

Report of:	Meeting	Date
Corporate Director Resources (Section 151 Officer)	Audit Committee	15 November 2022

## INTERNAL AUDIT AND RISK MANAGEMENT PROGRESS REPORT

### 1. Purpose of report

- 1.1 To review progress in relation to the 2022/23 audit plan and risk management and to consider progress against the action plan resulting from the 2021/22 Annual Governance Statement (AGS).

### 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 2021/22 AGS are attached at Appendices 1, 2 and 3.

<b>Financial and legal implications</b>	
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.

<b>risks/implications</b>	<b>✓ / x</b>	<b>risks/implications</b>	<b>✓ / x</b>
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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<b>List of background papers:</b>		
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 2021/22 - action plan update

### INTERNAL AUDIT PROGRESS REPORT – APRIL to NOVEMBER 2022

#### 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.”***

The table overleaf summarises audit work performed since the last progress reported at the Audit Committee meeting on 14 June 2022. Copies of both terms of reference and internal audit reports are published on the council’s hub and the councillor’s portal and access to the supporting files are available on request.

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 Insurance and Business Continuity Officer now participates in the North West Insurance Officer Group with other local authorities across Lancashire.

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 which is reviewed and approved by the Audit Committee annually.

All audit work that forms the annual audit opinion is completed by the in-house team. However, the ICT support framework managed by Lancashire County Council is still available should additional expertise be required in this specialised area.

Internal audit work is benchmarked where possible with other local district councils who participate in the Public Sector Internal Audit Standards (PSIAS) 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.

An electronic feedback questionnaire has been introduced during 2022/23 to obtain feedback on all completed audit reviews. A summary of this feedback will be provided to the Audit Committee in June 2023 as part of the annual opinion.

## **Audit Work Performed April to November 2022**

Mid-way through 2021/22 a decision was taken to change the previously used audit opinions to be in line with other local authorities. Therefore some of the audit opinions (follow-up work from 2021/22) in the table below reflect the previous definitions. The priority rankings for audit actions remain the same. As summarised below the following reviews have been performed and reports issued since the annual audit reported in June 2022.

### **AUDIT OPINION DEFINITIONS (April – November 2021)**

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

### **AUDIT OPINION DEFINITIONS (November 2021- November 2022)**

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

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
<b>Inspection Regime – Site Inspections (follow up)</b>	<b>Fieldwork in progress</b>							The overall objective of the audit is to follow up the findings originally reported in the 2019/20 audit review and which were found to be outstanding in 2021/22 and to identify any further areas of potential weakness and / or risk and provide an overall opinion on whether the controls in place are managed adequately and effectively.
<b>Beach Management Scheme</b>	<b>On-going</b>							The Audit and Risk Manager continues to attend 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 2022/23.
<b>Project Neptune</b>	<b>Project complete</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>Project Neptune was successfully completed on the 10 August 2022 resulting in the ownership of the constructed buildings being formally passed to the council. Responsibility for the ongoing implementation and management of the tenancy arrangements and agreements has been passed to the Estates Team.</p> <p>Whilst an overall report has not been produced for this project, for the purpose of this report an overall opinion of 'reasonable' is appropriate.</p>
<b>Covid-19 grants Post assurance testing</b>	<b>Completed 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>Substantial Assurance</b>	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 continued during 2022. All councils were requested to submit supporting evidence in respect of all the business grants received during 2020/21.

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								Whilst an overall report has not been produced for this post assurance work, for the purpose of this report an overall opinion of ‘substantial’ is appropriate. Working papers are in place to support this opinion. Should the compliance certificate be returned by BEIS as a fail, this area and opinion will be revisited.
<b>Matrix Agency Staff contract (follow up)</b>	<b>Final report issued October 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Reasonable</b>	The original review of the Matrix Agency contract was completed in January 2022 as part of the 2021/22 audit plan and given an overall opinion of ‘Limited’. A follow up has been completed as part of the 2022/23 audit plan and of the 5 findings originally reported all of these have now been implemented. Whilst all the original recommendations have been implemented, the overall opinion has been graded as ‘reasonable’ due to the high possibility that services will still continue to procure agency staff without consulting HR. A further action has been added to try and mitigate this risk and this will be monitored through the GRACE risk management system.
<b>Citizen Access Portal and council website</b>	<b>Draft report Issued</b>							The overall objective of the audit is to review the controls in place around the management and ongoing development of the Citizens Access Portal and council website and 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>Data Protection Policy and process review</b>	<b>Draft report issued</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.

