be viewed via the following link:

http://www.wyre.gov.uk/info/200339/council_budgets_and_spending/57/statement_of_accounts

- 6. Risk Management Policy: Annual Review**

(Pages 5 - 14)

Report of the Head of Finance (Section 151 Officer).

7. Annual Governance Statement of Assurance from the previous Committee

Verbal report from the Chairman of the Committee (Cllr McKay).

8. Annual Governance Statement 2018/19 (Pages 15 - 32)

Report of the Head of Finance (Section 151 Officer).

9. Date of next meeting

Tuesday 23 July 2019 at 6pm in the Council Chamber.

10. Periodic private discussion with External Auditor

Following the conclusion of the formal meeting, members of the committee will be given the opportunity to have their private periodic discussion with the External auditor, as provided for in the Committee's work programme.

11. Marine Hall Audit: Update Report (Agenda item 4) (Pages 33 - 50)

12. Annual Governance Statement Action Plan 2018/19 (Agenda item 8 - Supplement) (Pages 51 - 54)



Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 28 May 2019 at the Civic Centre, Poulton-le-Fylde.

Audit Committee members present:

Councillors McKay, Ingham, R Amos, E Ellison, R George, Longton, Moon, O'Neill, M Stirzaker, L Walmsley and Webster.

Apologies for absence:

Councillor(s) Cartridge, Holden and Minto.

Other councillors present:

Councillor(s) I Amos and Sir R Atkins.

Officers present:

Clare James, Head of Finance and Section 151 Officer
Joanne Billington, Head of Governance
Paul Hewitson, External Auditor (Deloitte)
Roy Saunders, Democratic Services and Scrutiny Manager
Emma Keany, Governance Trainee.

No members of the public or press attended the meeting.

1 Election of Chairman

Agreed that Councillor Lesley McKay be appointed Chairman of the Audit Committee for the municipal year 2019/20.

2 Election of Vice Chairman

Agreed that Councillor Tom Ingham be appointed Vice-Chairman of the Audit Committee for the municipal year 2019/20.

3 Declarations of interest

None.

4 Confirmation of minutes

Agreed that the minutes of the Audit Committee meeting held on 12 March

2019 be confirmed as a correct record.

The Chairman (Cllr McKay) confirmed, that further checks would be made in regards to expressed concerns that there was a remaining conflict between the planned November date of the Audit Committee and a meeting of Fleetwood Town Council.

5 External Audit Annual Audit Fee 2019/20

The Chairman (Cllr McKay) agreed to bring the planned Item 9 forward to Item 6, due to the time constraints of the External Auditor.

The Head of Finance (Section 151 Officer) submitted a letter received from Deloitte LLP setting out its external fees for 2019/20. The external auditor explained to the committee that the fees had been determined under a national procurement process and were the same as the fees for 2018/19.

Agreed that Deloitte's fee for the external audit of the Council's accounts, for the year ending 31 March 2020, of £37,470 be noted.

6 Annual Review of Internal Audit Charter

The Head of Finance (Section 151 Officer) submitted a report to enable the Council's Internal Audit Charter and Code of Ethics to be considered, in accordance with the requirements of the Accounts and Audit Regulations 2015 and, in compliance with national accounting standards and guidance.

The Head of Governance informed Members that a report demonstrating how the internal audit service would be delivered and developed in accordance with the charter, had been submitted to the Committee in March 2019.

Agreed that the Internal Audit Charter and Code of Ethics, attached at Appendices 1 and 2, be approved.

7 Review of Effectiveness of Internal Audit

The Head of Finance (Section 151 Officer) submitted a report on the annual review of the effectiveness of the Council's system of internal audit, as required by the Accounts and Audit Regulations 2015.

The Head of Governance confirmed that no further actions were required following the most recent peer review, which had been carried out in March 2018.

Agreed that the results of the May 2019 review of the effectiveness of Internal Audit, as detailed in Appendix 1 of the report, be noted.

8 Internal Audit Annual Report 2018/19

The Head of Finance (Section 151 Officer) submitted a report providing information on internal audit work carried out during 2018/19, to enable the

Committee to review progress in relation to risk management activity, as required by the Accounts and Audit Regulations 2015.

The Head of Governance referred to her formal “opinion” as Chief Internal Auditor (set out in the concluding paragraph of Appendix 1) that, taking account of the areas listed in the report, the Council has in place satisfactory controls to be able to maintain an effective internal control environment.

The Head of Governance said that summaries of the internal audits carried out in 2018/19 and the other work carried out by the internal audit team were included in Appendix 1. She said that the audit plan had had to be revised during the course of the year because a member of staff had left to move to another authority and, as a consequence, the review of building maintenance had been rescheduled for the beginning of 2019/20.

The Head of Governance and the Head of Finance (Section 151 Officer) drew attention, in particular, to the follow-up review of the Marine Hall. The overall opinion of the original audit carried out in 2017/18 had been “weak”. Since then, a number of procedures and controls had been implemented and the opinion in the follow-up review had been raised to “fair”. However, following further staff turnover and an incident in April involving cash not being balanced, concerns remained that some of the recommendations were still outstanding and procedures were not always being followed. The Commercial Manager was due to attend the next meeting of the Audit Committee on 18 June to update members on progress. The Commercial Manager had now also been asked to attend the meeting of the Overview and Scrutiny Committee on 3 June, but that Committee would be focussing on the type and level of services provided at the Marine Hall, rather than the financial and other control procedures in place.

The Head of Governance also explained how the process for identifying and mitigating operational risks, referred to in Appendix 2 of the report, had been carried out.

Agreed:

1. That the Internal Audit Annual Report 2018/19, attached as Appendix 1, the Risk Management Progress Report attached as Appendix 2 and the Strategic Risk Management Review attached as Appendix 3 of the report of the Head of Finance (Section 151 Officer), be noted.
2. That the Commercial Manager be asked to attend the June meeting of the Audit Committee as planned, to update the committee on the progress made in implementing the recommendations of the Audit Team, notwithstanding the request for her to attend the Overview and Scrutiny Committee meeting on 3 June to discuss more strategic issues relating to the Marine Hall.

The meeting started at 6pm and finished at 7.15pm.

Date of Publication: 5 June 2019.



Report of:	Meeting	Date
Head of Finance (s151 Officer)	Audit Committee	18 June 2019

ANNUAL REVIEW OF THE COUNCIL'S RISK MANAGEMENT POLICY

1. Purpose of report

- 1.1 To review the council's Risk Management Policy.

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 Members are asked to approve the 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 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 risk 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 are also required to review the Risk Management

Policy on an annual basis with the last review being completed in June 2018.

5. Key Issues and proposals

5.1 The Risk Management Policy is at Appendix 1. There have been no changes since its last review in June 2018.

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
Joanne Billington	01253 887372	joanne.billington@wyre.gov.uk	5 June 2019

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

List of appendices

Appendix 1 – Risk Management Policy



Risk Management Policy

June 2019

1.0 Introduction

- 1.1** Risk 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.
- 1.2** The aim of this Risk Management Policy is to establish and operate an effective system not only to minimise risk but also to enable continuous improvement at every level of the organisation. The adoption of this policy will help the Council to demonstrate its commitment to a policy of managing risk wherever it may.
- 1.3** The Council is committed to developing a robust approach to risk management and will take reasonable steps to ensure that it;
- ◆ Provides services of the highest quality and standards possible;
 - ◆ Provides a safe environment and facilities for staff and visitors;
 - ◆ Provides reasonable and safe working arrangements for staff e.g. hours and workloads;
 - ◆ Provides staff with adequate training and equipment to perform their duties;
 - ◆ Encourages and enables staff to improve their performance both individually and collectively; and
 - ◆ Is not financially or operationally compromised or disrupted.
- 1.4** In making this commitment the Council aims to;

- ◆ Identify activities that may cause loss, or cause the council to fail to deliver its objectives;
 - ◆ Measure the impact of potential loss on the council, its property, staff and customers;
 - ◆ Take reasonable steps to avoid, reduce and/or control the impact of potential loss;
 - ◆ Make efforts to share or transfer risk wherever possible;
 - ◆ Foster a culture of risk awareness that is reflected in all aspects of its work;
 - ◆ Develop a culture that encourages open reporting and learning from adverse events; and
 - ◆ Demonstrate continuous improvement, spreading learning across the council and meeting the changing needs of the community.
- 1.5** The policy applies to the council's elected Members and its Committees, the Corporate Management Team, staff and all working groups and partnerships. The responsibilities of these groups and the individuals within them, for the implementation of a control assurance programme and the effective management of risk is detailed below.
- 2.0 Risk Evaluation**
- 2.1** The council uses Zurich Municipal's STORM methodology (Strategic and Tactical Organisational Risk Management); a structured, systematic methodology that identifies, evaluates, prioritises and manages opportunities and risk at strategic and operational levels.
- 2.2** The council's risk registers are held within spreadsheets and are accessible via the council's Intranet. The registers document the key risks and who is responsible for them. They also record the action plans created to help mitigate these risks.
- 2.3** Risk assessment is a formal requirement in the council's decision-making process. Prior to the submission of any committee report the report author must identify any risks associated with putting into place the recommendations or the risks associated with not doing so. Reports are considered by the Corporate Management Team and the cascade of information via team briefings ensures that the Head of Governance is aware of all decisions and can ensure that any associated risks are captured on risk registers.
- 2.4** The risk evaluation method details the level of risk that the council considers acceptable based on likelihood and impact, and ascribes management action to reduce significant risks.

