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Telford & Wrekin Co-operative Council

Protect, care and invest
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Borough of Telford and Wrekin

Audit Committee
Wednesday 31 May 2023
6.00 pm
The Telford Room, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

Democratic Services:	**Jayne Clarke**	**01952 383205**
Media Enquiries:	**Corporate Communications**	**01952 382406**

Committee Members:	**Councillors A D McClements (Chair), G H Cook (Vice-Chair), E Davies, S J Reynolds, P Thomas and C R Turley**

Agenda   Page

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AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee held on Tuesday 24 January 2023 at 6.00 pm in The Telford Room, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

Present: Councillors C F Smith (Vice-Chair), W L Tomlinson and B Wennington

In Attendance: K Clarke (CFO and Director: Finance & Human Resources), T Drummond (Principle Auditor), L Gordon (Mayor & Member Support Officer), P Harris (Finance Manager - Corporate & Capital Finance), E Harvey (Lead Lawyer: Property & Commercial), R Montgomery (Audit & Governance Lead Manager), E Rushton (Group Accountant), M Wallace (Mayor & Member Support Officer) and I Wykes (Climate Change & Sustainability Team Leader)

Apologies: Councillors N A M England, V J Holt and A Lawrence

AU58   Declarations of Interest

None.

AU59   Minutes of the Previous Meeting

RESOLVED – that the minutes of the meeting held on 23 November 2022 be confirmed and signed by the Chair.

AU60   2022/23 Treasury Management Update and 2023/24 Treasury Management Strategy

The Finance Manager advised Members that the Treasury Management Update and Strategy were legally required to be presented the Audit Committee under the Local Government Act 2003, CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code). Following this meeting the report would also be presented to Cabinet and Full Council.

Members heard that the strategy for 2022/23 remained consistent with that outlined in the 2022/23 Treasury Strategy, which was agreed for approval at Full Council on 3 March 2022 and by the Audit Committee on 25 January 2022. The Strategy was a continuation of that used in recent years which has provided considerable benefits to the Council. The Finance Manager noted that the latest financial monitoring projections indicate a benefit of £3.9m from treasury management during 2022/23 which supported the provision of front line services, opportunities for borrowing when appropriate and the Council's overall financial position. Based on the recommendation of the Link Group, the Committee heard that the figures set out in the report had allowed for changes to interest rates, in order to create robustness.

The Finance Manager informed the Committee that the Council was expected to need to borrow an additional £125.8m in 2023/24, based on the current capital programme plans which adopted a flexible approach to borrowing. Members were asked to note that considerations were given to affordability, maturity profile of existing external financing, interest rates and refinancing risk as well as borrowing source, which was usually expected to be other Local Authorities or the Public Works Loan Board, but also included Municipal Investment Loans, the LGA Municipal Bonds Agency, European Investment Bank or commercial sources, and any new opportunities which arose.

The Committee heard that the strategy for any investments was to minimise investments in order to reduce counter-party risk, and to reduce net interest costs as longer-term borrowing rates tended to be greater than the council were able to earn on new investments. The strategy sought to lengthen investment periods, where cash flow permitted, to achieve higher interest rates within acceptable risk parameters.

During the discussion Members noted that a distinction between capital expenditures would be useful so that assets which will appreciate overtime and industrial assets which depreciate over time. The Director: Finance & Human Resources agreed that this distinction was to be included in future reports.

RESOLVED - that:

a. **recommend to Full Council that the treasury management activities to 31st December 2022 as set out in Appendix A be noted;**
b. **the Treasury Strategy 2023/24, including the Annual Investment Strategy, the Minimum Revenue Provision Statement, Treasury Management Prudential Indicators be approved; and**
c. **the 2022/23 Treasury Management Update Report be approved.**

AU61   2021/22 Statement of Accounts

The Committee heard an update on the council's accounts. The Finance Manager noted that at the time of the meeting Grant Thornton were still finalising their audit work and delegated authority was therefore sought to make any final changes required prior to publication.

Members were informed that changes made to the accounts were outlined in section four of the report and included infrastructure assets, accounting treatment of investment property revaluations, pension liability and group accounts revaluations. All changes listed in the report had been discussed and agreed with Grant Thornton and had not impacted on the General Fund Balance position.

The Finance Manager updated Members on a change to the recommendations outlined in the report. In addition to delegated authority for final changes to be made to Statement of Accounts prior to publication, delegated authority for the chair to sign a letter.

RESOLVED - that:

a.   the 2021/22 Statement of outlined in Appendix A be approved;
b.   delegated authority be granted to the Director: Finance & Human Resources, following consultation with the Chair, to make any final changes required to the Statement of Accounts prior to publication.
c.   delegated authority be granted for the Chair to sign the letter.

AU62   Audit Findings Report (AFR) 2021/22

Grant Thornton, External Auditors, presented a verbal update on the Audit Findings Report 2021/22.

The External Auditors advised that the Audit Findings Report was not completed due to ongoing resourcing issues, however would be circulated once available after the meeting.

Members heard that the Council had moved to a new category due it's size. Due to this the External Auditors have had to re-examine materiality and re-programme the numbers based on the new cap. Regardless of this the benchmark set remained to be the correct one so there was no change to the overall strategy required. One area of consideration had been whether an investment property was held through capital appreciation or income. The External Auditors assured Members that this was simply a matter of classification and would not affect the overall valuations.

The External Auditors explained to the Committee that no governance issue the pension fund or pension liability had been found. Members heard that the report will detail a £19 million difference in the overall fund and that the council's adjustments were minimal.

The External Auditors updated Members of the Committee on the work that had been completed at the time of the meeting. There had been no risks to report from their assessment of the management override journals, nu place, fraud in income and expenditure or cash equivalents. A review had been undertaken of the valuation process of building and other land and the decision had been made to appoint their own expert to test the assumptions surrounding that. The indexing indicated that there would be roughly a four million difference, which was within margin.

Members thank the External Auditors for their comprehensive verbal report.

RESOLVED - that the verbal report be noted.

AU63   Telford and Wrekin Council Becoming Carbon Neutral and Plastic Free Update

The Team Leader: Climate Change & Sustainability informed Members that tackling climate change was one of five priorities set out in the current Council

Plan and that in July 2019 the council declared a climate change emergency, making a commitment to reduce its carbon emissions to net zero by 2030. To support this the Council had allocated £4,000,000 of capital funding into the programme of work.

Members heard the reporting on carbon neutrality and becoming plastic free had previously been reported on separately, however, since 2021/22 they have been reported jointly as one delivery plan. The Team Leader: Climate Change & Sustainability explained to Members that the cost of living and fuel poverty crisis was also having an impacted on the implementation of the delivery plan.

The Committee were informed that whilst the council had continue to monitor emissions, it had not been possible to monitor commuting emissions so it had been removed from the data to ensure consistency. In other areas the Council was on track in its efforts to reduce emissions. The Team Leader: Climate Change and Sustainability updated Members on the areas were the council had implemented renewable energy across the Borough, including sports centres and the Southwater way properties. Members heard that Cabinet had also recently assigned funding for solar panels to be introduced on council building, starting with Granville House.

During the discussion Members welcomed the report and the council's investment to combat Climate Change and assist residents.

RESOLVED - that the update on Telford and Wrekin council becoming carbon neutral and plastic free be noted.

AU64   Update on the PSAA – External Audit Appointment Process

Members heard that at the Audit Committee meeting dated 28 September 2021 it was agreed that the council would follow the Public Sector Audit Appointments procurement process (PSAA) and delegate authority to the Director: Finance and Human Resources to take any appropriate action needed to appoint an External Auditor.

The Audit & Governance Lead Manager explained that following a statutory consultation process, auditor appointments for opted-in bodies were completed on 31 December 2022 for audit years from 2023/24. The PSAA proposed that KPMG were appointed as Telford & Wrekin council external auditors.

During the discussion Members expressed their gratitude to Grant Thornton, the council's current external auditors for their hard work and for their continued work.

RESLOVED - that:

a. **The Committee note the contents of the Update on the PSAA - External Audit Appointment Process report; and**

b. **The Committee recommends the appointment of KPMG as the Councils External Auditors.**

AU65   Internal Audit Activity and Update to Internal Audit Charter 2023/2024

The Principal Auditor provided the Committee with an update on the progress made against the 2022/23 Internal Audit Plan and information on the recent work of Internal Audit.

Members heard that there had been six audit reports produced in this time period, each time there had been improvements in the grading when follow ups had been completed. There were an additional 14 audits currently underway, which had not changed since the last report to the Committee.

During the discussion Members requested that areas of higher financial risk be identified in a more clear way for the lay person. The Audit & Governance Lead Manager noted that level of risk was indicated in the report and if there were any areas of greater concern financially, they would be disclosed to the Committee.

The Principal Auditor advised Members that the Terms of Reference required the Audit Committee to approve the Internal Audit Charter on an annual basis. Members noted that no changes had been made to the Charter since it was last approved.

RESOLVED - that:

a. **The information contained in the report be noted by the Committee; and**
b. **The Internal Audit Charter 2023/24 be approved by the Committee**

AU66   Update on the AGS Action Plan for 21/22

The Audit & Governance Lead Manager provided Members with an update on the of actions identified on the Annual Governance Status Action Plan. The Committee were assured that each of the actions listed in the plan had been implemented in full or were being implemented on an ongoing basis.

RESOLVED - that the Committee noted the update on the AGS Action plan for 2021/22

AU67   Strategic Risk Register Update

The Audit & Governance Lead Manager updated the Committee on the status of the strategic risks outlined in the risk register. Members were informed that the risks remained stable, and there had been no additions or new admissions since the Committee was last provided with an update.

Members heard that some descriptions of risks have been updated. The Audit & Governance Lead Manager highlighted the eighth risk listed in the report: 'the inability to respond to impact of climate emergency on severe weather events including heat, cold and flood', which had been expanded to include areas beyond flooding as was previously listed.

The Audit & Governance Lead Manager informed Members that there had also been additional updates to the mitigation and management of the figures and controls of the risks on the register.

RESOLVED - that the Committee noted the Strategic Risk Register Update.

AU68   Exclusion of the Press and Public

RESOLVED - that the press and public be excluded from the meeting for the remaining item of business on the grounds that it may involve the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

AU69   Cases Update

The Audit & Governance Lead Manager advised Members that there was no update due to be presented at this meeting but this item would remain a standing item for future updated when needed.

The meeting ended at 7.05pm

Chairman: ‐‐‐

Date: Wednesday 31 May 2023

Telford & Wrekin Co-operative Council

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Borough of Telford and Wrekin

Audit Committee

Wednesday 31 May 2023

Review of the Audit Committee Terms of Reference

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services and Governance
Lead Director:	Anthea Lowe - Director: Policy & Governance
Service Area:	Policy & Governance
Report Author:	Tracey Drummond - Principal Auditor
	Rob Montgomery - Audit & Governance Lead Manager
Officer Contact Details:	**Tel:** 01952 383105 **Email:** tracey.drummond@telford.gov.uk
	01952 383103 robert.montgomery@telford.gov.uk
Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not Applicable
Report considered by:	Senior Management Team – 16 May 2023
	Audit Committee – 31 May 2023

1.0 Recommendations for decision/noting:
It is recommended that the Audit Committee:

1.1 Note and recommend the terms of reference attached as Appendix 1 to be adopted by the Council at their July 2023 meeting.

2.0 Purpose of Report

2.1 The purpose of this report is to provide members with the Audit Committee terms of reference for 2023/24 and seek their recommendation that the terms of reference are adopted by the Council at their July 2023 meeting.

Review of Audit Committee's Terms of Reference

3.0 Background

3.1 There is a requirement in the Constitution for all Committees to annually review their terms of reference at their first meeting following Annual Council.

3.2 The Audit Committee terms of reference reflect the requirements of the Council under the Local Audit & Accountability Act 2014 in respect to the appointment of External Auditors.

4.0 Summary of main proposals

4.1 It is proposed that members of the Audit Committtee recommend the adoption of the Audit Committee terms of reference by Council in the July 2023 meeting.

5.0 Alternative Options

5.1 There are no options relating to this report.

6.0 Key Risks

6.1 The risks and opportunities in respect to this report will be approiately identified and managed.

7.0 Council Priorities

7.1 The report supports the Council's values that are embedded in the delivery of all of the Councils' priorities.

8.0 Financial Implications

8.1 Good governance processes support value for money in ensuring economy, efficient and effectiveness in the Council's decision making and processes.

9.0 Legal and HR Implications

9.1 The requirement for Terms of Reference for Council Committees is set out within the Council's Constitution. The Constitution requires Terms of Reference to be reviewed on an annual basis.

10.0 Ward Implications

10.1 The work of the Audit Committee encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards detailed in the Parish Charter.

11.0 Health, Social and Economic Implications

11.1 There are no health, social or economic implications directly arising from this report.

12.0 Equality and Diversity Implications

12.1 Transparency supports equalities and demonstrates the Council's commitment to be open and fair.

13.0 Climate Change and Environmental Implications

13.1 There are no direct climat change and environmental implications arising from this report.

14.0 Background Papers

    1   Public Sector Internal Audit Standards
    2   CIPFA Local Government Application Note – April 2013

15.0 Appendices

    A   Audit Committee Terms of Reference

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
A Massey	14/04/2023	26/04/2023	AEM
Legal Services	11/04/2023	22/05/2023	KF

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Audit Committee Terms of Reference

The Committee has the responsibility on behalf of the Council for the overseeing of the Council's audit, governance (including risk management) and financial processes.

Delegated matters (i.e. Matters which can be decided (resolved)

1 The approval (but not direction) of, and monitoring of progress against, the Internal Audit Charter and annual plan

2 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary

3 To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee – governance (including information governance), internal audit, risk management, statement of accounts and external audit.

4 The Committee will not receive detailed information on investigations relating to individuals. The general governance principles and control issues may be discussed, in confidential session if applicable, at an appropriate time, to protect the identity of individuals and so as not to prejudice any action being taken by the Council.

5 External Auditors:

   a) Recommend the appointment of the External Auditors to the Council
   b) Review and agree the External Auditors annual plan, including the annual audit fee
   c) Receive regular update reports on progress and other reports of the External Auditor
   d) Meet privately with the External Auditor as required
   e) Ensure that there are effective relationships between external and internal audit so that the value of the combined internal and external audit process is maximised

6 Consider the effectiveness of the Council's governance processes and their compliance with legislation and best practice including:

   a) The Council's Code of Corporate Governance
   b) The Council's Information Security Framework
   c) The Council's Risk Management Framework
   d) Receipt of the Caldicott Guardian's Annual Report
   e) Oversight of commercial projects
   f) The management of opportunities and risks
   g) Other corporate governance arrangements

7 Be responsible for the review and approval of the authority's Annual Governance Statement ensuring that it properly reflects the governance, control and risk environment and any actions required to improve it. Following approval, it should accompany the accounts.

8 To review and monitor the Council's Treasury Management arrangements including treasury policies, procedures and the management of the associated risks and make recommendations to Cabinet as appropriate.

9 Review and approve the Statement of Accounts, External Auditor's opinion and reports on them to members and monitor management action in response to the issues raised by External Audit.

10 To approve the Anti-Fraud and Corruption Policy and to recommend its adoption by the Council, and to monitor its operation. The policy will be reviewed it at least once every two years.

11 To approve the Speak Up Policy ('whistle blowing') and to recommend its adoption by the Council, and to monitor its operation. This policy will be reviewed at least once every two years.

12 Recognising that complaints/compliments are a Cabinet function, the Committee should review the Annual Complaints Report and seek assurances that the Council is improving in response to complaints raised. This should include maintaining an overview of the Local Government Ombudsman (LGO) investigations including the review of the LGO Annual Letter.

13 The Audit Committee will seek assurance from officers in respect to the governance arrangements for partnership working.

14 The Audit Committee will seek assurance from officers in respect to the governance arrangements of the Council's climate change measures.

15 The meetings will follow the principles of scrutiny, i.e. no party whip will be applied and a constructive, evidence based approach will be used.

16 To ensure that adequate training is received by the members of the committee on the areas covered by these terms of reference.

17 To ensure that any sensitive or confidential information obtained as a result of membership of the committee is treated as confidential.

18 Annually review their effectiveness and their terms of reference.

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Telford & Wrekin
Co-operative Council

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Annual Governance Statement
2022/23

Telford.

1. Introduction

1.1 Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee.