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
<b>Market House Studios</b>	<b>Final report issued June 2022</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>Reasonable</b>	<p>Areas have been identified where improvements could be made to strengthen the control environment, namely:</p> <ul style="list-style-type: none"> <li>• A review of the service objectives established prior to the Covid-19 pandemic now need reviewing and adapting to reflect current operations;</li> <li>• A procedural manual covering all aspects of the day to day operation of the studios is required;</li> <li>• The completion of an annual appraisal for the Studio Co-ordinator is required documenting personal objectives / targets;</li> <li>• All cash income received must be banked promptly;</li> <li>• Staff training on the Civica system is required to assist the monitoring of rent arrears and budget monitoring;</li> <li>• All completed risk assessments must be agreed and signed off with tenants;</li> </ul> <p>As this review has received a reasonable assurance opinion, a further follow-up is not required. However, the implementation of the recommendations will be monitored through the GRACE risk management system.</p>
<b>Fleetwood and Poulton Markets</b>	<b>Final report issued August 2022</b>	<b>0</b>	<b>10</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>Reasonable</b>	<p>Areas have been identified where improvements could be made to strengthen the control environment, namely:</p> <ul style="list-style-type: none"> <li>• A service plan for the Fleetwood and Poulton Markets has yet to be finalised;</li> <li>• The recording of TOIL balances and annual leave allowances are not always accurately recorded on the CROWN time recording system;</li> </ul>



TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								<ul style="list-style-type: none"> <li>• Staff appraisals have not been completed during 2021 and must be completed by the end of January 2023;</li> <li>• Further training on the operation of the CCTV system at the market is required together with the completion of spot checks of all viewings of recorded data;</li> <li>• The information asset register compiled by the Estates Team or CCTV Service requires updating to include the Market CCTV system;</li> <li>• Evidence of all current public liability insurance policies held by permanent and casual tenants occupying market stalls is required;</li> <li>• Evidence of the contractual agreement for the cash machine located at the market is required to review terms and conditions;</li> <li>• The issue of a purchase card replacing the petty cash float should be considered to avoid delays in the reimbursement of this float;</li> <li>• The monthly management meetings during which rent arrears are discussed should be re-introduced;</li> <li>• Two actions identified during the 2021 health and safety building audit relating to the electrical remedial works and the completion of actions arising from the 2021 legionnaires risk assessment have yet to be fully implemented;</li> <li>• Site security during non-trading days must be maintained whilst contractors are on site to prevent unauthorised access; and</li> <li>• Three actions arising from the 2021 review of cash handling still require implementing i.e. cash office risk assessment / installation of a card payment facility and replacement</li> </ul>

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								cash till.  As this review has received a reasonable assurance opinion a further follow-up is not required, however, the implementation of the recommendations will be monitored through the GRACE risk management system.
<b>Business Health Matters Programme</b>	<b>Fieldwork in Progress</b>							The overall objective of the audit is to review the controls in place around the management of the business health matters programme and 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>Building Maintenance Re-active Repairs framework</b>	<b>Fieldwork in Progress</b>							The overall objective of the audit is to review the controls in place around the management of the building maintenance re-active repairs framework 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>Elections Accounts (post assurance)</b>	<b>Fieldwork in progress</b>							The overall objective of the audit is to review the controls in place around the completion of the 2021 election accounts 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>Main Accounting - Key Financial Risk Matrix (KFRM)</b>	<b>Fieldwork in progress</b>							The overall objective of the completion of a key financial risk matrix is to review the controls in place around the main accounting systems and processes 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.