3.0 Responsibilities

Members

- 3.1** Members are ultimately responsible for risk management because risks threaten the achievement of policy objectives. Failure to deliver services efficiently and high-level incidents and scandals often result in the public questioning the competency of those in charge. It often transpires that such failures and scandals could have been avoided if proper governance procedures had been operating effectively. Members must understand the strategic risks that the council faces and decide how these risks should be managed. They should not seek to avoid or delegate this overall responsibility, as it is key to their stewardship responsibilities.
- 3.2** Members must ensure that risk awareness and management are part of the culture of the Authority and as a minimum;
- ◆ Exercise leadership and take a “top down” approach;
 - ◆ Support and monitor the Risk Management process;
 - ◆ Request assurance as to the quality of data that supports the decision making process; and
 - ◆ Form an opinion as to the adequacy of the risk assessment that has been performed.
- 3.3** The Accounts and Audit Regulations 2015 require the publication of an Annual Governance Statement with the council’s financial statements. This includes a review of the effectiveness of internal controls and documents the Council’s approach to risk management. This statement of assurance is a broad reflection of the whole governance of the Authority, identifying the measures that are needed to improve the control environment and is signed by the Leader of the Council and the Chief Executive.

Senior Officers

- 3.4** The Chief Executive acts as the figurehead for implementing the risk management process by making a clear, public and personal commitment to making it work and by signing the Annual Governance Statement.
- 3.5** Implementation of the risk management process has been delegated to the Head of Governance who works closely with the Senior Auditor and the Corporate Management Team to ensure risk action plans are implemented. Should the Head of Governance feel action is inadequate, then this would be reported to the Audit Committee for resolution.

- 3.6** The council's Corporate Management Team meets annually to review the council's strategic risks as identified on the council's strategic risk register, and identify any new risks that may prevent the council from achieving its long-term corporate objectives.
- 3.7** Service Directors and Heads of Service have responsibility for risk management within their own area of operations. They are best placed to understand the risks that are specific to their officers' day-to-day duties.
- 3.8** Service Directors and Heads of Service will;
- ◆ Fulfil their statutory and organisational obligations for the management of risk within the workplace;
 - ◆ Ensure that regular risk assessments are undertaken within their teams as directed by the Head of Governance;
 - ◆ Foster a culture of risk awareness in their teams;
 - ◆ Ensure that staff have access to the relevant policies, procedures and guidelines to facilitate safe practice and to minimise risk; and
 - ◆ Identify staff risk management awareness and other training for professional and personal development.

Employees

- 3.9** The council's employees have a duty to: -
- ◆ Consider the risks involved in what they do;
 - ◆ Be risk aware and observant, and bring potential risks to the attention of their line managers or to the Head of Governance, or report them through the council's formal accident / incident reporting mechanism;
 - ◆ Help to devise and implement processes to minimise risks to an agreed and acceptable level; and
 - ◆ Update risk action plans via the council's risk register spreadsheets.

Head of Governance

- 3.10** The council's Head of Governance has a duty to: -
- ◆ Develop the Risk Management Policy and keep it up to date;
 - ◆ Co-ordinate risk management and internal control activities;
 - ◆ Compile risk information and prepare reports for Audit Committee;
 - ◆ Develop a risk based internal audit plan;
 - ◆ Audit the risk process across the organisation;
 - ◆ Receive and provide assurance on the management of risk; and
 - ◆ Report on the efficiency and effectiveness of internal controls.

4.0 Risk Registers

4.1 The Audit and Risk Management Section will maintain both strategic and operational risk registers and record all significant risks. The registers are held in spreadsheets which can be viewed on the council's intranet and will be used to monitor risk movements.

- ◆ The strategic risk register will be reviewed **annually** by the Corporate Management Team via a risk workshop, and action plans will be updated **quarterly**.
- ◆ The operational risk register will be reviewed **annually** by Heads of Service or the relevant Service Director and action plans will be updated **every six months**.
- ◆ Amendments to risk scores (likelihood x impact) can only be actioned by the Audit and Risk Management Section after evidence of increased or improved control, or another viable explanation has been recorded e.g. the activity ceases altogether.

4.2 To ensure that the risk registers are comprehensive and accurately reflect the levels of risk within the Authority, 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;
- ◆ Risk Assessments;
- ◆ Incident / Accident reports;
- ◆ Insurance Claims and advice from the council's Insurers;
- ◆ Complaints; and
- ◆ Any relevant articles from risk management publications.

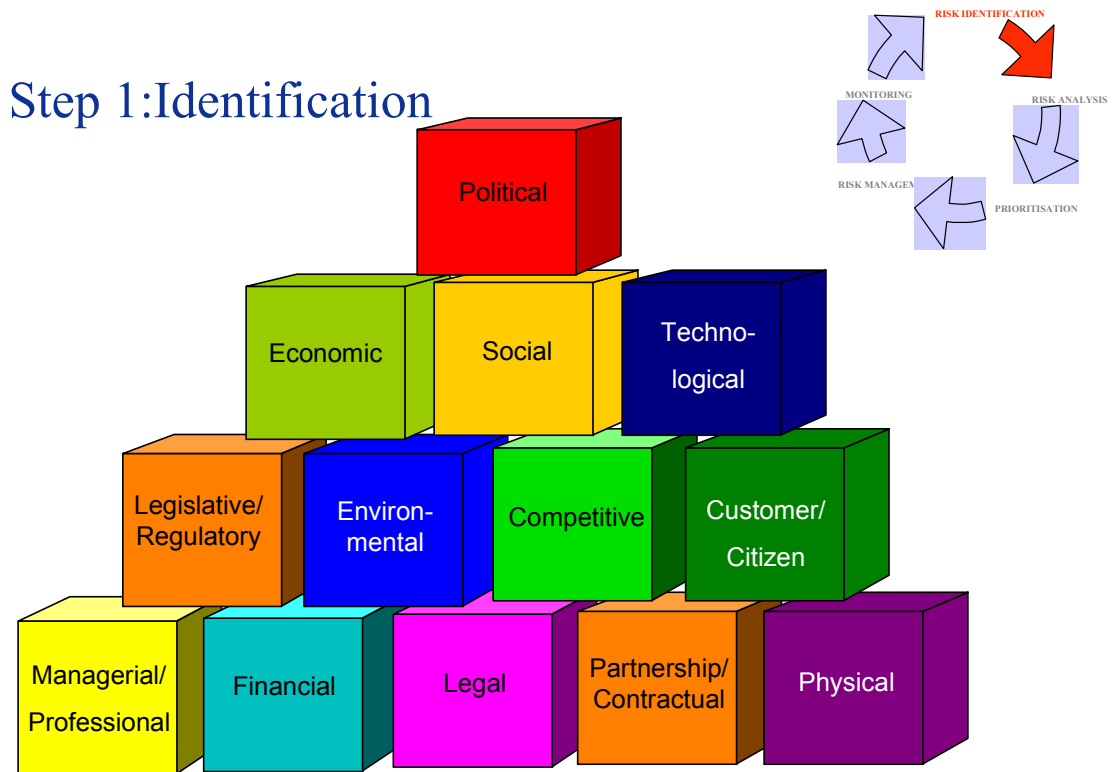
5.0 STORM Methodology

5.1 The process has five main steps to follow; Risk Identification, Risk Analysis, Prioritisation, Risk Management and Monitoring.

