

Report of:	Meeting	Date
Head of Finance (Section 151 Officer)	Audit Committee	13 November 2018

INTERNAL AUDIT AND RISK MANAGEMENT - PROGRESS REPORT

1. Purpose of report

- 1.1 To review progress in relation to Internal Audit and Risk Management and consider progress against the action plan resulting from the 2017/18 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. Recommendations

- 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 Head of Governance 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 2017/18 Annual Governance Statement are attached at Appendices 1, 2, and 3.

Financial and legal implications	
Finance	The annual programme of audits is performed by the in-house team supplemented by 40 audit days, supplied by Lancashire Audit services and met from an existing budgetary provision.
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 a x.

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

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

Processing Personal Data

If the decision(s) recommended in this report will result in personal data being processed, a privacy impact assessment (PIA) will have been completed and signed off by the council's Data Protection Officer before the decision is taken (as required by the General Data Protection Regulations 2018).

report author	telephone no.	email	date
Joanne Billington	01253 887372	Joanne.billington@wyre.gov.uk	01.11.2018

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 2017/18 - Action Plan update

INTERNAL AUDIT PROGRESS REPORT – MAY 2018 to NOVEMBER 2018

THE AUDIT PLAN AND DELIVERY

The Internal Audit and Risk Management Section is responsible to the Head of Finance (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. 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 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 on the 8 May 2018.

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.

The annual contract with Lancashire Audit Services (LAS) provides 40 days of audit support at a rate of £325 per day for 2018/19. This is supplemented by work performed by the in-house team. The work completed by the in-house team is benchmarked against the work carried out by LCC to ensure that quality and standards are maintained.

All the major reviews conducted to date have been completed within or below the agreed timescales and to budget, and additional benefits continue to be derived from consultation with Lancashire Audit Services, given their wealth of experience and extensive client base.

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.

Audit Work Performed May to November 2018

As summarised below the following reviews have been performed and reports issued since the last progress report was delivered in the Annual Audit report in May 2018.

Wyre Council Reports

AUDIT OPINION DEFINITIONS

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

DEFINITION OF PRIORITY RANKINGS

Level 1	Non-compliance with Financial Regulations and Financial Procedures Rules, Employees Code of Conduct, staff instructions etc. which could have a <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 improvements, efficiencies in service delivery.	None

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
<u>Audit work from 2017/18 completed since May 2018</u>								
Procurement	Final Report Issued June 2018	0	6	0	0	0	Good	<p>A follow up of the findings identified in the Procurement review completed in December 2016 was conducted and areas have been identified where improvements could still be made to strengthen the control environment, namely;</p> <ul style="list-style-type: none"> • The Chest templates are not fully completed in all instances or supporting information stored in the evaluation folder; • The Contract Procedures rules have not been updated to include information on the calculation of contract values and the treatment of lots; • The contract register requires reviewing to ensure this includes all contracts; • Purchase orders are not raised for all building maintenance invoices resulting in payment being incorrectly authorised; and • When purchasing specialised services Portfolio Holder approval is not obtained in all instances.
Marine Hall	Final Report Issued June 2018	0	11	5	0	0	Weak	<p>Areas have been identified where improvements could be made to strengthen the control environment, namely;</p> <ul style="list-style-type: none"> • Operational objectives for the Marine Hall have not been formally agreed and documented; • The profit and loss of each event is not accurately assessed as all costs are not included; • Front of house procedures have not been

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								<p>documented and cascaded to all staff;</p> <ul style="list-style-type: none"> • CCTV signage does not contain the council's contact details and external signage is not displayed; • Staff duties within the office are not clearly defined; • Staff appraisals were not completed during 2017; • Event sheets are not fully completed with all charges due to the council; • All fees and charges due to the council are not invoiced and the date of receipt recorded on the event sheet in all instances; • Purchase card transactions are not recorded on the Civica system in a timely manner and authorisation obtained; • The cashing up process is not verified by two officers at the time of completion on each occasion; • The bar float is used for petty cash purchases which are not supported with itemised receipts in all instances; • Only one officer is responsible for the operation and system administration of the POSWYSE stock system; • User access permissions on the POSWYSE system are not routinely reviewed to ensure these are correct; • Quarterly stock takes were not completed during 2017; • Alarm codes and premises keys are given to contractors by the Asset Management team allowing them to enter premises when staff are not in attendance; and • A date for the review of health and safety procedures by the Health and Safety Advisor has yet to be agreed.

