



## Audit and Risk Management Committee

<b>Date:</b>	<b>Tuesday, 30 November 2021</b>
<b>Time:</b>	<b>6.00 p.m.</b>
<b>Venue:</b>	Winter Gardens - Floral Pavilion

**Contact Officer:** Mike Jones  
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**Website:** <http://www.wirral.gov.uk>

Members of the public are encouraged to view the meeting via the webcast (see below), but for anyone who would like to attend in person, seating is limited therefore please contact us in advance of the meeting if you would like to reserve a seat. All those attending will be asked to wear a face covering (unless exempt) and are encouraged to take a Lateral Flow Test before attending. You should not attend if you have tested positive for Coronavirus or if you have any symptoms of Coronavirus.

Wirral Council is fully committed to equalities and our obligations under The Equality Act 2010 and Public Sector Equality Duty. If you have any adjustments that would help you attend or participate at this meeting, please let us know as soon as possible and we would be happy to facilitate where possible. Please contact [committeeservices@wirral.gov.uk](mailto:committeeservices@wirral.gov.uk)

This meeting will be webcast at  
<https://wirral.public-i.tv/core/portal/home>

## AGENDA

- 1. WELCOME AND INTRODUCTION**
- 2. APOLOGIES FOR ABSENCE**
- 3. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST**

Members are asked to consider whether they have any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

#### **4. MINUTES (Pages 1 - 4)**

To approve the accuracy of the minutes of the meeting held on 27<sup>th</sup> September 2021

#### **5. PUBLIC AND MEMBER QUESTIONS**

##### **5.1 Public Questions**

Notice of question to be given in writing or by email by 12 noon, Thursday 25<sup>th</sup> November to the Council's Monitoring Officer ([committeeservices@wirral.gov.uk](mailto:committeeservices@wirral.gov.uk)) and to be dealt with in accordance with Standing Order 10.

##### **5.2 Statements and petitions**

Notice of representations to be given in writing or by email by 12 noon, Thursday 25<sup>th</sup> November to the Council's Monitoring Officer ([committeeservices@wirral.gov.uk](mailto:committeeservices@wirral.gov.uk)) and to be dealt with in accordance with Standing Order 11.1.

Petitions may be presented to the Committee. The person presenting the petition will be allowed to address the meeting briefly (not exceeding one minute) to outline the aims of the petition. The Chair will refer the matter to another appropriate body of the Council within whose terms of reference it falls without discussion, unless a relevant item appears elsewhere on the Agenda. Please give notice of petitions to [committeeservices@wirral.gov.uk](mailto:committeeservices@wirral.gov.uk) in advance of the meeting.

##### **5.3 Questions by Members**

Questions by Members to be dealt with in accordance with Standing Orders 12.3 to 12.8.

#### **6. INTERNAL AUDIT UPDATE (Pages 5 - 12)**

#### **7. UPDATE ON THE WORK OF THE CORPORATE GOVERNANCE GROUP (Pages 13 - 18)**

#### **8. CORPORATE RISK MANAGEMENT UPDATE (Pages 19 - 32)**

#### **9. APPOINTMENT OF INDEPENDENT MEMBERS TO ARMC (Pages 33 - 38)**

#### **10. SIRO REPORT (Pages 39 - 58)**

#### **11. WHISTLEBLOWING REPORTS Q1 & Q2 2021 (Pages 59 - 64)**

**12. EXTERNAL AUDITOR APPOINTMENT 2023/24 TO 2027/28 (Pages 65 - 78)**

## **Extract from the Constitution (Part 3(B))**

### **13 AUDIT AND RISK MANAGEMENT COMMITTEE**

#### **13.1 Composition:**

Eleven (11) Members of the Council, subject to proportionality, which may be altered to accommodate the overall political balance calculation, in respect of which:

- (a) The membership of the Audit and Risk Management Committee may not include Leader or Deputy Leader of the Council, a Chair of a Policy and Services Committee or any other member of the Policy and Resources Committee
- (b) Members may not review decisions as part of the of the Audit and Risk Management Committee that they have made as a member of another Committee. In this case, they should declare an interest and leave the meeting room. If a member feels that there is a particular reason why he or she should participate, a dispensation must be sought from the Constitution and Standards Committee or Monitoring Officer
- (c) The Committee will in addition include a person who is not a Member or officer of the Council who shall be a co-opted member of the Committee entitled to speak but not vote at meetings.

#### **13.2 Terms of Reference**

The Audit and Risk Management Committee is a key component of Wirral Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The Committee provides independent assurance on the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Audit and Risk Management Committee is charged by full Council to:-

- (a) Governance
  - (i) Consider the Annual Governance Statement, and be satisfied that this statement is comprehensive, properly reflects the risk and internal control environment, including the system of internal audit, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, and includes an agreed action plan for improvements where necessary.
- (b) Internal Audit and Internal Control

- (i) With Chief Officers, to provide proactive leadership and direction on audit governance issues and champion audit and internal control throughout the Council.
  - (ii) Consider annually the effectiveness of the system of internal audit including Internal Audit Charter, Strategy, Plan of work and performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and Local Government Application Note.
  - (iii) Consider the Head of Internal Audit's annual report and a summary of internal audit activity which include an opinion on the adequacy and effectiveness of the Council's internal controls including risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.
  - (iv) Consider regular summary reports on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit activity.
  - (v) Consider reports showing progress against the audit plan and proposed amendments to the audit plan.
  - (vi) Ensure there are effective relationships between internal audit and external audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
- (c) Risk Management & Control
- (i) Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the Council and ensure that the Full Council is kept sufficiently informed to enable it to approve the Council's Risk Management Policy and Framework and that proper insurance exists where appropriate.
  - (ii) Consider the effectiveness of the system of risk management arrangements.
  - (iii) Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.
  - (iv) Receive assurances that action is being taken on risk related issues identified by both internal and external auditors and other inspectors.
  - (v) Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.
  - (vi) Report to full Council as appropriate.
- (d) Anti-Fraud and Corruption
- (i) Provide proactive leadership and direction on Anti-Fraud and Corruption and champion Anti-Fraud and Corruption throughout the Council.
  - (ii) Consider the effectiveness of the Council's anti-fraud and corruption arrangements.

- (iii) Consider an annual report and other such reports, including an annual plan on activity with respect to Anti-Fraud and Corruption performance and receive assurances that action is being taken where necessary.
  - (iv) To be appraised of any steps arising from Whistleblowing investigations and to ensure appropriate actions are being taken and reported.
- (e) Annual Statement of Accounts
  - (i) Consider the external auditor's reports and opinions, relevant requirements of the International Standards on Auditing and any other reports to members with respect to the Accounts, including the Merseyside Pension Fund and approve the Accounts on behalf of the Council and report required actions to the Council. Monitor management action in response to issues raised by the external auditor.
  - (ii) Consider the External Auditors Annual Governance Report and approve the Letter of Representation with respect to the Accounts and endorse the action plan contained in this Report.
- (f) External Audit
  - (i) Consider any other reports of external audit and other inspection agencies.
  - (ii) Ensure there are effective relationships between external audit and internal audit.
  - (iii) To liaise with the Public Sector Audit Appointments over the appointment of the Council's external auditors.
- (g) Merseyside Pension Fund
  - (i) Following presentation to the Pensions Committee and with due regard to any comments and observations made, consider the draft Accounts of the Merseyside Pension Fund and authorise the publication and release of these accounts to the external auditors for the audit by the statutory deadline.
- (h) Treasury Management
  - (i) Consider the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensure that they meet best practice.
- (i) Partnerships and other bodies
  - (i) To deal with any audit or ethical standards issues which may arise in relation to partnership working, joint committees and other local authorities or bodies.
  - (ii) Ensure that there are effective governance arrangements in place for Wirral Borough Council's wholly owned limited companies and trading vehicles.
  - (iii) Receive and review the financial statements and dividend policies of any Wirral Borough Council limited companies and to consider recommending corrective action where appropriate
- (j) Administration

- (i) Review the Committee's own terms of reference no less frequently than annually and where appropriate make recommendations to the Council for changes.
- (ii) Ensure members of the committee have sufficient training to effectively undertake the duties of this committee.
- (iii) Consider the Annual Report of the Chair of the Committee.

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## AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 27 September 2021

Present:

Councillor	K Hodson (Chair)	
Councillors	D Brennan K Cannon AER Jones I Lewis S Kelly	J Johnson T Smith Jason Walsh C Jones

### 12 WELCOME AND INTRODUCTION

The Chair opened the meeting and reminded everyone that the meeting was being webcast and a copy is retained on the Council's website.

### 13 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Councillor David Brennan declared a personal interest in items 8 and 11 as a member of Merseyside Pension Scheme.

### 14 QUESTIONS AND STATEMENTS

There were no questions, statements or petitions from the public or from Members.

### 15 MINUTES

**Resolved – That the minutes of the meeting held on 5 July 2021 be approved.**

### 16 INTERNAL AUDIT UPDATE

Audit Manager Iain Miles introduced this report of the Chief Internal Auditor, which identified and evaluated the performance of the Internal Audit Service and included details of issues arising from the actual work undertaken during the period 1st July to 31st August 2021. Notable issues included the governance of the Wirral Growth Company and recommendations made concerning the recording of Section 106 planning agreements.

Members questioned elements of the report and established:

- That the outcome of the adult safeguarding review would be reported to a future meeting
- An action plan had been developed regarding Section 106 agreements and follow-up review was to be undertaken and would be reported to the March Audit and Risk Management Committee.

**Resolved:**

**That the report be noted and a report update on section 106 audit details and new arrangements be brought to the March Audit and Risk Management Committee.**

17 **CORPORATE RISK MANAGEMENT UPDATE**

Shaer Halewood, Director of Resources, presented this report which provided an update on the Council's risk management arrangements and areas of risk management focus over the following year. Shaer noted that since the last meeting quite a few things had taken place which had impacted it, including:

- The refreshed Wirral Plan which aligned internal delivery plans in line with the themes of the Wirral Plan. This provided an opportunity to look at risks within programmes and directorates as well as Corporate Risks.
- An engagement session with Insurance risk advisors Zurich Municipal, reviewing the Council's approach to risks. They had given the opinion that 22 risks was high compared to other authorities where 10-12 was common. Some risks may be able to transfer to directorate risk registers rather than remain on the corporate.
- A staff survey by Zurich Municipal to get views on appetite of risk. The outcome of this would be given to this Committee's Risk Sub-Group then return to this Committee.
- The Council's Senior Leadership Team were to review the corporate risk register following the Zurich session and the outcome of this would be given to this Committee's Risk Sub-Group then return to this Committee.

Members questioned aspects of the update and established:

- Members get informed of risks and events via performance dashboards for Committees, and Chairs and spokespersons of Committees have briefings with departmental officers
- Employees and Members were bound by a Code of Conduct and People Strategy to act in a proper manner and should report risks
- The loss of expertise when specialised staff leave could be a Council-wide risk
- Climate change incidents were now being assessed as being more likely
- Underachievement and digital poverty following the Covid-19 pandemic could be picked up by Ofsted and could be added as a Corporate Risk

**Resolved –  
That the report be noted.**

18 **EXTERNAL AUDIT UPDATE REPORT 2020/21**

Naomi Povey from external auditors Grant Thornton presented this report of the Director of Resources which provided the progress and update report from external auditors Grant Thornton for the year ended 31st March 2021. Naomi informed Members that the auditors were on target to meet the November date for completion of the finances audit and there were no items so far to draw Members' attention to.

**Resolved –  
That the update provided by the Council's external auditors be noted.**

19 **FINANCIAL SUSTAINABILITY - COMPARISON WITH OTHER LOCAL AUTHORITIES**

Diane Grisdale, Senior Finance Manager, presented the report of the Director of Resources which gave the results of a review of the financial position and governance of Wirral which had been undertaken following a number of other Councils issuing Section 114 notices and receiving Public Interest Reports (PIR) from their external auditors. This report set out the findings from these reviews and compared them with Wirral's financial position and governance alongside any lessons learnt.

Members discussed the report and noted the difficulty of comparing Councils as some had different financial policies such as levels of reserves.

Councillor Kate Cannon, who was concerned that the comparisons were not strong enough to review, moved an amendment to delete 'review' in 'To review the lessons learnt' and change it to 'note'.

This was seconded by Councillor Kathy Hodson and agreed.

**Resolved –  
That the contents of the report, lessons learnt, actions, and how Wirral is ensuring it moved to a more financial sustainable position be noted.**

20 **WHISTLEBLOWING POLICY**

Paul Martin, Principal Lawyer, presented this report of the Director of Law and Governance which detailed the Council's Whistleblowing Policy which had been approved by the Constitution and Standards Committee on 24 February 2021. This Committee was to undertake the implementation of the policy. The purposes were set out in law for people to report illegal activities or failure to

comply with procedures. There were several ways to report: on a form; in person; or to a relevant external body if one oversaw the functions.

Members confirmed that people could remain anonymous when they made contact.

**Resolved – That**

- (1) the contents of the Whistleblowing policy be noted;**
- (2) comments they have in respect of the Policy be provided to the Constitution and Standards Committee; and**
- (3) the steps being taken to implement and raise awareness in respect of the Policy be endorsed.**

**21 2020/21 DRAFT STATEMENT OF ACCOUNTS UPDATE**

Diane Grisdale, Senior Finance Manager, presented this report of the Director of Resources which included the draft unaudited 2020/21 Statement of Accounts and an update on changes to the accounts, prior to the final accounts being presented later in the year as final. The Statement of Accounts set out the Council's financial position as at the 31 March 2021, along with a summary of its income and expenditure for the year ended 31 March 2021. The draft unaudited Accounts were published on the Council's website ahead of the revised statutory deadline of 31 July 2021.

Members discussed the detail in the report, including business rates, Council tax debts and remuneration.

**Resolved – That**

- (1) the draft, unaudited Statement of Accounts for 2020/21 be noted; and**
- (2) the changes to the draft accounts as set out in paragraph 3.9 be noted.**

**22 INTERNAL AUDIT POLICIES AND PROCEDURES**

Iain Miles, Audit Manager, introduced this report of the Chief Internal Auditor, which presented the updated Internal Audit Charter and Strategy and Quality Assurance & Improvement Programme, following a review to ensure continued compliance with the Public Sector Internal Audit Standards (PSIAS).

**Resolved –**

**That the revised Internal Audit Charter and Strategy and Quality Assurance Improvement Programme be noted.**



## AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday 30<sup>th</sup> November 2021

<b>REPORT TITLE:</b>	<b>INTERNAL AUDIT UPDATE</b>
<b>REPORT OF:</b>	<b>CHIEF INTERNAL AUDITOR</b>

### REPORT SUMMARY

This report identifies and evaluates the performance of the Internal Audit Service and includes details of any issues arising from the actual work undertaken during the period 1<sup>st</sup> September 2021 to 31<sup>st</sup> October 2021. There are a number of items of note concerning audit work undertaken that are brought to the attention of the Members for this period and these are identified at Section 3.2.

### RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION**

- 1.1 To provide the Members with assurance that the Council is taking appropriate measures to ensure that the control environment is effective and to comply with statutory requirements to provide an adequate and effective internal audit service.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified by the Chartered Institute of Public Finance Accountants (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 No other options considered appropriate as the service is required to comply with the requirements of the Public Sector Internal Audit Standards for delivery and reporting frequency.

### **3.0 BACKGROUND AND AUDIT OUTPUT**

- 3.1 Internal Audit operate an effective reporting mechanism for Members of the Audit and Risk Management Committee that summarises audit work completed and identifies issues raised on timely basis. This report supports these arrangements by focussing on the following:

- Any items of note arising from audit work conducted,
- Any issues arising that require actions to be taken by Members,
- Performance information relating to the Internal Audit Service,
- Developments being undertaken to improve the effectiveness of the Internal Audit Service.

The information contained within this report is for the period 1st September to 31st October 2021.

#### **3.2 Items of Note**

##### **3.2.1 Adult Safeguarding**

A high priority action arising from a review of the Adult Safeguarding data systems, record maintenance and performance processes and procedures identified an issue regarding information flow between NHS providers and the Council in relation to outcomes of safeguarding referrals, that was reported to this Committee in September 2021. Further discussions have now taken place with the department and an action plan agreed identifying an immediate timescale for implementation of the required action to improve systems in operation. Internal Audit intend to follow this up in Quarter 4 of 2021-22 to evaluate the impact of the agreed action on systems and associated benefits and improvements and the outcomes will be reported to this Committee.

### 3.2.2 Regeneration - Town Deal Fund

Internal Audit are currently involved in the development of the assurance process for the ten projects that have been accepted for the £25 million Town Deal Fund. The business cases for each of the projects will be evaluated and assessed as a real time audit, approximately a third of the way through the individual business case process, so that assurances can be obtained regarding the effectiveness of arrangements and identification of any actions required to support the successful sign-off and receipt of grant monies. The types of area for review will be evidence of liaison with stakeholders, robustness of the delivery plan and the monitoring of outputs and outcomes, and the sources of match funding for the project ensuring firm commitments are in place to confirm financial stability.

A generic governance programme is being developed for use by project officers as a basic checklist to ensure effective governance of each project as the business cases progress. Internal Audit will also undertake assurance testing to examine the operation of the overall Town Deal process and report findings to senior management for action as appropriate. Members of this Committee will continue to be updated on the outcomes from this important audit work.

### 3.2.3 Contract Procedure Rules

The Council's Contract Procedure Rules are in the process of being updated and Internal Audit are currently actively involved with Legal and Commercial Procurement officers providing input and challenge to ensure that the rules are clear and workable, and provide an effective control environment to underpin the high risk areas of identifying, renewing and tendering for contracts and the subsequent management of them.

### 3.2.4 Children's Personal Budgets/Commissioned Services

An audit review is commencing on the high value area of Children's Personal Budgets and the services commissioned from various external providers to evaluate the effectiveness of the control arrangements in operation. Special attention will be paid to the systems in place over the assessment of the care quality and value for money obtained from the providers utilised, and the extent of call off contracts established with providers will be examined for robustness. Outcomes from this work will be reported to this Committee early in the new year when the work is concluded.

### 3.2.5 Housing Benefits – Specified Accommodation

Following recent developments in this area an audit has been conducted to evaluate the revised arrangements for processing specified accommodation benefit claims to ensure that the control environment is robust and provides management with reasonable assurance of compliance with policy and regulations. The audit identified several measures that this Council's Specified Accommodation Team have taken to minimise any HB subsidy losses including: effective communication with the Council commissioners; a benchmarking database to aid the process for the consideration of 'suitable alternative accommodation'; and data comparison with other local authority processes facilitated via half yearly forums. The audit resulted in an action plan of

recommendations which has been agreed with the Housing Benefit Management Team to further enhance the control environment including:

- Continued representation to make DWP aware of the need for more detailed, concise and clear regulations relating to Specified Accommodation.
- Consideration of the expansion of the working procedures to cover the commissioner's role and/or for the creation of a Service Level Agreement; consideration of how the quality of the monitoring of the Intensive Housing Management costs can be improved.
- Improved communications with third party commissioners to ensure they are aware of the cost implications to the Council.

A follow-up audit will be undertaken to assess the progress with implementing all the agreed recommendations in the new year and the outcomes reported to this Committee.

### 3.2.6 Counter Fraud Campaign

During November 2021 Internal Audit are coordinating a Counter Fraud campaign aimed at both members of the public and the Council workforce. The campaign is scheduled to coincide with the International Fraud Awareness week which takes place annually and has involved collaboration with a number of North-West Authorities. The aim of the initiative is to heighten members of the public and officers awareness of the scale, nature and impact of fraud and the signs to look out for, as well as directing individuals to the reporting processes and procedures. This is particularly important at this present time as the prevalence of fraud has increased dramatically over the past twelve months as fraudsters have looked to exploit circumstances and opportunities presented during the pandemic. The campaign includes the use of various social media channels as well as more traditional outlets such as local newspapers and information totems and banners in public buildings and spaces. Members are requested to support this initiative in the usual fashion.

## 3.3 **Audit Recommendations**

- 3.3.1 All of the actions identified in audit reports for the period have been agreed with management and are being implemented within agreed timescales. The current RAG status for these items are currently classified as amber or green as a consequence. Internal Audit will continue to monitor progress and report any slippages to senior management via the Power Bi dashboard on a monthly basis. Any significant items outstanding beyond agreed timescales and without sufficient mitigations will be reported to this Committee for any appropriate actions to be taken.
- 3.3.2 Discussions have continued with management regarding a small number of historic actions from previous audit reports that remain outstanding as a direct consequence of delays experienced as a result of the Covid pandemic and its impact upon resources in some areas. Revised timescales have where appropriate been agreed and active monitoring of these actions will continue in real time via the Powe Bi reporting tool; and if any of these items remain outstanding beyond these timescales or the nature of the risk increases significantly then the

escalation process will entail them being reported to this Committee for attention and action.

### 3.4 Internal Audit Performance Indicators

3.4.1 The Service constantly evaluates and measures the effectiveness of its performance in terms of both quality and productivity by means of a number of performance indicators in key areas as identified below. This is particularly important at present as the service returns to a normal level of operations following the disruptions caused by the Covid pandemic and the continued agile working:

<b>IA Performance Indicator</b>	<b>Annual Target</b>	<b>Actual % Delivery</b>
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms for the reporting period indicating satisfaction with the Internal Audit service.	90	100
Percentage of internal audit reports issued within 14 days of the completion of fieldwork.	100	100

3.4.2 There are currently no significant issues arising.

### 3.5 Internal Audit Planned Work Qtr 3-4 21/22

3.5.1 The revised flexible Internal Audit Plan as endorsed by this Committee and following disruptions arising from the Covid Pandemic includes targeted audit work aimed at evaluating the effectiveness of controls in operation in the following areas during the remainder of this quarter. Each piece of work has been identified for review based upon the significance of the risks presented in these areas and the corporate impact associated with failure of the control systems in operation. Each audit will culminate in a detailed report for senior management and identify any areas requiring attention/action and outcomes including progress updates be reported to this Committee:

- Business Grants - Post Assurance Checks
- Financial Resilience – Budget Processes
- Corporate Governance – Compliance Reporting
- Business Planning and Performance Management
- Information Governance – ICT Access Controls
- Wirral Growth Company
- Contract Management
- Health and Safety
- SmartBusiness Project (ERP)

- Climate Emergency Arrangements
- Local Plan

### **3.6 Internal Audit Developments**

#### **3.6.1 Continuous Improvement**

This is important to the overall efficiency and effectiveness of the Internal Audit Service and as such a Continuous Internal Audit Improvement and Development Plan is in operation that incorporates new and developing areas of best practice from across the profession, ensuring that the service continues to constantly challenge how efficient and effective it is at delivering its service to all of its stakeholders and making any relevant changes and improvements as required. Some of the actions currently ongoing include:

- Continued ongoing development of the Mersey Region Counter Fraud group led by Wirral Internal Audit to include more joint fraud exercises and training across the local region and the North-West of England.
- Continuing development of the Wirral Assurance Map identifying areas of assurance for the Council for utilisation in audit planning and risk management process.
- Ongoing development of performance management and reporting database with enhanced reporting.
- Ongoing improvements to the audit reporting format.
- Ongoing development of reciprocal arrangement with neighbouring authorities for audits of 'owned' non internal audit services.
- Improvements to Maintained Schools audit provision through development of risk-based work programme.

### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are none arising directly from this report as the service continues to be delivered within its allocated budget.

### **5.0 LEGAL IMPLICATIONS**

5.1 There are none arising directly from this report.

### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 There are none arising directly from this report.

### **7.0 RELEVANT RISKS**

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives. This is mitigated by a robust system of follow up, reporting and escalation of audit matters.

7.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

This is mitigated by comprehensive governance and reporting systems developed and implemented in compliance with relevant professional standards.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 Members of this Committee are consulted throughout the process of delivering the Internal Audit Plan and the content of this regular routine report.

## **9.0 EQUALITY IMPLICATIONS**

9.1 The content and/or recommendations contained within this report have no direct implications for equality. However, the delivery of an effective internal audit service will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of equality.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of CO2/greenhouse gases.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, the delivery of an effective internal audit service will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social and environmental justice for all residents.

### **REPORT AUTHOR:**

**Mark P Niblock**  
Chief Internal Auditor  
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email: [markniblock@wirral.gov.uk](mailto:markniblock@wirral.gov.uk)

### **APPENDICES**

None

### **BACKGROUND PAPERS**

Internal Audit Plan 2020/21

### **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit and Risk Management Committee	Routine report presented to all meetings of this Committee.

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## AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 30 November 2021

<b>REPORT TITLE:</b>	<b>UPDATE ON THE WORK OF THE CORPORATE GOVERNANCE GROUP</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF RESOURCES (S151 OFFICER)</b>

### REPORT SUMMARY

This report provides an update on the role of the Corporate Governance Group (CGG) and its activity in the period April – October 2021. Subsequent updates will be reported twice yearly to this committee.

This matter affects all Wards within the Borough. It is not a key decision.

### RECOMMENDATION/S

The Audit and Risk Management Committee is recommended to note the report.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 To enable the Audit and Risk Management Committee to understand the role and activity of the CGG and how it closely supports the workings of the committee.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The purpose of the CGG is to support the Audit and Risk Management Committee in the discharge of its responsibilities. Not having such a group could weaken the arrangements in place to fulfil these responsibilities.

### **3.0 BACKGROUND INFORMATION**

- 3.1 The CGG is made up of key members of the Senior Leadership Team (SLT), being the Monitoring Officer and the Section 151 Officer, and senior officers with particular responsibility for the oversight of governance and risk management. The CGG meets bi-monthly, (meetings in April, June, August and October 21), and is chaired by the Director of Resources. The CGG oversees the Council's governance systems and processes to ensure that they are up-to-date and effective in practice. It also oversees and monitors progress with key compliance issues, including providing necessary challenge to senior officers as required. Other officers may be requested to attend for specific items of challenge as needed. The work of the Group informs regular reporting to the SLT and the Audit and Risk Management Committee on key governance issues.

#### **Role and Purpose**

- 3.2 The Terms of Reference for the CGG outline the role of the Group as follows:
- Ensure proper arrangements are in place for the oversight of Governance matters within the Council
  - Oversee the preparation of the Council's Annual Governance Statement (AGS)
  - Monitor the delivery of agreed actions to ensure effective arrangements are established for any issues identified as Significant Governance Issues in the Council's AGS
  - Ensure proper arrangements are in place for the oversight of Information Governance matters within the Council
  - Ensure proper arrangements are in place for the oversight of Risk Management arrangements within the Council
  - Review compliance with Council Policies and Procedures across the Council
  - Support and challenge the Senior Leadership Team, through effective reporting and follow-up, to ensure all necessary actions are taken to deliver robust corporate governance arrangements and the highest level of corporate compliance across the Council
  - Provide a review and supporting challenge for draft reports for Audit & Risk Management Committee.

## Recent activity

### Compliance

- 3.3 A key area of activity for the CGG in the period April to October has been to look at different areas of compliance as part of seeking assurance over good governance and adherence to Council processes.
- 3.4 The CGG receives monthly reports on procurement compliance from the Head of Commercial Procurement. The reports continue to be developed; tailored to meet the requirements of additional feedback from the CGG. The reports include compliance data for key areas including breaches, exception reports, retrospective purchase orders and free standing invoices. For example, the October report pack included:
- rolling 12 months summary data for each key area
  - a summary performance dashboard which includes comparison of monthly performance with previous month, average and target
  - for breach notices – details of all breach notices in the current period and, from October 21, a three month rolling trend analysis to help identify any staff or managers responsible for recurring breaches and non-compliance with corporate procedures
  - for retrospective purchase orders – a summary analysis by department and, for each department, a further analysis by section and by approver and requisitioner.
- 3.5 The CGG considers key compliance actions that need to be taken in the light of the procurement compliance data. The Director of Resources has written to Directors to highlight and challenge non-compliance, and to request of Directors a response on how they will rectify it. For example, following the most recent compliance report, the Director of Resources wrote to each Director on 1 November 2021, providing details of the staff identified in the rolling trend analysis for breaches and those who have approved / requisitioned retrospective purchase orders in the previous month. The Director of Resources has sought appropriate explanations and required Directors to ensure that all staff are instructed to comply. Directors have been informed that if breach activity continues they will be asked to explain performance to CGG / the Senior Leadership Team, with potential for escalating reporting to ARMC.
- 3.6 Follow-up compliance action is more advanced with Procurement issues as the management information has by now been regularly reported to Directors and senior officers, together with numerous related communications. However, there are other examples of compliance monitoring and follow-up action being undertaken / planned. These include:
- 3.7 HR Compliance Data.  
Potential compliance data to be monitored was discussed at the April CGG meeting. Key areas reviewed in the period have included completion of essential training, (August and October meetings) and completion of Return to Work (RTW) interviews following a period of sickness absence (October meeting). For the first few months the focus has been on messaging, guidance, support and training; however compliance action will now be strengthened. For example, the Director of Resources wrote to all Directors on 1 November 2021 identifying any significant non-compliance with the RTW process and seeking confirmation from Directors as to the reasons for

the non-compliance and what actions would be put in place to ensure that the procedures are complied with going forward.

3.8 Business Continuity Plans (BCPs).

A summary report highlighting the completion status for the Business Continuity Plans for various Council services was reported to the April and August meetings of the CGG. There have been clear communications with service managers with an expectation that all BCPs should be in place by the 1 December. Progress will be reviewed at the December CGG meeting and agreement reached as to follow-up compliance action required.