The Annual Governance Statement outlines that the Council has been adhering to the Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

The Council has adopted the Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government. The diagram below details CIPFA's Relationships between the Principles for Good Governance in the Public Sector.
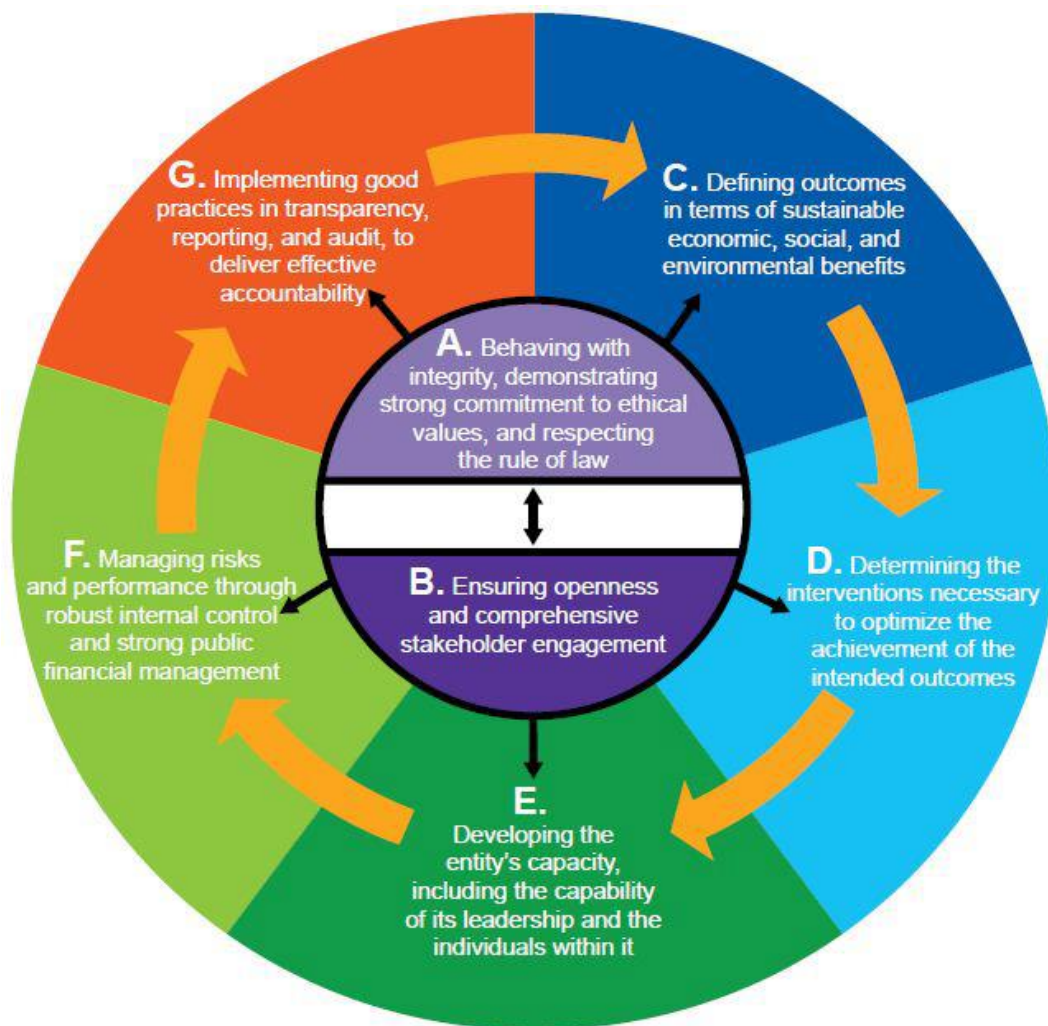
2. Standards of Governance

2.1 The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the Employee and Members' Code of Conduct, Constitution, Corporate Vision, Priorities and Vision as well as applicable statutory requirements.

3. Scope of Responsibility

3.1 Telford & Wrekin Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Council needs to demonstrate that public money is safeguarded and properly accounted for and used economically, efficiently and effectively to secure continuous improvement.

3.2 To meet this responsibility, the Council puts in place proper governance arrangements for overseeing the governance of its affairs including risk management, the requirements of regulations and ensuring the effective exercise of its functions. These arrangements are intended to make sure that the Council does the right things, in the right way, for the right people, in a timely, open and accountable manner. The Council takes into consideration all systems, processes, policies, cultures and values that direct and control the way in which we work and through which we account, engage and lead our communities.

4. The Governance Framework

4.1 The governance framework allows the Council to monitor how they are achieving their strategic aims and ambitions and how this contributes to the delivery of its vision, priorities and values:

4.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve priorities and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives and policies.

5. Review of Effectiveness

5.1 Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements including the system of internal control. The review of the effectiveness is informed by:-
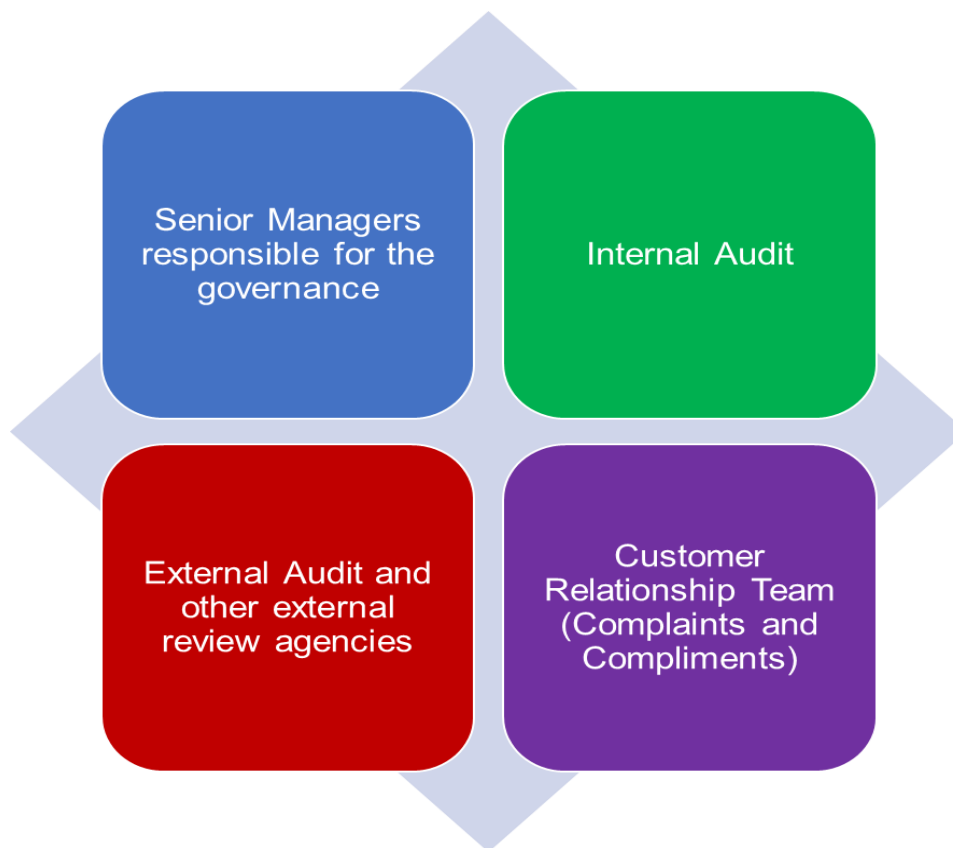
5.2   The Council has faced continued challenges during 2022/23 particularly in respect to the ongoing financial constraints it is working within coupled with rising costs that have been experienced nationally and global market instability. The Council has met these challenges and continues to deliver effective services against the backdrop of achieving considerable savings.

5.3   The Council recognises the ongoing importance of information governance and has formalised its Information Governance Framework. The main focus of the Information Governance Team in 2022/23 has been to:

- Ensure the Council's continued compliance with the requirements of the UK Data Protection Act/UK General Data Protection Regulations (GDPR) 2018
- Ensure compliance with the Freedom of Information Act 2000 and Environmental Information Regulations 2004
- Update information governance related training, policies and procedures
- Manage information governance risks associated with the implementation of new systems
- Facilitate appropriate and secure information sharing where there is a legal basis to do so
- Support on the prevention and investigation of data breaches
- Facilitate the completion of the NHS Data Security & Protection Toolkit

The Information Governance Team has continued to report to the Audit Committee and Senior Management Team during the year including information on responses to information rights requests and data security breaches. During 2022/23 no enforcement action has been taken against the Council by the Information Commissioner's Office (ICO) in respect to data breaches.

5.4   The Chief Executive, Executive Directors, Directors and Service Delivery Managers have signed annual assurance certificates confirming that the governance framework has been

operating within their areas of responsibility, subject to the actions outlined in Annex 1. Internal Audit plan to undertake sample testing of completed certificates to provide additional assurance that adequate controls/risk management measures have been operating in 2022/23.

5.5   The Accounts and Audit Regulations 2015 require a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, management, other internal assurance services and the External Auditors' review. The Internal Audit Annual Report 2022/2023 will set out the Internal Audit opinion.

5.6   The Council has been advised on the implications of the review of the effectiveness of the governance framework by Cabinet, Standards Committee, Audit Committee, Scrutiny, Senior Managers, Internal Audit and external review. The Chief Internal Auditor concludes that the review of the governance arrangements **provides a reasonable level of assurance** that these arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Internal Audit Work

One of Internal Audit's key objectives, as detailed in the Internal Audit Charter is *'To review the effectiveness of the governance, risk management and control processes of the Council to aid improvement, provide a level of assurance and an opinion on them to the Council.'*

The work of Internal Audit is based on risk and the scope of each audit assignment and, as a minimum, includes assessment of the governance, risk management and control arrangements put in place by management.

Despite some temporary resource challenges in 2022/23 due to medium-term sickness related absence, Internal Audit have completed 82% of the revised risk based Annual Internal Audit Plan. This is an increase from 2021/22.

In compliance with the Public Sector Internal Audit Standards (PSIAS), an external assessment of the Internal Audit function was completed by CIPFA. The assessment was undertaken during April and May 2022. At the completion of the assessment, the CIPFA Assessor provided a report detailing their findings. The CIPFA Assessor reported that:

*'It is our opinion that Telford & Wrekin Council's Internal Audit Service's self-assessment is accurate and, as such, we conclude that they **FULLY CONFORM** to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note'*

In addition, the report stated:

'The Service is insightful and proactive and is a well-respected and professional operation that is valued by the Council's management'

'The standards expect internal audit services to take into consideration the organisational ethics when planning their work, something that is often difficult to achieve and often overlooked by Heads of Internal Audit. This is not the case for Telford and Wrekin as they use an 'ethics' questionnaire as part of their testing process when carrying out audits where sound ethical standards are a key element to the effective running of the activity. It is our opinion that this is an example of good practice that many other local authority internal audit services should consider adopting.'

The report did include six '*minor observations*' that have been classified as advisory as they relate to enhancing the service rather than conformance to the standards. All of the actions have been accepted and implemented in full.

Internal Audit have ensured the Chair/Audit Committee and Senior Management Team have been kept informed of audit resource/work throughout the year.

Other Sources of Assurance

As stated above, reliance has been placed on other sources of assurance in 2022/23 with respect to the Chief Internal Auditor's opinion. Other sources of assurance have been obtained from in year activity but also by reflecting on past opinions and the basis of these.

2022/23 has seen the Council consistently recognised as a well performing Council by a number of external bodies. Below is a summary of the recognition received.

The Municipal Journal (MJ) announced Telford & Wrekin Council as winners of the award for Local Authority of the Year 2022.

The Council's Senior Management Team were shortlisted for the MJ Senior Leadership Team of the Year award.

The Council/Council services were shortlisted for 4 Local Government Chronicle awards including:
- Council of the Year
- LGC Public Health – for tackling health inequalities linked to COVID with Betty the Bus
- LGC Economic Support – for our Pride in Our High Street programme
- LGC Children's Services Award – for the work we've done to achieve outstanding services

The Local Government Association (LGA) peer review panel undertook a follow-up visit in 2022 to assess how the Council had progressed in implementing recommendations made after their previous visit the previous year. Following their latest visit, the peer review panel reported that:
- There is a strong sense of values across the organisation
- They recognised the Council's culture of collaboration
- There was a clear sense that people are really proud to work for the Council

The Association for Public Service Excellence (APSE) gave an award for the best service team to the Council's Facilities Management and Building Cleaning Services.

Climate Emergency UK have recognised the Council for its climate change work. They put the Council in the top 10 single tier authorities in relation to climate change work.

In addition, assurance has been provided by the following:

- Telford & Wrekin Council has a sound track record in respect to how it is run. This is important to note and is reflected in the 2022/23 audit opinion given. General risk management identifies 'likelihood' as a key determinant of the level of risk associated with an action/entity. Given that the Council's track record demonstrates strong governance arrangements and sound financial management, the likelihood of this changing considerably in the space of 12 months is relatively low.

-   The Council's External Auditors have met with the Section 151 Officer and Chief Internal Auditor throughout 2022/23 and have also attended Audit Committee meetings. During this time the External Auditor has not expressed any specific concern on the governance and/or financial arrangements operating within the Council.

-   Other examples of assurance obtained in year include:

    -   Legal Services Lexcel accreditation
    -   Annual Scrutiny Work Programme
    -   Completion of statutory returns, VAT returns, and grant claims, etc.
    -   Regular IT penetration testing and security auditing
    -   Corporate performance management
    -   Quality assurance checks across Council teams
    -   Regular financial monitoring
    -   Annual personal performance discussions with staff
    -   Inspection by external bodies
    -   Corporate policies and procedures
    -   Essential learning programmes for staff
    -   Completion of the NHS Data Security & Protection Toolkit
    -   Joint CQC/Ofsted inspection of SEN

Assurance obtained by reflecting on the past 3 years includes:

-   The Chief Internal Auditor's opinion has been that there a reasonable level of assurance that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

-   The External Auditor has stated that:

    -   Final accounts have been produced on time and in line with best practice
    -   An unqualified opinion has been given in the financial statements
    -   Financial statements comply with statutory requirements
    -   Financial statements give a true and fair view of the Councils financial position
    -   Proper arrangements are in place for securing economy, efficiency and effectiveness in its use of resources

In the Chief Internal Auditor's opinion, the above assurance activity reflects that sound governance arrangements are in place as a number of the points above would not have been possible without adequate governance foundations being in place and embedded.

There have been no significant instances of fraud, poor risk management, poor financial management, etc. that would lead the Chief Internal Auditor to believe poor governance practices have been in place.

However, as part of the AGS certification process, there have been areas identified that do require development. Attached as Annex 1 is an agreed action plan to address these areas for development and ensure continuous improvement.

5.7   The number of issues in the action plan have reduced from 7 in 2021/22 to 5 in 2022/23. Issues from the previous AGS action plan (2021/22) that have been addressed or mainstreamed have been deleted and those that continue to be addressed (3 issues) are included in 2022/23 action plan.

5.8   The Senior Management Team has monitored implementation of the 2021/22 actions and reported back to the Audit Committee in January 2023.

5.9   Detailed below is a statement explaining how the Council has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015 and CIPFA Code on the Principles of Good Governance.

5.10   Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law.

5.10.1 Members and officers recognise the importance of compliance with the Constitution, specifically Financial and Contract Rules, Procurement Regulations, Scheme of Delegation, Codes of Conduct and Gifts & Hospitality Policy.

5.10.2 There is ongoing training, both classroom based and via the on-line learning platform (OLLIE) for Codes of Conduct, Equality Awareness, Leadership & Governance and Contract Procedure Rules/Procurement. An essential learning programme is in place for all staff members and completion of these compulsory training modules is monitored by the senior management team.

5.10.3 The Council has an Anti-Fraud & Corruption Policy, supported by the Whistleblowing (Speak Up) Policy, encouraging internal referrals. The Council has a zero-tolerance policy in relation to fraud and corruption and it is service management's responsibility to ensure there are adequate controls in their areas to ensure that opportunities for fraud are minimised. It is everyone's responsibility to report suspicions and the Whistleblowing (Speak Up) Policy supports this internally. Internal Audit along with the Investigations Team undertakes proactive fraud work based on a fraud risk register and/or other intelligence. Other specific anti-fraud and corruption activities are undertaken by Trading Standards. An annual report on anti-fraud and corruption activities and an update to the Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy is presented to the Audit Committee annually.

5.10.4 Officers comply with their professional organisations' and regulatory codes of conduct when delivering services.

5.10.5 All Internal Audit reviews consist of an ethics questionnaire that is sent to a sample of staff in specific teams to demonstrate their understanding of key corporate policies.

         Ethics questionnaire findings have been shared when discussing individual audits with relevant Service Delivery Managers and Directors and taken to SMT as part of reporting corporate recommendations. Summary findings from the ethics work have been included in the 2022/23 AGS action plan.

5.10.6 There are both internal and external reviews in social care to monitor compliance with the law, e.g., the Care Act, Deprivation of Liberties, Safeguarding and the Mental Health Act.

5.10.7 Human Resource and recruitment polices and processes ensure the Council is fully compliant with employment law. Annual audits are undertaken in these areas and ongoing checks take place to ensure compliance with IR35 legislation. In addition HR recruitment processes have been further developed to improve diversity.

5.10.8 Senior officers meet regularly and work closely with Members to ensure that they understand, and can undertake, their respective roles effectively and legally.

5.10.9 The Cabinet monitors the effectiveness of the governance framework through the consideration of regular service and financial management information reports from senior

management. Individual Cabinet Members receive regular feedback from senior officers in respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to Cabinet.

5.10.10 Statutory responsibilities across the Council are discharged openly and proactively, examples include having key statutory officers in place, i.e., Head of Paid Service, Data Protection Officer, Section 151 Officer, Monitoring Officer, Director of Children Services, Director of Adult Social Services, Director of Public Health and the Scrutiny Officer.

5.11   Ensuring openness and comprehensive stakeholder engagement

5.11.1 The Executive Director for Housing, Communities & Customer Services is leading on the development of a new 10-year vision for the Borough. The vision was approved by Cabinet in 2022 following extensive resident and partner engagement. The development of an action plan is being progressed with strategic partners. This will be presented to Cabinet for approval.

5.11.2 The Council actively contributes to, and collaborates with, partners to promote good governance and achieve the delivery of outcomes through increased joint working. The Council is a member of a number of sub regional partnerships and groups. Many of our services are delivered in partnership with other organisations such as West Mercia Energy, Town and Parish Councils, voluntary groups, etc.

5.11.3 Regular meetings take place between Children's Safeguarding and key partner agencies such as the Police, Education and Health.

5.11.4 All Council services feed into transparent reporting processes through Council committee meetings and this is further supported by the transparency agenda.

5.11.5   Annually, the public is consulted on the budget for the forthcoming year.

5.11.6   There is regular engagement between Public Health, Social Care and the NHS and other health providers for the future provision of services.

5.11.7 The Council's Scrutiny committees have looked at policy development, decision making and areas of great importance and concern to our residents. The Council's corporate priorities are used to measure the effectiveness of policies and outcomes are scrutinised to ensure the Council works as efficiently and effectively as possible. Areas for scrutiny are identified as part of the exercise to determine the work programme for a given municipal year and as part of this work over 100 stakeholders and organisations are asked to contribute ideas about areas where scrutiny could make a difference. Elected Members and the public are also able to do this alongside Council officers. This ensures that as many areas of possible are considered to form part of the Scrutiny Work Plan for the coming Municipal year.

