

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

## INTERNAL AUDIT AND RISK MANAGEMENT - PROGRESS REPORT

### 1. Purpose of report

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

### 2. Outcomes

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

### 3. Recommendation

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

### 4. Background

- 4.1 The Audit Committee has a clear role in relation to the authority's internal audit function and this involves:
- Formally approving, but not directing, the overall strategy to ensure that it meets the council's overall strategic direction;
  - Approving the annual programme of audits paying particular attention to whether there is sufficient and appropriate coverage and;
  - Monitoring progress against the plan and assessing whether adequate skills and resources are available to provide an effective audit function.
- 4.2 The Audit Committee's role in relation to reviewing the work carried out will include formal consideration of summaries of work done, key findings, issues of concern and actions planned as a result of audit work. A key part of the role is receiving and reviewing regular reports from the Audit

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

## 5. Key Issues and proposals

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

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

### **Other risks / implications: checklist**

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

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

### **Processing Personal Data**

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

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

### **List of appendices**

Appendix 1 – Internal Audit Progress Report

Appendix 2 – Risk Management Progress Report

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

### **INTERNAL AUDIT PROGRESS REPORT – April 2021 to NOVEMBER 2021**

#### **THE AUDIT PLAN AND DELIVERY**

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

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

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

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

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

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

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

## **Audit Work Performed April to November 2021**

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

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

<b><u>AUDIT OPINION DEFINITIONS</u></b>		<b><u>DEFINITION OF PRIORITY RANKINGS</u></b>		
Excellent	Controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council / Partnership against significant foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found.	Level 1	Non-compliance with Financial Regulations and Financial Procedures Rules, Employees Code of Conduct, staff instructions etc. which could have a <u>material effect</u> on the Council's finances or, a lack of or serious weakness in key control(s) which may impact on the Council's finances or operational performance.	Immediate Action Required
Good	Controls exist to enable the achievement of service objectives, good corporate governance and reduce significant foreseeable risks. However, occasionally instances of failure to comply with the control process were identified and opportunities still exist to reduce potential risks.	Level 2	Non-compliance with Financial Regulations and Financial Procedures Rules, Employees Code of Conduct, staff instructions etc. which have a <u>minor effect</u> on the Council's finances or operational performance.	Within 3 months
Fair	Controls are in place and to varying degrees are complied with but there are gaps in the control process, which weaken the system and leave the Council / Partnership exposed to some minor risk. There is therefore the need to introduce some additional controls and improve compliance with existing controls to reduce the risk to the Council / Partnership.	Level 3	A lack of, or weakness in an internal control which does not pose an immediate high level of risk, but if left unresolved could expose the Council to financial losses or reduce operational performance.	Within 6 months
Weak	Controls are considered inefficient with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls, and errors and omissions have been detected. Failure to improve controls leaves the Council / Partnership open to significant risk, which could lead to major financial loss, embarrassment or failure to deliver service objectives.	Level 4	Suggestions for improvement of internal controls of a minor nature.	Within 9 months
Poor	Controls are generally weak or non-existent leaving the system open to abuse or error. A high number of key risks remain unidentified and therefore unmanaged.	Level 5	Suggestions for improvements, efficiencies in service delivery.	None

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
<b>Building Maintenance (follow-up)</b>	<b>Final Report Issued November 2021</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Fair</b>	<p>The original review of Building Maintenance was completed in November 2019 as part of the 2018/19 audit plan and given an overall opinion of ‘fair’. A follow-up was completed in February 2021 and of the 16 findings originally reported, 9 of these required further attention and the overall opinion remained at ‘fair’. As a result, a further follow-up has been completed as part of the 2021/22 audit plan. Of the 9 outstanding findings, there are still 3 that require further attention to fully implement these and in view of this the overall opinion continues to be ‘fair’. This opinion is considered appropriate given that the 3 recommendations still outstanding from the 2018/19 audit work are relating to Health and Safety Issues (legionella and asbestos). Namely;</p> <ul style="list-style-type: none"> <li>• The statutory maintenance schedule still requires fully updating to confirm completion of all statutory inspections, followed by ongoing review;</li> <li>• Whilst all the asbestos surveys of council occupied buildings have been completed and any significant risks arising from these have been or are being actioned, the rollout of these completed surveys to all buildings is still to be completed to include familiarisation for staff on the management and monitoring of any asbestos which may be present; and</li> <li>• The 2019 legionella risk assessment process by Lancashire County Council commenced in June 2021, but to date only seven reports have been received. The reason for the delay is to be discussed with LCC. In addition, the monitoring of the in-house temperature checks is to be completed in-house, as the appointment of a Compliance Surveyor could not be completed due to a lack of suitable candidates.</li> </ul> <p>A further follow-up will be completed in three months.</p>