3.9 Health and Safety (H&S).

The CGG have received updates concerning how corporate processes for H&S are development through the work of the corporate H&S Board and H&S Steering Group. It is envisaged that H&S compliance reporting will be primarily to the H&S Steering Group and Board, with key indicators escalated for the attention of the CGG when required.

3.10 Information Governance.

Key compliance statistics are to be reported to the Information Governance Board (IGB); and escalated to the CGG where further action required.

3.11 Going forward, it is planned that the Financial Assurance Manager will be distributing compliance statistics on a monthly basis. If compliance with corporate processes does not improve, Directors will be asked to attend CGG to explain the reasons why.

Governance

3.12 Other review areas considered by the CGG in the period have included:

- annual review of the CGG's Terms of Reference (October meeting)
- oversight of the preparation of the Council's Annual Governance Statement (AGS) and sign-off prior to review by SLT
- agreeing the process for the updating of the Council's Code of Corporate Governance (draft Code to be reviewed at the December meeting)
- reviewing, at each meeting, the ARMC Forward Plan
- review of draft papers to be reported to ARMC (usually on a virtual basis outside the meetings)
- consideration of the role and effectiveness of the IGB and a subsequent review of the updated Terms of Reference for the IGB
- review of the draft report of the Council's Senior Information Risk Owner (SIRO)
- review of compliance with the publication requirements of the Transparency Code
- consideration of the governance arrangements for the One Wirral Change Programme
- review of the Council's Whistleblowing Policy
- progress updates on the ongoing Review of the Record of Processing Activities (ROPA)
- consideration of an update note on the MPF Independent Dispute Resolution Procedure.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are no immediate financial implications arising directly from this report, however where non-compliance with Council policies and procedures exists across the Organisation, this may have adverse financial implications if it is not addressed.

#### **5.0 LEGAL IMPLICATIONS**

5.1 There are no immediate legal implications arising directly from this report.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 There are no resource implications arising directly from this report.

#### **7.0 RELEVANT RISKS**

7.1 The failure to identify, investigate, monitor and report upon governance issues may lead to ineffective arrangements which could seriously undermine the ability of the Council to achieve its objectives and could have serious reputation and resource implications.

7.2 The role and activity of the CGG forms a key part of the Council's mitigating controls for the Corporate Risk 18 – Effective Governance and Corporate Risk 16 - Non-Compliance with Policies and Procedures.

#### **8.0 ENGAGEMENT/CONSULTATION**

8.1 No specific consultation has been undertaken with regards to this report.

#### **9.0 EQUALITY IMPLICATIONS**

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity. There are no direct equality implications from this report.

#### **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

#### **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, arrangements to ensure effective and rigorous corporate governance will help to ensure effective and maximised investment in the local economy and communities.

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email: iainmiles@wirral.gov.uk

**APPENDICES**

**BACKGROUND PAPERS**

Agendas and minutes of the Corporate Governance Group.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management Committee: Internal Audit Update	27 September 2021



## AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 30 November 2021

<b>REPORT TITLE:</b>	<b>CORPORATE RISK MANAGEMENT UPDATE</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF RESOURCES (S151 OFFICER)</b>

### REPORT SUMMARY

This report provides an update on the Council's risk management arrangements and areas of risk management focus over the coming year.

This matter affects all Wards within the Borough. It is not a key decision.

### RECOMMENDATION/S

The Audit and Risk Management Committee is recommended to note the report

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 To enable the committee to understand the Authority's most significant risks, the associated mitigating controls, and the risk management framework to fulfil its role of providing independent assurance of the Council's Risk Management Framework.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 No other options considered appropriate as failure to report this information would demonstrate ineffective governance and non-compliance with professional best practice.

### **3.0 BACKGROUND INFORMATION**

- 3.1 Work continues on developing the Delivery Plans and Directorate Business Plans detailing the work programmes required to implement the Wirral Plan 2021-26.
- 3.2 This includes the refreshing of the Directorate Risk Registers and Corporate Risks to ensure that the Council is aware of and understands the risks that have the potential to impact on the delivery of the priorities laid out in the respective plans.
- 3.3 Following the publication of the two reports from the Department of Levelling Up, Housing and Communities (DLUHC) work is underway to develop the key actions in response to the recommendations.
- 3.4 Future reports will provide more information on these actions. It should be noted that some elements highlighted in the reports have already been completed or are in progress.

#### **Risk Management Training for Members**

- 3.5 Discussions are underway with a CIPFA approved trainer to develop a session for all Councillors in January 2022. This will cover the different roles and responsibilities of members as well as the basics of risk management. The aim is to support members in their understanding of the risk profile of the Council and fulfilling various committee roles.

#### **ARMC Risk Sub-Group**

- 3.6 The group met on 23<sup>rd</sup> November and were provided with an update from our Risk Consultant from Zurich on the risk appetite work that has been taking place.
- 3.7 The regular sessions also include an opportunity to look at the Corporate Risk Register in more depth.
- 3.8 The next sub-group meeting is scheduled for January 2022.

#### **Corporate Risk Register (CRR)**

- 3.9 The CRR is subject to amendment as the detailed Delivery Plans, Directorate Business Plans and Directorate Risk Registers are updated and finalised.
- 3.10 In addition a face-to-face focus session with the Senior Leadership Team is planned for 6<sup>th</sup> December to review the risks in more detail and challenge their position on the CRR and mitigating activity.
- 3.11 It is acknowledged that several of the risks and associated mitigation will be impacted by the DLUHC reviews action plan.
- 3.12 The output of this work and associated discussions will be reflected in the next update of the Corporate Risk Register at the January committee meeting.
- 3.13 A copy of the latest Corporate Risk Register is available in Appendix 1.

### **Other Risk Management Activity**

- 3.14 Work continues on developing the reporting of risk registers within the Council's Power BI tool. Appendix 2 is an image showing a snapshot of the risk profile based on the Directorate Risk Registers. This will be refined and updated as the risk registers are updated.
- 3.15 A dedicated risk management approach developed for the Council's regeneration portfolio has been rolled out by the Regeneration Programme Office.
- 3.16 The approach outlines the responsibility of everyone in the Programme Team to identify and manage risks as well as the role of the Programme / Project Manager (PM) to manage the day-to-day processes. Risks are reported and discussed at the monthly Programme Board.

### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are no immediate financial implications arising directly from this report.

### **5.0 LEGAL IMPLICATIONS**

- 5.1 There are no immediate legal implications arising directly from this report.
- 5.2 The Authority has a statutory responsibility under Part 2 – Internal Control of the Accounts and Audit Regulations (England) 2015 to have arrangements in place for the management of risk. It also forms part of the seven new core principles within the best practice guidance, 'Delivering Corporate Governance in Local Government: Framework' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are no resource implications arising directly from this report.

### **7.0 RELEVANT RISKS**

- 7.1 Without robust risk management procedures in place there is a danger that the Council will fail to identify, understand, and monitor key strategic and operational risks. An ineffective and poorly established risk management framework prevents the optimisation and balanced approach between risk taking and control, leading to ineffective assurance and missed opportunities. The consequence of both is that risks are not considered in decision-making which could have serious financial, reputation and resource implications.
- 7.2 Risk management arrangements for the Council form part of the key controls for the Corporate Risk 18 – Effective Governance.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 No specific consultation has been undertaken with regards to this report.

## **9.0 EQUALITY IMPLICATIONS**

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 The content and/or recommendations contained within this report are expected to:
- Have no impact on emissions of Greenhouse Gases

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

- 11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, the development of effective corporate risk management arrangements will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social and environmental justice for all residents.

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## **APPENDICES**

Appendix 1 – Corporate Risk Register Summary – November 2021  
Appendix 2 – Risk Reporting in Power BI

## **BACKGROUND PAPERS**

Risk Management Policy  
DLUHC external assurance reviews  
Risk Management Approach – Regeneration Portfolio - PMO

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management Committee	
Development of the Revised Corporate Risk Register	19 November 2018
Development of the Revised Corporate Risk Register	28 January 2019
Development of the Revised Corporate Risk Register	11 March 2019
Update of the Corporate Risk Register	22 July 2019
Update of the Corporate Risk Register	23 September 2019
Update of the Corporate Risk Management	18th November 2019
Arrangements Corporate Risk Management Update	27th January 2020
Risk Management Update	10th March 2020
Corporate Risk Register Update	16th November 2020
Corporate Risk Management Update	25th January 2021
Corporate Risk Management Update	9th March 2021
Corporate Risk Management Update	5 <sup>th</sup> July 2021
Corporate Risk Management Update	27 <sup>th</sup> September 2021

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Wirral Council Plan 2021-26 Thematic Priorities	Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current/Residual Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score Based on DRR scores - to be ratified			Selection of Planned Actions - more detail to be added as Delivery Plans, Directorate Business Plans and associated Risk Registers are finalised.
A thriving and inclusive economy, creating jobs and opportunities for all.	CRR 01	<b>Development and Implementation of the Local Plan 2022-2037</b> Failure to ensure the Council's arrangements for the consultation, publication and implementation of the Local Plan resulting in intervention, a loss of control over future development and missed opportunities to promote economic growth.	Alan Evans	Regulation 18 consultation completed LGA, Planning Officers Society and Planning Advisory Service supporting the work on the Local Plan Local Development Scheme for Wirral includes risk assessment and indicative timetable (latest version 03/10/2020) Members engagement on Draft Local Plan completed Full working Draft Local Plan issued to Statutory Bodies and Duty to Cooperate Partners for comment Draft Statements of Common Ground issued to Duty to Cooperate Partners Ongoing engagement with DLUHC Ongoing engagement with Homes England and LCR CA on funding for strategic brownfield site	2	4	8	Publication of the Local Plan: (Regulation 19) late 2021 Submission to the Secretary of State- early 2022 Indicative date for Local Plan Adoption early 2023
	CRR 02	<b>Regeneration Programme</b> The failure of the major regeneration projects to deliver the anticipated benefits undermines the Council's budgetary position, its economic growth aspirations and public and investor confidence in the authority.	Alan Evans	Projects brought forward within a clear strategic framework reflecting the Borough's Local Plan and providing confidence to investors, funders and developers Strategic Framework allows for enabling infrastructure, skills and business support to be brought forward to underpin major project development Clearly documented legal frameworks and agreements for all regeneration projects Robust business cases, project and programme plans with detailed risk registers, informed through risk workshops, to underpin key decisions Clear lines of project reporting through project groups to the Regeneration and Place Board with supporting structures and monitoring in place Existing relationships in place with key developers – Muse (Wirral Growth Company LLP) and Peel (Wirral Waters)	3	5	15	Investment strategy being developed to support the funding model for the major regeneration projects Public consultation to be carried out to inform development plans A joint Board has been established with the LCR CA and Homes England to advance a programme approach to investment in Wirral growth projects Alternative delivery models are being reviewed to ensure that effective delivery by the council is maximised The development of our Neighbourhood Frameworks continues in order to ensure a co-ordinated and phased approach to regeneration, whilst ensuring strategic alignment across the directorate. The newly established Regen PMO continues to improve and develop our existing project reporting processes. Creation of dedicated Regen Project Directory, with associated RAID logs and RACI charts for each project to feed into the supporting governance structures and reporting flow - by Q3 2021
A clean-energy, sustainable borough, leading the way in tackling the environment crisis.	CRR 03	<b>Climate Emergency Response</b> Failure to respond effectively and proportionately to develop plans/adaptations that may lead to legal challenge, financial damage, reputation damage, increased costs, lack of resilience	Nicki Butterworth	Impact of Covid-19 restrictions - new ways of working and some unforeseen environmental benefits and opportunities to be built upon. Climate Emergency Team created. Launch of the Tree, Woodland and Hedgerow Strategy in 2020. Cool Wirral Partnership's Climate Change Strategy, Cool 2 including a number of climate emergency public events Environment and Climate Emergency Action Group established to oversee delivery of the Environment and Climate Emergency Policy and Action Plan.	2	4	8	Set up of Task & Finish Group - Environment and Climate Emergency Policy Members' Working Group to develop an Environment and Climate Emergency Policy Become a Carbon Literate Organisation - investment in carbon literacy training for the Council's senior leaders and carbon awareness briefings for all staff and members. Amendment of employee development structures including core competences to include carbon literacy as a core requirement.
	CRR 04	<b>Response to a Crisis/Disruptive Incident (both internal and external)</b> Failure to maintain effective response arrangements and plans (and incorporate COVID-19 measures) to react to a disruptive event leaves the Council unable to respond quickly and effectively to an incident, resulting in a major failure in service delivery	Nicki Butterworth / Shaer Halewood	Emergency response structure led by Strategic Co-ordination Group, with close links to a cross-party leaders group. Operational response was led by Tactical Co-ordination Group, operating through a series of delivery cells, including for example Economic Resilience, Humanitarian, Scientific Technical Advisory and Health and Social Care. Governance structures adapted during COVID-19 response to reflect phase - cells stood up/down as appropriate. Role within LCR and MRF cells Updated Community Safety Strategy - key priorities and activity Business Continuity Awareness Week May 2021 session - Manager Micro 60+ attendees	3	4	12	Response to COVID-19 Lessons Learnt review Business Continuity Awareness programme - including scenarios for Winter 2021/22