5.12   Defining outcomes in terms of sustainable economic, social and environmental benefits.

5.12.1   The Council Plan was created in 2019 and refreshed in 2022. The plan identifies 5 priorities to deliver the Council's organisational vision to 'Protect, Care and Invest to Create a Better Borough'. The Council continues to ensure it has a robust Savings Strategy in place which includes the generation of external income and efficiency measures.

5.12.2   Digital transformation and changes in the way we work are intrinsic to the Council's service delivery model.

5.12.3 The Telford & Wrekin Local Plan sets out the Council's vision and strategy for the physical planning of the borough up to 2031. The Council are in the process of reviewing the Local Plan. A new Local Development Scheme was published in June 2022 which sets out the timetable the Council are now working to.

5.12.4 All service areas have their own service plans which details how they intend to deliver their service for the coming year and the risks they face. These plans encompass identifying barriers to service objectives being met. In addition there was additional focus on the Council's workforce development/strategy. This included a number of actions including the launching of the Management and Leadership Programme and developing employee groups for BLM, LGBTQ+, Neurodiverse and Armed Forces Staff Network.

5.12.5 The Council has a commercial strategy / investment strategy that demonstrates clear visions, objectives and outcomes. This includes financial, economic, social and environmental issues.

5.12.6 The Council's economic growth strategy supports and drives increased economic productivity. The strategy is currently being reviewed and updated to ensure it is aligned with the Council's overall vision and responsive to the opportunities and challenges facing the Council in the next few years.

5.12.7 The financial strategy sets out the short and long-term implications for service delivery across the Council. The Service & Financial Planning reports include various papers to Cabinet regarding the budget and sets out short/ medium and long-term implications, including the capital strategy and saving strategy.

5.12.8 Adult Social Services, in respect of financial management and the implementation of the cost improvement plan, have continued to provide updates during the year to SMT and Members.

5.12.9 All Council reports to Members show relevant financial implications and risk.

5.12.10 Implementation of the IDT Strategy has continued, including infrastructure upgrades, the ongoing roll-out of Office 365/applications and further security improvements particularly in response to spam, phishing/ whaling and ransomware threats.

5.12.11 The Council has implemented a number of climate actions which contribute to its aim of becoming carbon neutral by 2030 and its commitment to remove single use plastics from the Council's operations and activities by 2023. Key actions have included:

- Allocation of £4,000,000 of capital funding to support the reduction of the Council's carbon footprint
- Work at Newport Leisure Centre including the implementation of an air source heat pump, thermal insulation and LED lighting
- Nuplace (owned by Telford & Wrekin Council) have developed 46 sustainable homes
- Installation of a number of electronic charging points
- Purchase and use of electronic vehicles
- Continued offer to support local groups through the Climate Change Fund/Eco grants
- Opening of the UK's first 'off-grid' bus station in Wellington which generates sufficient electricity to support its operation
- Inclusion of the requirement to detail 'Environmental Impacts' in all reports to Cabinet
- Council's EV Strategy setting out the approach taken to increase the rate of installation of EV charging points across both the public and private sector

5.12.12 The Council has delivered a number of outcomes related to the Health & Wellbeing Strategy including:

- Physical activity rates have increased significantly making the Council the top Council in England.
- Health life expectancy rising faster than the national average
- 89% increase in active borrowers using library services
- Delivered increased social value through our contracts

5.13   Determining the interventions necessary to optimise the achievement of the intended outcome.

5.13.1   The 2022/23 Service & Financial Strategy, including the Treasury Management Plan, are aligned to the refreshed Council Plan – setting out how our financial resources will deliver the Council vision and priorities.

5.13.2   Budget plans are produced for all service areas for planning purposes. Budget consultation is undertaken annually with Council Members and members of the public.

5.14   Developing the Council's capacity, including the capability of its leadership and the individuals within it.

5.14.1   The Workforce Strategy was approved in 2021 and is available to all employees on our intranet. The strategy has 5 priorities which were informed by the results of the employee survey and consists of the following priorities:

- Our workforce will have the skills and abilities to deliver our priorities and will have the opportunity to further develop
- Our managers will be leaders and will empower staff to deliver our priorities
- Our organisation will be more diverse and inclusive offering a voice and fair treatment for all
- Our workplace will be healthy and we will support our employee's wellbeing
- Our employment package will be attractive that offers (and will offer) fair terms and conditions

The Council is currently refreshing the workforce strategy in response to the results of the most recent employee survey and recent census data. This will be done through consultation with colleagues at all levels of the organisation and in partnership with HR. Further to this, Organisational Development will work with Directors and their management teams to develop service area workforce plans to support delivery of the workforce strategy.

5.14.2   Officers understand their respective roles and these are set out in job descriptions with 91% of employees reporting that they understood how their role contributed to the Council's priorities in the most recent employee survey. The Constitution, Scheme of Delegation and Contract Procedure Rules clearly show roles and responsibilities, specifically with regard to delegation and authorisation.

5.14.3   There are various training methods available to staff such as mentoring, Ollie (On-line learning platform), virtual (via Microsoft Teams) and face to face. A new leadership and management programme launched in January 2022 for the SMT cohort. A leadership and management programme for the SDM cohort launched in May 2022 with a Team Leader programme launching in Spring 2023. Work continues with Directors to look at opportunities for apprenticeships in their areas to meet service needs, this includes upskill as well as new recruits to maximise the use of the apprenticeship levy. A new face to face induction for all new starters was launched in November 2022.

5.14.4   Other support includes CPD sessions, team meetings and ongoing 1:2:1s are in place. A small number of managers reported that some delays had been experienced in completing APPD's due to ongoing resource challenges.

5.14.5   Members receive an induction session and annual training with regard to the Treasury Management Strategy and other training relevant to their position. All Members and staff have had the opportunity to undertake training on General Data Protection Regulations (GDPR) / Data Protection Act (DPA) 2018 legislation. There is also online training available to all staff on GDPR/DPA 18 Requirements. Training has been reviewed and updated in March 2023.

5.14.6   The action plan at Appendix A of this statement details issues identified from the results of the annual governance certification process. The main issue identified was resource challenges a number of teams were facing coupled with difficulties in filling vacancies.

5.15   The Council continues to manage risks and performance through robust internal control and strong public financial management.

5.15.1   Risk management is an integral part of good management and corporate governance and is therefore at the heart of what the Council does. Our approach to managing risk is explained in our Risk Management Strategy. The Strategic Risk Register is reviewed by SMT and considered by Audit Committee, as a minimum, 4 times a year.

5.15.2   The Internal Audit plan is informed by the Council's service and financial planning processes, strategic risk register, external inspection reports, external networking intelligence, comments from Senior Management and their opinion of the current state of the governance risk and internal control arrangements.

5.15.3   During 2022/23 the Internal Audit team achieved 82% of their revised planned work and this has been used, in part, together with the relevant output from unplanned work to help form their opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework.

All recommendations made in audit reports show a risk category which is used to inform the overall grading of the report.

5.15.4   The Chief Internal Auditor has undertaken checks on the work of Internal Audit as part of the Quality Assurance Improvement Program. A small number of minor issues have been identified through these checks and have been fed back to the Internal Audit Team to assist in their continuous improvement.

5.15.5   Internal Audit report to the Audit Committee 4 times a year. The Audit Committee has asked for additional information during the year to provide assurance on the management of risks and implementation of recommendations. The Audit Committee have also approved the Internal Audit Charter for 2022/23.

5.15.6   Large projects include the maintenance of a project risk register; this is an ongoing working document that is amended throughout the project. Where personal data is processed, projects also include the completion of Data Protection Impact Assessments.

5.15.7   The Council has adopted the CIPFA code of practice for managing the risk of fraud and corruption and this has been reflected in our updated Anti-Fraud & Corruption Policy and Whistleblowing (Speak Up) Policy.

5.15.8 Services report regularly to Council committees such as Audit Committee, Planning, Licensing, Cabinet etc. These reports detail any impact assessment, including risk and opportunity. Financial decisions are reported to Cabinet, full Council and Audit Committee, who often challenge to ensure appropriate financial management and to demonstrate transparency.

5.15.9 Financial Regulations set out our financial management framework for ensuring we make the best use of the money we have available. Financial roles and responsibilities are clearly shown in the Financial Regulations and it provides a framework for financial decision-making. The regulations were reviewed in July 2022 and minor changes made. A further comprehensive review of the regulations will take place in 2023/24.

5.15.10 The Treasury Management Strategy and regular updates on treasury matters are provided to Audit Committee. This information clearly shows investments, loans, and the financial position of the Council. The Council's Treasury Management advisors are Link Treasury Services.

5.15.11 The Council's financial strategy identifies the short-term budget plan and long-term aspirational plan linked to the corporate plan to be a self-sustaining council.

5.15.12 A review against the CIPFA FM Code was undertaken and reported to the Council's senior management team in April 2021 which identified a small number of changes to further strengthen the Council's financial management arrangements. An update report is planned during 2023/24 to monitor progress and refresh our self-assessment against the Code standards.

5.15.13 The Council's External Auditors have not yet completed their report for 2021/22, which is mainly due to a sector-wide technical matter relating to the reporting of infrastructure assets and resource capacity constraints on the part of the external auditors. However, the S151 Officer and Audit & Governance Lead Manager (Chief Internal Auditor) have met with External Auditors periodically throughout 2022/23 and the External Auditors have commented that they do not expect to report any problems with the final accounts. A verbal update was provided to Audit Committee on 24 January 2023, stating that the audit was substantially complete and an unqualified opinion is anticipated.

Therefore, the expectation is that the External Auditor's opinion will mirror the opinion for 2020/21 which stated:

"Value for Money conclusion - Based on the work we performed to address the significant risk we identified, we are satisfied that the Council has proper arrangements for securing economy, efficiency, and effectiveness in its use of resources"

An unqualified audit opinion was, once again, received by the Council in respect of 2020/21.

5.15.14 The Council has continued to make savings in the light of ongoing financial pressures. £140.9m of ongoing savings had been delivered by the end of 2022/23 with a further £19.5m to be delivered by the end of 2024/25. Forecasts of the level of savings that will be required from April 2024 onwards are very difficult to make in the absence of any detailed Government funding settlement information beyond March 2024 being available and potential significant changes that may be made to the local government finance system. However, it is likely that the Council will continue to face a very challenging financial outlook for the foreseeable future.

5.15.15 The Council's Civil Resilience Team continues to plan and co-ordinate the Council's response in an emergency or significant business interruption in accordance with the Civil Contingencies Act 2004.

5.16 Implement good practices in transparency, reporting and audit to deliver effective accountability

5.16.1 As a public body we endeavour to be open and transparent in our activities and reporting. Council and committee agendas, reports and minutes are published on our corporate website to demonstrate decisions made. The Council undertake public consultation on areas such as the budget. We publish expenditure over £100 on our website, as part of the transparency agenda.

5.16.2 The Audit Committee has responsibility for internal and external audit matters, the Council's arrangements for corporate governance and risk management.

5.16.3 In 2022/23, Telford and Wrekin Council became lead authority for the West Midlands Audit Committee Chairs' Forum (WMACCF). The Council's Deputy Chairperson of the Audit Committee is also the Chairperson of the WMACCF. The WMACCF is sponsored by the Local Government Association and is a forum where Audit Committee Chairs from across the West Midlands meet to share good practice.

5.16.4 The Audit Committee terms of reference also incorporate the review and monitoring of the Council's Treasury Management arrangements. Members of the Committee are kept up to date through awareness training on factors that influence/affect delivery of the strategy and during the year were provided with an update on these matters by Link Treasury Services, the Council's Treasury Management advisors.

5.16.5 There are various committees, all with their own terms of reference and areas of responsibility, i.e., Licensing Committee, Planning Committee, and there are elected members who are responsible for service areas within the Council.

5.16.6 Arrangements are in place to ensure Internal Audit fully complies with the Public Sector Internal Audit Standards (PSIAS). An external assessment of PSIAS compliance has been completed by CIPFA who found that Internal Audit are fully compliant with the required standards.

5.16.7 The Internal Audit plan is developed using a risk-based approach taking into consideration the Strategic Risk Register, Service Plans and other audit intelligence. Audit recommendations made are communicated to relevant Service Delivery Managers and relevant Senior Management representatives for consideration and implementation of recommendations. Internal Audit will share best practice in the duty of their work. The Audit plan is reviewed regularly to ensure it is still relevant and any changes made are reported to the Audit Committee.

5.16.8 The Council's Communication Team works with Officers and Members to ensure key messages are easy to understand and in accessible formats to meet the diverse needs of our borough.

5.16.9 The Council's performance management framework is monitored by the Senior Management Team and procedures are in place that drive continuous improvement in performance. This process is based upon data insight and adopts an approach of evidence-led decision making. Due to significant changes and improvements in the way that we collate data, statistical information and performance data, more robust reporting has taken place during 2022/23.

5.16.10 The Council has identified lessons learnt from corporate complaints and complaints made to the Local Government Ombudsman and implemented measures accordingly.

	Signed	Dated
David Sidaway Chief Executive		
Cllr Shaun Davies Leader of the Council		
Cllr Angela McClements Chair of Audit Committee		

AGS ACTION PLAN FOR 2022/23 FOR IMPLEMENTATION DURING 2023/24

No	Findings	Actions	Lead Officers	Additional comments
1.	Ongoing savings proposals, budget constraints and continued strategic management of organisational changes. *Ongoing from 21/22 AGS*	Continued management/reduction of budgets, revised structures and commercial/business approach which links to the continued development and implementation of revised governance framework. Further consultations on future savings where necessary.	• Chief Executive • SMT	
2.	All internal audits consist of an ethics questionnaire that is sent to a sample of staff in the team/areas being audited to demonstrate their understanding of corporate policies and whether staff feel supported. In a **small number of responses** returned it was noted that: • A very low number of staff had not completed their essential learning • A very low number of staff were not aware of the fraud	Reports to SMT detailing levels of essential learning completion to continue. Investigation Team to re-publicise fraud related training on Ollie and will monitor levels of completion.	• SMT/SDM • Policy & Development Manager • Audit & Governance Lead Manager	

No	Findings	Actions	Lead Officers	Additional comments
	awareness training module on Ollie. These findings have been shared when discussing individual audit reports with relevant SDM's and Directors and taken to SMT as part of reporting corporate recommendations.			
3.	The results of the annual governance certification process highlighted that in a **small number** of service areas there were reductions in appropriate skilled staff numbers. Challenges faced in recruiting (seen across the local government sector) have resulted in a small number of single points of failure or some minimal use of agency staff. Service Delivery Managers are aware of these issues and are putting measures in place to try and mitigate this including upskilling existing staff. *Ongoing from 21/22 AGS*	Number of initiatives in place including service and workforce planning, apprenticeship scheme, etc. Organisational Development team have introduced new Leadership & Management training and learning programme. This will be rolled out in the Spring of 2023. Additional recruiting measures being used via social media platforms. Continued improvements to recruitment materials and recruitment processes to encourage applications from a diverse range of applicants.	• Chief Executive • Director of Finance & Human Resources • Policy & Development Manager	

No	Findings	Actions	Lead Officers	Additional comments
4.	The results of the annual governance certification process have highlighted that a small number of service areas have experienced data breaches and/or incidents (known as near misses)in respect to personal data. It should be noted that the nature of the breaches that have occurred are such that none of them met the reporting threshold for referral to the Information Commissioners Office (ICO) and therefore no ICO action has been taken against the Council. Where data breaches have been experienced, these have been reported to the Information Governance Team and managers have changed processes and procedures, where possible, based on lessons learned to prevent similar breaches occurring. *Ongoing from 21/22 AGS*	Information Governance to: • Ensure lessons are learnt after each breach and suggested improvements communicated corporately where applicable. • Continue to review current training materials. • Continue to publicise the updated Information Security Breach Procedure to all staff – available on the Council's intranet. • Continue to report any breaches to the individual Director as and when they occur • Continue to report any significant near misses to the individual Director as and when they occur • Continue to report to Senior Management Team meetings on a regular basis in respect of breaches and near misses • Continue to publicise the need to complete the updated OLLIE training in respect of protecting personal information	• SIRO/SMT • SDM's • Audit & Governance Lead Manager	

No	Findings	Actions	Lead Officers	Additional comments
5	A very small number of managers confirmed that their service's internal intranet and website content required updating.	Further reminder to be sent to SDM's on keeping the intranet and website content up to date.	SDM's	

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Delivering Good Governance in Telford & Wrekin Council
Local Code of Good Governance 2023/24

> **Definition:**
> **Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.**
>
> In order for the Members and Employees[1] of Telford & Wrekin Council to deliver good governance whilst working to achieve the Council's objectives they must **act in the public interest at all times.**

Public Interest Principles
- Acting in the public interest requires a commitment to and effective arrangements for:

A. Behaving with integrity, demonstrating strong commitment to ethical values (including the Council's values[2]), and respecting the rule of law.

B. Ensuring openness and comprehensive stakeholder engagement (including with individual citizens, service users and institutional stakeholders).

- Achieving good governance also requires a commitment to and effective arrangements for:

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

D. Determining and planning the actions necessary to optimise the achievement of the intended outcomes.

E. Developing the Council's capacity, including the capability of its leaders and the individuals within it. This includes ensuring effective relationships and a clear understanding of the roles and responsibilities of Members and officers.

F. Managing risks, performance and data through robust internal control and strong public financial management.

G. Implementing good practices in transparency, reporting, and assurance (including audit) to deliver effective accountability.

Annex 1 of this document details the framework in place to deliver good governance.

Monitoring and Review
This Local Code of Good Governance is subject to regular review including assessing the effectiveness of the processes contained within the Code.

The results of this review are reported as part of the Council's Annual Governance Statement.

The table below explains how the Council meets the core principles, systems, policies and procedures it has in place to support this.