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
<b>Treasury Management - Key Financial Risk Matrix (KFRM)</b>	<b>KFRM issued to Head of Service (Finance)</b>	N/A	N/A	N/A	N/A	N/A	<b>Substantial</b>	<p>Following the turnover of staff in the Finance Team during 2020-22 resulting in a number of vacant posts and a loss of knowledge / experience within the team, a key financial system matrix has been completed to document all controls in relation to the Treasury Management system / process to identify any areas requiring improvement. Only one area was identified that required strengthening in relation to the documented staff procedures, which require updating.</p> <p>Whilst a formal report has not been published in relation to this work, for the purpose of this report ‘substantial assurance’ has been given. Working papers are in place to support this opinion. No follow-up review is required, however, the implementation of the recommendation made will be monitored using the GRACE risk management system.</p>
<b>Budgetary control - Key Financial Risk Matrix (KFRM)</b>	<b>KFRM issued to Head of Service (Finance)</b>	N/A	N/A	N/A	N/A	N/A	<b>Reasonable</b>	<p>Following the turnover of staff in the Finance Team during 2020-22 resulting in a number of vacant posts and a loss of knowledge / experience within the team, a key financial system matrix has been completed to document all controls in relation to the Budgetary control system / process to identify any areas requiring improvement. The following observations was made which require strengthening in relation to the following:</p> <ul style="list-style-type: none"> <li>• The guidance / procedure notes covering the tasks to be completed require updating;</li> <li>• Access permissions to the Civica system require reviewing for all council leavers;</li> <li>• The completion of quarterly budget meetings with budget holders has been delayed due to ongoing staffing issues;</li> <li>• Monthly budget reports are issued to budget holders, but confirmation of their review of</li> </ul>

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								<p>these reports is not requested.</p> <p>Whilst a formal report has not been published in relation to this work, for the purpose of this report 'reasonable assurance' has been given. Working papers are in place to support this opinion. No follow-up review is required, however, the implementation of the recommendations made will be monitored using the GRACE risk management system.</p>
<b>Creditors - Key Financial Risk Matrix (KFRM)</b>	<b>KFRM issued to Head of Service (Finance)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>Reasonable</b>	<p>Following the turnover of staff in the Finance Team during 2020-22 resulting in a number of vacant posts and a loss of knowledge / experience within the team, a key financial system matrix has been completed to document all controls in relation to the Creditors system / process to identify any areas requiring improvement. Two observations was made which require strengthening in relation to the following:</p> <ul style="list-style-type: none"> <li>• Staff resourcing issues across the service still exist;</li> <li>• Civica system reports identifying the retrospective issue of purchase orders are issued but no action is currently taken to address non-conformance to policy / procedure.</li> </ul> <p>Whilst a formal report has not been published in relation to this work, for the purpose of this report 'reasonable assurance' has been given. Working papers are in place to support this opinion. No follow-up review is required, however, the implementation of the recommendations made will be monitored using the GRACE risk management system.</p>
<b>Expenses - Key Financial Risk Matrix</b>	<b>KFRM issued to Head of</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>Reasonable</b>	<p>Following the turnover of staff in the Finance Team during 2020-22 resulting in a number of vacant</p>

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
(KFRM)	Service (Finance)							<p>posts and a loss of knowledge / experience within the team, a key financial system matrix has been completed to document all controls in relation to the Expenses system / process to identify any areas requiring improvement. The following observations were made which require strengthening in relation to the following:</p> <ul style="list-style-type: none"> <li>• A number of procedural documents require updating or removing from the Hub;</li> <li>• The procedure for processing the expenses interface should be documented and made available to all staff;</li> <li>• Training should be provided to another officer to complete the expenses interface during the absence of the Financial Systems and Reporting officer.</li> </ul> <p>Whilst a formal report has not been published in relation to this work, for the purpose of this report ‘reasonable assurance’ has been given. Working papers are in place to support this opinion. No follow-up review is required, however, the implementation of the recommendations made will be monitored using the GRACE risk management system.</p>
Payroll - Key Financial Risk Matrix (KFRM)	KFRM issued to Head of Service (Finance)	N/A	N/A	N/A	N/A	N/A	Limited	<p>Following the transfer of Payroll from HR to Finance in July 2021, a key financial system matrix has been completed to document all controls in relation to the Payroll system / process to identify any areas requiring improvement. The following observations were made which require strengthening;</p> <ul style="list-style-type: none"> <li>• The current staffing structure does not allow for an appropriate segregation of duties to be maintained within the payroll process;</li> <li>• The Financial Systems and Reporting</li> </ul>