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								The Director of Performance and Innovation and the Section 151 Officer requested further work be completed to ensure that the above recommendations were implemented as soon as possible. It was therefore agreed that the Senior Auditor would visit the Marine Hall, initially one day a week (up to a maximum of 10 days) to offer support, advice and guidance.
IR35	Final Report Issued October 2018	2	5	1	1	1	Fair	<p>Areas have been identified where improvements could be made to strengthen the control environment, namely;</p> <ul style="list-style-type: none"> • No information on IR35 has been included in the Contract Procedure Rules and the Guide to the Engagement of Consultants; • Clear procedures / processes for the ongoing monitoring of agency and consultancy expenditure and assessment of existing contracts have not been established; • Creditor reference forms are not fully completed by suppliers to indicate if IR35 has been considered or does not apply; • A central record of all completed HMRC assessments or notifications to suppliers of agency staff is not maintained; • IR35 training has not been delivered to all spending officers and periodic reminders are not issued; • Prompts to consider IR35 are not included in the Request to Fill form and Officer Delegation form; • The employment status of temporary agency workers engaged to provide services to the Council is not routinely assessed in all instances; and • The employment status of consultants engaged to provide services to the Council is not routinely assessed in all instances.

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
<u>2018/19 Audit work</u>								
Homeless Reduction Scheme	Final Report Issued November 2018	0	6	1	0	1	Good	<p>Areas have been identified where improvements could be made to strengthen the control environment, namely;</p> <ul style="list-style-type: none"> • The draft 2018-2022 homelessness strategy has not been formally agreed and published; • Monthly reviews of all outstanding cases have not been routinely completed in all instances; • Copies of the notifications issued to customers have not been retained in all instances; • Evidence of the caseload reviews completed by the Team Leader is not retained; • All enquiries received by the Housing Options team are not recorded enabling these to be accurately measured; • Wyre Council are the only Lancashire authority who use the Homeless Advice System (HAS) and continued support for this system should be assessed; • The current data sharing agreement issued to all agencies and partners requires updating; and • Evidence of fire and public liability insurance certificates for bed and breakfast accommodation is outstanding.
Stray Dog Seizure and Kennelling Service	Final Report Issued November 2018	0	2	1	0	1	Good	<p>Areas have been identified where improvements could be made to strengthen the control environment, namely;</p> <ul style="list-style-type: none"> • Documented procedures require updating to reflect the revised enforcement procedures; • No evidence is retained to demonstrate that the Area Officers have read and understood the safe working procedures and risk

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								<p>assessments;</p> <ul style="list-style-type: none"> Enforcement procedures are not consistently applied by the Area Officers during office hours; and Manual handling training has not been updated for all Area Officers.
New MOT Station and Copse Road Depot	Draft Report Issued November 2018							The overall objective of the audit is to review the controls in place around the council's new MOT station and also the Copse Road depot 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.
CCTV	Fieldwork in progress							The overall objective of the audit is to review the controls in place around the operation of the council's CCTV systems 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.
Taxi Licensing	Fieldwork in progress							The overall objective of the audit is to review the controls in place around the management of taxi licencing 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.
GDPR Compliance Work	On-going	N/A	N/A	N/A	N/A	N/A		<p>30 days has been allocated as part of the 2018/19 audit plan to assist the Council in ensuring compliance with the new Data Protection Act 2018.</p> <p>Since April 2018, time has been spent ensuring each service has an accurate privacy notice displayed on the Internet, Information Asset Registers are in place for each service and data sharing agreements are either in place or are in the process of being developed.</p>

TITLE	STATUS	RECOMMENDATIONS – PRIORITY RANKINGS					AUDIT OPINION	Summary
		1	2	3	4	5		
								<p>Whilst all privacy statements are now on the Internet, a small number of services are still to complete Information Asset Registers. Owing to the time taken in these two areas, no detailed compliance work has been completed around data sharing agreements. This will be picked up as part of the 2019/20 audit plan.</p>