Wirral Council Plan 2021-26 Thematic Priorities	Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current/Residual Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score Based on DRR scores - to be ratified			Selection of Planned Actions - more detail to be added as Delivery Plans, Directorate Business Plans and associated Risk Registers are finalised.
<p>Safe and pleasant communities that our residents are proud of.</p> <p>Healthy and active lives for all, with the right care, at the right time.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 26</p>	CRR 05	<p><b>Winter Pressures and on-going COVID-19 Response</b> Failure to use intelligence effectively leads to an inability to respond effectively to a local outbreak resulting in continuing or wider restrictions, increased infection and mortality rate increases, longer term health risks, key council services unavailable, people (staff and public) at risk, increased costs, government intervention and loss of trust/support</p>	SCG / Julie Webster	<p>Outbreak Management Plan refreshed August 2021 Development and use of Community Champions network - 540 local people have signed up to the programme. Joint working and communications across LCR and neighbouring authorities Work of the Local Outbreak Hub - daily multi-agency meetings are held to review case data and share key information, weekly meetings held to evaluate longer-term themes and issues relating to high risk settings and to proactively provide support where needed. Wirral Covid-19 Testing strategy 2020-22 - local and mobile testing sites across the borough. Lateral flow test provision for at home testing. Collaboration with NHS Wirral CCG, and Wirral's Primary Care Networks - supporting the role out of the COVID-19 Vaccination Programme with provision of sites/locations and resource for vaccinations on a mass scale for residents Increased the specialist infection prevention and control team working with care homes. Refreshed Winter Plan for 2021/22 Resumption of oversight visits of all care providers on a proportionate basis Weekly NW ADASS Immediate Workforce Pressures Task and Finish Group</p>	3	4	12	Engagement Strategy and Action Plan including establishing a black, Asian and minority ethnic engagement group and producing a range of communication materials in suitable formats for our diverse local population
	CRR 06	<p><b>Partnership Working</b> Inability to take advantage of collaborative opportunities locally and nationally, limiting improvement in economic conditions for the community and the Council's funding position</p>	Paul Satoor	Effective close partnership working through COVID-19 response by means of the Merseyside Resilience Forum and the Chief Executive's regular meetings with Health partners.	Risk to be reworked.			Preparations for Integrated Care System and Integrated Care Partnership April 2022, including local governance arrangements, and developments for Wirral's Integrated Care Partnership at "place" level
	CRR 07	<p><b>Significant Safeguarding Incident</b> The Council and its partners do not effectively manage their relevant safeguarding risks, leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction and public scrutiny</p>	Graham Hodgkinson / Simone White	<p>Multi-agency Safeguarding Arrangements for Children via Wirral Safeguarding Children Partnership (WSCP) - activity led by the LA, health economy and police including: robust local audit and case review procedures, Section 11 and Section 175 audits of individual agency and school safeguarding arrangements, Scrutiny, publication of policies and guidance, a comprehensive programme of multiagency training (online since April 2020) including: Working Together, CE, Neglect, Domestic Abuse, Contextual Safeguarding, Early Help. Serious incidents are escalated to Assistant Director Level to ensure that learning and procedures are implemented and followed up. Adoption of the Prevention Framework Close monitoring of referrals and contacts Business continuity contingency plans where lack of capacity as a result of COVID-19 e.g. utilising resources from elsewhere Monitored caseloads to provide early warning and enable staff highlight spike in demand</p>	3	4	12	<p>Implementation of recommendations from Adults Safeguarding Board Peer Challenge Review Jan 2020 report including the establishment of a Local Safeguarding Adults Board. WSCP safeguarding leads have approved commissioning standards. Review DASS contracting arrangements and adopt best practice. Strengthen Provider incident reporting - development of protocol, based on NHSE guidance. Commissioners to be updated on new process and provider contracts varied accordingly. Establishment of the Breaking the Cycle programme, encapsulating 8 core projects including: PAUSE, Cradle to Career, DRIVE with outcomes - 3 year programme to 2023 Continue to deliver the new early help model through the design of a new self-help digital tool for families.</p>
	CRR 08	<p><b>Quality &amp; Demand Management in Health and Care Services</b> Failure to improve the quality of health and care services, anticipate demand particularly in the winter period leaving the Council exposed to increased financial pressures in relation to meeting social care assessed need.</p>	Graham Hodgkinson	<p>Implementation of Healthy Wirral Strategy Home First Pathway implemented Social Work services integrated with partners with a section 75 agreement for most services, focus on demand management, early intervention and prevention Continuation of support to the care provider market to support service continuity and quality of provision. Refreshed Winter Plan for 2021/22 Resumption of oversight visits of all care providers on a proportionate basis Weekly NW ADASS Immediate Workforce Pressures Task and Finish Group Vaccination programme - providing packages of tailored support to care homes that have low uptake, with the aim to increase staff coverage.</p>	3	4	12	<p>Care and Support Review-to trial new ways of working with people to provide a more personalised response. Assistive Technology Plan-implement a range of technology and digital options to assist people to remain healthy and independent. An increased range of extracare housing Review and improve the support offer to people at risk of needing hospital care or who are being discharged from hospital.</p>

Wirral Council Plan 2021-26 Thematic Priorities	Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current/Residual Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score Based on DRR scores - to be ratified			Selection of Planned Actions - more detail to be added as Delivery Plans, Directorate Business Plans and associated Risk Registers are finalised.
	CRR 09	<b>Health Inequalities</b> Failure to understand and manage health inequalities leads to increased costs, earlier involvement with and pressure on services and long-term issues for the community	Graham Hodgkinson / Julie Webster	PHAR Annual Report for focus on health inequalities detailing recommendations for all Wirral Partners.	3	5	15	Care and Support Review-to trial new ways of working with people to provide a more personalised response. Assistive Technology Plan-implement a range of technology and digital options to assist people to remain healthy and independent. An increased range of extracare housing. - April 2022 Review and improve the support offer to people at risk of needing hospital care or who are being discharged from hospital.
Brighter futures for all regardless of their background.	CRR 10	<b>Education - School Sufficiency and Placements</b> Failure to secure appropriate and balanced school sufficiency (too many/too few places) impacting on the financial viability of education institutions and resulting in children not able to be educated within their local community, declining performance and poor educational outcomes for children	Simone White	School to School Partnership established giving NLEs and Heads of Teaching Schools strategic responsibility for 'banding' schools. Locality Boards Established to identify and address areas for improvement. Governors have access to appropriate support. Wirral System Leaders Primary place planning review - over 5 years School Improvement Strategy	3	4	12	Influence recruitment drive by sharing intelligence about appropriate skill mix required Progression framework development Transfer between teams policy ASYE Programme improvements DASH System developments Ongoing Primary placed planning review, new controls may be identified and added during reviews. Phase 1 - Birkenhead June 2022
	CRR 11	<b>SEND</b> Failure to appropriately and effectively identify, assess, meet the need and improves outcomes for children and young people with Special Educational Needs and Disabilities resulting in a statement of action from Ofsted, poor school inspection outcomes, children do not reach their full potential and reputational damage for Children's Services and the Council	Simone White / Graham Hodgkinson	SEND Improvement Plan and Self-evaluation co-produced for the last four years - key actions are evaluated regularly through the SEND Operations Group and the SEND Strategic Board reviewing performance and holding to account. External review of provision and recommendations Appointment of Head of SEND and Inclusion Priorities detailed in the SEND Strategy 2020-24 Robust identification and assessment framework in early years, with trained and qualified SEND professionals. Training and development programme for SEND Team	3	4	12	Robust performance management and quality assurance framework Competency framework for EHCP Co-ordinators and EP SEND Sufficiency Strategy development SEND Strategic Board governance review and refresh Development of Action Plan following SEND inspection and subsequent findings and recommendations.
	CRR 12	<b>Preventative Activity in Health and Care Services</b> Insufficient time and resource for preventative and upstream activity mean that outcomes for vulnerable people do not improve, resulting in demand for reactive services not reducing, or increasing.	Simone White / Graham Hodgkinson	Close monitoring of referrals and contacts Business continuity contingency plans where lack of capacity as a result of COVID-19 e.g. utilising resources from elsewhere Monitored caseloads, meaning workers can deal with spike in demand	3	4	12	Close workforce monitoring in response to rising COVID-19 cases Trauma-informed practice working group New Early Help Model/Prevention framework
	CRR 13	<b>Impact of COVID on Education</b> Impact of COVID on educational outcomes leads to increasing gap between the borough's disadvantaged children and non-disadvantaged children, poorer long term outcomes for some of the most vulnerable children	Simone White	Appointment of Assistant Director for Education and development of positive relationships with schools through Head of School Effectiveness	3	5	15	School Improvement Strategy
	CRR 14	<b>Capitalisation Directive</b> Failure to obtain agreement from MHCLG to progress the Council's request for exceptional financial support in respect of the financial impact of COVID-19, in the form of a capitalisation directive, and obtain requisite approval by HM Treasury (HMT) leads to financial remedial measures that could include: •setting an emergency budget •issuing a s. 114 notice •Government intervention	Shaer Halewood	An initial submission for a capitalisation directive was made in October. Supporting information underwent external validation by LGA, who are providing an independent challenge and critical friend role in supporting the development of the Council's submission and business case, as directed by MHCLG as part of the process. Approval of 'exceptional financial support' for 2020/21 July 2021 - CIPFA Review undertaken Favourable variance against revenue budget reported for Quarter 2 at P&R Committee Nov 10th - budget position includes the utilisation of the Government's Exceptional Financial Support (EFS), not anticipated that the full amount will be required, following a review of new funding received and a reduction in pressures estimated in March 2021.	3	5	15	Await report and recommendations of CIPFA Review Implement Action Plan resulting from CIPFA/MHCLG External Assurance Review Development of action plan in response to DLUHC reports and associated recommendations - submission to Government 1st Dec.

Wirral Council Plan 2021-26 Thematic Priorities	Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current/Residual Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score Based on DRR scores - to be ratified			Selection of Planned Actions - more detail to be added as Delivery Plans, Directorate Business Plans and associated Risk Registers are finalised.
	CRR 15	<b>Financial Resilience/Management</b> Failure to effectively plan/manage the Council budget and funding leads to poor decisions on service reductions, unplanned efficiencies and in year overspends, resulting in the withdrawal of Council services to communities, government intervention, S114 declaration.	Shaer Halewood	Refreshed Medium Term Financial Plan based on investment and income generation approved at Council in March 2021 Refreshed Financial Resilience Strategy Introduced new layer of review and challenge and scrutiny within Finance to reduce risk - early approach to budget setting with robust business cases as key requirement Continual (not annual) budget setting process with scrutiny and challenge to ensure future business cases for savings proposals are robust and deliverable Robust and rigorous monitoring of budgets and savings plans in year - included in regular performance reporting to committees Scrutiny and challenge to ensure future business cases for savings proposals are robust and deliverable Budget workshops held for Budget Holders Policy & Resources and Service Committee budget workshops held to discuss potential budget options for consideration for 2022/23. MTFS updated on a quarterly basis and reported to P&R for early intervention and resolution of budget deficits Establishment of a Financial Governance Structure to improve Accountability, Management and Monitoring of Budgets Implementation of new Capital Budget arrangements with revised reporting and monitoring via Investment and Change Board Pension Fund - Triennial valuation ALMFSS./ISS, Asset Allocation, Performance data, Independent Advisors, FSM and lower risk strategies EPS Finance Sub-Committee established, met 12th Nov.	3	5	15	Financial Sustainability Programme - picking up on consolidated revenue, capital and reserves management and monitoring. Community Wealth Building Strategy to keep wealth in the Borough Develop a funding/investment strategy to identify internal finance pressures and external funding sources to support planned growth projects Review of savings proposals for 2021 – 2024 to ensure a programme of support established early on, quarterly reporting helping to ensure these proposals progress with an escalation process for any issues that may arise. Development of Asset Management Plan and an accompanying Asset Disposal Strategy. Identification of savings proposals for inclusion in MTFS - reporting to P&R Committee Jan 2022, followed by full Council. Review of the process for agreeing capital projects and funding to ensure a return on investment and a better link with the revenue budget Annual budget setting following Government settlement announcement (Dec 2021) including Public Budget consultation (open until Nov 28th). Development of action plan in response to DLUHC reports and associated recommendations - submission to Government 1st Dec Set up an Independent Panel to ensure progress with budget-setting and the approval of the Financial Recovery Plan Sessions to actively engage members in the development of a new Financial Recovery Plan
	CRR 16	<b>Non-Compliance with Policies and Procedures</b> Non-compliance with corporate policies and procedures across disciplines such as HR, finance, information, procurement, health & safety, put the reputation of the Council and the health and safety of our staff and residents at risk, and may lead to legal challenge, financial penalty and ultimately loss of life.	Shaer Halewood	Specialist Area Groups in place for key areas e.g. Corporate Governance, People Strategy, Information Governance, Health, Safety and Wellbeing Internal Audit Plan includes areas of financial control, risk and compliance with key areas audited on a more regular basis than others. Targeted training packages rolled out including: Information Management - Information Asset Owners and Administrators, Finance - Budget workshops, Procurement, Political Awareness and Report Writing New initiatives e.g. procurement smart form easier and quicker to complete with a more robust workflow. Director of Resources has written to each Director concerning procurement compliance indicators. Chief Executive and Director of Resources meet each Director every two months to review finance, HR, procurement, audit and risk performance – linked to Wirral Plan priorities. Follow-ups by Director of Resources to highlight key areas of non-compliance; including the identification of key repeat 'offenders'	2	4	8	Development of role of new Financial Assurance Manager to review key areas, identify weaknesses and implement challenge. Development of action plan in response to DLUHC reports and associated recommendations - submission to Government 1st Dec.
	CRR 17	<b>Cultural Change for an Effective and Efficient Organisation</b> Failure to maintain the cultural changes necessary (due to insufficient capacity or expertise, cultural resistance from staff) leads to difficulties in developing an efficient, effective and long-term financially sustainable organisation resulting in ineffective engagement with partners, unable to deliver on the ambition of the Wirral Plan, perpetuating inefficiencies and preventing required outcomes for the community. <b>***Focus of risk under review and likely to change.</b>	Shaer Halewood	Regular communications - Exec View, Director blogs, Wellbeing newsletters, staff roadshows and Directorate events Staff Forum role as voice of the workforce Manager training including - Manager Micros/Managers Network Staff Check-Ins procedures Staff Engagement/awareness sessions for communication of Wirral Plan 2021-26	2	4	8	Staff Engagement/awareness plan for communication of Delivery Plans Communication of new Target Operating Model (TOM) and New Ways of Working Workforce Planning to align with TOM and Change Programme Development of Learning Experience Platform - beyond eLearning offer - 2022