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[1] Employees include partners, joint arrangements and volunteers.
[2] Fairness & Respect – Ownership - Openness & Honesty - Involvement

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

- Member and Officer Codes of Conduct underpin the standards of behaviour expected by members and officers
- Designated statutory officers in place – Head of Paid Service (Chief Executive), Chief Financial Officer (Director: Finance & Human Resources), Monitoring Officer (Director: Policy & Governance), Director of Children's Services (Director: Children's Safeguarding & Family Support), Director of Adult Services (Director: Adult Social Care) and Director of Public Health (Director: Health & Well-Being), Chief Internal Auditor (Audit & Governance Lead Manager), Data Protection Officer (Audit & Governance Lead Manager)
- The Constitution (which includes the Scheme of Delegations, Financial Regulations and Contract Standing Orders), Forward Plan and decision making processes
- A Legal Services team to ensure that the Council operates within existing legislation and is aware of and acts upon proposed changes to legislation
- The Standards Committee, Audit Committee, scrutiny function and other regulatory committees
- Anti-Fraud and Corruption, Whistleblowing (Speak Up) and Prosecution policies support the Council's governance processes and anti-fraud and corruption culture
- The democratic decision making and accountability processes contained within the Constitution
- The development of internal controls and checks within new systems and when existing systems are reviewed
- The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)
- Clear governance arrangements to manage the Council's change programmes and restructuring occurring across the Council and key capital projects
- The Adults and Children's Safeguarding Boards and their associated accountability with an independent Chair

Core Principle B: **Ensuring openness and comprehensive stakeholder engagement (including with individual citizens, service users and institutional stakeholders)**

- Adoption of an Information Rights Policy that details how information requests will be handled
- Adoption of a Data Protection Policy and Privacy Notice which details how the Council processes personal data
- The Council's Information Governance arrangements include a Caldicott Guardian and an Information Governance Framework sponsored by a designated Senior Information Risk Owner (SIRO), data and information security and sharing policies and procedures. There is also a comprehensive training and awareness programme
- The Director – Housing, Employment & Infrastructure is leading the development of a new vision document for the borough
- Standard format for all agenda, reports and minutes for Council/committee meetings that are posted on to the Council's website.
- The Council's Medium Term Plan which outlines the Council's ambitions and priorities based on stakeholder feedback and these inform the service and financial planning process and personal targets
- Council Vision, Priorities and Values
- Council website provides help to residents to understand the Councils Vision, Priorities and Values and to access services
- Local consultation has taken place using specific consultation and engagement activity for services and service areas
- Customer satisfaction survey undertaken

- The Council's communication, consultation and engagement strategies ensure that the local community knows what the Council is doing, receives feedback from them including the identification of their needs for incorporation into the Council's vision, priorities and values

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

- Comprehensive budget strategy and management of the associated risks of reduced resources provides robust financial management and regular reporting to members;
- A process for the completion and approval of business cases' for use of the Capacity Fund, Invest to Save Fund and use of consultants
- The Performance Management Framework and data quality systems. These provide reports to SMT and Cabinet
- Projects are managed, as appropriate, within the principles of good practice. This includes risk identification and management
- The Council has an Environmental Policy highlighting its commitment to sustainable environment. It also has a Sustainable Procurement Policy
- A Social Value Policy Charter is in place that is designed to assist commissioners and procurers to maximise opportunities to improve the social, economic and environment condition of our local area through effective commissioning and procurement.

Core Principle D: Determining and planning the actions necessary to optimise the achievement of the intended outcomes

- A standardised format of decision making reports is used to ensure that all relevant information is considered. Options are clearly defined and analysed to ensure decisions are based on the best possible information
- The Commissioning Strategy is applied to ensure clear alignment to need
- There is a clear reporting mechanism for performance information which is presented alongside the financial information for the corresponding period
- The Council's performance framework links directly to the Council's outcomes. Performance is reported regularly to members.
- The annual budget is prepared in line with agreed priorities. The Council publishes its Financial Strategy annually to set an indicative three year financial plan to fit the longer term strategic vision as well as a detailed one year budget. This is intended to include realistic estimates of revenue and capital expenditure.
- Resources to assist commissioners and procurers to demonstrate the range and amount of social value generated or the financial value to society as a result of the social value they generate.

Core Principle E: Developing the Council's capacity, including the capability of its leaders and the individuals within it. This includes ensuring effective relationships and a clear understanding of the roles and responsibilities of Member and officers

- The Council's Human Resources function and workforce /organisational development procedures are supported by clear recruitment processes. These are followed up by on-line / face to face induction training (which includes information on the constitution, key policies, procedures, laws and regulations appropriate to the post and experience of the post holder) and on-going training and development
- A Member Development Programme to ensure members are properly equipped and have the capacity to fulfil their roles

- Governance awareness and training for members within their Member Development Programme and for officers through induction, Ollie and Staff news (updates/reminders on any revised governance arrangements, including information governance).
- Management Development Programme
- Use of Learning Pool (Ollie) as an online learning and training tool that allows courses to be tailored to Council and individual needs
- A Scheme of Delegation that is reviewed annually in light of legal and organisational changes
- A Constitution that sets out financial management arrangements through the Financial Regulations and Contract Procedure Rules
- Members are updated on legal and policy changes etc. as required
- Induction programmes for all members and employees
- Essential learning for employees is identified and made available
- Staff are annually appraised which includes the identification of training and development needs and drawing up of training action plans to address these
- Apprenticeship Programme in place offering training, skills and experience in local government.
- Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.
- A coaching and mentoring scheme is in place to build a pool of people who are skilled in facilitating personal development tools and to develop internal coaching capacity. This network provides group and individual personal development and coaching support to help people
- Corporate wide employee survey
- Cabinet Member for Finance & Governance is the lead members responsible for corporate governance including risk management. The key officer for Corporate Governance including risk management is the Chief Executive. The service and financial planning process incorporates risk management and strategic risks are reviewed by SMT and agreed by the Cabinet

Core Principle F: **Managing risks, performance and data through robust internal control and strong public financial management**

- Risk management arrangements that are embedded across all service areas as part of the service planning process and help inform decision making
- The Senior Management Team, regularly reviews the Strategic Risk Register, and seeks assurances that it is kept up to date and actions to mitigate risks are implemented.
- Operational risks are reviewed by risk owners on a periodic basis
- Council strategic risks have been identified and a member of the Senior Management Team assigned as the risk owner for each risk
- The Council has scrutiny committees which operate under clear terms of reference and rules of procedures laid down in the Constitution. Scrutiny Committee chairs and members have clearly laid down accountabilities in the Constitution. Members may not participate in the scrutiny of decisions they were involved in
- There is a standardised format for all committee reports which includes background to the report, any recommendations that decisions need to be made upon together with reasons behind those recommendations
- Reports and minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request.
- Contract Procedure Rules and Financial Regulations set out the Council's arrangements and ensure that processes continue to operate consistently
- Internal audit operates to the Public Sector Internal Audit Standards and on a risk basis reviews the Council's systems and processes set out to achieve the Council's priorities in order to provide an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control

- The Council has processes and documents to support governance and reporting arrangements for partnerships, issues, risk management framework, internal control environment, financial reporting and treasury management
- The Council's Treasury Management Strategy and arrangements conform to CIPFA and External Audit guidance and is monitored by the Audit Committee
- An annual report is produced by Internal Audit which provides an opinion on the Council's control environment, and a self-assessment of its arrangements against the Public Sector Internal Audit Standards
- Anti-Fraud and Corruption Policy which is subject to regular review and is approved by the Audit Committee
- Annual fraud reports are provided to the Audit Committee detailing anti-fraud activity in the year
- An Annual Governance Statement (AGS) that is subject to review by the Audit Committee
- Training is provided to Audit Committee members on areas relevant to their role
- There are frameworks in place in relation to child and adult safeguarding
- The Council has an Information Governance team committed to ensuring the principles of Data Protection, Freedom of Information and Transparency are followed
- Information governance and security awareness including individual responsibilities and good practice is raised and embedded with officers and elected members through information governance training
- The Council's Information Governance Strategy provides guidance on the arrangements that must be in place to ensure personal data is kept protected and secure
- Effective information sharing is undertaken in accordance with the Data Protection Act and the Council's Data Protection Policy and Information Sharing Policy
- Data subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council's overall Privacy Notices published on our website and individual Privacy Statements on forms, in booklets etc.
- Data verification and validation processes are integrated within systems and processes
- An audited and signed Statement of Accounts is published on an annual basis containing:
    - A statement of responsibilities for the Statement of Accounts
    - A statement of the Council's accounting policies
- An Annual Governance Statement signed by the Leader of the Council and the Chief Executive Officer/Head of Paid Service
- Financial procedures are documented in the Financial Regulations
- A Financial Strategy is in place
- The financial position is reported on a regular basis to Cabinet
- SMT meets weekly with regular management meetings with Service Delivery Managers and Group Managers/Team Leaders;

Core Principle G: **Implementing good practices in transparency, reporting, and assurance (including audit) to deliver effective accountability**
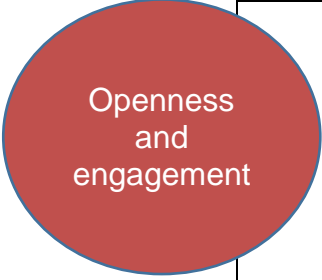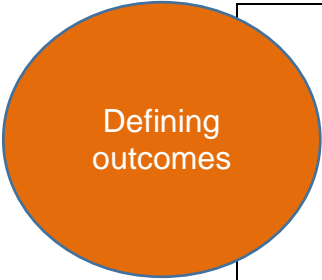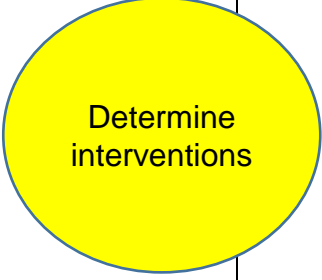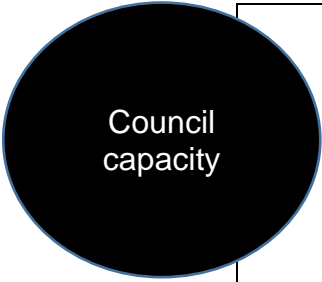
- Agendas, reports and minutes are published on the Council's website
- Adoption of a style guide document that outlines how to communicate more effectively and to ensure communications are consistent and clear
- Adoption of the National Transparency Code
- The Cabinet is the Council's key decision making body and makes decisions within the policy framework approved by Full Council. It is made up of the Leader, who is elected by the Council, and up to nine members. When key decisions are to be discussed or made, these are published in the Cabinet forward plan in so far as they can be anticipated. If these key decisions are to be discussed with Council officers at a meeting of the Cabinet, this will be open for the public to attend except where personal or confidential matters are being discussed. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to

make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide

- Annual Financial Statements are compiled, published to timetable and included on the Council's website.
- An annual report from each of the scrutiny committees is presented to Council alongside reports from the portfolio holders; the scrutiny reports detail the past work of the Committees, the present work and the plans for the future
- Completion of an Annual Governance Statement (AGS)
- A Business Plan and Financial Strategy setting out the Council's mission and priorities.
- The AGS sets out the Council's governance framework and the results of the annual review of the effectiveness of the Council's arrangements. The AGS includes areas for improvement.
- An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the Council's internal control arrangements
- External Audit provides an annual opinion on the Council's financial statements and arrangements for securing value for money
- The Council actively welcomes peer challenge, reviews and inspections from regulatory bodies

Local Good Governance Framework – 2023/24

Integrity, ethics and values

Audit Committee	Codes of Conduct
Statutory officer roles	Anti-Fraud & Corruption Policy/Report
Constitution	Complaints process
Decision making process	Open data & Transparency Code
Financial Rules	Whistleblowing Policy
Register of Interests	Gifts and Hospitality Policy

Openness and engagement

Information Rights policy	Open data
Members role	Complaints Policy/annual report
AGS statement and final accounts	Public consultations
Committee meetings streamed	Customer survey
Council website	Whistleblowing Policy
Transparency Code	Committee papers published

Defining outcomes

Decision making process	Committee reports
Performance framework	Procurement Strategy
Social Value Policy	Committee structure
Service plans	Sustainability Policy
Service and financial planning process	Environmental Policy
Commissioning Policy	Council Plan

Determine interventions

Engagement with stakeholders	Strategic Risk Register
AGS/AGS Action Plan	Council Plan
Decision making process	Complaints process
Role of members	Budget Strategy
Financial Strategy	Whistleblowing Policy
Service Plans	Forward Plan

Council capacity

Member Development	Induction programme
APPD process	CPD
Recruitment and selection	Health and wellbeing
Online learning	Employee survey
Peer reviews	Employee assist programme
Management development	Designated essential learning

Risk and performance	Performance framework	External inspection
	APPD process	Internal audit
	Strategic risk register	AGS
	Service planning	Service and financial planning
	External audit of accounts	Committee framework
	Peer reviews	Constitution

Transparency and audit	Audit Committee	Council website
	Internal audit function	Transparency Code
	External Audit	Complaints annual report
	Scrutiny	Information rights policy
	Open data	AGS
	Annual accounts	Member role

Borough of Telford and Wrekin

Audit Committee

Wednesday 31 May 2023

Annual Internal Audit Update 2022/23, Audit Committee Annual Report 2022/23 & 2023/24 Audit Plan

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services and Governance
Lead Director:	Anthea Lowe - Director: Policy & Governance
Service Area:	Policy & Governance
Report Author:	Tracey Drummond - Principal Auditor, Robert Montgomery - Audit & Governance Lead Manager

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Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not Applicable
Report considered by:	Senior Management Team - 16 May 2023 Audit Committee – 31 May 2023

1.0   Recommendations for decision/noting:

That the Audit Committee:

1.1   Notes the Internal Audit Annual Report for 2022/23;

1.2   Approves the Internal Audit Plan 2023/24 attached as Appendix B; and

1.3   Notes the operations of the Audit Committee for 2022/23 attached at Appendix C.

2.0   Purpose of Report

2.1   To present the 2022/23 Internal Audit Annual Report.

2.2   To present the operation of the Audit Committee for 2022/23.

2.3   To present the 2023/24 Annual Audit Plan for approval.

3.0   Background

3.1   The terms of reference of the Audit Committee include:

> *1. "The approval (but not direction) of and monitoring of progress against, the
> Internal Audit Charter and Plan……"*

> *…*

> *9. 'Consider the effectiveness of the Council's governance processes and their
> compliance with legislation and best practice.…."*

This report presents information to meet the requirements of these sections of the
terms of reference and to continue to demonstrate good governance and support
the Annual Governance Statement (AGS).

The Public Sector Internal Audit Standards are deemed as proper practice under
the Accounts and Audit Regulations 2015 for Local Government in England. The
standards state:

2450 Overall Opinions

When an overall opinion is issued, it must take into account the expectations of
senior management, the board and other stakeholders and must be supported by
sufficient, reliable, relevant and useful information.

Public sector requirement

The chief audit executive must deliver an annual internal audit opinion and report
that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and
effectiveness of the organisation's framework of governance, risk management
and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and
the results of the quality assurance and improvement programme.

This report meets these requirements

3.2   The Audit Committee is part of the Council's governance and assurance arrangements. The key benefits of the Audit Committee are:

   ✓ raising awareness on the need for and benefits arising from good governance (including risk management) and internal control including the implementation of both internal and external audit recommendations.
   ✓ demonstrating the objectivity and fairness of financial and other reporting.
   ✓ reinforcing the importance and independence of internal and external audit.
   ✓ providing additional assurance through a process of independent and objective review by a cross party group of elected Members who can, and do, challenge Cabinet Members and Senior Officers.

As the key assurance Committee of the Council, it is best practice that an annual report is presented to the Council at the May meeting, on the operations of the Committee during the preceding year, in this case 2022-23. The structure of the report is based on the terms of reference and includes a summary of the business conducted by the Committee during this period (attached as **Appendix C**).

4.0   2022/23 Internal Audit Annual Report

4.1   Assurance and Opinion

4.1.1   The Council's Section 151 Officer's statutory obligation under the Accounts and Audit Regulations 2015 to review the effectiveness of the system of internal control is informed by the work of Internal Audit. The assurance derived from this work forms part of the Council's assurance framework.

4.1.2   The system of internal control helps the Council to manage and control the risks which could affect the achievement of its priorities and objectives rather than eliminate them completely. Internal Audit and the other assurance processes therefore provide reasonable and not absolute assurance of the adequacy and effectiveness of the Council's framework of governance, risk management and internal control which is included within the Annual Governance Statement.

4.1.3   The planned Internal Audit resources for 2022/23 was 629 days which included 49 days specialist ICT audit provision provided by Lighthouse Consultancy. The team achieved 82% of the planned work, see 4.1.8, with some items being rescheduled into the 2023/24 plan. In 2022/23 there have also been a number of unplanned audit assignments.

4.1.4   Based on the work undertaken during the year (areas attached as **Appendix A**), the implementation by management of the agreed recommendations and assurance obtained from other work/sources, **Internal Audit's annual opinion provides reasonable assurance in respect to the adequacy and effectiveness of the Council's framework of governance, risk management and internal control** within the areas of the Council reviewed during the year. See paragraph 5.6 in the Annual Governance Statement for the reasoning for giving this opinion.

4.1.5   As in previous years Senior Management have provided information or updates to the Audit Committee where requested to explain as to why progress on the implementation of recommendations was not as agreed.