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								<p>Officer (FSRO) is the only officer within the Financial Services team with the required knowledge to complete the payroll processes;</p> <ul style="list-style-type: none"> <li>The payroll procedures / process is not documented to assist officers when completing the payroll processes during the absence of the FSRO.</li> </ul> <p>Whilst a formal report has not been published in relation to this work, for the purpose of this report 'limited assurance' has been given. Working papers are in place to support this opinion. A further follow-up is therefore scheduled to be carried out in January 2023 to ensure the observations made have been addressed.</p>
<b>VAT - Key Financial Risk Matrix (KFRM)</b>	<b>KFRM issued to Head of Service</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>Reasonable</b>	<p>Following the turnover of staff in the Finance Team during 2020-22 resulting in a number of vacant posts and a loss of knowledge / experience within the team, a key financial system matrix has been completed to document all controls in relation to the VAT system / process to identify any areas requiring improvement. The following observations were made which require strengthening;</p> <ul style="list-style-type: none"> <li>Finance staff are not always informed of large projects that have VAT implications impacting the partial exemption limit;</li> <li>Compliance checks are not routinely completed to ensure VAT is being accurately recorded by staff when processing or raising invoices;</li> </ul> <p>Whilst a formal report has not been published in relation to this work, for the purpose of this report 'reasonable assurance' has been given. Working papers are in place to support this opinion. No follow-up review is required, however, the</p>

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								implementation of the recommendations made will be monitored using the GRACE risk management system.
<b>Procurement including The Chest portal - Key Financial Risk Matrix (KFRM)</b>	<b>Fieldwork in progress</b>							The overall objective of the completion of a key financial risk matrix is to review the controls in place around the Procurement systems and processes 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>Debtors and Recovery - Key Financial Risk Matrix (KFRM)</b>	<b>Fieldwork in progress</b>							The overall objective of the completion of a key financial risk matrix is to review the controls in place around the Debtors and Recovery systems and processes 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.

## **Outstanding work to be completed in 2022/23 (ending 31 March 2023)**

- National Fraud Initiative (NFI) – Annual NFI exercise (Inc. Single Person Discount Data Matching exercise)
- Civica Pay
- Marine Hall/Thornton Little Theatre/Mount Pavilion - continual review
- Grant schemes – compliance with terms and conditions
- Performance management – development of the new process
- Assurance mapping to assist the compilation of the 2023/24 audit plan
- On-going preparation for the internal audit PSIAS peer review in March 2023

## **Other audit work undertaken during the year 2022/23**

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

Since the last NFI update presented to the Audit Committee in June 2022, some progress has been made to investigate the matches resulting from the 2020/21 council tax single person discount data matching exercise. Whilst the Compliance Team have been unable to investigate any of these data matches due to competing work pressures and their involvement in processing the remaining Covid-19 business grant payments and energy rebates, training was provided to the Corporate Apprentices and the Insurance and Business Continuity Officer to assist with the investigation of the matches produced. However, whilst a large number of matches have been investigated by these officers, due to the age of the data, the issue of letters to residents requesting additional information has been delayed pending receipt of the next data exercise in January 2023. The revised data will then be reviewed and compared to the matches already investigated and the system updated. A further progress update will be provided to the Audit Committee in June 2022.

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

The council's Data Protection Officer (DPO) supported by the Information Governance Group (IGG) continue to work together to ensure the council is compliant with data protection legislation. The DPO, Deputy DPO and the Audit and Risk Manager continue to support officers across the council in ensuring the council's data protection obligations are met and the DPO reports quarterly to the Corporate Management Team (which includes the SIRO), with the last update being on 14 September 2022 and the next update being scheduled for 1 February 2023. The following areas were reported at the last update;

- The scope in relation to the Data Protection and UK GDPR compliance audit was recently widened to include a more detailed examination of the council's information asset registers. Whilst information asset registers are in place for the majority of the main services, these registers are mostly out of data and have not been reviewed for some time. There are also some services that don't have any records of the information they hold. In lights of this, the auditor feels a more true reflection of the assurance level is 'limited assurance' to reflect the significant gaps with the information asset registers. A report has now been drafted and the actions have been agreed with the IGG. Information Asset Registers and the importance of these will be discussed at the Head of Service meeting on 9



January 2023, following which an exercise will begin to ensure all services have information asset register in place.