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								In accordance with the Audit Charter, as the audit opinion remains unchanged after two 'follow-up' reviews, the Head of Built Environment has been asked to attend the Audit Committee on the 16 November 2021 to discuss the report and explain the reasons for the delay to implement all the recommendations. A further follow-up review will be completed in January 2022.
<b>Inspection Regime – Site Inspections (follow up)</b>	<b>Final Report Issued November 2021</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Fair</b>	<p>The original review of Site Inspections was completed in October 2020 as part of the 2019/20 audit plan and given an overall opinion of 'fair'. A follow-up has been completed as part of the 2021/22 audit plan and of the 7 findings originally reported, 7 of these required still further attention, namely;</p> <ul style="list-style-type: none"> <li>• A documented inspection policy / procedure or staff guidance manual has not been compiled for by all departments;</li> <li>• Formal training on the completion of inspections has not been given to all inspection staff;</li> <li>• Inspections are not carried out in accordance with the agreed frequency in all instances;</li> <li>• The recording of the actions taken to repair any defects identified is not completed and retained by all departments;</li> <li>• Accurate inspection records of the areas inspected and the defects identified are not completed in all instances;</li> <li>• Formal retention periods for completed inspection records have not been agreed for all departments; and</li> <li>• Monitoring of inspection processes and feedback to staff is not routinely undertaken.</li> </ul> <p>A further follow-up will be completed in three months</p>

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
IR35 (follow-up)	Final Report Issued November 2021	0	3	0	0	0	Good	<p>The original review of IR35 was completed in October 2018 as part of the 2018/19 audit plan and given an overall opinion of 'fair'. A further follow-up was completed in February 2021 and of the 8 findings originally reported, 5 of these still required further attention. The overall opinion remained at 'fair'. As a result of this, a further follow up completed as part of the 2021/22 audit plan identified that of the 5 outstanding findings, 3 still require further attention to fully implement these and in view of this the overall opinion has been increased to 'good'. The recommendations still outstanding from the 2018/19 audit work are as follows;</p> <ul style="list-style-type: none"> <li>• The implementation of the quarterly monitoring process to evaluate continued compliance with IR35 has been delayed owing to staffing vacancies and other key work pressures within the finance team. This task has now been allocated to the HR team. The first review of agency and consultancy expenditure will look at the period April to June 2021. The information obtained from these checks will inform the next quarter's reviews and when complete only new arrangements will be investigated going forward.</li> <li>• The HMRC employment assessments attached to a new creditor reference form will continue to be retained by the Finance team and attached to the creditor profile. Any additional evidence obtained by the HR team when carrying out the monitoring process, will be retained by them in a central file.</li> <li>• Evidence of the assessment of employment status for consultants or individuals engaged to provide services to the council through an agency will be requested by the HR team during the monitoring process and retained by them.</li> </ul>

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
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**Wyre Council Reports completed from June 2021 using the new audit opinions**

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

<b><u>DEFINITION OF PRIORITY RANKINGS</u></b>		
Level 1	Non-compliance with Financial Regulations and Financial Procedures Rules, Employees Code of Conduct, staff instructions etc. which could have a <u>material effect</u> on the Council's finances or, a lack of or serious weakness in key control(s) which may impact on the Council's finances or operational performance.	Immediate Action Required
Level 2	Non-compliance with Financial Regulations and Financial Procedures Rules, Employees Code of Conduct, staff instructions etc. which have a <u>minor effect</u> on the Council's finances or operational performance.	Within 3 months
Level 3	A lack of, or weakness in an internal control which does not pose an immediate high level of risk, but if left unresolved could expose the Council to financial losses or reduce operational performance.	Within 6 months
Level 4	Suggestions for improvement of internal controls of a minor nature.	Within 9 months
Level 5	Suggestions for improvement of internal controls of a minor nature.	Not required

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

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

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

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

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

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

### **Note**

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



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

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

## **Other audit work undertaken during the year 2021/22**

### **National Fraud Initiative – Cabinet Office data matching exercise**

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

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

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

- Following the appointment of the new Audit, Risk and Performance Lead in June and the return to work of the Information Governance Manager, work has now started in relation to the Data Protection and UK GDPR compliance work that was scheduled to be completed last year. It is hoped that once this piece of work has been completed a detailed action plan will be in place to address any gaps or weaknesses in controls regarding the council's business assets (data). It is anticipated this piece of work will be completed before 31 March 2022.
- The council continues to receive a steady flow of Subject Access, Freedom of Information and Environment Information requests. A fundamental FOI/EIR review will be completed early in 2022 to ensure the process continues to be effective and robust and continuity arrangements are in place in the absence of key personnel. Data sets are to be explored to address repetitive FOI/EIR requests.
- The Elections and Information Governance Manager continues to monitor compliance to the Local Government Transparency Code (The Code). Whilst a piece of work was completed earlier in the year which highlighted a number of gaps across the organisation, a further check will now be made following the launch of the new website to ensure all documents have been successfully