4.1.6   This Annual Report includes information in respect to the number of reports issued and their grading. This information is shown below for 2022/23 with comparisons with 2021/22 and 2020/21

Number of Reports Issued by Financial Year and Grading
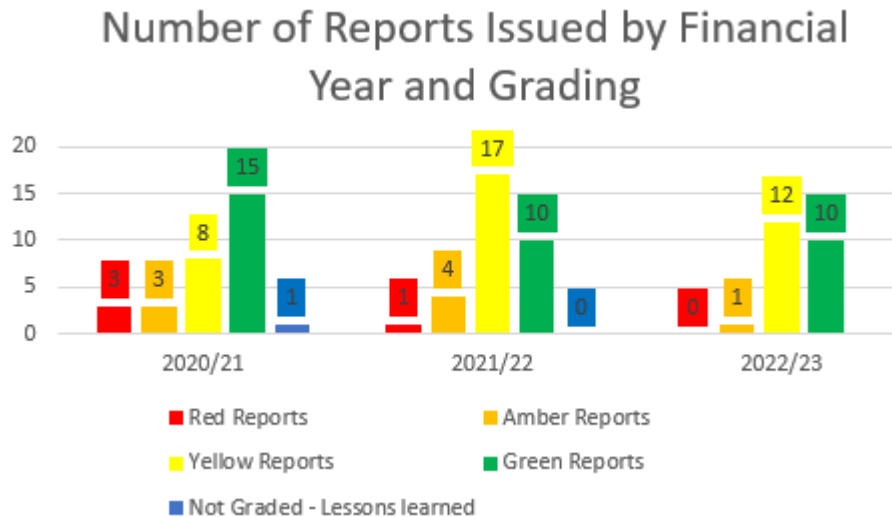
(Grading's - Green = good; Yellow = reasonable; Amber = limited; Red = poor)

The above graph shows that the number of green and amber reports issued have remained comparable over 3 years, whilst the number of yellow and red reports have decreased from 2021/22. This information is broken down further in paragraph 4.1.6.

4.1.7   Further analysis shows the types and percentage of recommendations made in audit reports, and this is detailed in the graph below:

% of Recommendations made by Category and Financial Year
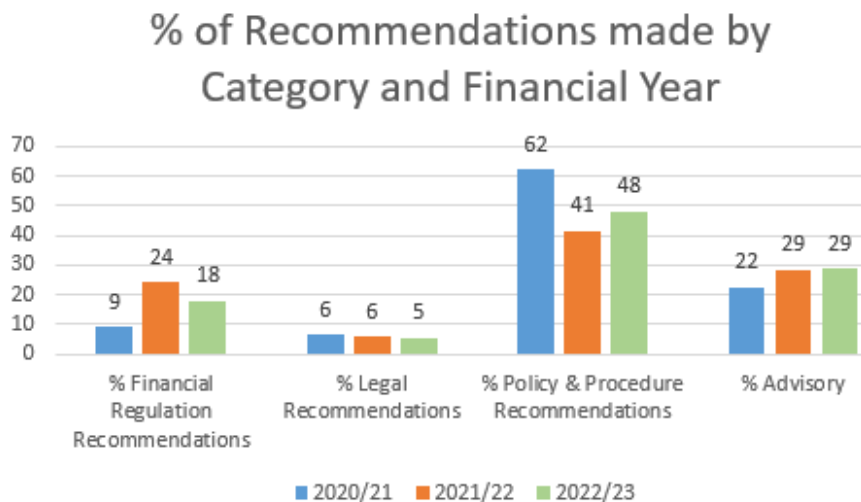
In 2022/23 23% of audit recommendations made related to Legal & Financial
Regulations, this is a decrease of 7% (from 30%) from 2021/22 and an increase of
8% (15%) from 2020/21. In 2022/23 48% of the recommendations were Policy and
Procedure related compared to 41% in 2021/22 and 62% in 2020/21.

The category of recommendations are comparable over the three year period.

Internal Audit continue to work with management in respect to reducing the
number of Legal/Financial Regulation related improvements required.

4.1.8 Internal Audit reports show advisory points, these are low risk findings which
managers may find useful to consider but are not of any significant risk to
necessitate making a recommendation.

4.1.9 The Internal Audit Team has faced temporary resource challenges due to medium-
term sickness related absence during the year but has still managed to complete
82% of the annual audit plan. The Internal Audit Team continue to work with
services to ensure risks are appropriately managed and adequate systems of
internal control are in place.

4.1.10 It can be confirmed that in 2022/23, there has been no impairment to the
independence and objectivity of the Audit & Governance Lead Manager and/or the
Internal Audit Service.

4.2 Public Sector Internal Audit Standards (PSIAS) and External Assessment

4.2.1 The Public Sector Internal Audit Standards (defined proper practice under the
Accounts and Audit Regulations 2015) were effective from 1st April 2013. In April-
May 2022 there was an external assessment undertaken of Internal Audit against
these standards. This is a requirement that must occur every 5 years. The external
assessment, completed by CIPFA, reported that the Council's Internal Audit Team
fully met the requirement of the standards. The report did outline six advisory
points (to enhance the service and not for compliance purposes) that have been
accepted and implemented in full.

4.2.2 The Quality Assurance & Improvement Programme (QA&IP) was followed during
the year. The Audit & Governance Lead Manager undertakes monthly spot checks
of completed internal audit work against PSIAS requirements. Any actions/areas
for development have been fed back to the Internal Audit team and in year lessons
learnt from the QAIP are fed into regular reviews of Internal Audit processes and
procedures.

4.2.3 Improvements to audit processes and procedures are continually being reviewed
and updated to ensure compliance with the standards.

4.3   Performance reviewed by External Audit

4.3.1   Grant Thornton (UK) LLP were appointed, for a 5 year period, as External Auditor for the Council from 2018/19 and continue with their own external reviews.

4.3.2   The PSAA confirmed in December 2022, that from 2023/24 the Council will have new External Auditors, KPMG. KPMG have been appointed for a 5 year period.

4.4   Improvement Activity

4.4.1   During the year, to improve the team's efficiency, effectiveness and productivity, team meetings and development sessions have taken place. Internal Audit have looked to make changes to improve their adherence to the PSIAS and have investigated and implemented new/alternative ways of service delivery. Audit share best practice with other local authorities and regularly attend local network groups.

4.4.2   The Audit & Governance Lead Manager and Principal Auditor regularly attend the Local Authority Chief Auditors Network (LACAN). Other members of the team also attend the regional West Midlands Fraud Group (when relevant) which assists in identifying best practice and different approaches to audit work and information exchange.

4.4.3   The Internal Audit Team monitor their performance through the key performance indicators detailed in the table below. Results for 2022/23 exceed targets set with the exception of the '% of the annual audit plan complete'. This was the first year that performance indicators have been used.

KPI Definition	Proposed Target	2022/23 Results
% completion of the annual audit plan.	90%	82%.
% of draft audit reports issued within 15 working days from completion of audit fieldwork	90%	93.75%
% of auditees either satisfied or very satisfied with audit work undertaken	90%	100%
% of recommendations accepted at draft stage	95%	99.32%

4.5   Customer Feedback

4.5.1   Internal Audit receives customer feedback in several ways:-

a)   Informal feedback from auditees during the audit
b)   Seeking feedback from auditees at draft report discussion meetings
c)   Completion of a post audit electronic questionnaire

4.5.2   Customer surveys are issued electronically with every completed audit report, the results for 2022/23 are shown in the graph below.
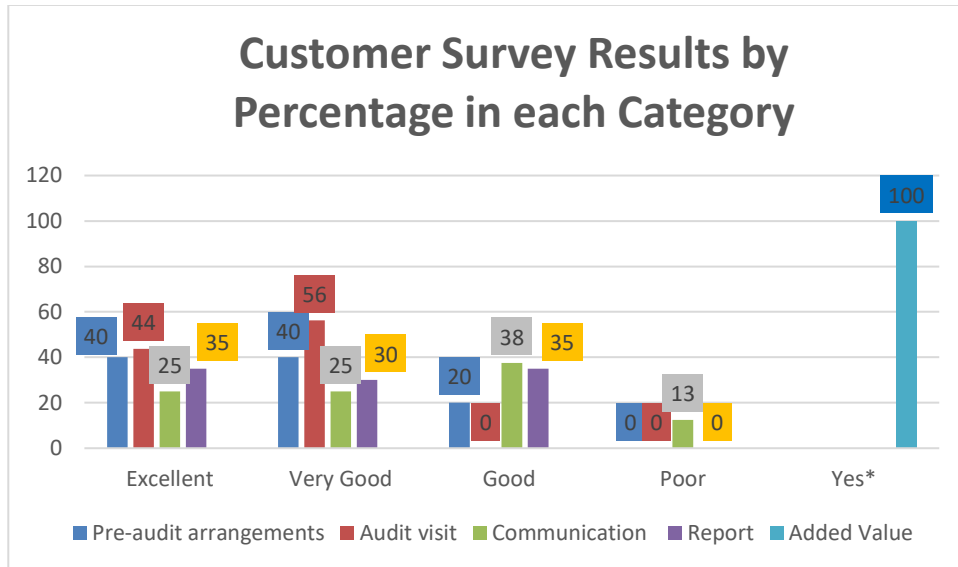
The graph below shows the results for 2021/22, as a comparison against 2022/23 figures shown above
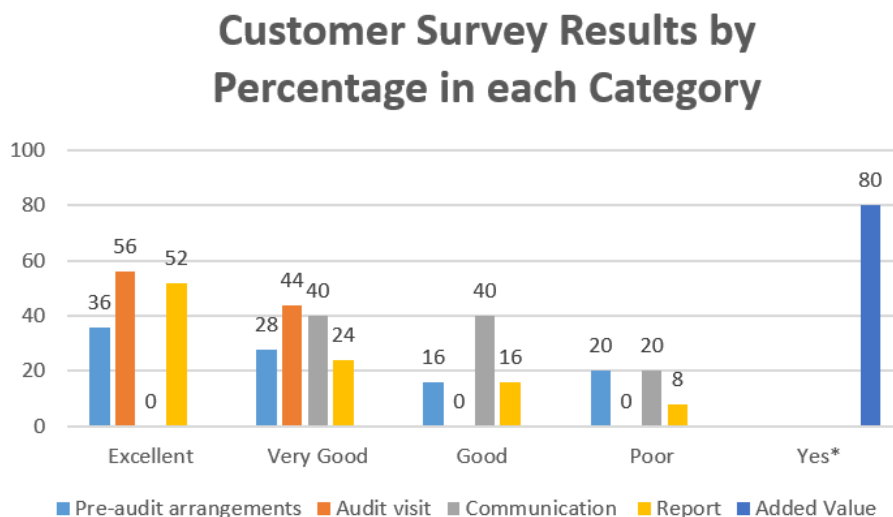
The customer feedback form is broken down into different categories (parts of the audit process) and has a number of questions in each section. These sections ask for comments in the following areas: Pre-audit arrangements, audit visit,

communication, the reporting process and whether the auditee thinks Internal Audit adds value to their service area.

The above graphs demonstrates that the team's customer performance has remained extremely high within all areas included in the customer feedback form. During 2022/23, 100% of our customers think we are a positive support and add value to their service area.

Improvement have been made regarding communication during the audit process,

- 25% of responses show that communication was excellent during 2022/23, whereas in 2021/22 communication was only 'good' or 'very good'.
- 13% thought communication was poor during 2022/23 compared to 20% during 2021/22,

The team look to reivew their processes on an ongoing basis.

4.6   Conclusion for 2022/23

4.6.1   Internal Audit have performed well and have made a positive contribution to the governance arrangements within the Council. During 2022/23, completion of the audit plan increased from the previous year despite the Council experiencing temporay resource challenges. However, improvement is needed in this area and the Internal Audit Team have reviewed some of the planning process to ensure it reflects the Council's risk landscape.

4.6.2   The statutory responsibilities of the Council's Chief Financial Officer (Section 151 Officer) in respect to internal audit and internal control have been met and the work of the Internal Audit Team and other assurance activity has provided reasonable assurance to the Council on the adequacy of operation of the Council's internal controls, governance and risk management processes.

4.6.3   The Internal Audit Team have also continued to provide adhoc advice and guidance on governance, procedures, controls, information security and risk management. However, there are changes occurring both within and outside the Council during 2023/24 and beyond which could affect the team's future activities including:

a)   The continued pressure on the Council's budget strategy
b)   Further service restructures and re-engineering across the Council, revised governance arrangements and reduced supervisory levels;
c)   Compliance with changing statutory and legislative requirements.
d)   Changes to Internal Audit team personnel

5.0   AUDIT COMMITTEE ANNUAL REPORT

5.1   Internal Audit

5.1.1 The Internal Audit Team has continued to provide the Committee with reports on work undertaken as outlined in the Public Sector Internal Audit Standards (PSIAS - effective from April 2013) and Constitution, highlighting any areas requiring attention by Members.

5.1.2 The Internal Audit Plan for 2022/23 was approved by the Committee at the May 2022 meeting and the Internal Audit Charter for 2022/23 was approved by the Committee at the January 2023 meeting.

5.1.3 The Audit Annual Update Report was provided to the Committee in May 2022.

5.2   External Audit

5.2.1 The External Auditors, Grant Thornton have produced/presented their reports to the Committee as required by legislation, accounting standards and the external audit code of practice.

5.3   Governance

5.3.1 The Annual Governance Statement 2021/22 was approved at the May 2022 Audit Committee meeting. An update on the Annual Governance Statement action plan was presented to the committee in January 2023.

5.3.2 The July 2022 and January 2023 meeting reviewed the Council's Strategic Risk Register.

5.3.3 The 2021/22 Information Governance Annual Report was presented to the Committee in May 2022.

5.4   Treasury Management

5.4.1 The Committee received the 2021/22 outturn and in year updates for 2022/23. The Treasury Management Strategy 2023/24 was reviewed prior to approval by Cabinet.

5.5   Statement of Accounts 2021/22

5.5.1 The Statement of Accounts was approved by the Committee following external audit at the September 2022 meeting. As in previous years the approval meeting was preceded by a training session with key Finance staff who explained the statements and the changes that had occurred.

5.6   Anti-Fraud & Corruption

5.6.1   The 2021/22 Anti-Fraud & Corruption Annual Report and 2021/22 updated policy was received in May 2022.

5.7   General

5.7.1   The Committee reviewed its Terms of Reference at its first meeting of the municipal year   as set out in the Constitution. The Committee also received and agreed a report to extend the responsibilities of the committee at the January 2022 meeting.

5.8   Conclusions for 2022/23 and the future 2023/24

5.8.1   The Committee has considered comprehensive agendas in order to provide assurance for Members and the community on the audit, governance (including information governance), risk management, financial statements, treasury management, complaints and anti-fraud and corruption arrangements of the Council.

5.8.2   The Committee recognises that the Council is continuing to experience some significant challenges and that it must continue to seek and provide appropriate assurance during 2022/23. Most notable are the impact of organisational changes, continued significant reductions in resources and the more commercial approach being adopted by the Council.

5.8.3   As detailed in paragraph 7.7.1 above the terms of reference for the Audit Committee have been extended to include areas such as partnership working and climate change. Therefore reports have been presented on these additional areas during 2022/23.

6.0   Internal Audit Plan 2023/24

6.1   Internal Audit has a statutory obligation under legislation to provide assurance to the Council as part of the Council's corporate governance framework and the effective management of risks. It also strives to provide a quality, added value and up to date service for the Council.

6.2   Internal Audit work, in addition to obtaining assurance on key areas, risk management and controls for the Council, aims to challenge where controls are not required, question value for money and make suggestions for adjustments to existing controls to make processes more efficient. This will assist managers and their teams to achieve their objectives, identify further savings and contribute to the achievement of the Council's priorities.

6.3   Internal Audit resources are limited. To ensure Internal Audit can provide reasonable assurance to managers, Members and the Council an annual Audit

Plan is developed. Professional Internal Audit standards[1] and good practice set out that Internal Audit planning should be directly linked to the Council's objectives and priorities and be directed by the Audit Charter agreed by the Audit Committee in January 2023. The plan is informed and influenced by previous Internal Audit work, areas highlighted during previous audits, areas identified by management teams, External Audit requirements, the strategic and IDT risk registers, external assessments and local, regional and national networking intelligence.

6.4   The plan is attached as Appendix B, it has, has been drawn up based on the internal and external resources available for 2023/24 (see 6.5 below), the factors in paragraph 6.3 above and discussions with the SMT and management. The resultant plan should provide a reasonable level of assurance for 2023/24 but limited to the areas reviewed.

6.5   The planned available audit days for 2023/24 are 773 days which includes 41 days specialist ICT audit work. The audit plan is dynamic/scalable as it's based on risk and can change where new risks are identified. Audit therefore intend to continually review the plan and meet with Managers to discuss the audits required to be completed in order to provide a reasonable level of assurance at the end of 2023/24. Audit Committee members will be updated throughout the year with any changes to the 2023/24 plan.

6.6   The plan includes approximate 2% contingency to meet any unexpected work requirements, any changes identified during the year or changes to resources during the year. Due to the nature of the plan and its link to risks, during delivery there will be regular dialogue with the Chief Executive, SMT and Managers to ensure that the appropriate risks and controls are being reviewed by the resources available. Any significant changes will be agreed with the Chief Executive and the appropriate Director/Executive Director and will be reported for information to the Senior Management Team and this Committee.

6.7   The External Auditor undertakes their own planning process and presents their plan to the Audit Committee. Internal Audit and Senior Management liaise with them to ensure that duplication is avoided, that the key risks are reviewed and that the external audit fee is minimised. Similar liaison takes place with Scrutiny to avoid duplication or to ensure work is complementary

7.0   Summary of main proposals

7.1   It is proposed that members note the information contained in this report and approve the 2023/24 internal audit plan.

8.0   Alternative Options

8.1   Amendments can be made to the internal audit plan, as required by committee members, however the proposed version is based on risks identified by audit and the wider management teams in each service area**.**

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[1] Public Sector Internal Audit Standards

9.0   Key Risks

9.1   Audit will be unable to provide assurance on key risks faced by the Authority if the audit plan is not approved.

10.0   Council Priorities

10.1   A community-focussed, innovative council providing efficient, effective and quality services.

11.0   Financial Implications

11.1   The planned work undertaken by the Internal Audit Team as outlined in this report is funded through the Council's base budget and approved as part of the Medium Term Financial Strategy. Income generated by Internal Audit from commercial contracts is used to offset the overall costs of the Internal Audit Team therefore reducing the amount of base budget required.

11.2   In circumstances where Audit findings result in changes to service delivery or controls etc. the financial consequences are managed as part of the implementation of such changes. There are no financial implications as a result of accepting the recommendations of this report.

12.0   Legal and HR Implications

12.1   The Accounts and Audit Regulations 2015 set out the detailed requirements for local authorities in relation to keeping adequate accounting records and control systems, preparing, approving and publishing a statement of accounts, and making various documents available for public inspection and objection and questioning by local electors (note The Local Audit (Public Access to Documents) Act 2017 extends public inspection rights to journalists).