Wirral Council Plan 2021-26 Thematic Priorities	Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current/Residual Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score Based on DRR scores - to be ratified			Selection of Planned Actions - more detail to be added as Delivery Plans, Directorate Business Plans and associated Risk Registers are finalised.
	CRR 18	<b>Effective Governance</b> Failure to maintain effective corporate governance could result in poor decision-making, malpractice and breach of legislation, leading to regulatory intervention and significant cost, both in financial terms and to the reputation of the Council	Phil McCourt / Shaer Halewood	Internal governance procedures (DMT/ SLT) New Council Constitution (Sept 2020) - including new terms of reference for committees and role of Decision Review Committee Code of Corporate Governance reviewed in line with CIPFA guidelines and aligned with Council policies and procedures Member and Officer Protocols - reviewed Updated Schemes of Delegation to reflect new Constitution Improved Annual Governance Statement process, following CIPFA guidance / best practice review in 2019. Significant issues highlighted and monitored in year. Chief Executive and Director of Resources meet each Director every two months to review finance, HR, procurement, audit and risk performance – linked to Wirral Plan priorities. Appropriate governance arrangements through COVID-19 response, with Group Leader and Leader of Council ratification of decisions and a system to track all decisions made.	2	4	8	Implementation of recommendations from Internal Audit report on LCC Best Value Development of action plan in response to DLUHC reports and associated recommendations - submission to Government 1st Dec. LGA Peer Review - Jan 2022.
	CRR 19	<b>Health &amp; Safety Management</b> Failure of officers, members or contractors to develop, test or sufficiently adhere to health and safety / compliance policies and procedures leads to an incident or exposure resulting in harm to employees / Members / members of the public, legal challenge and reputational damage	Shaer Halewood	Health and Safety Strategic Group, chaired by Chief Executive, supported by the Health and Safety Steering Group. COVID-19 specific risk assessment procedures implemented including for the remobilisation of services, reviewed by H&S Team and Public Health. Updated H&S Strategy and Policy rolled out. Refresh of H&S subject specific policies and supporting information.	3	5	15	Rollout of H&S risk framework - Service level risk assessment and profile, including development of new reports - January 2022. Activity outlined in H&S Improvement Plan.
	CRR 20	<b>Cyber Security</b> IT security is insufficient to deter, detect and prevent unauthorised access (internal and external) to IT systems, resulting in loss of data and disruption to Council services.	Shaer Halewood	Technical controls: 1) Endpoint security software, 2) Network firewall 3), Prevention of downloading of unauthorised software Member of NW notification groups/networks to share knowledge on latest incidents. Regular patching and updates programme. National Cyber Security Centre online training package essential for all staff/Members working online. Cyber Security Board created to review security issues and agreed action plan. Specialist training for IT technical experts.	3	5	15	Implement recommendations from Treasury Building Data Centre Internal Audit report. Implement recommendations from Internal Audit report - Cyber Security - May 2022 Project to achieve Cyber Essentials+ accreditation by May 2022
	CRR 21	<b>Information Management</b> Failure to comply with relevant data and information management legislation which may lead to loss or breach of personal data creating security or reputational risk.	Shaer Halewood	Awareness Training for Information Asset Owners and Administrators Development of Record of Processing Activity (RoPA) to include regular update of Information Asset Register. Suite of information management policies and procedures in support of Transparency Code publication list, data breach/security incident reporting and monitoring, handling of FOIs, EIRs and SARs.	2	4	8	Project to achieve Cyber Essentials+ accreditation - May 2022 Additional staffing resources being made available to work with the Data Protection Officer, including a Deputy DPO - March 2022 Continuous review of Information Management policies and procedures to ensure they adequately cover the changes to agile working Training (refresher for existing IAO/IAAs) and identification of new IAO/IAA's following restructures/personnel changes - April 2022
	CRR 22	<b>Digital Infrastructure</b> Quality of Digital infrastructure and systems prevents council from offering/transforming to digital first services, lack of management information/timeliness of data resulting in poor decisions and increased costs.  ***Focus of risk under review and likely to change.	Shaer Halewood	Role of the Digital Design Authority Digital Programme Smart Business Project for the ERP replacement – procurement complete	2	4	8	Development of Architecture Principals for Applications, Data and Technology against which the Digital Design Authority will ensure new solutions align Development of the Wirral Cloud Security Principles to standardise all requirements for our cloud based systems. Implement recommendations from Treasury Building Data Centre Internal Audit report.
	CRR23	<b>Pressures on Workforce</b> Difficulties recruiting and/or retaining staff (particularly in some technical or specialist areas) leads to capacity issues within services and difficulties in delivery resulting in delays, welfare issues amongst staff, public at risk and reputational damage.	Shaer Halewood	Vacancy Panel appointment process. Use of Matrix for agency staff recruitment to alleviate immediate pressures. Promotion of staff welfare tools including Employee Assistance Programme, Access to Work Mental Health Support Service. Regular "Check-In" process between staff and managers to monitor workloads and wellbeing.	New Risk - in development			

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Appendix 2 – Risk Reporting within Power BI – example of report.

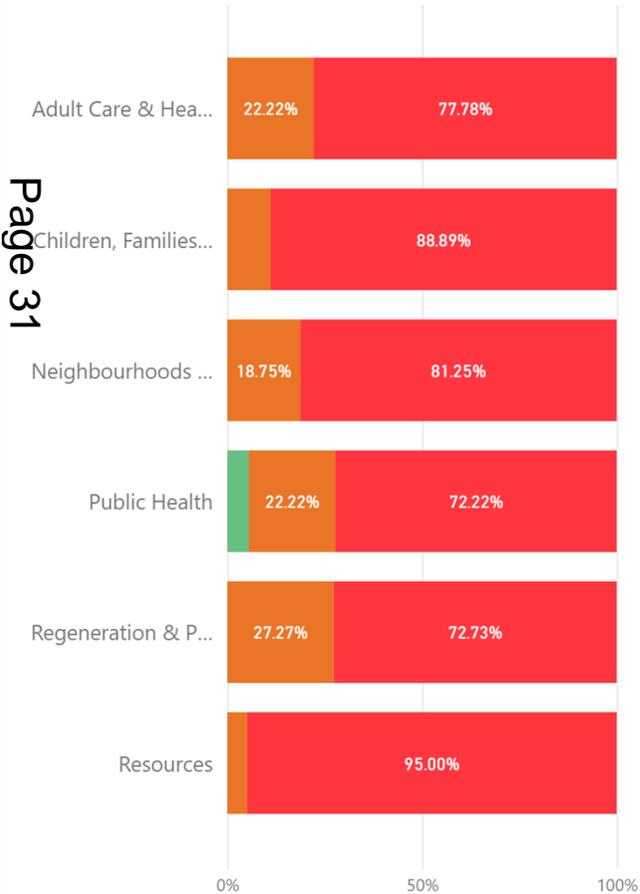
The chart below is a snapshot from the Council’s performance reporting system and demonstrates the risk profile, by directorate, based on the three sets of scores within a risk register. The colours are allocated based on the scoring matrix detailed in the Risk Management Strategy.

## Wirral Council: Directorate Risk Profile



Risk Profile if Left Unmanaged

RAG ● Green ● Amber ● Red



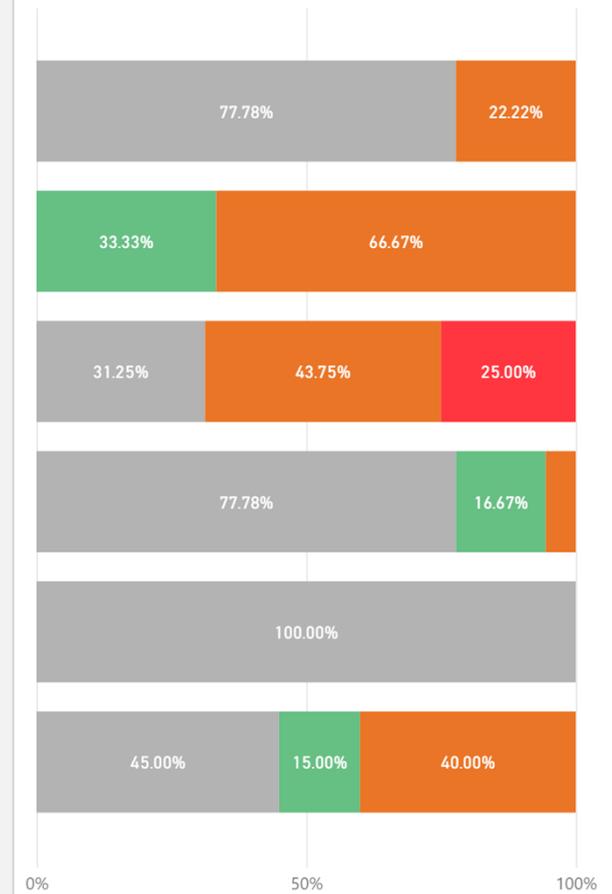
Current Risk Profile with Existing Controls

RAG ● (Blank) ● Green ● Amber ● Red



Risk Profile with Targeted Controls

RAG ● (Blank) ● Green ● Amber ● Red



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**AUDIT AND RISK MANAGEMENT COMMITTEE  
TUESDAY 30 NOVEMBER 2021**

<b>REPORT TITLE:</b>	<b>APPOINTMENT OF INDEPENDENT MEMBERS TO THE AUDIT AND RISK MANAGEMENT COMMITTEE</b>
<b>REPORT OF:</b>	<b>CHIEF INTERNAL AUDITOR</b>

**REPORT SUMMARY**

This report identifies the work undertaken to date by Council Officers and Members of this Committee to appoint independent members to the Audit and Risk Management Committee. The appointments will ensure that the Council satisfies the requirements of the Chartered Institute of Public Finance Accountants (CIPFA) Audit Committees, Practical Guidance for Local Authorities and Police 2018 and the Terms of Reference for the Committee as well as supporting the outcomes from the Redmond Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, supporting improvements in governance in this area.

The report updates the Committee on the outcome of the recent recruitment exercise.

This decision effects all Wards and is not a key decision.

**RECOMMENDATIONS**

The Audit and Risk Management Committee is requested to:

1. Recommend to Full Council the appointment of Joanne Byrne and Peter McAlister as independent Members to the Audit and Risk Management Committee in an advisory and consultative non-voting role.

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION**

- 1.1 To ensure that the Audit and Risk Management Committee is compliant with current best professional practice as detailed in the CIPFA Audit Committees, Practical Guidance for Local Authorities and Police 2018 and supports the outcomes of the Redmond Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting.
- 1.2 To ensure that the Audit and Risk Management Committee is operating in accordance with the Terms of Reference for the Committee.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Another option would be not to appoint Independent Members to the Audit and Risk Management Committee although this would fail to comply with best professional practice as detailed in this report.
- 2.2 An alternate option might be to appoint one Independent Member, however it was the collective view of the selection panel that it would be much more beneficial to the effectiveness of the Audit and Risk Management Committee to make two appointments, as well as being in line with best practice.

### **3.0 BACKGROUND**

- 3.1 Audit Committees are a key component of effective corporate governance. They are a key source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.
- 3.2 Suitably qualified and experienced independent member(s) serving on Audit Committees can bring specialist knowledge and insight to the workings and deliberations of the committee which, when partnered with elected members' knowledge of working practices and procedures, ensure:
  - An effective independent assurance of the adequacy of the risk management framework.
  - Independent review of the Authority's financial and non-financial performance.
  - Independent challenge to and assurance over the Authority's internal control framework and wider governance processes.
  - Oversight of the financial reporting process.
- 3.3 The CIPFA Audit Committees, Practical Guidance for Local Authorities and Police 2018 recommends the appointment of independent members to public sector audit committees as best professional practice and identifies that the injection of an external view can bring a new approach to committee discussions. The guidance also identifies that the addition of independent members can bring the following benefits to an Audit Committee:

- Additional knowledge and expertise.
- Reinforcement of political neutrality and independence.
- Maintenance of continuity of membership where membership is affected by the electoral cycle.

- 3.4 The Redmond Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting is supportive of actions being taken to improve the effectiveness of audit committees in the public sector and acknowledges the role of independent members in this.
- 3.5 The Terms of Reference for the Audit and Risk Management Committee were revised and updated in October 2020 to ensure continued compliance with the CIPFA practical guidance publication. They refer specifically to the appointment of a person to the Audit and Risk Management Committee who is not a Member or officer of the Council who should be allowed to speak but not vote at meetings (Section 13.1.c).
- 3.6 A recruitment exercise has recently been completed by officers from the Council in conjunction with the Chair and Party Spokespersons from the Audit and Risk Management Committee who formed the selection panel. The Officers were not part of the formal panel but were there in support of the panel members. A number of potential candidates were evaluated. Originally the intention had been to appoint one candidate to the post of independent member, however following the interviews it was the collective view of the panel that two individuals be selected for appointment due to their wide-ranging knowledge and experience that would be of great benefit to the Committee. It was agreed therefore that two candidates, Joanne Byrne and Peter McAlister be recommended to the Audit and Risk Management Committee for appointment as independent members of the Committee in an advisory and consultative non-voting capacity.
- 3.7 To comply with requirements of the Council's Constitution the appointments require ratification by Full Council.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The Independent Member roles are non-paid positions within the Council although each Member is entitled to receive a remuneration of thirty pounds per meeting to cover expenses.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 Wirral Council's Constitution at Section 13.1(c) of the Audit and Risk Management Committee's Terms of Reference, the Committee identifies that the Audit and Risk Management Committee "should include a person who is not a Member or officer of the Council who shall be a co-opted member of the Committee entitled to speak but not vote at meetings."

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are none arising directly from this report.

## **7.0 RELEVANT RISKS**

- 7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.
- 7.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 Members of this Committee have been consulted throughout the process.

## **9.0 EQUALITY IMPLICATIONS**

- 9.1 The content and/or recommendations contained within this report have no direct implications for equality. However, the appointment of independent Members to the Audit and Risk Management Committee will assist in ensuring that the Council, its finances and service provision are effectively managed and governed aiding the advancement of equality and diversity.

## **10. ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of CO2/greenhouse gases.

## **11. COMMUNITY WEALTH IMPLICATIONS**

- 11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, the appointment of independent Members to the Audit and Risk Management Committee will assist in ensuring that the Council, its finances and service provision are effectively managed and governed aiding the advancement of economic, social and environmental justice for all residents.

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## **APPENDICES**

None

## **BACKGROUND PAPERS**

The CIPFA Audit Committees, Practical Guidance for Local Authorities and Police  
ARMC Terms of Reference  
Redmond Independent Review into the Oversight of Local Audit and the Transparency of  
Local Authority Financial Reporting

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit and Risk Management Committee – IA Update Report	March 2021

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**AUDIT AND RISK MANAGEMENT COMMITTEE  
TUESDAY 30 NOVEMBER 2021**

<b>REPORT TITLE:</b>	<b>SENIOR INFORMATION RISK OWNERS (SIRO) ANNUAL REPORT</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF LAW &amp; GOVERNANCE</b>

**REPORT SUMMARY**

This report presents the annual Senior Information Risk Owners (SIRO) report. This type of report is seen nationally as good practice to inform Senior Leaders and Members of information governance challenges and to satisfy regulatory requirements.

It ensures continued compliance with the current information management legislation and regulations. These include The Data Protection Act 2018, The Freedom of Information Act 2000 and Environmental Information Regulations 2004.

The Senior Information Risk Owners Annual Report is attached at Appendix 1.

**RECOMMENDATION/S**

Members of the Audit and Risk Management Committee note the report.

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION**

- 1.1 To provide the Members with assurance that the Information Management Team is taking appropriate measures to comply with statutory requirements of Information Management Legislation.
- 1.2 To provide Members with assurance that the requirements of the Transparency Code are being met.
- 1.3 To provide further assurance to Members that security incidents are reported effectively and recorded with reference to the Information Commissioner as required.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The report has been submitted at the requested of the Committee who requested an update on Information Governance and associated risks within the Council, as such, no further options have been considered.

### **3.0 BACKGROUND INFORMATION**

- 3.1 In 2020 The Information Governance Board agreed to the production of a SIRO report, every 12 months. The report is designed to give assurance to Members that the Information Governance responsibilities the Council has are being met.

### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are none arising from this report

### **5.0 LEGAL IMPLICATIONS**

- 5.1 The report discusses the work of the statutory role of the DPO and the SIRO and the expectations placed upon them.

### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are none arising from this report.

### **7.0 RELEVANT RISKS**

- 7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.
- 7.2 Potential failure of the Council to comply with the mandatory requirements of current relevant Information Management Legislation can result in monetary fines and reputational damage.
- 7.3 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

## 8.0 ENGAGEMENT/CONSULTATION

8.1 The content of the report has been reviewed and presented to the Information Governance Board. The report will be produced once every 12 months.