Lancashire County Council Reports

AUDIT ASSURANCE DEFINITIONS

Full Assurance	There is a sound system of internal control which is adequately designed to meet the service's objectives and is effective in that controls are being consistently applied.
Substantial Assurance	There is a generally sound system of internal control, adequately designed to meet the service's objectives, and controls are generally being applied consistently. However some weakness in the design and/ or inconsistent application of controls put the achievement of particular objectives at risk.
Limited Assurance	Weaknesses in the design and/ or inconsistent application of controls put the achievement of the service's objectives at risk.
No Assurance	Weaknesses in control and/ or consistent non-compliance with controls could result/ has resulted in failure to achieve the service's objectives.

DEFINITION OF RESIDUAL RISK

Extreme residual risk	Critical and urgent in that failure to address the risk could lead to one or more of the following occurring: catastrophic loss of the service, loss of life, significant environmental damage or huge financial loss, with related national press coverage and substantial damage to the service's reputation.	Immediate Action Required
High residual risk	Critical in that failure to address the issue or progress the work could lead to one or more of the following occurring: failure to achieve organisational objectives, disruption to the business, financial loss, fraud, inefficient use of resources, failure to comply with law or regulations, or damage to the service's reputation.	Within 3 - 6 months
Medium residual risk	Less critical, but failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management.	Within 6 - 9 months
Low residual risk	Areas that individually have no major impact on achieving the service's objectives or on the work programme, but where combined with others could have an effect at the process level, which could give cause for concern.	Within 9 - 12 months

TITLE	STATUS	RECOMMENDATIONS				Summary
		Extreme	High	Med	Low	
Payroll	Full assurance	0	0	0	0	No recommendations were made following this review.
Project Management	Draft Report Issued November 2018					The overall objective of the audit is to review the controls in place around the council's project management 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.

Other audits to be performed in 2018/19 (ending 31 March 2019)

Wyre Council

- Building Maintenance
- Car Parking – New Machines
- Health and Safety
- SOCITM – Follow up
- Critiqon Mail Service

LCC work

- Housing Benefit Overpayments
- Follow-up work 17/18 audit plan

Owing to a member of the Audit and Risk Management Team leaving the organisation at the end of November, the Senior Auditor has taken on additional responsibilities in the short term whilst a recruitment exercise can be carried out. The outstanding audits were examined and following a discussion around the risks in each instance, a decision was made by the Section 151 Officer and the Head of Governance to roll a number of audits into the following 2019 / 20 audit plan. Namely;

- Go Cardless
- Better Care Fund
- Grant Management
- Street Cleansing Service

Other audit work undertaken during the year 2018/19:

Investigations

All whistleblowing calls and investigations carried out are logged and investigated with the confidential outcomes being reported to the Audit Committee's Chairman and Vice Chairman and also to the Council's External Auditors. To date, there have been no whistleblowing calls during 2018/19 that have required internal audit investigation. However there has been an unexplained recorded loss of £500 at Marine Hall in August 2018 that required investigation. Whilst all staff were interviewed, there was insufficient evidence to support that any malpractice had occurred. Cash handling procedures have now been refreshed and staff have received training and signed to verify their understanding of these procedures.

National Fraud Initiative – Cabinet Office data matching exercise

The council has recently uploaded data to the Cabinet Office to participate in the 2018/19 NFI data matching exercise. A further upload is required in December 2018, with the results of the matches being released in January 2019. Once released, a number of officers across the organisation will be involved in examining the matches to identify any instances of fraud, error or overpayment. The results will be reported to Audit Committee later in the year.

Gifts and Hospitality

The Audit and Risk Management Team maintain the register of gifts and hospitality and provide advice when necessary. There is an on-line E-form which staff are required to complete on receipt of any gift or hospitality. The E-form is then passed to the Head of Governance to be included on the council's register.

The gifts and hospitality register is monitored by both the council's Monitoring Officer and the Audit Committee. The register was examined by the Monitoring Officer in January 2018 and was presented to the Audit Committee at the November meeting.