- The Subject Access Request Procedure has now been finalised and approved by CMT. The Audit Committee will receive the procedure in November for final approval along with the refreshed Records Management Policy and updated Data Protection Policy and Procedure.
- Learning Pool – The cyber security module has now been rolled out to all staff. Completion rates are being monitored by HR and ICT and regular reminders will continue to be sent out until all staff have completed the mandatory module. Once all staff have completed this, the data protection module will then be rolled-out. It has been agreed with HR and ICT that both of these modules will be completed by new starters on their first day.
- Cyber / Disaster Recovery – key risks continue to be monitored through the GRACE risk management system and are reviewed on a quarterly basis by the Corporate Director Resources, Head of Service, Audit and Risk Manager and the ICT Service Delivery Lead. The council continue to work on a number of solutions for cyber / disaster recovery, which to date has included identifying more back-up sites, completing a Cyber Resilience Self-Assessment (currently 2/3 completed) to identify the gaps and the key risks and drafting both a Cyber Resilience and Disaster Recovery Plan. Due to limited resources, progress is slow, however it is hoped that both plans will be finalised in 2022.
- The DPO continues to log and investigate all data incidents. Since April 2022, two data incidents have been reported to the ICO, one of which has resulted in the council receiving a letter from a solicitor. A response has been issued by the DPO and the council is currently awaiting a response.
- The IGG have recently refreshed the council's ICT Computer Use Policy and User Agreement. This was approved by Full Council on the 27 October 2022. It will now be rolled out to all staff and Elected Members, who will need to complete the mandatory declaration confirming their understanding and compliance to the Policy.

### 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 2022. 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 2022/23.

**Gifts, Hospitality and Registering Interests** – There have been no declarations made by council officers receiving gifts and hospitality since the 21 January 2022. A reminder

will go out in the December Core Brief for staff to use the on-line form to register any gifts or hospitality received and to report any registered interests they may have in relation to council business.

**Whistleblowing / Investigations** - There has been one internal investigation and one whistleblowing call since 1 April 2022.

The investigation which has now concluded, was reported to the Audit Committee in September 2022. As advised at that meeting, following a disciplinary hearing held by the Corporate Director Environment an outcome of gross misconduct was reported and as a result, the officer was dismissed.

A whistleblowing call was received on 18 August 2022. This is currently in the process of being investigated by the Audit and Risk Manager and the Head of Governance and Business Support. The Audit Committee Chairman has been provided with an overview of the whistleblowing and a further update will be provided to the Audit Committee once the investigation has been completed.

### **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.

The council's strategic, operational and ICT risks are now populated within the risk management system (GRACE) and action plans have been added to assist with the mitigation of the risks identified.

#### **Strategic Risks**

The Corporate Management Team (CMT) met on 18 March 2022 to carry out the annual strategic risk workshop. The results of the workshop were presented to the Audit Committee at its meeting in June 2022. At the workshop, significant business risks that may impact upon the council's priorities (the business plan) were identified and assessed, and appropriate control measures were put place. Progress is monitored on a quarterly basis by CMT, including a more comprehensive six monthly review which was completed on 12 October 2022. The results of this review will be reported verbally to the Audit Committee on 15 November 2022.

The next strategic risk workshop will be held on the 12 January 2023.

#### **Operational Risks**

Operational risk workshops were held this year following the strategic risk workshop in March, with each service unit identifying new risks that could occur during the year preventing the achievement of individual service plans. Whilst staff who have responsibilities for identified risks are encouraged to review their risks and update their action plans continually throughout the year, prompts have been issued to staff during the year to ensure progress was being documented. Individual operational risk registers have not been provided as part of this report as operational risks are reported to the Audit Committee on an 'exceptions' basis where any risks are not managed appropriately.

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

<https://wyregovuk.sharepoint.com/sites/Councillor-Portal>

#### **ICT Risks**

The council's ICT risk register is reviewed quarterly by the Corporate Director Resources, Head of Contact Centre and Interim Head of ICT, ICT Services Manager, Audit and Risk Manager and the Audit, Risk and Performance Lead. The last review was completed on 3 August 2022 and the updated register is available on the Hub.