8.2 The content of the report has been reviewed and presented to The Corporate Governance Group.

## 9.0 EQUALITY IMPLICATIONS

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

## 10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of CO2/greenhouse gases.

## 11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are none arising from this report.

**REPORT AUTHOR:**                 **Jane Corrin**  
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## APPENDICES

Appendix 1   SIRO Report

## BACKGROUND PAPERS

None

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date

## Appendix 1

Contents

**Executive Summary**

**Introduction**

**Key Roles and Responsibilities**

**Governance and Monitoring Arrangements**

**Risk Management and Assurance**

**Covid-19**

**Corporate Governance actions**

**Data Breach Management and Reporting**

**ICT Security & Cyber Risks**

**Freedom of Information (FOI) & Environmental Information Regulations (EIR)**

**Data Protection Act (DPA) & General Data Protection Regulations (GDPR) .....**

**Internal Reviews**

**Referrals to the Information Commissioner's Office (ICO)**

**Referrals to the First Tier Tribunal (FTT)**

**Information Governance Policies and Record of Processing Activities**

**Conclusion & Further Information**

## **Executive Summary**

This report presents the annual Senior Information Risk Owner (SIRO) report. This type of report is seen nationally as good practice to inform Senior Leaders and Elected Members of information governance challenges and to satisfy regulatory requirements.

The report provides an overview of the Information Governance agenda across the disciplines of Information Governance, Cyber Security, Transparency Code and Records Management. This is the first year the report has been produced and demonstrates legislative and regulatory requirements relating to the handling, quality, availability, and management of information, including compliance with the Data Protection Act (2018), General Data Protection Regulations (GDPR), and The Freedom of Information Act (2000).

This report for the year 2020/21, provides an update relating to the responsibilities of Wirral Councils Senior Information Risk Owner (SIRO). This role is occupied by The Director of Law and Governance who also fulfils the role of Monitoring Officer. The report details activity and performance related to information governance, providing assurances that information risks are being effectively managed; details current activity and explains where improvements are required.

Wirral Council is committed to effective information governance and has worked hard to ensure robust arrangements are in place to ensure the council complies with legislation and adopts best practice. Governance arrangements are monitored and reviewed to ensure systems, policies and procedures are fit for purpose and emulate best practice. The Council is equally committed to ensuring all Officers and Elected Members understand the importance of information governance. This commitment ensures that information governance is everyone's business and is embedded as part of the Council's culture.

The report references the review of Information Governance Policies which was undertaken in 2021 and the creation of a redesigned comprehensive Record Of Processing Activities (ROPA).

Cyber security risks remain a real threat and mitigating those risks continue to present a challenge to the Council. How the Council manages those risks is contained within this report, including a summary to list action already undertaken and further activities planned. These future plans will help maintain and strengthen defences and enhance corporate resilience.

Performance in relation to information requests processed under Freedom of Information (FOI), Environmental Information Regulations (EIR) and Data Protection legislation is summarised in this report. The report also provides an update on changes implemented in this service area to strengthen the resources available to meet the high demand for requests for information and advice/support in relation to the legislation.

The number of data breaches reported for the time period April 2020 to March 2021 are shown in comparison with the number of incidents reported in the previous year. Breaches are discussed at bi-weekly meetings with the Data Protection Officer to

ensure continuous monitoring takes place to identify learning or process changes that may be required to reduce the risk of further breaches occurring.

Looking forward to 2021/2022 a number of actions have been agreed to ensure the governance framework remains robust and the Council is able to demonstrate its commitment to compliance. These actions include:-

- Recruitment of a Deputy Data Protection Officer
- Additional resources deployed into the Information Management Team
- Additional resources deployed into Special Educational Needs Team to help facilitate Information Requests
- Review and overhaul of Transparency Code requirements
- Review of all Information Governance Policies
- Creation of a redesigned Record of Processing Activities (ROPA)
- Responsibility of NHS Data Security Protection Toolkit (DSPT) to be shared between Health and Social Care and Digital.

## 1. Introduction

The SIRO Report reflects on the Council's information governance work undertaken during 2020/2021 and provides assurances that personal data is processed in line with current legislation. This includes:

- an overview of key performance indicators relating to the Council's processing of information requests within the necessary legal frameworks
- an update on the plans the Council has in place to minimise risk or improve current or future performance
- providing assurance of ongoing improvement to manage information risks.
- information on organisational compliance with, and performance against, the legislative and regulatory requirements relating to the handling and processing of information in respect of:
  - Data Protection Act 2018 including the requirements of UK GDPR
  - Freedom of Information Act 2000
  - Environmental Information Regulations 2004
  - NHS Data Protection Toolkit DSPT
  - Any Security Incidents requiring notification to the regulator – Information Commissioners Office (ICO)

## 2. Key Roles and Responsibilities

### SIRO

The Director of Law and Governance is the Council's SIRO and is responsible for:

- Leadership and overall ownership of the Council's Corporate Governance Action Plan, acting as corporate champion for information governance
- Providing a focus for the management of information governance at a senior level

- Providing advice and reports in respect of information incidents and risks, including the content of the Council's Annual Governance Statement relating to information risk
- Owning the management of information governance and risk assessment processes within the Council
- Understanding how the strategic priorities of the Council may be impacted by information governance risks, and how these risks need to be managed including the adequacy of resources and levels of independent scrutiny

## **DPO**

The ICT Governance and Compliance Manager is the Data Protection Officer and is responsible for:

- Ensuring the Council's implementation of policies, standards and procedures for Information Governance ensures reduced risk of legal action from either individuals or regulators
- Creating and maintaining the Council's statutory records of data processing activities and information asset register to ensure the Council is not acting outside of its powers
- Acting as the prime contact with the ICO and individuals in the investigation of data protection complaints and breaches to reduce the risk of monetary penalty, legal enforcement, and reputational risk
- Identifying key control failings / weaknesses and provide support to senior managers to adopt new practices and procedures to improve operational performance and reduce risk.

The Data Protection Officer (DPO) has a dotted line of responsibility to the SIRO and both roles are based within the Resources Directorate. The DPO and SIRO meet on a regular basis to ensure any existing or potential issues relating to Information Governance are discussed and appropriate actions put in place.

In addition to these key Officers, there are a number of statutory and non-statutory Officers across service areas offering professional expertise in relation to information governance and information security. It is important that the Council embeds a culture that information governance is everyone's business, with all Officer and Elected Members taking personal responsibility to ensure information and data is held securely, processed appropriately and safely destroyed when not required.

## **Information Asset Owners and Administrators**

The Council has many information assets which are defined as a body of information, defined and managed as a single unit, so that it can be understood, shared, protected and exploited effectively. An asset can be a single significant document or a set of related data, documents or files; it can be shared or be confined to a specific purpose or organisational unit.

Examples of information the Council is responsible for include - electronic customer/client records for example CRM files, case records in the social care system, audit records, paper records and reports, investigations, databases and data files, and others.

An Information Asset Owner (IAO) is a senior member of staff who is the nominated owner for one or more identified information assets of the organisation. It is a core Information Governance (IG) objective that all Information Assets of the organisation are identified and that the business importance of those assets is established. There may be several IAOs within a council Directorate, whose roles within that Directorate may differ. IAOs will work closely with other IAOs of the organisation to ensure there is comprehensive asset ownership and clear understanding of responsibilities and accountabilities. This is especially important where information assets are shared by multiple parts of the organisation. IAOs will support the organisation's SIRO in their overall information risk management function as defined in the council's Information Risk Policy.

The IAO is expected to understand the overall business goals of the organisation and how the information assets they own contribute to and affect these goals. The IAO will therefore document, understand and monitor:

- What information assets are held, and for what purposes
- How information is created, amended, or added to over time
- Who has access to the information and why
- Understand and address the risk to the asset, providing assurance to the SIRO

The Information Asset Administrator's (IAA) primary role is to support the IAO to fulfil their responsibilities. IAAs will ensure that policies and procedures are followed, recognise actual or potential security incidents, consult with their IAO on incident management and ensure that information asset registers are accurate and up to date.

### **3. Governance and Monitoring Arrangements**

The SIRO is supported via two key groups: the Corporate Governance Group (CGG) and the Information Governance Board (IGB). The CGG, chaired by the Director of Resources, is a high-level strategic group that seeks to ensure proper arrangements are in place for the oversight of Information Governance matters within the Council. This includes receiving updates on key issues from the IGB.

The IGB, chaired by the DPO, monitors Information Governance performance and promotes Information Governance across the Council.

More specifically the responsibilities of the IGB are:

- Ensure that effective information governance / risk management and IT governance arrangements are in place across the Council.
- Ensure that the Council complies with statutory information governance provisions and that these are being applied across the Council.
- Embed a culture of information ownership and accountability throughout the Council.
- Ensure that the Council adopts industry best practice and aligns its work programme to the Council's strategic objectives.
- Share intelligence, identify opportunities for joint working and support management teams to identify baselines for improvement.

#### **4. Risk Management and Assurance**

The Council's Corporate Risk Register contains two risks in relation to Information Management and Cyber Security. Both of these risks are monitored via the IGB Risk Register which also contains risks relating to records management; both corporate systems and the potential amount of unlisted and unmanaged information / records in both paper and electronic form, a lack of awareness and understanding of information management and information/cyber security responsibilities across Council, a failure to maintain policies and procedures for records management, information security and information management to reflect current working practices.

The IGB Risk Register is reviewed at each meeting and used to identify priority areas to focus resources and carry out additional actions to help mitigate the risks.

Risks which are affected by activity outside the remit of the IGB, as well as areas of non-compliance are escalated to the Corporate Governance Group.

Part of the assurance of the Council's arrangements is carried out by the Internal Audit Team, which has a dedicated IT Programme Auditor. Recent audit reviews have included Cyber Security, Security Controls within Treasury Building all with a series of recommendations and timetable for completion.

#### **5. COVID19**

## Ongoing Impact of COVID-19

It is hoped that Covid-19 will not dominate future SIRO reports, but it is appropriate to mention it in this specific report.

From early 2020 coronavirus (COVID-19) was spreading across the UK and had a massive impact on the delivery of Council Services in general and ICT services in particular: -

There was an increase in cyber-attacks and cyber fraud globally, nationally and regionally.

The revised flexible working environment and the need to social distance led to an increased reliance on the use of technology to maintain operations across the whole Council.

Wirral Council remains fully committed to ICT and cyber security and has implemented significant additional resources and overcome a number of operational challenges to ensure the Council responds effectively to COVID-19.

During 2020/21 and especially in context of COVID-19, an Information Security risk will remain on the corporate risk register to ensure we address the risks relating to accidental data loss, physical system failures and direct malicious cyber-attacks.

There is an ongoing need for the Council to address all aspects of this risk through robust ICT and risk management processes as well as addressing the cultural and behavioral elements of this risk.

Covid-19 actions in relation to Data Protection has seen work undertaken by a range of colleagues/teams across the council and external/partner agencies, the non-exhaustive list below provides an insight into this activity:

- Control of Patient Information (COPI) Notices issued by Dept of Health and Social Care.
- Information Commissioner's Office (ICO): COVID19 Guidance.
- Data Sharing Agreement/Privacy Notice/Data Collection Forms required updating or producing across many service areas.
- Data Sharing Agreement/Privacy Notice for COVID-19 LocalContact Tracing System.
- Extensive Collaborative work with Cheshire and Merseyside Health and Local Authority colleagues.
- Extensive Collaborative work with numerous charities and initiatives to ensure goods and services were available to vulnerable groups.

It is of note to remember that Wirral Council's involvement with Covid19 was the first in the Country and we sought to support people evacuated from Wuhan. 31<sup>st</sup> January 2020 saw 83 Britons evacuated out of Wuhan and housed at Arrowe Park Hospital. Also of note are the lessons learned by colleagues involved in the council's response to this emergency, specifically in relation to data sharing obligations and documentation. Key procedures have proved adequate and supported the council to comply with its data sharing requirements throughout the COVID-19 response.

## 6. Corporate Governance Actions

The council is committed to a clear strategy and sustainable framework for Information Governance across the council. Performance reports are made available via Dashboards to the Senior Leadership Team to enable continuous monitoring of the actions required to manage information issues, risks and cultural behaviour to improve the Council's arrangements around data handling, processing and security.

In summary, the following key actions were delivered in 2020-21 which have strengthened the Council's management of information risks.

Staff in Wirral's Adult Care and Health are required to complete essential training called 'NCSC Staying Safe Online' on an annual basis. A performance high of 98% was achieved against the Council's target of 95%. The course was developed by the National Cyber Security Centre and completion of the course is also categorised as essential for all other staff throughout the Authority; this has been endorsed by the Council's Chief Executive.

The NHS requirement for an annual submission to be provided by the authority to show compliance with their Data Security & Protection Toolkit was extended to 30 June 2021 for 2020/21, however Wirral has provided it's submission on 23 March 2021.

The Council's Data Protection Officer chairs a bi-weekly meeting to consider all data breaches reported and advises on whether a self-referral of the incident to the Information Commissioner's Office(ICO) is appropriate.

The Data Protection Officer / ICT Governance and Compliance Manager, and the Information Governance and Security Officer have also undertaken the following additional and more in-depth training which is pertinent to their roles:

**Data Protection Officer / ICT Governance and Compliance Manager**

ICO DPO Conference in April 2020

North West Legal Consortium Data Sharing Seminar in November 2020

ICO UK/EU Transition Training session Brexit in December 2020

**Information Governance and Security Officer** – 5 day CISSP (Certified Information Systems Security Professional) course in September 2020.

**7. Data Breach Management and Reporting**

Any concerns relating to potential data breaches are promptly investigated and assessed against the ICO guidance. The key assessment includes a review of numbers of people affected, sensitivity, nature of breach and likely impact. Dependent on the assessment, the incident may need escalation to the SIRO, Caldicott Guardian, and maybe self-referred by the Council to the Information Commissioner's Office (ICO). The reporting, containment actions, investigation and learning phases of data breach incidents play a key role in the management of risk and improvement of internal controls.

All breaches and near misses are reported to the Data Protection Officer on a bi-weekly basis. Consideration is given to whether the incident should be referred to the Information Commissioner's Office (ICO). A total of eight cases were referred to the ICO in 2019-20. All these cases have since been closed by the ICO without any fines being applied. The ICO may make recommendations as a result of any investigations they undertake as to what actions they expect to be taken by the Authority.

During the period of 1st April 2020 to 31st March 2021, the Council recorded and investigated 146 potential data breaches. (In 2019 to 2020 there were 137 investigations undertaken). The increase in recorded incidents, over historical records, can in the main be attributed to the wider awareness of data protection arrangements following the introduction of GDPR in May 2018 as is shown in the table below. This not only applies to staff who have undertaken training on Information Security and the requirement to report incidents in a timely manner but also the awareness and understanding of service users as to the requirements to ensure their data is held securely.