Since April 2018 there have only been six declarations made by council officers receiving gifts and hospitality. A reminder will be placed on BRIAN in December, reiterating to staff the importance of declaring all gifts and hospitality received and that there is an on-line form to facilitate the reporting process.

Information Governance – Compliance with the new Data Protection Act 2018

The new Data Protection Act 2018 (the Act) and the enshrined General Data Protection Regulations (GDPR) came into force in May 2018. During 2018/19 the Data Protection Officer has been working with the Information Governance Group and the Senior Auditor to ensure the council's readiness. Significant work has been achieved during the year, namely;

- The implementation of Information Asset registers. All services (with the exception of Engineering who are still in the process of completing theirs) have now completed a register which includes the identification of all personal data held, its location, retention period and also the legal basis for processing;
- Information Asset Owners have been identified and trained;
- E-learning software has been purchased and all staff who process personal data have successfully completed the training;
- All 50 Elected Members have now registered with the Information Commissioner;
- All council contracts (which involve personal data) are currently being reviewed to ensure they are GDPR compliant.
- All officers nominated to respond to Freedom of Information (FOI) and Subject Access requests have received training;
- All Elected Members and Parish and Town Councillors have been offered training on their role as Data Controllers;
- The councils' Legal Team have received specific FOI and Subject Access training to ensure they are able to give sound advice and apply the necessary exceptions;
- The council's website has been updated to reflect the new Act and the amended data subject rights.

Whilst significant work has been completed during 2018/19, there is still some work to be completed, namely:

- Ensuring data sharing agreements are in place where personal data is shared externally;
- Continuing to reviewed the council's contracts (which involve personal data) to ensure they are compliant;
- Refresh the council's Data Protection policies; and
- Update the council's Intranet to reflect the new Act and the amended data subject rights.

To ensure that progress continues, compliance to the Act has been listed as a business plan project and will therefore be monitored as a strategic risk and as such will be monitored by the Corporate Management Team on a quarterly basis.

In addition, the Audit Committee's Terms of Reference was amended in June 2018 to state the following;

"To receive updates and reports from the Head of Governance (Data Protection Officer) and to approve policies in relation to compliance with the Data Protection Act and Regulations made under the Act".

Training will be provided following the May 2019 election, once the new Audit Committee has been appointed.

Anti-Fraud and Corruption Awareness

All the council's counter fraud policies are reviewed annually by the Audit Committee. They are located on BRIAN to allow staff and Elected Members easy access.

Both the Money Laundering Reporting Officer (MLRO) and the Deputy Money Laundering Reporting Officer have attended training on the new Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017. The policy has been refreshed and a reminder has been placed on BRIAN reminding staff of the requirement to report any suspicious activity to the MLRO.

In addition, Internal Audit are in the process of completing a further piece of work to ensure the findings identified at the last review in January 2017 have been addressed, in particular, that all cash handlers have been identified and are familiar with how to spot and report any suspicious activity. It is expected that this piece of work will be finalised in December 2018.

RISK MANAGEMENT PROGRESS REPORT

Operational Risks

Progress on the embedding of risk management is reported to the Audit Committee via six monthly reports by the Head of Governance (Chief Internal Auditor). 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.

Risk workshops are held in February each year with each service unit identifying any new risks that may occur during the year preventing the achievement of individual service plans. It is also an opportunity to review progress made in respect of any existing risks, remove risks that are no longer valid and action plan to mitigate against identified risks wherever possible.

All staff who have responsibilities for identified risks are encouraged to review their risks and update their action plans continually throughout the year. However a prompt is issued to staff in October to ensure progress is documented.

The council is currently using spreadsheets to assist with the management of operational risks and these can be viewed by following the link below. The Audit Committee are encouraged throughout the year to go and view the risks identified by each service unit and ensure progress is being made to mitigate each risk and challenge officers in the instances where no progress has been made.

To assist the production of the internal audit plan, operational risk workshops for each Directorate will be held during February 2019, following the strategic risk workshops.