- ◆ Risk Identification; Uses the table of risk categories to help identify all risks associated with the action or direction the council takes.
- ◆ Risk Analysis; The vulnerability, trigger and consequences are highlighted.

- ◆ Prioritisation; This scores the likelihood and impact or severity of the risk. The risk is then plotted on a graph called the Risk Profile. Action must be taken to control any risks that have been identified and profiled above the council's risk appetite.
- ◆ Action Planning; To manage “downwards” either the likelihood, the impact or both.
- ◆ Monitoring; The Audit Committee will monitor the progress of the strategic risk register plans via reports provided to their November meeting.

5.2 Categories of risk to consider when using the STORM process to identify risk are illustrated in the diagram below.



5.3 The quality of data must also be considered when evaluating risk. Data can be collected and used in any of the above areas. However if a decision is to be based on that data, or performance measured or judged on it, then the source must be assured. The key elements of quality data are listed as follows.

- ◆ Accuracy
- ◆ Reliability
- ◆ Relevance
- ◆ Validated
- ◆ Timely, and
- ◆ Complete.

6.0 Risk Management Standards

- 6.1** Despite the publication of ISO 31000, the global risk management standard, the Institute of Risk Management (IRM) has decided to retain its support for the original risk management standard. This historic standard was formulated in 2002 by The Association of Insurance and Risk Managers in Industry and Commerce (AIRMIC), the Institute of Risk Management (IRM) and the Public Risk Management Association (ALARM). It is still being referred to as it is a simple and accessible guide that outlines a practical and systematic approach to the management of risk.
- 6.2** 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 its risk management policy against this standard.

7.0 Summary

- 7.1** 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.



Report of:	Meeting	Date
Head of Finance (S151 Officer)	Audit Committee	18 June 2019

DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19

1. Purpose of report

- 1.1 To approve the draft Annual Governance Statement (AGS) for 2018/19 for inclusion in the Annual Statement of Accounts in July 2019 following a review of the council's governance arrangements.

2. Outcomes

- 2.1 Evidence that the council has effective governance arrangements in place.

3. Recommendation

- 3.1 The Committee is asked to review and formally approve the draft AGS, which incorporates the council's Code of Corporate Governance.

4. Background

- 4.1 The AGS is a valuable means of communication. It enables an authority to explain to the community, service users, taxpayers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.
- 4.2 In accordance with the Accounts and Audit Regulations 2015 the council is required to prepare an AGS, which is published alongside the Statement of Accounts.
- 4.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have jointly issued a framework and guidance in relation to the AGS; 'Delivering Good Governance in Local Government'. The guidance urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement

should itself add value to the corporate governance and internal control framework of an organisation. It also recommends that when complying with the guidance, authorities should use it in a way that best reflects their structure, type, functions and size.

4.4 The framework recognises that effective governance is achieved through seven core principles;

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;
- B. Ensuring openness and comprehensive stakeholder engagement;
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits;
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- F. Managing risks and performance through robust internal control and strong public financial management; and
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

5. Key Issues and proposals

5.1 The draft AGS for 2018/19 is attached at Appendix 1 and have been prepared following a workshop which was attended by key officers of the council who have the most appropriate knowledge, expertise and levels of seniority to consider the extent to which the organisation complies with the principles set out in paragraph 4.4 above.

5.2 The Leader of the Council and the Chief Executive have signed the statement certifying that they are aware of the governance issues within the Authority and of the measures that are needed to mitigate them.

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

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

List of appendices

Appendix 1 – Draft Annual Governance Statement 2018/19

DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19

1.0 INTRODUCTION TO CORPORATE GOVERNANCE

- 1.1 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately leads to good outcomes for the residents and the service users of Wyre. Good governance also enables the council to pursue its corporate vision effectively, as well as underpinning that vision, with mechanisms for control and management of risks.

2.0 SCOPE OF RESPONSIBILITY

- 2.1 Wyre Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and that funding is used economically, efficiently and effectively. Wyre Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 2.2 In discharging this overall responsibility, Wyre Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and includes arrangements for the management of risk.
- 2.3 Wyre Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE 'Delivering Good Governance in Local Government' framework.

3.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 3.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wyre Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 3.3 The governance framework has been in place at Wyre Council for the year ended 31 March 2019 and up to the date of approval of the annual statement of accounts.

4.0 WYRE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE

- 4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have published a framework and guidance for delivering good governance in local government. The guidance helps local authorities to interpret the overarching principles contained in the framework prior to developing and maintaining their own 'local' corporate governance arrangements. The framework recognises that effective governance is achieved through seven core principles and 21 sub-principles.
- 4.2 It should be noted that the CIPFA / SOLACE guidance is not prescriptive and authorities are encouraged to use it in a way that best reflects their structure, type, functions and size.

5.0 HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

- 5.1 Set out below is how the council has complied with the seven core principles set out in the CIPFA / SOLACE framework during 2018/19.

Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Behaving with integrity

- Established codes of conduct define expected standards of personal behaviour for both staff and Members.
- The Council has a new set of corporate values for its staff reflecting public expectations about the conduct and behaviour of individuals and these are reflected in the recruitment and selection and performance appraisal processes.
- The Council has a Member Code of Conduct in place that helps to achieve high standards of conduct for elected Members.
- Induction training is in place for both staff and newly elected Members.
- Arrangements are in place to ensure that Members and employees of the council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.
- A register of interests is maintained for Members and officers.
- An up-to-date register of gifts and hospitality is maintained and is reviewed annually by the Monitoring Officer and the Audit Committee.
- There is an efficient Standards Committee.
- Arrangements are in place for whistleblowing, to which all officers, Members and all those contracting with the council have access. The policy is reviewed annually by the Audit Committee.
- Arrangements are in place so that conflicts of interest on behalf of Members and

officers are avoided.

- Effective, transparent and accessible arrangements are in place for dealing with complaints.

Demonstrating strong commitment to ethical values

- The Head of Governance (Chief Internal Auditor) champions ethical compliance for both officers and Members.
- An Ethical Governance Survey was carried out in November 2018.
- Protocols are in place for partnership working. These are documented in the council's Financial Regulations and Financial Procedure Rules.
- A competency framework, listing required behaviours and values, is currently used to drive recruitment and regular performance reviews are undertaken as part of the performance appraisal system.
- Policies and procedures are in place and are regularly reviewed for dealing with unacceptable behaviours.

Respecting the rule of law

- The authority has complied with both the Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the Role of the Chief Financial Officer and the Head of Internal Audit in Local Government.
- The Constitution sets out the responsibilities of elected Members by defining the decision-making powers of the Council, Executive, Overview and Scrutiny and regulatory and other committees, providing clear terms of reference, and describing roles and functions.
- The Head of Governance (Chief Internal Auditor) has extensive internal audit experience and is professionally qualified. She is a certified and chartered auditor (CIA, CMIIA) and also holds a Qualification in Internal Audit Leadership (QIAL).
- Anti-fraud and anti-corruption policies are in place and reviewed annually by Audit Committee.
- The Monitoring Officer is responsible to the council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- Up to date job descriptions and person specifications are maintained for the Chief Executive, Section 151 Officer and the Monitoring Officer.
- All staff have completed training in respect of the Data Protection Act 2018 and the incorporated General Data Protection Regulations.
- Regular training is provided to elected Members who sit on regulatory committees such as Planning, Licensing and the Audit Committee.
- Specific legislative requirements are observed, as well as the requirements of general law, and in particular the key principle of good administrative law, rationality, legality and natural justice form part of procedures and decision-making.
- Proper professional advice on matters that have legal or financial implications is available and when sought, recorded in advance of decision-making.
- Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.
- All allegations concerning breaches of the code by elected Members are thoroughly investigated.

Core Principle B – Ensuring openness and comprehensive stakeholder engagement.

Openness

- A business plan is published annually giving information on the council's strategic narrative, priorities and performance measures which is shared with all officers, Members, partners and the community.
- An annual statement of accounts is produced with an easy to read narrative report.
- The annual efficiency statement is published with the revenue estimates.
- The Head of Finance (Section 151 Officer) is responsible for publishing annual accounts, in a timely manner and within statutory deadlines, to communicate the council's activities and achievements, its financial position and performance.
- The council as a whole is open and accessible to the community, service users and its officers and is committed to openness and transparency in all its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
- Annual staff meetings are held encouraging staff engagement.
- The council complies with the Local Government Transparency Code 2015.
- Wyre Voice, an information leaflet produced by the council, is delivered to every household annually with a monthly E-newsletter being sent to those who have subscribed.
- Periodic reports are produced on Overview and Scrutiny function activity.
- Key decisions are published in the Schedule of Executive Decisions.
- All report authors have been offered training on report writing.
- Audio recordings of Council meetings are available on the council's website.