12.2   Under Regulation 3, the authority "must ensure" that it has (and reviews) a "sound system of internal control" whilst Regulation 5 states that it "must undertake an effective internal audit". There is a requirement to prepare and publish a "narrative statement", commenting on the authority's financial performance and economy, efficiency and effectiveness in the use of resources over the year. The information set out in this report illustrates the work that has been undertaken to meet the appropriate statutory requirements.

12.3   The Public Sector Internal Audit Standards (PSIAS) is mandatory across the whole of the public sector. The purpose of the PSIAS is defined as follows:
 • define the nature of internal auditing within the UK Public Sector;
 • set basic principles for carrying out Internal Audit in the UK Public Sector;
 • establish a framework for providing internal audit services in respect of organisational processes and operations;
 • facilitate the development of an effective Quality Assurance and Improvement Programme and;

• define a mandatory Code of Ethics.

12.4   Undertaking the audits as set out in the report, and providing updates and an
        Annual Report to this Committee contributes towards meeting these requirements.
        Further reference to legal requirements and the implementation of those legal
        requirements in accordance with CIPFA guidance are contained within the main
        body of the report. In the event that an audit reveals an issue which requires a
        recommendation concerning a legal matter this can also be referred to the
        Council's Legal Services Team for further advice and assistance.

13.0   Ward Implications

13.1   The work of the Audit team encompasses all the Council's activities across the
        Borough and therefore it operates within all Council Wards detailed in the Parish
        Charter.

14.0   Health, Social and Economic Implications

14.1   There are no health, social or economic implications directly arising from this
        report.

15.0   Equality and Diversity Implications

15.1   Transparency supports equalities and demonstrates the Council's commitment to
        be open and fair.

16.0   Climate Change and Environmental Implications

16.1   There are no direct climat change and environmental implications arising from this
        report.

17.0   Background Papers

1   Previous Audit Committee –26 May 2022, 27 May 2021 & 14 July 2020
2   Public Sector Internal Audit Standards – Applying the IIA International
     Standards to the UK Public Sector 2013 and updated January 2017

18.0   Appendices

A   The work of Internal Audit 2022/23
B   Internal Audit Plan 2023/24
C   Audit Committee activity 2022/23

19.0   Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	10/05/2023	11/05/2023	AEM
Legal	10/05/2023	22/05/2023	RP

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Work undertaken during 2022/23 of more than 1 day

Audit Area	No days
Annual Governance Statement	4.55
Advice & Consultancy	18.87
Apley Wood Primary School	1.88
Appointee and Deputyship	5.75
BIT	1.39
Benefits 2022/23	13.13
Bus Subsidy Grant (2021/22)	2.34
COMF Grant (2021/22)	1.96
Change of Bank Details - PL	3.86
Child Arrangement Orders	5.99
Climate Change & Carbon Reduction	22.22
Direct Payments & Discretionary Enablement Grant (Adults)	4.87
Direct Payments (Children's)	2.69
ESF - Life Ready Work Ready	5.88
Follow up - Fleet Services	1.52
Follow up - Horsehay Bar	9.65
Follow up - Purchase Ledger 2021-22	9.28
General Follow ups	8.79
General Ledger (2021/22)	25.68
HR / Payroll (2021/22)	1.68
Healthy Weight Management Grant (2021/22)	4.81
Holiday Activity & Food Programme Grant (2021/22)	1.42
Home to School Transport	0.41
Hub on the Hill	4.05
John Fletcher of Madeley Primary School	4.93
John Randall School	17.26
LAD2 Grant	4.31
Local Transport Capital Funding - Potholes Grant (2021/22)	2.79
Newport Infants School	6.20
Ombudsman Complaints	38.02
PSIAS External Assessment	2.17
Preparing Disabled Children for Adulthood	2.83
Prevent	5.88
Protect & Vaccinate Grant	2.08
Purchase Ledger (2021-22)	3.10
Quality Assurance Framework	4.12
Registrars	9.48
Shortwood School	8.56
St Peter & St Pauls R C Primary School	2.92
Strengthening Families Grant	2.79
Structures and other assets owned by the Council (G100)	8.33
Teagues Bridge Primary School	9.84

Test and Trace Support Scheme Grant (2021/22)	1.02
Treasury Management (2022-23)	9.14
Unregulated School Provision	1.86
Wombridge Primary School	4.16

AUDIT COMMITTEE ACTIVITY 2022/23

Area	Activity
Internal Audit	Internal Audit Annual Report 2021/22 Internal update reports of work undertaken throughout the year. Internal Audit Plan 2022/23 Internal Audit Charter for 2023/24 Update on Public Sector Internal Audit Standards External Assessment
External Audit	External Audit Fee Letter 2022/23 External Audit Interim Report 2021/22 External Audit Plan 2022/23 & 2023/24 External Audit annual audit letter External audit update reports
Governance	Annual Governance Statement (AGS) 2021/22 Half yearly progress on the 2021/22 AGS Action Plan Review of the Strategic Risk Register Information Governance Annual Report 2021/22 Caldicott Guardian Annual Report 2021/22 Information Governance Update Report of work undertaken throughout the year. Information Governance Work programme 2022/23 Publication of Information on Councillors who Traded with the Council during 2021/22 Audit Committee Annual Report 2021/22 Report to those charged with Governance 2021/22 update
Treasury Management	Treasury Management Outturn report 2021/22 update 2022/23 Draft 2023/24 Treasury Management Strategy Treasury Management update 2022/23 Verbal presentation from Councils Treasury Advisors
Statement of Accounts	Draft Statement of Accounts 2021/22 Audited Annual Statement of Accounts 2021/22
Fraud & Corruption	2021/22 Annual Report on Corporate Anti-Fraud & Corruption Policy and Policy update 2022/23
General	Audit Committee terms of Reference reviewed Annual customer feedback report and assurance on lessons learnt 2021/22 Climate change management – becoming carbon neutral and plastic free update.

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Audit Area	Service Area	Days	Priority	Risk rating
General ledger, assets & capital accounting - fixed asset module	Finance & Human Resources	20	ALL	H
Payroll/HR	Finance & Human Resources	20	ALL	H
Sales ledger	Finance & Human Resources	20	ALL	H
Council Tax/NNDR	Finance & Human Resources	20	ALL	H
Purchase Ledger	Finance & Human Resources	20	ALL	H
Agresso	Finance & Human Resources	10	ALL	M
Cash Office	Finance & Human Resources	10	ALL	M
Resourcelink - including Myview	Finance & Human Resources	10	ALL	M
Local Transport Capital block funding	Finance & Human Resources	2	2,3,4 & 5	M
Bus subsidy grant	Finance & Human Resources	2	2,3,4 & 5	M
Comf grant	Finance & Human Resources	2	2,3,4 & 5	M
HUG1 (home Upgrade Grant)	Finance & Human Resources	2	2,3,4 & 5	M
HUG 2 grant (home Upgrade Grant)	Finance & Human Resources	2	2,3,4 & 5	M
LAD3 Grant	Finance & Human Resources	2	2,3,4 & 6	M
Multiply Grant	Finance & Human Resources	2	ALL	M
UKSPF Grant	Finance & Human Resources	2	2,3,4 & 6	M
Happy healthy active Holiday grant	Finance & Human Resources	2	ALL	M
Payments regarding looked after children	Children's Safeguarding and Family Support	12	1,2 & 5	H
Section17 spend	Children's Safeguarding and Family Support	10	1,2 & 5	H

Placements/ High cost support packages	Children's Safeguarding and Family Support	12	1,2 & 5	H
Commissioned Services	Children's Safeguarding and Family Support	12	1,2 & 5	M
No Recourse to public funds	Children's Safeguarding and Family Support	10	1,2 & 6	M
Transition - leaving care	Children's Safeguarding and Family Support	10	1,2 & 5	M
controc	Children's Safeguarding and Family Support	20	1 & 5	M
Financial Case Management	Adult social care	20	1,2& 5	H
Quality assurance framework	Adult social care	10	1 & 5	M
Co Production framework	Adult social care	10	1 & 5	M
Children & YP Services / RAMP - Practice Decision Forum & Peer review	Adult social care	12	1,2,5	M
Market Sustainability Plan	Adult social care	8	1 & 5	M
Integrated Care Record	Adult social care	10	1,2,5	M
Fair cost of care	Adult social care	8	1 & 5	L
Money Laundering	Policy & Governance	8	2 & 5	H
Risk Management	Policy & Governance	10	all	M
Insurance	Policy & Governance	8	all	M
Legal system	Policy & Governance	10	all	M
Members Subsistence	Policy & Governance	8	2 & 5	M
Troubled families grant	Policy & Governance	12	all	L
Happy healthy active Holiday grant	Education & Skills	as above	all	M
Home to school transport	Education & Skills	15	all	M
Multiply Grant	Education & Skills	as above	all	M
Schools (18 schools)	Education & Skills	90	1,3,5	M

Bars (The Place/ Ice Rink/Horsehay/ski centre)	Community Customer & Commercial Serv	25	**2,3,5**	**H**
Agresso	Community Customer & Commercial Serv	as above	all	**H**
Leisure Centres	Community Customer & Commercial Serv	20	all	M
Resourcelink (My View)	Community Customer & Commercial Serv	as above	all	**M**
IT audits	Community Customer & Commercial Serv	49	5	H/M
Registrar	Community Customer & Commercial Serv	10	2,3,5	M
DWP Data Sharing Compliance	Community Customer & Commercial Serv	5	all	M
Household Support Fund	Community Customer & Commercial Serv	5	all	M
Homlessness reduction act	Housing & Communities	25	1,3,5	**H**
Monitoring sale of discount market housing	Housing & Communities	5	all	M
UKSPF Grant	Housing & Communities	as above	all	M
LAD3 Grant	Housing & Communities	as above	all	M
HUG1 (home Upgrade Grant)	Housing & Communities	as above	all	M
HUG 2 grant (home Upgrade Grant)	Housing & Communities	as above	all	M
Ideverde contract	Neighbourhood & Enforcement	4	all	M
Transport Overview	Neighbourhood & Enforcement	20	all	M
Licensing	Neighbourhood & Enforcement	12	2,3 & 5	M
Bus subsidy grant	Neighbourhood & Enforcement	as above	all	L
Telford Land deal	Property & Investment	8	2,3,4,5	M
BIT	Property & Investment	10	2,3,4,5	M

671

The above colour coded reflect audits which span across more than one service area:

Agresso
Resourcelink
Bus subsidy
Home Upgrade Grant 1
Home Upgrade Grant 2
LAD3 Grant
Multiply Grant
UKSPF Grant
Holiday Activity grant

Total for new audits	671
external commercial work	57
Advice & guidance	20
Follow ups	20
Contingency	5
Sub total	773
Available days (12 months)	**773**

KEY

1 -Every child, young person and adult lives well in their community	
2 -Everyone benefits from a thriving economy	
3 -All neighbourhoods are a great place to live	
4-our natural environment is protected - we take a leading role in addressing the climate emergency	
5- A community focused, innovative council providing efficient, effective and quality services	

H	high
M	Medium
L	Low

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Borough of Telford and Wrekin

Audit Committee

Wednesday 31 May 2023

Internal Audit Activity Update

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services and Governance
Lead Director:	Anthea Lowe - Director: Policy & Governance
Service Area:	Policy & Governance
Report Author:	Tracey Drummond - Principal Auditor
	Rob Montgomery - Audit & Governance Lead Manager
Officer Contact Details:	**Tel:** **Email:**
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	01952 383103 robert.montgomery@telford.gov.uk
Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not Applicable
Report considered by:	Senior Management Team - 16 May 2023
	Audit Committee – 31 May 2023

1.0   Recommendations for decision/noting:

That the Audit Committee:

1.1   Notes the information contained in this report in respect to Internal Audit planned worked undertaken between 1 January 2023 and 30 April 2023.

2.0   Purpose of Report

2.1   The purpose of this report is to update members on the progress made against the 2022/23 Internal Audit Plan and to provide information on the recent work of Internal Audit.

3.0   Background

3.1   This report provides information on the work of Internal Audit from 1 January 2023 to 30 April 2023 and provides an update on the progress of previous audit reports issued.

3.2   The key focus for the team during this period was the completion of audits on the annual audit plan and fulfilling commercial contracts.

3.3   The information included in this progress report will feed into and inform our overall opinion in our Internal Audit Annual Report. All audit reports issued during the year are given an overall audit opinion based on the following criteria.

Level of Assurance/Audit Opinion & Definition	
Good (Green) There is a sound system of control designed to address relevant risks with controls being consistently applied.	**Reasonable (Yellow)** There is a sound system of control but there is evidence of non-compliance with some of the controls.
Limited (Amber) Whilst there is a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.	**Poor (Red)** The system of control is weak and there is evidence of non-compliance with the controls that do exist.

3.4   To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

High risk =   A fundamental weakness which presents material risk to the system objectives and requires immediate attention by management.

> **Medium risk** =   A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

> **Low risk** =   A recommendation aimed at improving the existing control environment or improving efficiency, these are normally best practice recommendations.

3.5   The chart below shows the percentage of high (red segment), medium (yellow segment) and low (green segment) risk recommendations made for the reports issued during this period.
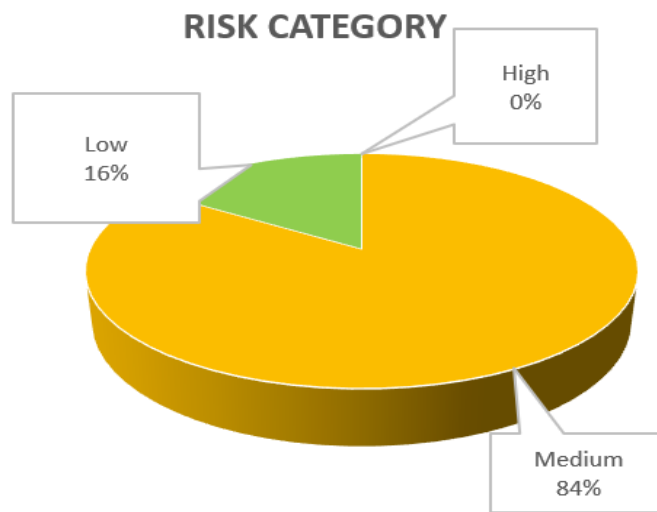
3.6   The level of assurance (based on table 4.3 above) for audit reports issued in this period is detailed below.
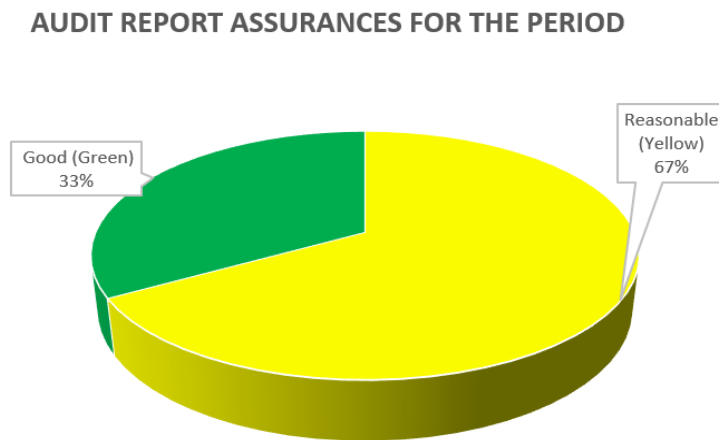
3.7 The information in the above pie charts is broken down in the summary table below.

AUDIT REPORTS ISSUED BETWEEN 1/1/23 – 30/4/23 AND CURRENT STATUS						
Area	Date of Report	Level of risk on plan	Original Audit Grade	Follow up Due	Revised Grade	Comments
Adult weight management grant	24/01/2023	L	Good	n/a		
Activities and Food Programme. Grant Determination (2022): No: 31/5854	17/4/23	M	Good	n/a		
Cyber Security	06/02/2023	H	Reasonable	August 2023		
Newport Infant School & Nursery	06/03/2023	M	Reasonable	September 2023		
Shortwood Primary School	17/03/2023	M	Reasonable	September 2023		
John Fletcher of Madeley Primary School	02/03/2023	M	Reasonable	September 2023		

3.8 Detailed below is the status of any reports previously issued and reported to Audit Committee. Members should note that once reports have reached a green status and have been reported to members they are excluded from future Audit Committee reports.

Internal Audit Activity Update

			PREVIOUSLY ISSUED REPORTS & CURRENT STATUS		
Area	Date of Report	Original Audit Grade	Status previously reported to Audit Committee	Current Grade	Current status / Comments
Horsehay Bar	31/03/2022	Poor	Follow up complete and grading changed to yellow. Further follow up to be undertaken Feb 2023	Good	2nd follow up completed March 2023. Grading changed to green therefore no further follow up to be undertaken
Council Tax/NNDR	27/04/2022	Reasonable	Follow up in progress	Reasonable	1st follow up complete. 2nd follow up to be included in 2023/24 plan
Purchase Ledger (21/22)	18/06/2022	Limited	Follow up in progress	Limited	Follow up complete grading remains the same a full follow up will be completed as part of the 22-23 audit
Climate Change and Carbon Reduction	26/07/2022	Reasonable	Follow up due January 2023	Good	Follow up completed March 2023. Grading changed to green therefore no further follow up to be undertaken

IDT - Mobile Endpoint	27/09/2022	Reasonable	Follow up due March 23	Good	Follow up completed April 2023. Grading changed to green therefore no further follow up to be undertaken
IDT - User Account Management	20/10/2022	Reasonable	Follow up in progress	N/a	
SS Peter & Pauls Catholic Primary	05/10/2022	Reasonable	Follow up in progress	N/a	
IDT - Asset Management	24/11/2022	Reasonable	Follow up due May 2023	N/a	
Teagues Bridge Primary	03/11/2022	Reasonable	Follow up due May 2023	N/a	

4.0   Progress on completion of the 2022/23 Annual Audit Plan

4.1   Audit resources have been spent completing work from the 2022/23 plan and meeting corporate contract commitments.

4.2   Audit Committee Members approved the 2022/23 Internal Audit Plan at the May 2022 committee meeting. Appendix 1 of this report shows the progress made against this plan,18 audits have been completed and 11 are in progress. There have been no changes to the audits shown on the plan since the last audit committee meeting.