Recording Year	Number of Incidents	GDPR?
1 <sup>st</sup> April 2015 – 31 <sup>st</sup> March 2016	40	No
1 <sup>st</sup> April 2016 – 31 <sup>st</sup> March 2017	60	No
1 <sup>st</sup> April 2017 – 31 <sup>st</sup> March 2018	73	No
1 <sup>st</sup> April 2018 – 31 <sup>st</sup> March 2019	127	Yes
1 <sup>st</sup> April 2019 – 31 <sup>st</sup> March 2020	137	Yes
1 <sup>st</sup> April 2020 – 31 <sup>st</sup> March 2021	146	Yes

The following Categories are used to record within the Security Incident Register, these categories and numbers of each potential breach are outlined below.

Category (from Register)	Number 2019/20	Number 2020/21
Undefined	1	1
Disclosure	104	102
Loss of Physical Asset	14	10
Unauthorised Access	4	4
Phishing	1	16
Denial of Service		2
Sensitive Information Lost	6	1
Other	7	10
Total	137	146

A further breakdown of incidents to give more detail and clarity are shown below.

<b>Category of Potential Breach</b>	<b>Number 2019/20</b>	<b>Number 2020/21</b>
Data posted or emailed to incorrect recipient	60	63
Failure to redact data	1	1
Loss / Theft of mobile device	15	10
Loss / Theft of paperwork	1	
Data left in insecure location	7	1
Verbal disclosure		
Near miss / Non event	2	5
Unauthorised system access	3	6
Failure to use 'Bcc' option when sending an email	6	4
Information uploaded to webpage	1	1
Disclosure of sensitive / personal data	15	5
Other failure		
Insecure disposal of paperwork		
Not applicable		
Request by Police	2	
Wrong Information Sent or Provided	16	18
3rd Party Breach	4	7
Incorrect use of Calendars	2	
Spam Email or Phone	2	16
Denial of Service / Website Down		2
Teams / Zoom / Social Media		7
<b>Total</b>	<b>137</b>	<b>146</b>

**Learning from breaches:**

As part of the investigation of an incident, learning actions will be captured to identify opportunities to reduce the chances of a similar breach occurring in the future.

This may see additional steps incorporated into a process before documents are issued, standard templates created to avoid the inclusion of incorrect information or post being issued via recorded delivery where appropriate. Learning is shared across the organisation via either specific service area training or as corporate messages being issued to staff to remind them of good practice in avoiding breaches occurring.

## 8. ICT Security & Cyber Risks

The use of digital information and networks continues to grow and provides the foundation on which front line services are delivered. Cyber security continues to be a Tier 1 risk to national security. “Hostile attacks upon UK cyber space by other states and large scale cybercrime”. As such it remains of high importance and corporate priority.

The type of risks include theft of sensitive corporate or personal data, theft or damage to data, threat of hacking for criminal or fraud purposes and potential denial of service disruption to council ICT systems, intranet, mobile smart devices, public facing websites and misinformation.

**Ongoing ICT Cyber Security Threats** - Cyber-attack internationally, nationally and regionally remains a high risk overall and the actual consequences of a cyber-security attack on the Council, if realised, would be significant and have a considerable impact across all Council Services. Knowing how significant the impact of an attack like this would be, the Council has continued to strengthen information security controls to minimise the likelihood of an external cyber-attack.

Internal Audit are currently reviewing the remote access systems known to have been the target of cyber attacks in other Local Authorities during the sudden transition to pandemic-related home-working.

Wirral Council is working towards achieving Cyber Essentials Plus accreditation which provides a Good Practice framework against which risks, controls and progress can be tracked, and an independent assessment of the Council’s security. To reduce the risk still further the Authority has adopted the following approaches: -

The Council subscribes to and proactively participates in the iNetwork – North West Warning, Advice and Reporting Point (NW WARP). This group continually reviews cyber threat situational awareness and acts as a reporting and escalation mechanism for cyber incidents as well as providing mutual help, guidance and peer review. It is supported by the NCSC and facilitates access to the Head of PSN and to national cyber security expertise and support.

The Council’s presence on the external, public internet is registered and monitored by the NCSC. Alerts are provided to Wirral Council to identify where weak configuration controls are identified which could be exploited. The Council is in the process of moving to the NCSC’s Protective DNS service which will stop people from accessing external web services which are known to be malicious.

As part of the commitment to cyber security good practice a robust patching regime is in place for Windows updates.

The Council employs an ad hoc scanning tool “NESSUS” and have a Security Group task to implement a more comprehensive scanning routine.

## 9. Freedom of Information & Environmental Information Regulations

During 2020-21 the Council received requests for information under the Freedom of Information Act and the Environmental Information Regulations. The number of requests is relatively constant and does not vary greatly year on year.

Year	Requests Received	Processed on time	Target 85%
2017/18	1337	1098	82%
2018/19	1573	1122	71%
2019/20	1487	1070	72%
2020/21	1256	1013	81%

In 2020/21 the Council responded to 1013 requests within the statutory time limit of 20 working days which represents a slight increase in performance compared with 2019-20. This is good progress as it should be noted that due to the impact of Covid-19 on services it was agreed not to pursue front line services for FOI responses during this period. This approach was echoed in advice issued by the regulator the ICO who said they would take a pragmatic approach and not penalise organisation's who struggled to meet time scales for requests.

The Information Management Team (IMT) records and ensures fulfilment of FOI and EIR requests. They proactively review request themes on a weekly basis to ascertain if any key or repeated themes are emerging. If so they are then able to alert service areas to that theme/high numbers of requests on a certain subject. This enables service areas to provide key information to IMT, which reduces the amount of time the team needs to repeatedly interact over the same subject matter. The service area may also choose to publish more information on the Council web site, which helps informs the public.

IMT proactively ensure that where possible information which is asked for on a regular basis is included in the Council Publication Scheme; thereby enabling the public to be signposted to publicly available information.

Publication scheme | [www.wirral.gov.uk](http://www.wirral.gov.uk)

This approach is echoed within the information which the Council publishes under the Transparency Code. This information includes information which is statutorily required to be published and also some additional data sets.

<https://www.wirral.gov.uk/about-council/freedom-information-and-data-protection/publication-scheme/transparency-code>

## 10. Data Protection Act (DPA) 2018

Under the Data Protection Act 2018, any living person, regardless of their age, can request information about themselves that is held by the Council. This application process is referred to as a Subject Access Request (SAR). In the past 2 years the council has handled the following requests.

The performance shown is against the target to process 85% within a calendar month.

	<b>2019/20</b>	<b>2020/21</b>
Requests Received	99	80
Actioned within 1 Month(Number)*	71	44
Within 1 Month (%)*	72%	55%

The Information Management Team (IMT) based within ICT Digital service receives and records all requests for data in relation to all service areas. In relation to SARs, Children’s and Adults Social Care are responsible for collating and providing the responses directly. They have access to the data held in Liquid Logic and have the specialist knowledge and expertise required to identify what data should be/already has been shared. IMT provides advice and support in relation to any exemptions that may apply under the DPA 2018.

The low % statistics for 20/21 have been flagged up and recognised by the relevant service areas which are Special Educational Needs (SEN) and Adult Health and Social Care. Both service areas have obtained additional resources to assist with the current backlog. The large number of SARs has proved challenging in terms of maintaining the performance target during an already difficult year with Covid related work.

#### 11. Internal Reviews

Customers who submit a FOI, EIR or SAR can request an internal review if they are not satisfied with the response provided. Internal reviews provide the Council with an opportunity to review the request handling process prior to any potential referral to the Information Commissioner’s Office by the requester. During 2019-20 and 2020-21 the Council has processed the following Internal Reviews:

<b>Internal Review Type:</b>	<b>2019/20</b>	<b>2020/21</b>
FOI/EIR	60	21
Data Protection Act	2	1

The table reflects the change and improvement in working practices to try and reduce the amount of internal reviews which are carried out. Engagement with requestors is key in managing expectations and the Council operates a model of transparency.

#### 12. Referrals to the Information Commissioner’s Office (ICO)

If an applicant is not satisfied with the outcome of an Internal Review, they can refer their case to the Information Commissioner, who will assess the case and make an independent decision about the way the council has handled the request.

The role of the Information Commissioner is to uphold information rights in the public interest. The ICO is the regulator for Freedom of Information, Environmental Information Regulations and the Data Protection Act. Part of the Information

Commissioner role is to respond to complaints about the way local authorities have handled requests for information, make recommendations on best practice and take appropriate enforcement action. During the past year the Council notified the following referrals to the Information Commissioner:

<b>Referral Type to ICO</b>	<b>2020/21</b>
Freedom of Information	1
Environmental Information	2
Data Protection Act	3

Following a referral and a subsequent case investigation, the ICO can issue a Decision Notice requiring the Council to disclose information it may previously have refused to disclose. Details of all decisions received are monitored by the Data Protection Officer and reviewed by the Information Management Team in tracking response progress as well as lessons learned where the Council may be found at fault with the actions it has taken. In 2021 there was 1 Decision Notice issued from the ICO.

### 13. Referrals to the First Tier Tribunal (FTT)

If an applicant is dissatisfied with the Information Commissioner's decision, they have the right to refer the matter to the First Tier Tribunal (FTT). The council can also appeal fines issued for data breaches and enforcement notices to the FTT. The FTT is independent of the Information Commissioner and listens to representation from both parties before it reaches a decision. Any party wishing to appeal against an ICO Decision Notice has 28 days to do so.

During 2020-21 the Council did not receive or make any referrals to the First Tier Tribunal:

<b>Referral type to FTT</b>	<b>2020-21</b>	<b>Outcome</b>
Freedom of Information	0	Not applicable
Environmental Information	0	Not applicable
Data Protection Act	0	Not applicable

### 14. Information Governance Policies and Procedures Review and Creation of Record of Processing Activities

Commencing in May 2021 a comprehensive review of all Information Governance policies and procedure documents was undertaken to ensure that Council staff have up to date and adequate guidance to comply with statutory requirements. Authors and owners of the policy documents were contacted and asked to review, to ensure the policies and procedures were still required and if so that the content was up to date and reflected current legislation and best practice.

Approximately 100 documents have been identified, and the review is underway, it includes content on the updated Intranet. This key piece of work means the web

content of Information Governance policies will be refreshed and updated by the end of 2021 with relevant review dates included for the next review and refresh.

Alongside this piece of work, the Council also is required to have an up to date comprehensive ROPA to give assurance to the Information Commissioner's Office that they were complying with the requirements of Data Protection Legislation. The ROPA is a living document which details a granular level of data processing information for an organisation.

The ROPA project involves extending the existing Information Assets Register the Council has been using, adding additional information re; information assets and attaching process and controls information to those assets. This enables the Council to have adequate insight into the main areas of risk in the area of data / information assets to help mitigate the risk of data incidents and / or breaches etc occurring in the future. The project also includes Non Personal Data to encompass all Council data and not only personal data.

## 15. Conclusions

In summary, good progress has been made during 2020/21 with key actions taken to strengthen the Council's approach to effectively manage information risks and ensure a robust approach to information governance. In particular, as the potential for cyber risk increases, it is essential the Council takes action to understand and mitigate risk in this area.

Information Governance is highlighted within the Corporate Risk register and the regular meetings of IGB and Corporate Governance Group, coupled with regular meetings between the SIRO and DPO all demonstrate the commitment the Council has to maintaining and improving effective Information governance.

The Corporate IMT now meets regularly with Health and Social Care, Health Trusts and CYP representatives to share knowledge and offer support in relation to information management requests. This ensures a coordinated agreed approach is taken when responding to complex requests for information.

A full review of Information Governance policies is underway and a new ROPA is being produced.

Further Information - For further information and guidance please contact:

- SIRO - Philip McCourt Director of Law and Assurance  
[Philipmccourt@wirral.gov.uk](mailto:Philipmccourt@wirral.gov.uk)
- DPO - Jane Corrin ICT Governance and Compliance Manager DPO  
[Janecorrin@wirral.gov.uk](mailto:Janecorrin@wirral.gov.uk)
- IT Security Officer - Judith Barnes  
[Judithbarnes@wirral.gov.uk](mailto:Judithbarnes@wirral.gov.uk)
- Information Commissioners Office website <https://ico.org.uk/>  
Information Commissioners Office Contacts <https://ico.org.uk/global/contact-us/>

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## AUDIT AND RISK MANAGEMENT COMMITTEE

30 November 2021

<b>REPORT TITLE:</b>	<b>WHISTLEBLOWING REPORTS Q1 &amp; Q2 2021</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF LAW AND GOVERNANCE (MONITORING OFFICER)</b>

### REPORT SUMMARY

The Council's Whistleblowing Policy requires officers to provide this Committee with a quarterly report to communicate as follows:

1. The number and nature of whistleblowing concerns raised in the municipal year, and
2. That the investigations are being effectively monitored / progressed

The report will not disclose details of any staff (or other confidential information) but will summarise (so far as is possible without undermining or exposing the Council to unacceptable risk or challenge) the number / nature of the concerns raised under the Whistleblowing Policy, details of the service(s) to which the concerns relate, and the steps being taken to investigate the concerns further.

### RECOMMENDATIONS

That the Audit and Risk Management Committee note the report.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 To provide Members with assurance that concerns raised by workers in respect of possible fraud, danger or malpractice are being appropriately managed.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Not to have a whistleblowing policy and procedure is not an option if the Council wish to comply with the requirements of the Employment Rights Act 1996 and the Public Interest Disclosure Act 1998 and align its practices with national best practice.

### **3.0 BACKGROUND INFORMATION**

- 3.1 The Council's Constitution and Standards Committee approved the current Whistleblowing Policy on 24 February 2021.
- 3.2 Although the Constitution and Standards Committee are responsible for producing and approving the Council's Whistleblowing Policy, it is the role of this Committee to oversee its operation, and in particular as set out in its Terms of Reference, "to be appraised of any steps arising from Whistleblowing investigations and to ensure appropriate actions are being taken and reported".
- 3.3 The Whistleblowing Policy and procedure outlines the legal obligations the council is under pursuant to the Employment Rights Act 1996, as amended by the Public Interest Disclosure Act 1998. The Policy provides information, guidance and a procedure by which a "worker" (a term that covers council employees and former employees, contractors and agency workers) can make a "protected disclosure".
- 3.4 A "protected disclosure" is made where a worker raises concerns, which in the reasonable belief of the worker are in the public interest, and which tend to show:
- 3.4.1 That a crime has been committed, is being committed, or is likely to be committed.
  - 3.4.2 That a person has failed, is failing, or is likely to fail to comply with any legal obligation to which he or she is subject – including contractors providing goods and services on behalf of the council.
  - 3.4.3 That a miscarriage of justice has occurred, is occurring, or is likely to occur.
  - 3.4.4 That the health and safety of an individual has been, is being, or is likely to be endangered.
  - 3.4.5 That the environment has been, is being or is likely to be damaged.
  - 3.4.6 That information tending to show any of the above has been concealed or is likely to be deliberately concealed.
- 3.5 A "protected disclosure" can be made by a number of methods under the Policy, namely, completion of a confidential reporting form, via the individuals line manager, a Designated Officer, or a relevant Prescribed Regulatory Body. The details of the whistleblower remain confidential however the individual can make a "protected

disclosure” anonymously. The worker has to have a reasonable belief that the disclosure is made “in the public interest”.