Engaging comprehensively with institutional stakeholders

- The leisure management partnership board meets regularly to oversee the operation of the council's leisure centres and pools.
- Key partnerships are periodically reviewed through the internal audit plan and the Financial Regulations and Financial Procedure Rules include advice and guidance which can assist officers in managing the key risks of partnership arrangements.
- Corporate guidance has been issued on consultation and public involvement mechanisms offering practical steps and advice.
- The council maintains links with the parish and town councils by regular attendance at the Lancashire Association of Local Councils (LALC) meetings.
- Clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively, e.g. flood forums, the Fylde and Wyre Health and Wellbeing Partnership Board, the Waste Management Partnership Board and the Leisure Management Partnership Board.

Engaging with individual citizens and service users effectively

- The council's vision, strategic plans, priorities and targets are developed through

robust mechanisms, and in consultation with the local community and other key stakeholders, and are clearly articulated and disseminated.

- Arrangements are in place to enable the council to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and there are explicit processes for dealing with these competing demands.
- The Council runs a Digital Hub located at the Fleetwood Market in partnership with Citizens Advice to provide additional support to residents to help them develop their digital skills.
- The council has undertaken significant stakeholder engagement as part of the preparation of the local plan.
- Every year, a State of Wyre update is produced providing local data and intelligence linked to our business plan priorities.
- A 'together we make a difference network' is in place which is essentially asset based community development. This informal membership network led by the council is made up of council officers, elected Members and partners from all sectors with the aim to enable local people to make a difference in their local communities.
- A consultation portal is available which lists details of the consultations that are taking place across the Borough.

Core Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Defining outcomes

- The Council has made a clear statement of its vision, ambitions, key programmes and projects in its business plan (2019 – 2023) which is used for service and corporate planning.
- The business plan includes a set of measures defining outcomes which are reported quarterly to the Overview and Scrutiny Committee.
- There are effective arrangements to deal with failure in service delivery.
- There is a corporate complaints procedure with annual reports from the Local Government Ombudsman being available on the website.
- The medium term financial plan (MTFP) / revenue estimates and capital programme are soundly based and are designed to deliver the council's strategic priorities.
- The value for money indicators are reviewed annually with the results being reported to Cabinet and Overview and Scrutiny Committee.
- The council's approach to value for money is reflected in the annual efficiency statement reported to Cabinet with targets and achievements monitored throughout the year.
- Strategic and operational risk registers are maintained and workshops are held throughout the year to review current risks and identify new risks. The risk registers are reviewed quarterly, in line with the business plan and the efficiency programme.

Sustainable economic, social and environmental benefits

- The council embraces community engagement and involvement and encourages neighbourhood engagement and works collectively with ward councillors, parish and town councillors, community groups and other partner organisations to identify local issues and priorities.
- Our business plan states a number of ambitions which will improve the health and wellbeing of our communities.
- Relationships have been established with clinical leads from the Blackpool, Preston, Morecambe Bay and Fylde and Wyre clinical commissioning groups with a view to influencing service provision.
- The business plan is subject to an equality impact assessment on an annual basis.
- The development of the local plan has been subject to extensive consultation.
- Individual projects are equality impact assessed promoting access to services.
- Our 'together we make a difference network' works with the community to identify priority projects, makes links with partners, develops relationships with key stakeholders and helps facilitate the delivery of community priorities.
- The Council has been awarded a number of both green and blue flag awards for our clean beaches and parks and open spaces.

Core Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.

Determining interventions

- There are mechanisms in place for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- Those making decisions are provided with information that is fit for purpose and relevant.
- Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.
- Proper, professional advice on matters that have legal or financial implications is available and when sought, recorded in advance of decision making.
- The Section 151 Officer now sits on the Digital Transformation Board.

Planning interventions

- The Council's business plan is refreshed annually and is subject to review by Overview and Scrutiny prior to approval by Full Council.
- Business plan actions are managed by officers and monitored by Cabinet and the Overview and Scrutiny Committee.
- The business plan is developed taking into account the life in Wyre survey and other demographic information, including locality plans, neighbourhood profiles, State of Wyre updates and public health reports.
- Service quality is regularly reviewed via the council's formal complaints system, the Waste Management Partnership Board and the Leisure Management Partnership Board.
- The business plan includes a set of measures which are reported quarterly to the

Overview and Scrutiny Committee.

- The MTFP, revenue estimates and capital programme are published annually and are key documents for forecasting our budget requirements and planning ahead.
- An efficiency programme compliments the MTFP ensuring sustainability going forward.
- We explore opportunities to work with our partners and collaborate on funding applications.

Optimising achievement of intended outcomes

- The MTFP is agreed annually in October and updated regularly with a revised projection being presented to Management Board and published with the revenue estimates in February.
- The MTFP, revenue estimates and capital programme are soundly configured to meet the requirements of the business plan.
- The MTFP sets out the framework for corporately managing the council's resources in the years ahead.

Core Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Developing the Entity's capacity

- There is an agreement between the council and the YMCA identifying arrangements for the management of the council's health and fitness centres.
- Effective mechanisms exist to monitor service delivery through the Overview and Scrutiny arrangements and quarterly performance reports highlight where corrective action is necessary.
- A key activity in the council's business plan is to continue the programme of works to maximise the use of our assets.
- The council subscribes to the APSE advisory service, with a view to benchmarking its front line services.
- Benchmarking is undertaken via relevant Lancashire professional groups e.g. revenues, audit, finance etc.
- The council plays an active role in the Fylde and Wyre health and wellbeing partnership.
- The council's performance appraisal system allows for documentation of the development of the individual through their personal development plan.
- Commercial awareness training has been provided for all staff.
- The council's Chief Internal Auditor is currently undertaking a similar role for Lancaster City Council on a contractual basis.
- The Internal Audit Service recently received a 'full compliance' overall opinion when assessed against the Public Sector Internal Audit Standards (PSIAS).
- The council regularly benchmarks Member's allowances as part of the review undertaken by the Independent Remuneration Panel.
- The Council attends the Lancashire Waste Partnership and is current evaluating options following the release of the DEFRA Resources and Waste Strategy 2018 with advisory groups such as the Local Authority Recycling Advisory Committee

(LARAC) and the Association of Public Service Excellence (APSE).

Developing the capacity of the entity's leadership and other individuals

- The Chief Executive is responsible and accountable to the council for all aspects of operational management and is required to attend regular performance appraisal meetings with the Leader of the Council.
- The Head of Finance (Section 151 officer) is responsible to the council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- There is an established pay and grading structure for employees referred to as the job evaluation system and a process for appeals.
- There is a clearly defined management structure and a scheme of delegation to officers, which is underpinned by the Members' Code of Conduct and a protocol for officer / Member relations.
- There are published job descriptions and established protocols, which ensure that the Leader and Chief Executive establish their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.
- Financial Regulations and Financial Procedure Rules are reviewed annually by the Audit Committee.
- Career structures are in place for Members and officers to facilitate succession planning.
- The Council is currently supporting three individuals through an apprenticeship in Leadership and Management.
- Effective management arrangements are in place both at the top of and throughout the organisation to support the health and wellbeing of officers.
- The council assesses the skills required by Members and officers and makes a commitment to develop these to enable roles to be carried out effectively.
- The council ensures that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the council.
- Training programmes are tailored to meet individual needs and there are opportunities for Members and officers to update their knowledge on a regular basis.
- Elected Members and staff have personal development plans.
- Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.
- Arrangements are in place via the volunteering initiative to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority.
- A competency framework exists to ensure that all staff have appropriate skills enabling them to deliver high quality services.

Core Principle F – Managing risks and performance through robust internal control and strong public financial management.

Managing risk

- Risk management is embedded into the culture of the council, with Members and managers at all levels recognising that risk management is part of their job.
- The risk management policy is refreshed annually and approved by the Audit Committee.
- The Council has an ICT risk register which is reviewed on a quarterly basis.
- Strategic and operational risk registers are maintained and workshops are held regularly to review current risks and identify any new risks.
- Information asset registers are in place ensuring compliance with legislation and demonstrating best practice in information governance.