**ANNUAL GOVERNANCE STATEMENT 2021/22 - 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 1 November 2022</b>
<b>ICT Disaster Recovery / Cyber Resilience</b>	C/F 2018/19	<p>Whilst an ICT disaster recovery plan was initially drafted in 2018/19 this has yet to be finalised.</p> <p>Whilst some work has been completed to ensure the council is protected as much as possible from cyber-attacks, including carrying out a self-assessment of gaps/key risks, the council has still to progress a separate Cyber Resilience Plan.</p>	<p>The Disaster Recovery Plan needs to be finalised and rolled out as soon as possible.</p> <p>A separate Cyber Resilience Plan needs to be developed to take into consideration the issues raised in the recent cyber self-assessment.</p>	<p>Lee Brophy/ Peter Mason TBC</p> <p>Peter Mason/ Steph Wright 31 December 2022</p>	<p>The Disaster Recovery Plan still needs to be finalised and rolled out.</p> <p>The Cyber Resilience Plan still needs to be developed to take into consideration any issues raised in the cyber self-assessment currently being completed.</p>
<b>Climate Change</b>	2021/22	<p>The council declared a climate emergency in July 2019 and since this time the council has been working through a comprehensive action plan of issues effecting both council services and the wider community. Whilst good progress has been made in implementing a number of these actions, for example securing £1.2m in grant funding for the decarbonisation of Fleetwood Market and accredited as a Bronze level Carbon Literate Organisation, there is currently only one full time officer leading on climate change. Further work is needed to identify any gaps with the action plan and highlight the key projects (e.g. developing a</p>	<p>More staff need to be encouraged to take part in the Carbon Literacy training to facilitate the achievement of a silver accreditation.</p> <p>In addition, lead officers need to be identified to drive forward the key projects to allow progression of the action plan which will allow the council to reduce its carbon emissions by at least 78% by 2035, in line with the UK government targets.</p>	<p>Mark Billington / Kathy Winstanley Sammy Gray</p>	<p>Key officers have been identified to lead on key projects with updates reported quarterly to CMT and management board.</p>

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as 1 November 2022
		strategy) and then nominate lead officers.			
<b>Social Value</b>	2021/22	Whilst the Council's Constitution considers social value when procuring goods and services and gives some advice, the council does not record or monitor the impacts / outcomes of social value following the procurement of goods and services. Initial investigations were made to procure software that would assist with the recording and monitoring of social value, however it was considered excessive for the council's current needs.	More work needs to be completed in regard to monitoring the impacts / outcomes of social value, particularly with larger contracts, following the procurement of goods and services. Legislation is awaited which will influence any changes.	Lee Rossall	<p>The new Public Procurement Bill has not yet been passed and in the meantime the council is working within the guidelines of the Public Services (Social Value) Act 2012.</p> <p>Further consideration will be given to including social value weightings in tender documentation and identifying other measures for monitoring social value outputs in contracts e.g. KPI's</p>
<b>Internal Audit Quality Assurance Improvement Programme (QAIP)</b>	2021/22	From 1 June 2021 the Chief Internal Auditor role was allocated to the Audit and Risk Manager. However whilst the postholder has significant audit experience and has already obtained 'Certified' auditor status, she currently does not hold 'Chartered' status as required by the Public Sector Internal Audit Standards. Succession plans are in place within the	Whilst the Audit, Risk and Performance Lead obtains the necessary 'Chartered' status, the Head of Governance and Business Support will need to countersign the Internal Audit Self Effectiveness review and also the Annual Audit	Jo Billington / K McLellan	Completed