5.0   Unplanned work

5.1   The Audit Team have been commissioned to undertake a quality assurance review on 'Prevent' (Counter Terrorism & Security Act 2015) to provide assurance to the Prevent Board that all partners are being consistent in their approach.

5.2   Work continues on the commercial contracts with Academies and Town Councils, a total of 8 Academy Trusts and 2 Town Councils are using our service. Internal Audit continue to look for opportunities to expand their commercial offering.

6.0   Quality Assurance and Improvement Programme

6.1   Internal Audit maintains a Quality Assurance and Improvement Programme that complies with the Public Sector Internal Audit Standards (PSIAS) alongside the normal quality review process applied to all audit assignments. The Audit & Governance Lead Manager undertakes an independent monthly check of randomly selected (number dependent on number of completed audits that month) completed audit files to ensure they comply with:-

- Requirements of the PSIAS
- Rules of the Code of Ethics
- Agreed Internal Audit process and procedures
- Approved Internal Audit Charter

Only minor Internal Audit procedural issues have been found from these checks and they have been fed back to the Internal Auditors during this time to aid continuous improvement in the service.

7.0   Summary of main proposals

7.1   It is proposed that members note the information contained in this report.

8.0   Alternative Options

8.1   No alternative options, this report is for noting,

9.0   Key Risks

9.1   The risks and opportunities in respect to this report will be appropriately identified and managed

10.0   Council Priorities

10.1   A community-focussed, innovative council providing efficient, effective and quality services.

11.0   Financial Implications

11.1   The planned work undertaken by the Internal Audit Team as outlined in this report is funded through the Council's base budget and approved as part of the Medium Term Financial Strategy. Income generated by Internal Audit from commercial contracts is used to offset the overall costs of the Internal Audit Team therefore reducing the amount of base budget required.

11.2   In circumstances where Audit findings result in changes to service delivery or controls etc. the financial consequences are managed as part of the implementation of such changes. There are no financial implications as a result of accepting the recommendations of this report.

12.0 Legal and HR Implications

12.1 There are no direct legal or HR implications arising from this report. The Council is required to undertake internal audit activity and to report the outcomes of that activity. It is one way that the Council can demonstrate it is operating transparently and in accordance with good governance.

13.0 Ward Implications

13.1 The work of the Audit team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards detailed in the Parish Charter

14.0 Health, Social and Economic Implications

14.1 There are no health, social or economic implications directly arising from this report.

15.0 Equality and Diversity Implications

15.1 Transparency supports equalities and demonstrates the Council's commitment to be open and fair.

16.0 Climate Change and Environmental Implications

16.1 There are no direct climat change and environmental implications arising from this report.

17.0 Background Papers

1   Annual Audit Plan 2022/23
2   Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector 2013 and updated January 2017
3   CIPFA Local Government Application Note – April 2013

18.0 Appendices

1   2022/23 Annual Audit Plan

19.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	10/05/2023	11/05/2023	AEM
Legal	10/05/2023	22/05/2023	RP

Audit Area	Service Area	Days	Priority	Risk rating	Status
General ledger, assets & capital accounting - fixed asset module (22/23)	Finance & Human Resources	20	ALL	H	In Progress
Payroll/HR (22/23)	Finance & Human Resources	20	ALL	H	
Treasury	Finance & Human Resources	12	ALL	H	Complete
Local Transport Capital block funding	Finance & Human Resources	2	2 & 5	M	Complete
Bus subsidy grant	Finance & Human Resources	2	all	M	Complete
Comf grant	Finance & Human Resources	2	all	M	Complete
healthy weight grant	Finance & Human Resources	2	all	M	Complete
universal Drug Grant (unplanned)	Finance & Human Resources	2	all	m	Complete
Test & Trace Grant (Unplanned)	Finance & Human Resources	2	all	m	complete
Holiday activity grant	Finance & Human Resources	2	all	M	Complete
Direct Payments (children)	Children's Safeguarding and Family Support	12	1,2,5	H	In Progress
controc	Children's Safeguarding and Family Support	25	1 & 5	H	Deferred
Child Arrangement orders	Children's Safeguarding and Family Support	12	1,3 & 5	M	In Progress
Holiday activity grant	Children's Safeguarding and Family Support	as above	all	m	As above - complete
Preparing disabled children for adulthood	Children's Safeguarding and Family Support	10	1 & 5	M	In Progress
Quality assurance framework	Adult social care	10	1 & 5	M	Deferred
Direct payments (adults)	Adult social care	25	1,2,5	H	In Progress
Integrated Care Record	Adult social care	10	1,2,5	M	Deferred
Controc	Adult social care	see above	1 & 5	H	Deferred- As above
Preparing disabled children for adulthood	Adult social care	See above	1& 5	M	In Progress - as above
Co-Production Framework	Adult social care	6	1 & 5	M	Deferred
Discretionary Enablement Grant	Adult social care	4	1& 5	M	In progress
Money Laundering	Policy & Governance	8	2 & 5	H	Deferred
Risk Management	Policy & Governance	10	all	M	deferred
Troubled families grant	Policy & Governance	12	all	L	In Progress
Healthy weight grant	Public Health & Resilience	as above	all	M	As above - complete
Schools (19 schools)	Education & Skills	100	1,3,5	M	11 school deferred, 3 Complete, 1 in progress
Leisure Centres (ab Dab / OLC))	Community Customer & Commercial Serv	26	all	M	
Bars (The Place/ Ice Rink/Horsehay/ski centre?)	Community Customer & Commercial Serv	20	2,3,5	H	
IT audits (5)	Community Customer & Commercial Serv	49	5	H/M	Complete x5
Registrar	Community Customer & Commercial Serv	12	2,3,5	M	In progress
benefits	Community Customer & Commercial Serv	15	all	M	In progress
Customer services	Community Customer & Commercial Serv	8	all	M	deferred
Homlessness reduction act	Housing & Communities	25	1,3,5	H	deferred
Bus subsidy grant	Neighbourhood & Enforcement	as above	all	L	as above - complete
Ideverde contract	Neighbourhood & Enforcement	4	all	M	deferred
T&W 'Other Assets'	Neighbourhood & Enforcement	8	all	M	complete
Transport Review (Children & Adult Transport)	Neighbourhood & Enforcement	20	all	M	Deferred
Licensing	Neighbourhood & Enforcement	12	2,3 & 5	M	Deferred

					deferred
Disposal of land	Property & Investment	8	2,3,4,5	M	
BIT	Property & Investment	12	2,3,4,5	M	In Progress
Impact of Covid 19	Corporate	15	all	H	Complete
		544			
Complete	18				
In progress	11				
deferred	23				

Telford & Wrekin
Co-operative Council

**Protect, care and invest
to create a better borough**

Borough of Telford and Wrekin

Audit Committee

Wednesday 31 May 2023

Information Governance & Caldicott Guardian Annual Report
2022/2023

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services and Governance
Lead Director:	Anthea Lowe - Director: Policy & Governance
Service Area:	Policy & Governance
Report Author:	Tracey Drummond (Principal Auditor), Rob Montgomery (Audit & Governance Lead Manager)

Officer Contact Details:		**Email:**
	Tel: 01952 383105	tracey.drummond@telford.gov.uk,
	Tel: 01952 383103	robert.montgomery@telford.gov.uk

Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not Applicable
Report considered by:	SMT – 16 May 2023
	Audit Committee – 31 May 2023

1.0 Recommendations for decision/noting:

The Committee is asked to:

1.1 Note the Information Governance & Caldicott Guardian Annual Report for 2022/2023.

1.2 Agree the Information Governance Work Programme for 2023/24.

1.3 Approve the Information Governance Framework.

1.4   Approve the Information Governance Strategy.

2.0   Purpose of Report

2.1   To present the 2022/2023 Information Governance (IG) & Caldicott Guardian Annual Report to the Members of the Audit Committee.

3.0   Background

3.1   2022/2023 INFORMATION GOVERNANCE ANNUAL REPORT

3.2   There are a number of pieces of legislation and good practice standards that govern the IG arrangements of the Council and these are listed in the background information at the end of this report. The Information Commissioners Office (ICO) is the regulatory body responsible for ensuring Councils meet information legislative requirements relating to information governance.

3.3   The Local Authority Data Handling Guidelines recommend that each local authority should appoint a Senior Information Risk Owner (SIRO). The SIRO should be a representative at senior management level and has responsibility for ensuring that management of information risks are weighed alongside the management of other risks facing the Council such as financial, legal and operational risk. At Telford & Wrekin Council the nominated SIRO for the period covered by this report was the Director: Policy & Governance.

Information Rights

3.4   Information rights is a collective name for 3 main pieces of legislation in respect to public sector information, these are:

- **Freedom of Information Act 2000** – encompasses any information held by the Council
- **Environmental Information Regulations 2004** – information with an environmental impact
- **UK Data Protection Act 2018/UK GDPR** – looks at personal information relating to individuals

3.5   The IG Team has continued to play a key role in providing assurance that the Council complies with information rights legislation during the year. The IG Team has responsibility for the administration of all information rights requests on behalf of the Council including the application of relevant exemptions in respect to requests received.

It also co-ordinates and guides service areas when the Council receives a subject access request (someone requesting their personal information) or a request to access social care records, e.g. a parent asking to view the contents of their child's records.

3.6   The ICO has set a benchmark of 90% for responding to FOI requests within the 20 working day statutory deadline for responding to requests.

3.7   See table below for figures relating to FOI performance for the year 1 April 2022 to end of March 2023 compared with the same period for the previous year:

	21/22	**22/23**	% Increase / Decrease
Number of FOI requests received	1031	**933**	10 decrease
Average number of FOI requests received per month	86	**78**	9 decrease
% of FOI requests responded to within statutory deadline	91	**87**	4 decrease
Average time taken (days) to respond to each request	14	**17**	21 increase

As can be seen from the figures in the table above, the Council's performance in responding to FOI requests within statutory deadlines in 2022/23 has decreased slightly compared the previous year.

In addition to the above the Council received 45 requests (34 in 21/22) that were processed under the Environmental Information Regulations (EIR) 2004. 84% (88% in 21/22) of these requests were responded to within the 20 day deadline.

3.8   In this period IG have received 11 appeals from requestors who were not satisfied with the response they received to their FOI request. This compares to a total of 37 appeals in 2021/22.

3.9   During this period, the IG Team received 2 referrals from the Information Commissioner (ICO) in respect of complaints made to them in relation to environmental information requests.

The ICO decided in favour of the Council in one of these complaints. In the other case, the ICO decided partly in favour of the requester but did not require the Council to undertake any further action and did not apply any penalty.

3.10   The UK Data Protection Act 2018 requires the Council to respond to subject access requests (SARs) within one month of receipt unless the request is deemed complex when a further two-month extension can be applied.

In 2022/23 the Council received 138 subject access requests, 1 more than the previous year.

Of the requests that had been responded to in 22/23, 92% were responded to within the legislative timescale set. This compares to 88% responded to within timescales in 21/22.

The processing of SAR's continues to be a challenge due to the volume (in pages) of information being asked for. 4 of the subject access requests received in 22/23 alone encompassed over 8,000 pages of information.

The IG Team continuously review their practices and look at the market for new technological solutions to ensure processes improve where possible.

Data Security Incidents

3.11   It is unrealistic to consider, given the amount of personal data Council services handle on a daily basis, that human errors will not occur which may result in a data breach. IG supports the investigation (with service areas) of all instances of alleged data breaches that are identified and referred to them. A data breach can cover a number of different incidents from a member/employee reporting a lost mobile phone to personal data being communicated to an unauthorised and/or incorrect recipient.

For each data breach identified in 2022/2023 a thorough investigation has been undertaken into how the breach occurred, confirmation of any individuals that have been informed in compliance with the UK Data Protection Act 2018 and lessons learnt identified and implemented to reduce the likelihood of similar data breaches occurring in the future.

The IG Team continues to work with service areas to improve the secure processing of personal data to prevent data security incidents.

3.12   None of the data breaches in 2022/23 met the threshold for reporting to the Information Commissioners Office (ICO).

Information Governance Related Audits & Work Programme

3.13   The 2022/2023 IG work programme was agreed at the May 22/23 Audit Committee. Progress to date in respect to this programme is shown attached as **Appendix A**.

3.14   **Appendix B** details the proposed IG work programme for 2023/2024 for approval. This programme mainly incorporates key actions required to facilitate the legal requirements of the UK Data Protection Act/UK GDPR.

4   **2020/2021 CALDICOTT GUARDIAN ANNUAL REPORT**

Caldicott Guardian (CG) Function – Key Responsibilities

4.1   Caldicott Guardians were introduced into social care with effect from 1 April 2002, under Local Authority Circular LAC (2002) dated 31 January 2002. Caldicott Guardians play a key role in ensuring that the NHS, Councils with Social Service responsibilities and partner organisations satisfy the highest practical standards for handling patient identifiable information under a framework which complies with the requirements of the UK Data Protection Act 2018; they actively support work to

enable information sharing where it is appropriate to share; and advise on options for lawful and ethical processing of information

4.2   A requirement for the Audit Committee is to consider the Caldicott Guardians (CG) annual report/action plan.

4.3   During the majority of this reporting period, Sarah Dillon, Adult Social Care (left February 2023) had undertaken the role of Caldicott Guardian (CG). For the remainder of 2022/23, the Executive Director: Adult Social Care, Health Integration and Wellbeing has occupied the CG role.

4.4   In terms of CG activity please see summary below:

4.4.1 **GDPR** – the requirements of this legislation is now embedded. Staff are required to undertake mandatory IG training and regular audit and assurance takes place to ensure compliance. Each service continues to have an IG lead and receive and disseminate regular updates.

4.4.2 **Electronic Adult Social Care database and financial systems** - embedded since implementation in October 2018. The Data Protection Officer continues to support the service in monitoring the Data Protection Impact Assessment on the system. In 2020 there was a full audit of the financial management processes including the appropriate use of financial and case management systems and processes. A further follow up review of the financial management processes is planned in 23/24 conducted by Internal Audit Team.

The Adult Social Care electronic record self-service portal is in its test phase and will be fully implemented in 23/24. The Data Protection Officer has supported the completion of a comprehensive Data Privacy Impact Assessment. This portal will mean that citizens with care and support needs will have an online account that they can access and use to manage their care and associated finances. This will also provide the opportunity for secure communications between the service and citizens receiving care and support and their carers.

4.4.3 **Adult Social Care breaches** – a reporting system is in place where the IG Team inform the CG of all breaches related to social care data in order that follow up with the member of staff concerned can be completed and all necessary actions taken. The data around IG breaches and subsequent actions is overseen for ASC and Children's Safeguarding by SMT and in addition for ASC the ASC Assurance Board.

4.4.4 **Integrated working with key partners** – Information sharing protocols have been agreed and are updated regularly, supported by the Data Protection Officer. A review is being undertaken with partners to ensure all appropriate information sharing agreements are in place and up to date. This will continue to be an important aspect as we further integrate service delivery and records with health partners. Our Telford and Wrekin Integrated Place Partnership (TWIPP) is our key local vehicle for development and delivery and a direct link to the ICS Board. Information sharing is a planned agenda item 23/24 at TWIPP. There are work streams including Digital Information Governance Group which have regular input

from the Caldicott Guardian and Data Protection Officer to ensure that all information governance requirements are met as we move towards further integrated pathways and partnerships. The development of the Integrated Health and Care Record from an adult perspective is now business as usual and for Children's services implementation is imminent. The Data Protection Officer is heavily involved with regular updates to the Caldicott Guardian and the TWC Senior Management Team.

4.4.5 **Quality Assurance** – Regular review meetings are in place with the Senior Information Risk Owner, CG and Data Protection Officer to ensure that further development and assurance of our data protection systems continue in relation to our support of those with care and support needs particularly as we integrate records and delivery further with health and care partners.

INFORMATION GOVERNANCE FRAMEWORK

The Council's Information Governance Framework gives a holistic overview of the arrangements put in place to manage its information assets. **Appendix C** details the proposed framework for the Council.

INFORMATION GOVERNANCE STRATEGY (IGS)

The IGS forms the top layer of the Information Governance Framework and describes the approach taken by the Council within which accountability, standards, policies and procedures are developed, implemented and maintained to ensure that all types of information used by the Council are held, processed and communicated securely and legally. **Appendix D** details the proposed IG Strategy for the next 2 years.

5   CONCLUSIONS FOR 2022/2023

5.1   The Information Governance Team have performed well and made a positive contribution to the governance arrangements within the Council in 2022/2023.

6   Summary of main proposals

6.1   It is proposed that members of the Audit Committee:

6.1.1 Note the content of the annual report
6.1.2 Agree the IG Work Programme for 2023/24
6.1.3 Approve the IG Framework
6.1.4 Approve the IG Strategy

7   Alternative Options

7.1   There are no alternative options relating to this report.

8   Key Risks

8.1   The risks and opportunities in respect of this report will be appropriately identified and managed.

9.0   Council Priorities

9.1   The report supports the Council's values that are embedded in the delivery of all of the Councils' priorities.

10.0   Financial Implications

10.1   Costs associated with the Information Governance and Caldicott Guardian work outlined in this report are met from the Council's base budget.

11.0   Legal and HR Implications

11.1   Compliance with the Information Rights legislation mentioned in this report is mandatory. When assessing compliance, the ICO will consider approved policies and procedures of the authority.