Managing performance

- Performance is regularly reported to Corporate Management Team and Cabinet.
- The council has an Overview and Scrutiny Committee which allows for constructive challenge and enhances the council's performance overall.
- There are effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- There is a calendar of dates for submitting, publishing and distributing timely reports to the council's committees.
- Quarterly performance reports are submitted to the Overview and Scrutiny Committee.

Robust internal control

- An effective internal audit function is adequately resourced and maintained.
- Internal audit reviews are conducted under the Auditing Practices Board guidelines and in line with Public Sector Internal Audit Standards (PSIAS).
- In accordance with the Accounts and Audit Regulations 2015, an annual assessment of the council's systems of internal audit is carried out using the PSIAS and the checklist provided in the Local Government Application Note published by CIPFA. The standards also require an external assessment be carried out every five years. In April 2018 the Internal Audit Services received a 'full compliance' overall opinion following an external assessment carried out by Allerdale Borough Council and Preston City Council.
- The Head of Governance (Chief Internal Auditor) has developed a quality assurance improvement programme to ensure the continual improvement of the internal audit service.
- An effective Audit Committee is in place, which is independent of the Executive and the Overview and Scrutiny function.
- The Audit Committee undertakes an annual review of its own effectiveness against the checklist in the CIPFA guidance 'effective audit committees' and is satisfied that it meets the required standard.
- Both the Head of Governance (Chief Internal Auditor) and Senior Auditor have extensive experience and are both professionally qualified. The Chief Internal

Auditor is a Chartered Auditor and also holds a Qualification in Internal Audit Leadership. The Senior Auditor is a Certified Auditor.

- The implementation of internal audit reports recommendations is monitored by the Internal Audit Team and the Audit Committee.
- Counter-fraud policies are in place and reviewed annually. The effectiveness of these policies is reviewed on a regular basis.
- Robust whistleblowing arrangements are in place.

Managing data

- All Council staff have received training on the new Data Protection Act 2018 and the incorporated General Data Protection Regulations (GDPR) using an e-learning package.
- The council has appointed a Data Protection Officer who is responsible for ensuring the council's compliance with the Data Protection Act 2018 and the incorporated GDPR.
- Information Asset Registers are in place to demonstrate the council knows what data it processes, where it is stored and how it is shared internally and externally.
- Information is stored securely and confidential waste disposal arrangements are in place. Regular security sweeps of the council's buildings take place to test compliance.
- Key performance data is regularly reviewed for accuracy by internal audit.

Strong public financial management

- Those making decisions are provided with information that is fit for purpose, relevant, timely and gives clear explanations of technical and financial issues and their implications.
- An up to date register of gifts and hospitality is held and is annually inspected by the council's Audit Committee and the Monitoring Officer.
- There is an established pay and grading structure in place for employees.
- Financial Regulations and Financial Procedures Rules are reviewed annually and any changes are presented to the Audit Committee for approval.
- Registers of interests are maintained for both officers and elected Members.
- The External Auditors issued an unqualified value for money conclusion for the 2017/18 financial year.

Core Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Implementing good practice in transparency

- The council complies with the Local Government Transparency Code 2015.
- Wyre Voice, an information leaflet produced by the council is delivered to every house in the Borough.
- An easy to read 'narrative report' accompanies the Statement of Accounts.
- The Local Government Ombudsman annual report is published on the council's website.

Implementing good practices in reporting

- Annual presentations are delivered for elected Members concerning the council's finances as part of the production of the revenue estimates, the capital programme and the update of the MTFP.
- A set of questions and answers supports the financial position at the year-end illustrating key issues for members of the Audit Committee and the relevant stakeholders.
- The annual efficiency statement is published alongside the revenue estimates as part of the report to Cabinet in February.
- The Annual Governance Statement is regularly reviewed by the Section 151 Officer and the Head of Governance (Chief Internal Auditor). The action plan is monitored by the Corporate Management Team and reported to Audit Committee.
- The value for money indicators are reviewed annually with the results being reported to Cabinet.
- Project management information is available for elected Members via spreadsheets.
- Executive update reports are prepared and delivered by portfolio holders to Full Council.

Assurance and effective accountability

- The council ensures that all priority one and two audit recommendations are subject to a follow-up audit ensuring that recommendations are acted upon.
- An effective internal audit function is resourced and maintained enabling them to deliver an annual internal audit opinion.
- The Head of Governance (Chief Internal Auditor) has reported in her Annual Audit Report that the council has in place satisfactory controls to be able to maintain an adequate and effective internal control environment and that there are no significant concerns that need reporting in the Annual Governance Statement.
- In accordance with the Audit and Account Regulations 2015, an annual assessment of the effectiveness of the internal audit function is completed.
- The Audit Committee work programme provides the opportunity for the Head of Governance (Chief Internal Auditor) to have a private and confidential discussion with the Audit Committee members.
- The council participates in RIPA inspections as and when required.
- Key partnerships are periodically reviewed through the internal audit plan with delivery via third parties being included in the assurance reviews undertaken annually.
- The Financial Regulations and Financial Procedure Rules include partnership guidance which can assist officers in managing the key risks of any partnership arrangements.
- Clear terms of reference exist for the key partnerships, clarifying arrangements for accountability, for example the Waste Management Partnership, the Leisure Management Partnership, Fylde and Wyre Health and Wellbeing Board and the Community Safety Partnership.

6.0 RISK MANAGEMENT

- 6.1 The council has adopted a corporate risk management policy and operates a fully integrated risk management system across the organisation. Relevant officers have received training in risk management enabling the production of operational risk registers with associated risk action plans, which are reviewed on a regular basis.
- 6.2 Each year the council's Corporate Management Team (CMT) holds a strategic risk workshop, to identify and prioritise strategic risks and to produce an action plan. Significant business risks that may impact upon the council's priorities have been identified and assessed, and appropriate control measures are in place. The report and associated action plan is presented to Management Board and Audit Committee and progress is monitored on a quarterly basis through the CMT.
- 6.3 The Council also has an ICT risk register which is reviewed quarterly with ICT by Internal Audit and the Service Director for Performance and Innovation.

7.0 REVIEW OF EFFECTIVENESS

- 7.1 In accordance with the Accounts and Audit Regulations 2015, the council must ensure that it has a sound system of internal control which:
- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives,
 - b) ensures that the financial and operational management of the council is effective; and
 - c) includes effective arrangements for the management of risk.
- 7.2 The council is also responsible for conducting a review each financial year of the effectiveness of the system of internal control.
- 7.3 The Head of Finance (Section 151 Officer) is responsible for the proper administration of the council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations and Financial Procedure Rules, to ensure they remain fit for purpose, submitting any additions or changes necessary to the Audit Committee for approval and reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council.
- 7.4 The Head of Finance (Section 151 Officer) also has responsibility for:
- overseeing the implementation and monitoring the operation of the Code of Corporate Governance;
 - maintaining and updating the Code in the light of latest guidance on best practice; and

- reporting annually to the Corporate Management Team and to Members on compliance with the Code and any changes that may be necessary to maintain it and ensure effectiveness in practice.

7.5 Wyre Council's internal audit service, via a specific responsibility assigned to the Head of Governance (Chief Internal Auditor) is required to provide an independent and objective opinion to the council on its risk management, governance and internal control environment. The Chief Internal Auditor's Annual report for 2018/19 concluded that the council has in place satisfactory controls to be able to maintain an adequate and effective internal control environment and that there are no significant concerns to report.

7.6 Following an AGS workshop with key officers across the council, compliance to the governance framework and the core principles has been reviewed by the Head of Finance (Section 151 Officer), the Head of Governance (Chief Internal Auditor) and the Audit Committee.

8.0 VALUE FOR MONEY CONCLUSION

8.1 The External Auditors issued an unqualified value for money conclusion in their most recent review for 2017/18. This means that they are satisfied that the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources. They raised no high priority recommendations as a result of their work.

9.0 SIGNIFICANT GOVERNANCE ISSUES

9.1 No significant governance issues have been raised that require documenting separately in the Annual Governance Statement.

9.2 Following the workshop with the council's key officers, minor issues have been identified which have been documented in an action plan that will be monitored by Corporate Management Team and reported to the Audit Committee in November each year.

10.0 REVIEWING AND REPORTING ARRANGEMENTS


10.1 The CIPFA/SOLACE guidance recommends that authorities should undertake annual reviews of their governance arrangements to ensure continuing compliance with best practice as set out in the framework.