<http://intranet/services/RiskManagement/Pages/default.aspx>

Strategic Risks

The Corporate Management Team review the council's strategic risk register every six months and any subsequent action plans every quarter. Any changes to the ratings are documented and supported by a valid reason and sufficient evidence. The last 6 monthly review was carried out on the 5 November 2018. The results of this review will be reported verbally to the Audit Committee.

The next strategic risk workshop will be held on the 1 February 2019.

ANNUAL GOVERNANCE STATEMENT 2017/18 – ACTION PLAN UPDATE

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Update at October 2018
Information Governance	C/F 2016/17	Whilst the Council has made significant progress ensuring its readiness for the GDPR, there are still areas of concern, namely, data sharing and contracts.	<p>The Data Protection Officer will ensure that where the information asset registers state that data is shared, a data sharing agreement is in place.</p> <p>The DPO, Senior Solicitor and the Procurement Officer will continue to work through the contracts that contain personal data and ensure T&C's are GDPR compliant.</p>	<p>Data Protection Officer (DPO) On-going</p> <p>DPO, Senior Solicitor & Procurement Officer On-going</p>	<p>On-going. This will be picked up once the information asset registers have all checked and agreed by Internal Audit.</p> <p>On-going. All contracts that have GDPR implications have been identified and at present T&C's are being amended.</p>
Money Laundering	C/F 2016/17	The MLRO and Deputy MLRO attended a course on the new Money Laundering and anti-Terrorist Regulations in January 2018. Whilst it was identified that there were elements within the new Regulations that do not apply to Local Authorities, the MLRO will need to ensure that all staff handling cash can identify any signs of laundering and know how to report it.	Audit and Risk Management will identify the relevant members of staff that require training.	<p>Audit and Risk Management December 2018</p>	Audit and Risk Management will complete a piece of work to identify all cash handlers to ensure they are familiar with the new Regulations and know how to spot and report any suspicious activity.
Member Training	C/F 2016/17	The council has agreed that all Members will complete a Councillor Development Plan (CDP) and a Development Needs Analysis (DNA) to ascertain general training needs. However, it was identified	The current CDP and DNA will be refreshed prior to the next Election in May 2019.	<p>Democratic Services Team May 2019</p>	This has been added to the Governance Service Plan for 2018/19.

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Update at October 2018
		that these have not been refreshed for some time and do not necessarily provide the information required to complete an accurate skills and knowledge framework.			
Council's Constitution	C/F 2016/17	Following a number of restructures and local government changes it was identified that the constitution needs to be refreshed to ensure it is up-to-date and fit for purpose. Whilst some work has been completed, progress is slow. Phase one, which is the review of the Introduction, Articles and the Portfolio Holder responsibilities, is due to go to Council in June 2018. However, the main review is still outstanding.	CMT will decide what this review will cover and who will need to be involved.	Corporate Management Team / Democratic Services Team Democratic Services 31 May 2019	This has been added to the Governance Service Plan for 2018/19. Options have been explored and CMT have appointed ADSO to assist Democratic Services with the review. A report will be submitted to Full Council in July 2019.
GDPR compliance work	2017/18	Although a number of key officers are involved in the implementation and roll out of policies and procedures in relation to information governance, there is currently no requirement to obtain committee approval. Given that the Audit Committee are responsible for Governance, it would seem appropriate that this is added to their terms of reference.	Given the importance of ensuring compliance with the new Data Protection Act 2018 and the incorporated GDPR, the Audit Committee's Terms of Reference will be amended to include responsibility for information governance (IG), namely approving the Council's IG policies and procedures and championing the importance of compliance.	Democratic Services Manager / Head of Governance June 2018	At Full Council on the 14 June 2018 it was agreed that Audit Committee's Terms of Reference would be amended to include responsibility for Information Governance. The Head of Governance will ensure the Audit Committee are aware of these changes to their Terms of Reference and will carry out any gaps in training at the Audit Committee meeting on the 12 March 2019 when the TOR is reviewed. In