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as 1 November 2022
		Internal Audit Team and given the current Chief Internal Auditor has indicated she may wish to retire in 2023/24, a decision has been made to allow the Audit, Risk and Performance Lead to undertake the relevant 'Chartered' qualifications.	Opinion.  The QAIP needs to be updated to reflect this countersignature arrangement and the requirement for the Audit, Risk and Performance Lead to undertake the necessary 'Chartered' status.		
<b>Report Author Training</b>	2021/22	Whilst a number of changes have been made to the Constitution over the last few years, it is noted that the Report Author Guidance has not been refreshed since 2017, when the last training session for report authors was delivered. It is understood that the introduction of a 'climate change decision wheel' is to be introduced to the decision making process which will also need reflecting in the guidance.	The Report Author Guidance needs to be updated to include any changes made since 2017. It should also include guidance on the new 'climate change decision wheel'. Following which training will need to be arranged with all report authors.	Democratic Services	Report Author training has now been completed with a mop-up session scheduled for early November. The climate change decision wheel is currently being piloted with all key council decisions.
<b>Regulation of Investigatory Powers Act (RIPA)</b>	2021/22	Following the last inspection in January 2022, a few minor changes are needed to the council's RIPA Policy.	The RIPA policy needs to be reviewed and amended to take into consideration the minor changes recommended by the Inspector in January 2022.	Mary Grimshaw	Completed

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as 1 November 2022
<b>Whistleblowing</b>	2021/22	Following a recent whistleblowing and an external independent assessment of the council's policy and procedures, it was identified that the current policy needs reviewing.	A review of the WB Policy needs to be completed and submitted to the Audit Committee in November 2022 for approval. Following this, the policy will then need to be rolled out to all staff, partners and contractors.	Jo Billington	The Whistleblowing Policy has been reviewed and will be submitted to Audit Committee for approval on the 15 November 2022. Once approved it will be rolled out to staff, partners and contractors.
<b>Information Governance / Data Protection (inc. Transparency Code)</b>	C/F 2018/19	<p>The council continues to work towards ensuring full compliance with the UK GDPR. Whilst the GDPR compliance audit included in the 2021/22 audit plan has yet to be finalised, 'reasonable' assurances have been given by the Auditor that generally there are sound controls in place and that whilst some areas have been identified that require strengthening, the auditor is confident that the majority of the issues identified can be addressed relatively quickly. However, a larger piece of work is needed by service managers to bring the information assets registers up to date.</p> <p>Elected Members have not had any data protection training since 2018. Whilst there will be a module within Learning Pool, there is no plans at this stage to roll out</p>	<p>The draft report for the GDPR compliance audit, which includes recommendations relating to compliance to the Transparency Code needs to be issued asap. The action plan needs to be managed by the Information Governance Group and regular updates need to be provided to CMT through the quarterly Head of Governance and Business Support updates.</p> <p>Need to arrange UK GDPR refresher training for the newly Elected Members in May 2023.</p>	<p>Jo Billington / Jo Porter / Dawn Allen / Karen McLellan</p> <p>Jo Billington / Democratic Services May 2023</p>	<p>The GDPR audit has now been completed and the action plan was considered by the Information Governance Group on the 5 October 2022. Once finalised, the implementation of the actions will be monitored through GRACE and CMT quarterly updates.</p> <p>GDPR refresher training has been arranged for the newly Elected</p>

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as 1 November 2022
		the platform to Elected Members. However an alternative will be sourced.			Members on the 6 July 2023.
<b>Staff Survey</b>	C/F 2019/20	Whilst a full staff survey has not been carried out since 2017/18, there have been a number of staff engagement activities that have taken place; hybrid working and listening sessions at Marine Hall. However, these sessions may not have captured all staff giving every officer an opportunity to raise or voice concerns.	Consideration should be given to carrying out a full staff survey following the pandemic and the introduction of hybrid working, focusing on health and wellbeing following a difficult two years.	Jane Collier / CMT	A staff survey was carried out December 2020 – January 2021. The employee survey took a different approach to previous formats recognising the impact pandemic has had on staff. The survey gave the opportunity for staff to share the extent to which they are managing with new working arrangements and the impact the months since the start of the first lockdown in March 2020 have had on their wellbeing. In addition it was important to ascertain what staff think went well, not so well and what could have been done differently. The results from the



Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as 1 November 2022
					survey have helped to form the basis for work carried out on the roll out of hybrid working from September 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 and where to locate it. In addition, it has become apparent that there are limited number of senior officers available to carry out second stage investigations. In response to these findings, the Corporate Apprentices surveyed CMT / HOS to try and capture any issues with the current processes with the object of refreshing the policy and identifying more resources to assist with second stage investigations. Whilst a summary of findings was produced, these have yet to be actioned.	The work completed by the Corporate Apprentices regarding the operation of the corporate Comments, Compliments and Complaints Procedure needs to be finalised with consideration be given to identifying additional resources for the second stage investigations.	Peter Mason / Jo Billington  CMT / Jane Collier December 2022	Corporate complaints are now administered through the CXM system which has simplified the process. However, resources for completing second stage reviews are still stretched.  HR are in the process of identifying future 'aspiring leaders'. Following this, consideration should be given to including them in the allocation of second stage reviews.
<b>Competencies, behaviours and values</b>	2021/22	The council's current values framework, which includes the expected values and behaviours, has not been reviewed following the role out of the hybrid working	HR need to continue to work with NW Employers to develop a programme which will include a review of the	Jane Collier / CMT / HOS TBC	Work on refreshing the strategic narratives and the values framework

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as 1 November 2022
		programme. In addition, it is felt that the 'one size fits all' competency framework is not appropriate for Managers and operational staff. HR have already started to work with North West Employers (NWE) to develop a programme which will in the first instance look at refreshing the strategic narrative, followed by the values framework.	current strategic narrative and values framework, with a view to exploring the possibility of introducing further levels of competency for managers and operational staff.		has been put on hold pending the recruitment of a new Chief Executive.
<b>Member Code of Conduct</b>	C/F 2020/21	<p>Following the recent refresh of the Local Government Act's 'model Code of Conduct', Wyre's code has been benchmarked, refreshed and approved by Full Council. Following this training (Members Behaving Badly) was provided by an external party to Elected Members on the 3 February 2022. However not all Elected Members attended.</p> <p>In addition, following the CPSL review, Central Government responded to the review making a number of observations and recommendations for Local Authorities to consider. It is understood the Monitoring Officer (MO), Deputy MO, Head of Governance and Business Support and Democratic Services have met to consider the document and a number of actions are in the process of being actioned.</p>	<p>It is recommended that all Elected Members who were not able to attend the Members Behaving Badly Training are sent the video recording and handouts and certify that they have read and understood the content.</p> <p>In addition, consideration needs to be given to including similar training to newly Elected Members in May 2023.</p>	<p>Democratic Services Immediately</p> <p>Monitoring Officer / Deputy Monitoring Officer May 2023</p>	<p>Completed</p> <p>A similar training session to 'Members Behaving Badly' will be presented to all newly Elected Members on the 18 May 2023.</p>



Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as 1 November 2022
		<p>within the council's Business Plan require further enhancement. A new role was created, following which in June 2021 an Audit, Risk and Performance Lead was appointed to lead on the refresh of monitoring the performance of the projects within the Business Plan. Quarterly monitoring of the projects / measures within the business plan continue to be reported to CMT and Overview and Scrutiny and work is on-going to improve the processes / indicators / measures in place to monitor the performance of the council's key projects. A decision has been made to leave the fundamental review until the council starts pulling together the new business plan for 2023.</p>	<p>reporting key projects will be carried out, starting in January 2023 prior to pulling together the new four year Business Plan.</p>	<p>April 2023</p>	<p>session with CMT / HOS on the 15 November 2022.</p>
<b>Performance Appraisals</b>	C/F 2020/21	<p>Whilst there are standardised documents for documenting performance appraisals, it has been established that although CMT have conversations that mirror the standardised documentation these discussions are not documented on the same corporate paperwork.</p>	<p>To ensure a consistent approach is established, all CMT need to use the corporate performance appraisal documentation to record their 1-2-1 discussions with the Chief Executive. The NWE programme will support this change with higher-level competencies with SLT.</p>	<p>HR / CMT April 2023</p> <p>CMT April 2023</p>	<p>The work required on the higher-level competences has been paused pending the appointment of a new CEX.</p> <p>The use of the corporate paperwork for the three Directors will be reviewed following the recruitment of the new CEX.</p>

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Progress as 1 November 2022
<b>VFM Indicators</b>	2021/22	During the pandemic, the value for money (VFM) indicators were not reviewed as normal and presented to Cabinet and the Overview and Scrutiny Committee.	Consideration needs to be given to the validity of running the benchmarking VFM indicators during the Covid year 2021/22.	Clare James	The benchmarking VFM report will not be produced owing to 21/22 still being impacted by the pandemic. Other benchmarking such as CIPFA's Financial Resilience Index will be used instead.