- 3.6 All concerns raised under the Whistleblowing Policy are referred to the Whistleblowing Board who discuss the progress of investigations and identify and address any issues that arise that may hinder or otherwise prevent the timely investigation of the concern(s) raised.
- 3.7 During the period 01/04/21 to 30/06/21 there was one whistleblowing report made. The concerns/issues raised in respect of an alleged failure to follow defined service procedures and record keeping requirements by members of staff in the Neighbourhoods Directorate arose out of ongoing HR processes. A very brief and basic allegation was made. The initial information has been discussed with and considered by the relevant service area but without further information there is no way of investigating the concerns raised. As such the individual has been asked to provide the further detailed information necessary to allow the concerns to be investigated.
- 3.8 During the period 01/07/21 to 30/09/21 there was one whistleblowing report made. The concerns/issues raised in respect of an alleged failure to comply with health and safety requirements within the Neighbourhoods Directorate arises out of ongoing HR processes. Again only the briefest of allegations as set out above was made. As such the individual has been asked to provide the further detailed information necessary to allow the concerns to be investigated.
- 3.9 Every effort will be made to encourage the individuals to provide the further information that they have said they possess in order to allow the concerns raised to be investigated.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are none arising directly from this report.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 There are none arising directly from this report.

#### **6.0 RESOURCE IMPLICATIONS: ICT; STAFFING AND ASSETS**

- 6.1 There are none arising directly from this report.

#### **7.0 RELEVANT RISKS**

- 7.1 That legal requirements and best practice are not complied with.
- 7.2 That concerns are not communicated and consequently remain unidentified by the Council resulting in financial loss or prosecution by regulatory authorities.
- 7.3 That failing to identify and respond to a whistleblowing concern may result in a reputational risk for the Council.

## **8.0 ENGAGEMENT / CONSULTATION**

- 8.1 Relevant Officers, the trade unions, PROTECT, and this Committee were consulted in the production of the Policy prior to being submitted to the Constitution and Standards Committee for approval.

## **9.0 EQUALITIES IMPLICATIONS**

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity
- 9.2 Equality implications were considered and developed as part of the development of the new Whistleblowing Policy prior to submission to the Constitution and Standards Committee for approval.
- 9.3 The Whistleblowing Policy will allow protected disclosures to be made where there is a failure by the Council, or any contractor providing goods and services on behalf of the Council, to comply with the Council's equality duties.
- 9.4 An Equality Impact Assessment has been carried out in order to ensure equality and the necessary protection for anyone engaging in the whistleblowing process which can be found at <https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments>.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1 The Whistleblowing Policy will allow protected disclosures to be made where the actions of the Council are or are likely to cause damage to the environment, therefore allowing issues and concerns to be highlighted and dealt with in a timely manner.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

- 11.1 The Whistleblowing Policy will serve to ensure the Council, its finances and service provision are adequately protected from possible fraud or malpractice and are appropriately managed to aid the advancement of economic, social and environmental justice for all residents.

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## **APPENDICES**

None

## BACKGROUND PAPERS

Wirral Borough Council Intranet Whistleblowing page

(<https://wirralcouncil.sharepoint.com/sites/people/SitePages/Whistleblowing.aspx>)

Employment Rights Act 1996

Public Interest Disclosure Act 1998

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Constitution and Standards Committee	24 February 2021 Whistleblowing Policy approved
Audit and Risk Management Committee	27 September 2021 Whistleblowing Policy Implementation Update

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## AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday 30<sup>th</sup> November 2021

<b>REPORT TITLE:</b>	<b>EXTERNAL AUDITOR APPOINTMENT 2023/24 TO 2027/28</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF RESOURCES</b>

### REPORT SUMMARY

This report sets out proposals for appointing the Council's external auditor for the five-year period from 2023/24.

This matter affects all Wards within the Borough. The report is a key decision.

### RECOMMENDATIONS

The Audit & Risk Management Committee is requested to:

1. Audit and Risk Management Committee recommend to Policy and Resources Committee and Full Council the option to enter into the procurement exercise led by the Public Sector Audit Appointments Ltd (PSAA) for the appointment of external auditors for a period of five financial years from 1<sup>st</sup> April 2023.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATIONS**

1.1 This report sets out the options open to the Council and the basis of officers' recommendation to the Audit and Risk Management Committee to opt into the national arrangement with PSAA.

1.2 PSAA appointment was the option selected by the Council in 2016 for the reasons set out below. Given challenges and capacity in the market and the need to maintain a high quality of external audit provision, there is an even stronger case that this option will produce better outcomes and will be less burdensome for the Council, compared to procurement undertaken locally because:

- collective procurement reduces overall costs for the sector and for individual authorities compared to smaller local procurements and contract management arrangements;
- there is no requirement to establish a specific Council auditor panel with an independent chair and independent members to oversee a local auditor procurement and ongoing management of an audit contract;
- supporting the sector-led body offers the best way of ensuring there is a continuing and sustainable public audit market into the medium and long term; and
- it is the best opportunity to secure the appointment of a qualified, registered auditor - there are only nine accredited local audit firms, and a local procurement would be drawing from the same limited supply of auditor resources as PSAA's national procurement.

Key features of the PSAA approach are:

- contracts let under the PSAA opt-in will run for five years;
  - contracts between PSAA and the audit firms will require firms to deliver audits compliant with the National Audit Office (NAO) Code of Audit Practice;
  - the number of firms eligible to undertake local public audit is regulated through the Financial Reporting Council and the Recognised Supervisory Bodies (RSBs). Only appropriately accredited firms will be able to bid for appointments;
  - PSAA will manage current and potential future conflicts of interest rather than the Council having to re-procure contracts should such conflicts arise;
  - opting into the PSAA will remove the need to set up an auditor panel in addition to the Council's Audit Committee;
  - in addition to working with the Local Government Association (LGA), a stakeholder advisory panel with representative organisations for councils, police and fire bodies ensures ongoing influence and engagement with PSAA;
  - PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members;
  - scale fees will vary in line with the additional work needed which reflects risk and complexity (scale is set following consultation with opted in bodies);
  - PSAA will manage variation requests and approve where appropriate; and
  - This approach is supported and endorsed by the LGA.
- 1.3 The main downside with this is the inability to determine the evaluation criteria that will be used for procurement. Given that the audit approach is mandated through standards and guidance there is minimal flexibility in the scope of work requested.
- 1.4 The PSAA route was adopted by 484 of 494 bodies in the previous exercise.

## **2.0 OTHER OPTIONS CONSIDERED**

2.1 A review of options was presented to the Audit and Risk Management Committee and Council in 2016 to support the decision to opt in to the PSAA arrangements. The basis for that decision has not fundamentally changed in the intervening period and in summary the pros and cons as referenced in paragraphs 1.2 and 1.3. The remaining options are:

### **Option 1: Make a stand-alone appointment**

- 2.2 This option requires the Council to appoint an Audit Panel, separate in role and membership to the Audit and Risk Management Committee, to oversee the procurement and management of the external audit contract. It requires the whole or majority of the membership to be independent of the Council and this means that elected members will not have a majority input to assessing bids and choosing which audit firm to award a contract for the Council's external audit to.
- 2.3 This approach requires additional capacity and expertise to administer the process and to deliver the functions of the Panel. It will also result in the costs of tendering being borne solely by the Council.
- 2.4 The option limits the market influence that the Council has through the letting of a standalone contract and it is not guaranteed that firms will submit tenders for this work given widely reported capacity issues in the market and given they will also be competing as part of the PSAA arrangement. This presents a risk of being unable to make an appointment by the statutory deadline. In addition, the Council could not take advantage of the 'economy of scale' created through joint or national procurement.
- 2.5 This option does enable the Council to determine cost, quality and social value weightings in its procurement process whereas opting into PSAA will require us to align with their scoring and appointment processes.

### **Option 2: Establish local joint procurement arrangements**

- 2.6 The Act enables the Council to join with other authorities to establish a joint independent Auditor Panel which would need to be constituted and made up of a majority, or of wholly independent members. Further advice will be required on the exact constitution of such a Panel having regard to the obligations of each body under the Act and as such the Council will need to liaise with other authorities to assess the appetite for this arrangement.
- 2.7 A local procurement of other authorities has not been investigated as there are a number of risks associated with this along with lesser economies of scale. This approach does largely present the same risks and opportunities as the stand-alone option. It also increases the risk that firms will not bid as they are at heightened risk of having a conflict of interest at one of the authorities.

### **3.0 BACKGROUND INFORMATION**

- 3.1 The Council's current provider of external audit services is Grant Thornton who were appointed following the Councils decision to opt into a sector led procurement via PSAA. This contract runs for the audit of accounts for financial years 2018/19 to 2022/23. During Autumn 2021, the Council needs to make the decision on how it will appoint external auditors for accounting periods 2023/24 to 2027/28.
- 3.2 There is a requirement under the Local Audit and Accountability Act 2014 for all local government and NHS bodies in England to locally appoint their external auditors.
- 3.3 The Local Audit and Accountability Act 2014 (the Act) at Section 7 states that a "relevant authority must appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding financial year." The current auditor appointment arrangements cover the period up to and including the audit of the 2023 accounts.
- 3.4 In 2017 the Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23.
- 3.5 PSAA is now undertaking a procurement for the next appointing period, covering audits for 2023/24 to 2027/28. During the Autumn of 2021 all local government bodies need to make decisions about their external audit arrangements for accounting periods from 2023/24.
- 3.6 The closing date to opt in to the PSAA arrangement is 11 March 2022. This enables procurement and award of contracts by the statutory deadline of 31 December 2022. To opt into the national scheme from 2023/24, the Council needs to return the completed opt-in documents to Public Sector Audit Appointments Limited (PSAA) by 11 March 2022.
- 3.7 The invitation to opt into the PSAA national appointment process was received in September 2021 and must be accepted by 11th March 2022 if the Council wishes to take this route.
- 3.8 The PSAA have advised an expected timetable as follows for appointment process:
  - September 2021 – Councils will receive their invitation to opt into the Sector Led arrangement.
  - 11th March 2022 – Deadline for formal 'Opt in' from Councils. (therefore Full Council approval to 'opt in' will be required before this date)
  - Spring/Summer 2022 – Process for making individual appointments for opted in LA's will be published Audit Committee Meeting – Internal Audit Update Report
  - August 2022 – Procurement of Audit Services will have been completed
  - Autumn 2022 – Consultation with opted in LA's on proposed auditor appointments
  - 31st December 2022 – Confirmation of appointed auditor received.

- 3.9 There are three options open to the Council under the Act which are:
- Option 1: Make a stand-alone appointment as Wirral Borough Council
  - Option 2: Establish local joint procurement arrangements
  - Option 3: Recommended option. Opt-in to a sector led body appointed by the Secretary of State under the Act - Public Sector Audit Appointments (PSAA) Limited.
- 3.10 New appointments of auditors for accounting periods 2023/24 need to be made by December 2022 regardless of which option is chosen.
- 3.11 In accordance with Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, the decision on opt-in must be taken by Council (“full authority”).

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There is a risk that current external audit fee levels could increase when the current contracts end, currently the annual fee (subject to variation is) is £123,095.00. The scope of audit has increased since setting the fees, thereby requiring more audit work and additional fees. Additional grant support is due for 21/22 audit fees of approx. £0.64m and this may extend into future years. Following the Redmond review in 2020, further audit changes are being made and are expected to impact future fees. There are also concerns about capacity and sustainability in the local audit market.
- 4.2 The cost of establishing a local or joint Auditor Panel outlined in options 1 and 2 above will need to be estimated and included in the Council’s budget for 2023/24 for the five years. This will include the cost of recruiting independent appointees (members), servicing the Panel, running a bidding and tender evaluation process, letting a contract and paying members fees and allowances.
- 4.3 Opting-in to PSAA contract provides maximum opportunity to limit the extent of any increases by entering into a large scale collective procurement arrangement and would remove the costs of establishing an auditor panel.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 Section 7 of the Local Audit and Accountability Act 2014 (the Act) requires a relevant authority to appoint a local auditor to audit its accounts for a financial year not later than 31 December in the preceding year.
- 5.2 Section 8 governs the procedure for appointment including that the authority must consult and take account of the advice of its auditor panel on the selection and appointment of a local auditor.
- 5.3 Section 12 makes provision for the failure to appoint a local auditor: the authority must immediately inform the Secretary of State, who may direct the authority to appoint the auditor named in the direction or appoint a local auditor on behalf of the authority.
- 5.4 Section 17 gives the Secretary of State the power to make regulations in relation to an ‘appointing person’ specified by the Secretary of State. This power has been exercised in the Local Audit (Appointing Person) Regulations 2015 (SI 192) and this

gives the Secretary of State the ability to enable a Sector Led Body to become the appointing person.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

6.1 None arising directly from this report.

## **7.0 RELEVANT RISKS**

7.1 There is an immediate risk if approval is not agreed to proceed, we fail to take the decision to Policy and Resources in January 2022, then to Full Council by February 2022 and breach the PSAA requirements of the tender. This would mean none compliance with the Local Audit and Accountability Act 2014 as referenced in paragraph 3.3.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 Members of this Committee are being consulted regarding this process.

## **9.0 EQUALITY IMPLICATIONS**

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity. There are no equality implications for this report.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 Audits are currently undertaken remotely as a consequence of the pandemic and the authority will support this continuing were practically possible to reduce our carbon footprint. The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth.

**REPORT AUTHOR:** **Diane Grisdale**  
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## **APPENDICES**

Appendix 1 – Wirral Metropolitan Borough Council Invitation

## BACKGROUND PAPERS

Local Audit and Accountability Act 2014

PSAA [Appointing period 2023/24 – 2027/28 – PSAA](#)

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management Committee – Arrangement for the appointment of External Auditors	25 September 2017
Audit & Risk Management Committee – Arrangement for the appointment of External Auditors	22 November 2016
Audit & Risk Management Committee – Arrangement for the appointment of External Auditors	26 September 2016

22 September 2021

To: Mr Satoor, Chief Executive  
Wirral Metropolitan Borough Council

Copied to: Mr Halewood, S151 Officer  
Ms Hodson, Chair of Audit Committee or equivalent

Dear Mr Satoor,

### **Invitation to opt into the national scheme for auditor appointments from April 2023**

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at [ap2@psaa.co.uk](mailto:ap2@psaa.co.uk). We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to [ap2@psaa.co.uk](mailto:ap2@psaa.co.uk), and we will respond to you.

Yours sincerely

Tony Crawley  
Chief Executive

Encl: Summary of the national scheme

## Why accepting the national scheme opt-in invitation is the best solution

### Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

### The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

### What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

## **Opting in**

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

## **Local Government Reorganisation**

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

## **Next Steps**

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).

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