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Update at October 2018
					<p>addition a more thorough training session will be completed following the May 2019 Election, when a new Audit Committee is appointed.</p>
Performance Appraisals	C/F 2016/17	<p>The new appraisal framework has been in place for 12 months and there are a number of concerns that need addressing;</p> <ul style="list-style-type: none"> • A number of PDP's still o/s; • The high level manager values still need to be reviewed; and • The self- booked 1-2-1's are not working as intended. 	A 12 month review will be completed by the Head of Business Support.	<p>Head of Business Support</p> <p>Summer 2018</p>	<p>A survey has now been completed on BRIAN. The results will be analysed shortly and this will help to determine whether managers should be responsible for scheduling the 1-2-1 bookings. However it should be noted that the response rate was extremely low.</p> <p>The high level competencies are in the process of being reviewed by the HR Advisor.</p>
Equality	C/F 2016/17	<p>Following an internal audit review of the Council's compliance to the Equality Act, a number of recommendations were made, one of which involved assigning overall responsibility for equality to the Head of Business Support. However due to resources the audit actions are still outstanding.</p>	To ensure the work required can be adequately resourced, a decision needs to be made who in HR will be responsible for implementing the actions within the recent audit to ensure the organisation is compliant with the Equality Act.	<p>Head of Business Support</p> <p>September 2018</p>	A restructure of the HR Team has resulted in them taking on responsibility for equality and diversity. Once the officers have been trained in this area, the actions within the Audit will be addressed.

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Update at October 2018
RIPA	2017/18	Officers using RIPA to carry out surveillance and authorising officers last received training approximately three years ago. The Council's next inspection is November 2018.	RIPA training will be arranged prior to the inspection in November 2018.	Senior Solicitor November 2018	RIPA training has now been completed. Further training is to be arranged for officers who may use social media to conduct covert / overt surveillance.
Members' Code of Conduct	2017/18	Following a recent member investigation carried out by the MO at Blackpool Council it was suggested that the Members' Code of Conduct was not robust and required a number of changes to ensure it was robust and fit for purpose.	The Members' Code of Conduct will be reviewed. This review will also include a review of the social media policy.	Monitoring Officer and Democratic Services Manager Timescale TBC	The Social Media Policy was agreed at Full Council on the 19 July 2018. Following a further meeting with the MO at Blackpool Council and a more detailed comparison of their Code of Conduct it was identified that the differences were not overly significant, however it was still felt it would be beneficial to undertake a review prior to the next council election in May 2019. A working group will be formed by the Standards Committee to review the Code of Conduct and the complaints procedure.
Corporate Inductions	2017/18	Owing to staff turnover, the council has streamlined the corporate inductions process. At present, new	It is suggested that the corporate induction checklist be reviewed to ensure it covers all	Human Resources Timescale TBC	The Team are about to commence a review of the recruitment process.

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Update at October 2018
		starters are presented with an induction manual and will spend an hour on their first morning with personnel from HR. There is a new starter checklist which is completed in part by HR but mainly by the line manager. Whilst other officers used to be involved in inductions (CMT, Head of Governance, ICT) this has been phased out over time.	the necessary requirements, for example, completion of any data protection training and the meeting and greeting of key officers and is generally brought up-to-date.		It has been agreed that this review will incorporate the various stages of the recruitment process including the induction procedures.
Ethical Governance	2017/18	In previous years, the council has used an ethical governance survey to ensure both officers and members know and understand the council's key policies and procedures around expected behaviours. The last survey was completed several years ago.	An ethical governance survey will be carried out for both staff and members to refresh knowledge and understand and highlight any training requirements.	Head of Governance September 2018	The survey has now closed. Results will be published in November 2018. The survey for Members will take place after the May 2019 Election.
Audit Committee	2017/18	Some of the current membership of the Audit Committee (AC) do not have the necessary skill set, set out by CIPFA in their 'practical guidance for Audit Committee' publication. Given the Audit Committee are responsible for signing off two of the council's most important statements (the Annual Governance Statement and the Statement of Accounts), it is suggested that CIPFA's guidance should be used when allocating members to the AC.	The CIPFA 'practical guidance of Audit Committees' should be used when appointing members to AC. The other regulatory committees (Planning and Licensing) should also be reviewed to ensure that any statutory or recommended guidance in relation to membership is considered when allocating membership.	Corporate Management Team / Leader of the Council Timescale TBC	Due to the tight deadlines following the Election before the appointment to Committees is made the Chief Executive will meet with the Leader in Feb / March to discuss committee numbers and also any recommended guidance in relation to the required skill set of the Committee.
Report Author Guidance	2017/18	Although report author training has recently been given, there are still a	Report authors will be reminded about the importance of	Corporate Management Team / Democratic	The report author guidance has been re-