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

- The council's new e-learning platform 'Learning Pool' went live on 6 September 2021. It includes a number of corporate and mandatory training modules, which include Data Protection, Information Security and Cyber Resilience. Whilst these modules will become part of the mandatory induction process, all council employees will also be asked to complete these modules as a refresher exercise. It is hoped that modules for FOI / EIR and Subject Access can also be added at a later date.
- There are no immediate plans to carry out any security sweeps of the civic centre. Some form of security inspection will be completed once staff start to return to the office on a larger scale.
- ICT / Cyber risks are now monitored by the council's new risk management system 'GRACE' and will continue to be reviewed on a quarterly basis by the Corporate Director Resources, Head of Service, Audit and Risk Manager and the ICT Service Delivery Lead.
- Cyber / Disaster Recovery - The council's is currently liaising with Blackpool Council and SOCITM with a view to procuring external assistance to ensure the council has the necessary plans in place in the event of a disaster or a cyber-attack. It is expected that work will commence in the next quarter.
- The Information Governance Group have not met since March 2021 owing to annual leave / availability. The action plan last reported to CMT on the 26 May 2021 will need to be reviewed and refreshed following the departure of the former Head of ICT. The next meeting is scheduled for December 2021 and future meetings will be re-scheduled to fall before the quarterly update to CMT to allow progress to be fed into the report.
- There have been no incidents that have been reported to the Information Commissioner during 2021 and all incidents reported by staff were logged in the data incident register and investigated immediately. All were considered minor in nature with a minimal impact on either the data subject or the council.
- Following communication with the Department for Work and Pensions (DWP) in October 2021 the council have been informed that from Spring 2022 staff accessing DWP systems will no longer be able to use their own ICT equipment. Therefore, the Head of Contact Centre and ICT Services is currently in the processes of identifying those offices who do have access to DWP systems and those officers will be prioritised in relation to replacement kit as part of the hybrid working rollout programme.

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

#### Anti-Fraud and Corruption

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

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

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

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

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

### **RISK MANAGEMENT PROGRESS REPORT**

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

#### **Strategic Risks**

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

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

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

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

#### **Operational Risks**

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

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

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

#### **ICT Risks**

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

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

## ANNUAL GOVERNANCE STATEMENT 2020/21 - ACTION PLAN UPDATE

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

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

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

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		Panel (IRP) Members there is currently a vacancy on the panel which needs to be addressed before the next review in November 2021.	recommend to Full Council for approval.	November 2021	
<b>Corporate Comments, Compliments and Complaints Procedure</b>	C/F 2019/20	The staff ethical governance survey carried out in October 2018 identified that although staff were aware that the council had a corporate Comments, Compliments and Complaints procedure, they were less familiar with the content, in particular, how the policy worked and where to locate it. There were also a number of staff who did not know where or who to go to for support or advice on this procedure. In addition, it has become apparent that there are limited number of senior officers available to carry out second stage investigations.	<p>The corporate Comments, Compliments and Complaints Procedure should be refreshed and rolled out to all staff to ensure they understand its content, the processes and stages involved and who to go to for support and advice.</p> <p>Consideration should also be given to extending the opportunity for third tier Managers to assist in the second stage review to spread the administration burden on current senior leadership.</p>	<p>Peter Mason / Jo Billington</p> <p>December 2021</p>	This is currently in the process of being completed and is on-track to be completed by December 2021.
<b>YMCA</b>	C/F 2019/20	Following the recent Covid-19 pandemic which resulted in the closure of the	Additional subsidy was agreed for 2021/22 and slippage approved (aggregate £720K) as part of the	Corporate Directors of Communities	Ongoing review meetings are being held. Progress so far is positive with the

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

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		Wyre's Code of Conduct for Elected Members.	Wyre's current Code of Conduct.		amended code will be submitted to the next Full Council for approval following which training on the amended Code will be given to all Elected Members.
<b>Staff Inductions / Training and Development</b>	2020/21	Whilst the council already has a corporate induction process in place, it does require modernising. In addition, there are also a number of other mandatory training courses that are either outstanding or in desperate need of refresher training e.g. Data Protection, Cyber Security etc.	Following the purchase of Learning Pool, the training package now needs to be developed and rolled out to all new starters (via the induction process) and also existing staff for all courses identified as mandatory.	Jane Collier / Marc Whittaker  December 2021	Learning Pool went 'live' on the 1 September 2021. HR are now in the process of rolling out the induction package and also identifying and developing a suite of mandatory courses for all existing staff.
<b>Scheme of Delegation</b>	2020/21	Following the last Corporate Management re-structure in 2019 and the imminent departure of the Head of Business Support (Monitoring Officer), the Scheme of Delegation requires a number of updates.	The Scheme of Delegation requires an immediate refresh following which regular reviews need to be completed to ensure it remains fit for purpose.	Jo Billington / Peter Foulsham  October 2021	Completed – the updated scheme of delegation was approved at Full Council in October 2021.
<b>Leisure Management</b>	2020/21	Whilst regular internal meetings with the YMCA	The Leisure Management Partnership Board meetings need	Mark Broadhurst	Following the introduction of a new Chief Executive

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

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

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

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					<p>Development PH.</p> <p>The Corporate Director Environment has regular catch-up's with the Neighbourhood Services and Community Safety Portfolio Holder and the Street Scene, Parks and Open Spaces Portfolio Holder.</p>