10.2 Each year, normally in April / May, a governance workshop is held with key officers of the council who have the most appropriate knowledge, expertise and levels of seniority to consider the extent to which the organisation complies with the principles set out in the good governance framework. The principles are discussed in length and evidence is put forward to demonstrate how the council is meeting each of the principles. It is also an

opportunity to identify any issues or gaps that could lead to a weaker governance structure. Following this meeting, the AGS and an action plan of minor issues is submitted for consideration by the Leader and Chief Executive who then sign to certify they are aware of the governance issues within the Authority and of the measures that are required to improve the controls around the council's governance framework.

11.0 CERTIFICATION

As the Leader of the Council, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31st March 2019 is satisfactory.



**COUNCILLOR D HENDERSON
LEADER OF THE COUNCIL**

As the Chief Executive, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31st March 2019 is satisfactory.



**G PAYNE
CHIEF EXECUTIVE**

Marine Hall – follow up of 2017-18 audit report – completed by K McLellan 9/4/19

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
1	<p>The Council's Business Plan 2015-2019 contains its strategic priorities, which include maximising commercial opportunities and improving the return from council assets. These priorities are then cascaded to individual service areas and their operational objectives documented in a service plan.</p> <p>The key opportunities and threats for the Marine Hall going forward were outlined in two presentations by the Commercial Manager to the Corporate Management Team and Marine Hall staff in April 2017. However, whilst the charging structure and marketing of events have been discussed and agreed in principle, the operational objectives for the theatre have not been formalised and documented in a service plan enabling the performance of these to be measured and monitored.</p>	3	A service plan for the Marine Hall containing operational objectives will be completed and performance monitored.	Marianne Hesketh / Julia Robinson	1 July 2018	<p><u>Further action required</u></p> <p>The key objective for the Marine Hall is to reduce the operational subsidy. The reduction of this is regularly monitored and discussed with the Finance team and the Commercial Manager. The final outturn for 2018-19 showed a reduction in this.</p> <p>At the time of this update, a draft service plan had been established for 2018/19 containing the objectives for the Marine Hall. Further work is required to finalise this for 2019/20.</p> <p>Priority 2</p>

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
2	<p>Discussions with the Commercial Manager identified that the viability of each show is assessed on receipt of a booking. The estimated ticket sales required to cover booking fees / staff costs and the projected bar and kiosk sales are documented in a show summary spreadsheet held in a central directory and maintained by Marine Hall staff. Following the event, the spreadsheet is then updated with the actual figures and the profit / loss calculated and recorded.</p> <p>A review of the show spreadsheet for 2017 identified that 21 shows had been booked at the Marine Hall. 9 shows had made a surplus and 6 had made a loss. The supporting information in respect of the remaining 6 shows had not been fully completed. A further review of the spreadsheet also identified that this does not accurately reflect all costs incurred and therefore, any calculated profit / loss is not accurately assessed.</p> <p><i>This finding is outstanding from the</i></p>	2	<p>The central spreadsheet for 2018/19 will be created and then routinely updated by the Marine Hall team to assess the viability of shows.</p> <p>The content of the show spreadsheet will be reviewed to ensure costs are accurately assessed.</p> <p>Quarterly reviews of the show spreadsheet will be completed by the Senior Account Manager to assess completeness and accuracy</p>	<p>J Robinson / M Kelsall (formerly H Craggs)</p> <p>J Robinson / M Kelsall (formerly H Craggs)</p> <p>B Ralphs</p>	<p>Immediate</p> <p>1 June 2018</p> <p>1 August 2018 and then quarterly</p>	<p><u>Further action required</u></p> <p>The viability for each show is assessed on receipt of a booking by the Commercial Manager. However, whilst all income and expenditure is now recorded on the event sheet in each event file, the initial assessment of viability is not formally documented by the Marine Hall team in the show summary spreadsheet which contains all internal fixed costs. This means that the overall performance of a show may not be assessed on a 'total cost' basis prior to the event. Therefore, it is recommended that the show spreadsheet is completed prior to the event.</p>

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
	2015 review.					Priority 2
3	<p>A procedures manual was compiled in 2015 containing the various procedures undertaken at the Marine Hall and these were cascaded to staff, who were asked to sign to confirm their understanding.</p> <p>However, a review of the manual identified that the front of house procedures have not been documented and then cascaded to all permanent and agency staff.</p> <p><i>This finding is outstanding from the 2015 review.</i></p>	2	<p>The procedure manual will be updated to ensure all procedures are documented.</p> <p>Ongoing procedure briefings with all staff will be completed and appropriate training provided where there are any gaps in knowledge.</p> <p>The pre-event sheet will be updated and a script for staff briefings attached.</p>	<p>M Kelsall (formerly H Craggs)</p> <p>J Robinson</p> <p>N Whittaker / H Bowler</p>	<p>Ongoing</p> <p>30 June 2018 then ongoing</p> <p>30 June 2018</p>	<p>Completed</p> <p>A review of the procedure file confirmed that all procedures have been documented and staff have signed to confirm their understanding of these.</p> <p>Completed</p> <p>The pre-event safety checklist has been updated. Evidence of the completed forms was obtained for the 5 events reviewed.</p>

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
Page 36	<p>CCTV cameras are in operation at the Marine Hall covering the reception area and the two bars. However, no external signage is displayed and the internal signage in the reception and bar areas does not contain the council's contact details etc.</p> <p>This finding was previously identified in the 2015 review.</p>	2	A review of the signage at the Marine Hall will be completed and additional signage displayed.	S Houton	1 September 2018	<p>Completed</p> <p>At the time of this review, permanent signage was in the process of being ordered by the CCTV office and will be fitted at the Marine Hall in due course. Temporary signage has been displayed in the interim period.</p>
	<p>At the time of the review, the staffing structure of the Marine Hall comprised of 12 members of staff working on a full or part time basis. During 2017, there was high turnover of staff and whilst job descriptions are in place, observations made during the course of the review identified that duties within the office are not clearly defined. A review of these is required to improve overall efficiency.</p>	3	A staffing re-structure is currently being completed and a review of staffing roles and responsibilities will be assessed as part of this.	M Hesketh / J Robinson	31 July 2018	<p><u>Further action required</u></p> <p>The staffing re-structure proposed in 2018 has been delayed due to recruitment issues and pending the results of a soft market testing exercise. Further work is required to finalise this in 2019.</p> <p>Priority 2</p>

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
6	<p>As part of the council's performance management system, all staff should receive regular appraisals with their Line Manager. These meetings provide an opportunity for individuals to discuss their performance during the year, establish personal objectives and targets and identify any training needs through the completion of a personal development plan (PDP). A review of HR records identified that no appraisals had been completed since 2016.</p> <p><i>This finding was previously identified in the 2015 review.</i></p>	2	<p>Annual appraisals for all staff will be undertaken in January with regular 1-2-1s being completed during the year. Responsibility for the completion of these will be agreed following the restructure and additional training provided if required.</p> <p>The 2018 annual appraisal for the Events and Front of House Manager has now been completed. Dates for the completion of the remaining 1-1s will be agreed on completion of the re-structure.</p>	J Robinson	31 July 2018	<p><u>Further action required</u></p> <p>At the time of this review, no staff appraisals had been completed since January 2018, due to recruitment issues and the delayed restructure. Therefore, the 2019 appraisals for current staff must be completed as soon as possible.</p> <p>Priority 2</p>

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
7	<p>An event file is set up for each event containing all supporting paperwork, including an event sheet which is used to record all hire charges due to the council and to monitor and record the issue of invoices and the receipt of customer payments.</p> <p>A review of the bookings diary for bookings received between January 2017 and December 2017 was completed and 12 events were selected. This identified that an event sheet had only been fully completed for 2 events. The form in respect of the remaining 10 events was partially completed making it difficult to identify if all charges had been invoiced and income received. (See finding 8). This finding was previously identified in the 2015 review.</p>	2	<p>A revised financial event sheet has been drawn up and is now being implemented.</p> <p>All event files and completed event sheets will be checked and signed off prior to these being closed to ensure all fees and income have been charged and received.</p>	<p>J Robinson / J Heald / M Kelsall (formerly H Craggs)</p> <p>J Robinson / M Kelsall (formerly H Craggs)</p>	<p>Completed</p> <p>Ongoing</p>	<p>Completed</p> <p>A review of 5 event files identified that the event sheet was fully completed with all direct income and expenditure documented. All income had been collected and expenditure paid in accordance with these. All files had been signed off by the Commercial Manager.</p>