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Update at October 2018
		<p>number of issues with report writing, namely;</p> <ul style="list-style-type: none"> • Officers are not contacting the key officers at the start of the process for any financial or legal considerations. Incorrectly, this is still considered to be the final check; • The reports don't always give information on the number of options to consider, often the reports read as though the decision has been made and there is only one option; • The implications boxes are not always used and when they are, it's often incorrect; and • Other implications should be considered and documented within the report, for example ICT and Data Protection, including the needs for a Privacy Impact Assessment (PIA). 	<p>involving key personnel at the start of the process rather than at the end.</p> <p>The implications box will be moved to the top of the report and ICT, DP / PIA implications will be included. Any decisions that require a PIA will not be cleared by CMT unless the PIA has been signed off by the Data Protection Officer.</p>	<p>Services Manager</p> <p>Timescale TBC</p>	<p>drafted and staff will be refreshed on the content at the same time Mod Gov is rolled out.</p> <p>Mod Gov templates have also been amended and additional boxes have been added for Data Protection; Privacy Impact Assessments and ICT.</p>
Succession Planning	2017/18	A number of concerns were raised during the AGS workshop around the council's capacity in particular around the council's ageing population and the reduced opportunity for succession planning.	A review of the council's age profile will be carried out to identify where there could be capacity issues in the future and where there is a need for succession planning.	<p>Corporate Management Team</p> <p>Head of Business Support September 2018</p>	The Head of Business Support will provide a report of the age profile of the Council for discussion at CMT.

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Update at October 2018
Standing for Election checks	2017/18	Whilst the council fully complies with the Electoral Commission in relation to applying the necessary pre-qualification checks in relation to standing for elections, a number of issues have been raised around how these requirements are satisfied.	The Monitoring Officer will liaise with the Election and Information Governance Manager to ensure that more detailed checks are made when completing pre-qualification checks.	Monitoring Officer / Elections and Information Governance Manager May 2019	Whilst the current process is to check the applications, the procedure will be extended to involve a more detailed validation of the eligibility to stand as a councillor. This will include bankruptcy checks and access to Council Tax or Business Rate data as appropriate.
YMCA	2017/18	A number of issues around transparency and openness have been raised in relation to the arrangement in place between the council and YMCA, whereby the YMCA operate and manage our Leisure Centres. The 2017/18 subsidy target was exceeded by just over £66,000. However this was not reported until May 2018, although a smaller overspend had been forecast in the new year. There has also been significant changes to the management of the YMCA which the council was not consulted on but which contributed to the overspend.	A meeting with the YMCA has been arranged in June 2018 to discuss the outturn and the proposal for reducing the subsidy in future years. Any significant changes will need to be taken to Corporate Management Team and Management Board for agreement.	Service Director Health and Wellbeing	YMCA have provided a projection for 2018/19. They are attempting to address the overspend in 2017/18, however there may still be an increased level of subsidy required. A further report from YMCA is expected to detail the way forward.
Leadership Changes	2017/18	There has been a number of changes to the Leadership of the ruling group and Cabinet in late	Changes to the Council's leadership and the leadership of the opposition group will require	Corporate Management Team / Cabinet / Group Leaders / Monitoring	Active and on-going support to the ruling group has been provided

Governance Issue	Year relating to	Finding	Action required	Timescales / Officer Responsible	Update at October 2018
		2017 and early 2018 as well as changes to the Leadership of the opposition group in early 2018.	the development of new working relationships between officers and Members using the Code of Conduct and other guidance as support.	Officer On-going	specifically to the Leader and Portfolio Holders and will continue to be provided as has been completed previously. The same offer has been made to the opposition but has not yet been taken up; i.e. regular briefings are no longer taking place with the opposition.