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
8	<p>The fees and charges for the private hire of the Marine Hall are agreed annually in September for the forthcoming financial year. The fees for commercial shows are agreed by the Commercial Manager on a show by show basis.</p> <p>An examination of 12 events undertaken between January to December 2017 was completed. All hire fees had been correctly calculated at the time of booking and invoices issued with the exception of the following:</p> <ul style="list-style-type: none"> • Additional charges for two radio microphones had not been invoiced for one event; • 15% merchandise sales of £34.50 due to the council had not been recorded on file as received. • The Performing Rights Society charge which was applicable to 7 events, had only been charged for 3 events; • Supporting evidence on file for 3 stalls selling food at 	2	<p>A revised financial event sheet has been drawn up and is now being implemented. This will indicate whether a debtor invoice has been raised and/or whether any income has been received via PARIS.</p>	J Robinson / J Heald / M Kelsall (formerly H Craggs)	Completed	<p>Completed</p> <p>A review of 5 event files identified that the event sheet was fully completed with all direct income and expenditure documented. All income had been collected and expenditure paid in accordance with these. All files had been signed off by the Commercial Manager.</p>
			<p>All event files and completed event sheets will be checked and signed off prior to these being closed to ensure all fees and income have been charged and received.</p>	J Robinson / M Kelsall (formerly H Craggs)	Ongoing	
			<p>Sample checks of the completed event sheets will be undertaken quarterly by the</p>	K McLellan	Ongoing	

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
Page 40	<p>the Bonfire Night Extravaganza was incomplete and therefore, the receipt of hire fees could not be confirmed;</p> <ul style="list-style-type: none"> Wyre Business Awards (Nov 2017) – the invoicing was still in the process of being completed at the time of the review; A hire charge for a Christening was recorded on file as paid. However, the date this was recorded on the PARIS cash receipting system had not been recorded. 		audit team.			
	<p>9 Two purchase cards each with a monthly spending limit are held by the Venue Operations Manager and the Events and Front of House Manager.</p> <p>Each month the transactions appearing on the monthly card statement are uploaded onto the purchasing system by the Finance team. The cardholder is then required to record their purchases</p>	2	<p>Cardholders will be reminded to record all of their purchase card transactions monthly and obtain authorisation.</p> <p>Following the re-structure a review of cardholders will</p>	<p>J Heald / J Robinson</p> <p>J Robinson / C James</p>	<p>Ongoing</p> <p>31 July 2018</p>	<p><u>Further action required</u></p> <p>Purchase cards are currently held by two members of staff at the Marine Hall. A review of the transactions between 1/4/18 to 31/3/19 for both cards identified that whilst all transactions had been</p>

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Page 41	<p>in a timely manner and match these to the statement entries. When complete all supporting receipts must then be passed to the Commercial Manager to review the expenditure and authorise the transactions.</p> <p>A review of the purchase cards and the transactions completed between the 3/4/17 to 2/2/18 was undertaken. This identified the following:</p> <ul style="list-style-type: none"> A total of 48 purchases completed between June 2017 and December 2017 had only been recorded on the purchasing card system in January 2018 by the cardholders, increasing the risk of supporting evidence being mislaid. It was noted that 37 of these transactions, had yet to be passed to the Commercial Manager for authorisation. Following discussions this was subsequently completed. 		be completed.			<p>recorded on the purchasing system, 6 transactions recorded in July 2018 and December 2018 by the Events and Front of House Manager were still awaiting authorisation. These transactions have now been authorised.</p> <p>The Events & Front of House Manager has been reminded by the Commercial Manager to ensure that supporting evidence is supplied to her in a timely manner to enable transactions to be authorised. Any issues highlighted with this process must be reported to the Service Accountant.</p> <p>Priority 2</p>

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10	<p>The box office till is balanced daily and the cashing up process must be carried out by two officers to verify the cash received.</p> <p>Discussions with staff during the course of this review identified that verification by a second officer cannot be completed daily, as only one member of staff may be on site at the end of the working day.</p> <p><i>This finding was previously identified in the 2015 review.</i></p>	2	Staff rota's will be completed to ensure two members of staff are on site for key events where large income receipts are expected. Where possible this will be replicated on a day to day basis.	J Robinson / M Kelsall (formerly H Craggs)	Ongoing	<p>Completed</p> <p>A review of the PARIS daily reports 1/1/19 to 31/3/19 identified that all sheets had been signed by two members of staff or marked to indicate lone working.</p>
	<p>Two cash floats are held at the Marine Hall;</p> <p>A review of both floats was completed. The box office float was found to be correct. However, evidence held in the safe identified that the bar float was also being used for petty cash purchases, with cash and petty cash receipts.</p> <p>A further review of the petty cash reimbursements submitted by the</p>	2	<p>Use of the bar float for petty cash has now ceased.</p> <p>A petty cash float of a set amount will be arranged and managed.</p>	<p>J Robinson</p> <p>M Kelsall (formerly H Craggs)</p>	<p>Completed</p> <p>31 May 2018</p>	<p>Completed</p> <p>A set amount petty cash float has been established and a review of this confirmed that all expenditure had been accurately recorded and reimbursements obtained and authorised.</p>

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Page 43	<p>Marine Hall between 19/04/17 to 15/1/18 was completed. A total of 17 reimbursements had been processed, nine of which exceeded the petty cash limit, as per petty cash procedures. Itemised receipts had been provided in support of the transactions on 16 reimbursements. However, only the card receipt had been provided on the final reimbursement in respect of two transactions totalling £54 from Asda.</p> <p>A review of the goods purchased on all of the petty cash purchases completed identified that these mainly relate to hospitality / bar stocks purchased from local supermarkets.</p> <p><i>The use of local supermarkets for stock purchases was previously identified in the 2016 review of bar and kiosk stock.</i></p>					<p>A review of the Box Office float confirmed this was correct</p> <p><u>Further action required</u></p> <p>A review of the bar float of identified that this was short. This discrepancy had been identified whilst performing the year end procedures on the 28/3/19 and reported to the audit team shortly before this follow up review. Whilst this cash was subsequently located, initial checks by the Senior Auditor identified that weekly balances of this float had not been completed in accordance with procedures. As a result of this error, a documented procedure has been compiled by</p>

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						<p>the Senior Auditor and all staff have signed to confirm their understanding of this.</p> <p>Compliance with this procedure must be regularly verified by the Commercial Manager.</p> <p>Priority 2 - ongoing</p>
12 Page 44	<p>Stock records are maintained on a stock system called POSWYSE which records all sales and adjusts the stock levels accordingly at the point of sale.</p> <p>At the time of the review the Venue Operations Manager was the sole administrator of the POSWYSE system. Discussions identified that no other members of the team have been trained to administer this system during the absence of the VOM.</p> <p>In addition to the above, daily adjustments of the stock held on the POSWYSE system using the</p>	3	<p>The responsibility for the administration of the POSWYSE system has been transferred to the two Event & Customer Service Co-ordinators.</p> <p>Training requirements on the administration of the POSWYSE system will be assessed and arranged.</p>	<p>N Whittaker / H Bowler</p> <p>J Robinson / N Whittaker</p>	<p>Ongoing</p> <p>30 June 2018</p>	<p>Completed</p> <p>The administration of the POSWYSE system is now undertaken by N Whittaker.</p> <p>Completed</p> <p>A replacement system is to be considered prior to the expiry of the current contract in 2020. Operational knowledge of the system has been</p>

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Page 45	previous days transactions have to be manually requested by the Venue Operations Manager. However, due to the current functionality of the system, this process can only be linked to one user, and in the absence of this officer, this process cannot be completed.		Permission to perform the daily updates has now been allocated to one of the Events & Customer Service Co-ordinators.	N Whittaker	Completed	gained by the Event & Customer Service Co-ordinators using the procedure manuals. Completed Manual updates on the stock system are requested prior to adding any stock or prior to a stock take.
			An IT help desk request has been raised to investigate this issue and provide a solution to enable automatic updates to be performed.	J Cartmell / J Robinson	30 June 2018	<u>Further action required</u> A replacement for the POSWYSE system is to be considered as the functionality of this system is limited. It is recommended that this is completed prior to the expiry of the current contract in January 2020 to improve efficiency.

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
						Priority 2
13	<p>User access cards are allocated to all bar staff at the beginning of each event allowing them access to the tills on the POSWYSE system. Access permissions are manually allocated to each card, restricting supervisory functions to Wyre staff only. A review of the cards identified that the access permissions were incorrect. The permissions were subsequently updated.</p> <p>In view of these findings regular checks of the access permissions must be performed periodically by the Systems Administrator to ensure an adequate segregation of duties exists.</p> <p><i>This finding was previously identified in the 2015 and 2016 reviews.</i></p>	2	Regular reviews of the user access cards will be conducted to ensure permissions are correctly allocated.	N Whittaker	Ongoing	Completed <p>Discussions with the Event & Customer Service Co-ordinator identified that user permissions have been reviewed. The use of swipe cards has been discontinued and access is gained by individual access codes allocated to each user.</p>
14	Quarterly stock takes of the bar and kiosk stocks are required by the Finance team. At the time of	2	A stock take will be completed at year end by the Finance	B Ralphs / N Whittaker	Completed	Completed <p>A stock take was</p>

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
	<p>this review, only two stock takes had taken place in March and December 2017. The December stock take identified a variance in the sale of kiosk stock to the income received due to the use of kiosk stock for hospitality during events not being recorded.</p> <p>Additional controls have now been implemented to reduce this risk and a further stock take carried out by the Senior Auditor on the 31/01/17 identified no significant differences. However, it is essential that quarterly stock takes are routinely completed to enable stock usage to be monitored and any reported variances investigated.</p> <p><i>This finding was previously identified in the 2015 and 2016 reviews.</i></p>		<p>team.</p> <p>Dates for the completion of quarterly stock takes have been agreed and the completion of these will be monitored by the Commercial Manager and Senior Account Manager. Dates to be communicated to the Senior Account Manager in advance.</p>	J Robinson / N Whittaker	30 June 2018	<p>completed on the 28/3/19.</p> <p><u>Further action required</u></p> <p>A review of the stock records identified that during 2018-19 stock takes were completed on the 26/5/18, 28/6/18, 7/2/19 and 28/3/19.</p> <p>Discussions with the Senior Account Manager identified that stock control has improved since the last audit review with no significant variances being identified. However, the Marine Hall team must ensure that quarterly stock takes are programmed into their daily routine to ensure these are completed.</p>

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						Priority 2
15	A security alarm has been installed at the Marine Hall and Thornton Little Theatre. However, a list of key holders is not maintained and discussions with the Commercial Manager identified that premises keys and alarm codes are occasionally given to contractors by the Asset Management Team, allowing them to enter premises to carry out repairs, when staff are not in attendance i.e. at Thornton Little Theatre.	3	A list of key holders will be compiled and maintained. Arrangements for contractors have now been strengthened by the building maintenance team. The Marine Hall team are now informed prior to contractors attending the premises.	M Kelsall (formerly H Craggs) Asset Management	30 June 2018 Completed	Completed A key holder list has been compiled. Procedures for contractor access have been completed.
16	At the time of this audit review, a desktop review of the Health and Safety procedures at the Marine Hall had been undertaken by the Health & Safety Advisor in February 2018. This review highlighted a number weaknesses	3	The fire risk assessment for the Marine Hall was reviewed and updated in March 2018.	J Robinson / Asset Management	Completed	Completed A copy of the fire risk assessment is held at the Marine Hall.

Report ref:	Finding / Observation	Priority (Appendix B)	Agreed Action	Officer Responsible	Date of Implementation	Position as at April 2019
Page 49	in procedures and training. As a result of this, a full review is to be completed by the Health and Safety Advisor and an action plan issued. However, a completion date for this review has yet to be agreed.		Essential health and safety training, including legionella is in the course of being arranged for all staff.	K Holmes / J Robinson	1 August 2018	<u>Further action required</u>
	In view of the above, no further testing of the Health & Safety procedures has been undertaken by the Senior Auditor as part of this audit review.		The introduction of regular health and safety briefings is to be considered following completion of the re-structure.	J Robinson	31 July 2018	A full review of health and safety procedures at the Marine Hall was conducted in 2018 by the Health & Safety Advisor and an action plan compiled. A review of the action plan identified that further training is required in respect of risk assessments, lone working and legionella monitoring.
	Two actions relating to the fire procedures and review of risk assessments were identified in the previous audit review in 2015 and these will be followed up by the Health & Safety Advisor.					Priority 2

ANNUAL GOVERNANCE STATEMENT ACTION PLAN - 2018/19

Governance Issue	Finding	Action required	Timescales / Officer Responsible
Information Governance	The Council continues to work towards ensuring full compliance with the changes to the Data Protection Act and the 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.	The Data Protection Officer will continue to work with officers across the Council to identify areas where data is shared externally. In addition, the Internal Audit Team will continue to review information asset registers to ensure they are accurate and up to date and can be used in the event of a data subject access request.	Data Protection Officer (DPO) On-going
Council's Constitution	Following the completion of the Constitutional review by ADSO, a number of suggested changes have been made. The changes are expected to be presented to Full Council in Autumn 2019.	The suggested changes to the constitution will be submitted to Full Council in Autumn 2019. Further training will be provided if deemed necessary.	Corporate Management Team / Democratic Services Team Autumn 2019
Social Value	The Council's Financial Regulations and Financial Procedural Rules make reference to the consideration of Social Value, however there is an uncertainty if further documented guidance is required.	A review of the Financial Regulation's and Financial Procedural Rules will be carried out in November 2019 and 'Social Value' will be considered in more detail.	Section 151 Officer / Head of Governance Procurement Officer November 2019
ICT	The Council has recently entered into an 18 month contract with a training provider; QA who specialise in ICT, management and project management training. It has recently been identified that QA want the Council to spend the allocated training budget by October 2019, however there is a concern that this will not be possible given the staffing capacity issues within the ICT team at present.	The ICT Service Delivery Lead will liaise with QA to negotiate an extension to the October deadline. In the short term, an email will be circulated to all Heads of Service to try and identify if any training is required across the organisation to ensure the Council receives value for money from the QA contract.	Director of Performance and Innovation / ICT

Governance Issue	Finding	Action required	Timescales / Officer Responsible
Independent Remuneration Panel	Statutory requirements are in place requiring that at least 3 independent people form a panel to review the Council's members allowance scheme. Following a resignation, the current panel only has two members.	Information will be placed on BRIAN about the vacancy on the IRP panel asking for officers to recommend or identify possible expression of interests.	Democratic Services Manager Immediately
Staffing Capacity	The Council has recently had difficulty recruiting and retaining staff to key roles throughout the organisation.	Benchmarking will be carried out with other Local Authorities to identify any significant differences between a sample of key roles across the organisation.	Head of Business Support TBC
Members Code of Conduct	Following a recent review of the Members Code of Conduct a number of changes have been suggested which have been agreed by the Standards Committee in March 2019. The suggested changes are expected to be presented to Full Council in July 2019.	The Members Code of Conduct will be reviewed by Full Council in July 2019. Once agreed, the Code will be rolled out to all Members and further training will be provided by the Monitoring Officer if deemed necessary.	Monitoring Officer & Democratic Services Manager July 2019
Ethical Governance	The Council has recently conducted an Ethical Governance Survey to ensure officers know and understand the council's key policies and procedures around expected behaviours. A report on the findings is due to be issued in July 2019. It is suggested that the survey also be rolled out to Members. The last survey was completed several years ago.	An ethical governance survey will be carried for members once the new members have completed their induction programme and had time to familiarise themselves with the Council and its procedures.	Head of Governance Estimate - December 2019
ICT Disaster Recovery Plan	Whilst an ICT disaster recovery plan has recently been drafted, this has yet to be finalised.	The Disaster Recovery Plan needs to be finalised and rolled out as soon as possible.	Head of Performance and Innovation / ICT Immediate

Governance Issue	Finding	Action required	Timescales / Officer Responsible
Business Continuity	Whilst the Council has a number of business continuity plans in place across a number of services, and contacts numbers are reviewed on a regular basis, a review of the content has not been completed for some time. In addition, the majority of plans have not been tested for many years.	All business continuity plans will be reviewed and tested where appropriate as soon as possible, however it should be noted that this will be an on-going process and the services that are classed as having 'critical services' which need to be up and running within 24, 48 hrs will be targeted first.	Head of Governance On-going

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