        Caldicott Guardians are required to be registered on the publicly available National Register of Caldicott Guardians. The United Kingdom Caldicott Guardian Council (UKCGC) is the definitive national body for Caldicott Guardians and provides best practice, advice and guidance and a benchmark for all Caldicott Guardians. The UKCGC has published a manual for Caldicott Guardians (currently 2017) which sets out the roles and responsibilities of the Caldicott Guardian. NHS Digital (previously known as the Health & Social Care Information Centre) also publishes guidance and resources for Caldicott Guardians

12.0   Ward Implications

12.1   The work of the Audit Committee encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards detailed in the Parish Charter

13.0   Health, Social and Economic Implications

13.1   There are no health, social or economic implications directly arising from this report.

14.0   Equality and Diversity Implications

14.1   Transparency supports equalities and demonstrates the Council's commitment to be open and fair.

15.0   Climate Change and Environmental Implications

15.1   There are no direct climate change and environmental implications arising from this report.

16.0 Background Papers

    1 Corporate Information Security Policy
    2 Caldicott Review - https://www.gov.uk/government/publications/the-information-governance-review

    3 Information: To Share or not to Share – Government Response to the Caldicott Review.
       https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/192572/2900774_InfoGovernance_accv2.pdf

17.0 Appendices

    A   Progress on IG Work Programme 2022/23
    B   IG Work Programme for 2023/24
    C   IG Framework
    D   IG Strategy

18.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	14/04/2023	26/04/2023	AEM
Legal	14/04/2023	12/05/2023	EH

Update on Information Governance (IG) Work/Compliance Programme 2022/2023

| No	Task	Completion Date	Update as at 31/3/23
1	Administer FOI/EIR/DPA requests, appeals and associated correspondence from the ICO.	Ongoing	Performance comparable with 2021/22
2	Continue the provision and promotion of additional services to schools within and outside the area to generate agreed income.	Ongoing	IG Team continues to provide services for a number of parish councils, schools and academy trusts.
3	Investigate instances of possible data breaches and ensure appropriate improvements within services and processes are made.	Ongoing	Ongoing support to services and liaison where necessary with ICO.
4	Support service areas to address any information security risks that arise.	Ongoing	As above.
5	Monitor compliance with GDPR/DPA 2018 and associated Council policies. This includes the assignment of responsibilities, awareness raising, training of staff and associated audits.	Ongoing	Compliance work completed in year contributing to accountability principle.
6	To provide advice where requested on Data Protection Impact Assessments (DPIA) and monitor performance in this area.	Ongoing	DPIA's completed on a number of projects in year that are reviewed and signed off by IG.
7	To co-operate with the Information Commissioners Office (ICO) in any relevant engagement.	Ongoing	The IG Team continue to be the key contact with ICO.
8	Inform and advise the Council and its employees who carry out personal information processing of their obligations under GDPR/DPA 2018.	Ongoing	The IG Team provides various updates to staff throughout the year.
9	Review and update the Corporate Information Security Policy (CISP)	End of March 2022	Policy reviewed and in place.
10	Complete Data Security & Protection (DSP) toolkit assessment for central government.	End of July 2022	Completed.

Information Governance (IG) Work/Compliance Programme 2023/2024

No	Task	Completion date
1	Administer FOI/EIR/DPA requests, appeals and associated correspondence from the ICO.	Ongoing
2	Continue the provision and promotion of additional services to schools within and outside the area to generate agreed income.	Ongoing
3	Investigate instances of possible data breaches and ensure appropriate improvements within services and processes are made. This would include acting as a point of contact for the ICO.	Ongoing
4	Support service areas to address any information security risks that arise. This would include acting as a point of contact for the ICO.	Ongoing
5	Monitor compliance with GDPR/DPA 2018 and associated Council policies. This includes the assignment of responsibilities, awareness raising, training of staff and associated audits.	Ongoing
6	To provide advice where requested on Data Protection Impact Assessments (DPIA) and monitor performance in this area.	Ongoing
7	To co-operate with the Information Commissioners Office (ICO) in any relevant engagement.	Ongoing
8	Inform and advise the Council and its employees who carry out personal information processing of their obligations under GDPR/DPA 2018.	Ongoing
9	Review and update the Corporate Information Security Policy (CISP).	End of March 2024
10	Complete Data Security & Protection (DSP) toolkit assessment for central government.	End of July 2024

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Information Governance Framework (IGF) – 23/24 Onwards

Links to Human Resources Strategy ← **IG STRATEGY** → Links to IDT Strategy

Links to Human Resources Policies ← **Overarching IG Policies** → Links to IDT Policies

Information Sharing	DPA & Privacy	Information Security	Information Rights	Records Management	Information Asset
Status: Final	Status: Final	Status: Final	Status: Final	Status: Final	Status: Drafting
Version Number: v3.1	Version Number: v3.1	Version Number: v6.1.9	Version Number: 2	Version Number: v3.1	Version Number: 2.1

IG Sub-Policies

Info. Transfer MGMT

Forms part of the Information Security Policy and Information Sharing Policy.

Privacy Notices (DPA)

Status: Final
Version Number: N/A
Policy Date: N/A
Review Date: N/A

Privacy Impact

Status: Final
Version Number: v2.0/1

Surveillance (CCTV)

Status: Final
Version Number: N/A

Security Incident Mgmt

Status: Drafting
Version Number:

Pseud/Anonymous

Status: Drafting
Version Number: N/A

Equip & Media

Forms part of the Information Security Policy.

Password Management

Status: Drafting
Version Number:

Home/Mobile Working

Forms part of the Information Security Policy.

Patch Management

Status: Final
Version Number: N/A

Email & Internet Usage

Forms part of the Information Security Policy.

Identity Management

Status: Drafting
Version Number: N/A

Clear Desk

Forms part of the Information Security Policy.

FOI Act

Forms part of the Information Rights policy.

EIR

Forms part of the Information Rights policy.

Re-use of PSI

Status: Final
Version Number: v1.0

Public Interest Test

Status: Final
Version Number: 2.1

Info. Rights Appeals

Forms part of the Information Rights Policy.

Info. Request Mgmt

Forms part of the Information Rights Policy.

Retention & Disposal

Status: Final
Version Number: N/A
Policy Date: 5/3/20
Review Date: 5/3/22

Info Classification

Status: Drafting
Version Number: N/A

File Management

Status: Not started
Version Number: N/A

Metadata MGMT

Status: Not started
Version Number: N/A

Info. Life Cycle MGMT

Forms part of the IG strategy.

Information Quality

Status: Drafting
Version Number: N/A
Policy Date: N/A
Review Date: N/A

Naming Conventions

Forms part of the Records Management Policy.

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Information Security

Information Rights

Information Governance (IG) Strategy

2023/24 – 2024/25

Information Records Management

Information Risk

1.   Introduction

1.1   This strategy describes the implementation of a fit for purpose Information Governance (IG) Framework needed for the effective management and protection of organisational and personal information.

1.2   Information Governance describes the approach within which accountability, standards, policies and procedures are developed, implemented and maintained to ensure that all types of information used by the Council are held, processed and communicated securely and legally.

1.3   Information is a vital asset for the Council, supporting both day to day operations and the effective management of services and resources. Therefore it is essential that all Council information is managed effectively within a robust governance framework.

1.4   In developing this IG strategy the Council recognises and supports:

- The need for an appropriate balance between openness and confidentiality in the management and use of information
- The principles of corporate governance and public accountability but, equally, the importance on security arrangements to safeguard personal information and minimise data breaches
- The need to share customer information with partner organisations and other organisations in a manner consistent with the interests of the customer and where legislation dictates
- The principle that accurate, timely and relevant information is essential to deliver high quality Council services

1.5   This IG strategy sets out how the Council's Information Governance Framework will be implemented and is based on the latest legislation and good practice.

1.6   This strategy will be approved by the Senior Management Team (SMT) and Audit Committee. Approval of IG policies that underpin this strategy will be delegated to the Senior Information Risk Owner (SIRO)[1].

2.   Strategic Objectives

2.1   The implementation of this strategy will reflect the Council's Co-operative Values.

Co-operative Value	Linked Information Governance Activity
Openness & Honesty	To proactively publish Council information and make datasets available wherever possible. To respond to information requests made under information rights legislation as required under legislation.
Ownership	Establish clearly defined Information Asset Owners in service areas. To improve the current publication scheme and ensure

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[1] This is currently the Director: Policy & Governance

	it continues to meet ICO requirements.
Fairness & Respect	Continue to treat all members of the public requesting information in a consistent and respectful manner.
Involvement	Ensure that the community receives information, both proactively and where requested, that enables them to participate in discussion and challenge the Council where they feel necessary. Make all parties who give/collect information aware of what will happen with the information and give choices in respect to this where legally possible.

2.2 This strategy facilitates organisational, service and SMT development particularly in respect to the appropriate/effective use and management of information to meet the current/future challenges that the Council faces.

3.   Leadership and Governance

Strategic Aim –

'SMT proactively engages in leading, championing and monitoring information governance activity across the Council to ensure information governance requirements are embedded in everything the Council does'.

a. Without effective senior level leadership and adequate governance arrangements in place, service areas may experience difficulty in integrating information governance activities in both their medium/long term planning.

3.1   To achieve this strategic aim the following objectives should be met:

REF	Objective
1	Formally establish and embed a number of key information governance roles and responsibilities including: • Senior Management Team/Cabinet Members • Senior Information Risk Owner (SIRO) • Caldicott Guardian *(Officer appointed to develop and maintain responsible, appropriate and secure practices for sharing and handling of personal health and social care information)* • Information Security Group • Information Asset Owners (IAO's) • Audit Committee • Information Governance Specialists See Appendix 1 for expected responsibilities for each of the above
2	SMT to be aware of all key information risks affecting key corporate systems through the risk management process

3	SMT will receive regular reports of progress against information governance strategic aims and objectives
4	IG strategy is aligned to the budget and financial management strategy and other key Council strategies and priorities
5	The IG work programme is drawn up on the basis of risk to ensure finite resources are allocated to add most value to the Council

4   Training, Education and Awareness

Strategic Aim –

'Accurate details of staff IG training are collated and reported to SMT on behalf of the SIRO'.

a. It is important for all Council officers, particularly those with key responsibilities, as detailed in 3.1 above, to be empowered to (and understand their responsibilities) to fulfil the requirements of this strategy and associated information governance policies.

4.1   To achieve this strategic aim, the following objectives should be met:

REF	Objective
1	An IG training plan should exist that meets the needs of the Council and in particular services that process significant volumes of personal and sensitive information.
2	Accurate records are maintained of staff that have completed IG training. Records are collated and reported to the SIRO and SMT.
3	An assessment is made of the coverage and effectiveness of IG training and awareness programme.
4	Specialist training programmes (including information risk management) are in place for staff holding key IG appointments, i.e. those detailed in 3.1 above.

5   Information Risk Management

Strategic Aim –

'Information risk is managed throughout the Council in a structured way so that senior management understand the business impact of IG related risks and manages them effectively'.

a. All officers are responsible for managing information risk.

b. The SIRO has a corporate responsibility for providing a focal point for information risk management. The SIRO does not fulfil this responsibility personally but delegates responsibility to Managers and Information Asset Owners across the Council.

5.1   To achieve this strategic aim the following objectives should be met:

REF	Objective
1	The SIRO/SMT will be aware of <u>key</u> information risks affecting systems through the risk management process.
2	The SIRO will ensure proportionate processes are in place to ensure information risks

	are mitigated.
3	The Council and external organisations who share information with each other should be satisfied with the level of risk exposure relevant to this sharing.
4	Key information risk vulnerabilities common to more than one system are assessed and communicated corporately.
5	Data Protection impact assessments (DPIA) are undertaken for all new information systems that process personal information.
6	The SIRO/SMT determine the risk appetite for information.
7	Processes are in place to conduct operational and technical risk assessments of information systems and associated policies/processes.

6 Life Cycle of Information

Strategic Aim –

'A full range of information governance measures should be implemented that are cost effective and reduce the vulnerability to information security issues/breaches throughout the life of the use of information and its eventual destruction'.

a. Employees who handle information should understand the full process for managing this information from collection through to retention, sharing and disposal.

6.1 To achieve this strategic aim the following objectives should be met:

REF	Objective
1	Reviews are undertaken on the status of information governance control measures that impact all key information system and information assets. The results of reviews are made available to the SIRO and SMT.
2	Processes are in place to map information governance incidents and key vulnerabilities against relevant service areas.
3	Appropriate back up, business continuity and disaster recovery arrangements are in place and have been tested for all information systems.
4	A digital continuity risk plan is in place that encompasses an annual review of all information assets.
5	Contracts with third party suppliers detail conditions in respect to digital continuity.
6	A scaleable and future proofed authentication method (access controls) is in place for all information systems.
7	A plan is in place for the prevention, detection, and resolution of information governance vulnerabilities including suitable penetration testing
8	A patching policy is in place that includes third party suppliers and details the distinction between routine, critical and emergency patching. It also includes the requirements for information on malware incidents to be collated and reported
9	A corporate information retention schedule is established, embedded and complied with by all Council services

7 Assured Information Sharing

Strategic Aim –

'Information is shared legally within the Council and with external bodies / individuals in an assured and cost effective way that maximises the benefits delivered by sharing information whilst reducing the business impact should information be shared inappropriately'.

a. Information sharing is an essential part of Council business. It allows more efficient, joined up services to be delivered to the community by the Council and/or strategic partners to benefit customers receiving these services. However sharing information can lead to vulnerabilities particularly if it is not being undertaken in a controlled and managed way.

7.1 To achieve this strategic aim the following objectives should be met:

REF	Objective
1	Information sharing agreements should be in place with third party organisations where regular sharing occurs
2	Mechanisms are in place to protect information in transit
3	Plans for a protective marking scheme for all information assets
4	Agreed Council policies are in place in respect to information sharing

8 Compliance

Strategic Aim:

'Effective compliance mechanisms provide positive assurance that Council policies are being implemented in an effective way to achieve the desired outcomes'.

a. Without an effective compliance programme, IG controls which manage information risks (sometimes causing perceived inconvenience) are likely to be ignored resulting in an increase in the risk to the Council's information.

8.1 To achieve this strategic aim the following objectives must be met:

REF	Objective
1	The SIRO is satisfied that the Council is complying with relevant IG legislation
2	A compliance programme is in place that has been agreed by the SIRO and progress against completion is regularly reviewed
3	Weaknesses identified from compliance reviews are rectified with lessons learnt being reported to the SIRO and SMT

Formally establish and embed a number of key roles and responsibilities including:

- **Senior Management Team/Cabinet Members** – provides the correct leadership for the Council in relation to information governance reinforcing the importance of effective information governance in every aspect of Council business
- **Senior Information Risk Owner (SIRO)** – A member of SMT who is accountable for
    - Fostering a culture for protecting and using data
    - Providing a focal point for managing information risks and incidents
    - Is concerned with the management of all information assets.
- **Caldicott Guardian** – Develop and maintain responsible, appropriate and secure practices for sharing and handling of personal health and social care information.
- **Information Security Group** – Group includes a number of key officers in the Council and is chaired by the Audit & Governance Team Leader. The group's remit is to discuss and monitor information security/governance issues and compliance across the Council and report significant issues to SMT.
- **Information Asset Owners (IAOs)** – All service areas have information assets, some have more than others. The IAO is responsible for ensuring information assets in his/her area are adequately protected/risk assessed, managed under statutory obligations and that their value to the Council is fully exploited
- **Audit Committee** – The Audit Committee seeks assurance that the Council's governance processes including the information governance processes are operating properly.
- **Information Governance (IG) Specialists** – IG specialists provide a number of key functions including:
    - Advice and support to the Council in respect to all information governance matters
    - Co-ordinating all information requests received under information rights legislation
    - Checking for corporate compliance in conjunction with Internal Audit with agreed information governance policies and procedures

Document Version Control

Version	Date	Author	Sent To	Comments
V4	29/4/19	R Montgomery	CISG	Updated strategy for next 3 years
V5	22/11/19	R Montgomery	Kirsty King, Anthea Lowe and Jonathan Eatough	Updated strategy for next 3 years for comment.
V6	27/3/23	R Montgomery	Kirsty King	Updated strategy for next 2 years
V6.1	3/4/23	R Montgomery	Anthea Lowe	Amended version including comment from K King. Sent to AL for comment
V6.2	14/4/23	R Montgomery	Corporate	Updated version includes K King and A Lowe comments

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Borough of Telford and Wrekin

Audit Committee

Wednesday 31 May 2023

Anti-Fraud & Corruption Annual Report for 2022/23 and Policy

Cabinet Member:	Cllr Nathan England - Cabinet Member: Finance, Customer Services and Governance
Lead Director:	Anthea Lowe - Director: Policy & Governance
Service Area:	Policy & Governance
Report Author:	Tracey Drummond - Principal Auditor, Rob Montgomery – Audit & Governance Lead Manager

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Wards Affected:	All Wards
Key Decision:	Not Key Decision
Forward Plan:	Not Applicable
Report considered by:	SMT – 16 May 2023
	Audit Committee – 31 May 2023

1.0 Recommendations for decision/noting:

The Committee is asked to:

1.1 Note the 2022/33 Annual Report on Corporate Anti-Fraud and Corruption activity and recommends to Full Council the introduction of the revised Anti-Fraud and Corruption Policy.

2.0 Purpose of Report

2.1 The purpose of the report is for the Audit Committee to:

a) Consider the 2022/23 Annual Report on Corporate Anti-Fraud and Corruption activity;

b)   Agree the updated policy and to recommend its adoption by the Council.

3.0   Background

3.1   The Anti-Fraud and Corruption Policy supports one of the key elements of good corporate governance – Standards of Conduct. The Council aims to ensure that all those associated with it maintain high standards of ethics and conduct in public life.

3.2   The Office for National Statistics reported a 25% increase in fraud offences for the year ending March 2022 and this trend appears to be continuing. The National Audit Office (NAO) recently stated that their estimate (including tax and welfare) is that every year at least £33.2bn of taxpayers' money is subject to fraud and error. According to the NAO between 0.5-5% of public spend is lost to fraud and error. For 2022/23 Telford & Wrekin Council's net spend was approximately £135m so the potential fraud and error losses could be significant.

3.3   Local authorities are targets for fraud due to the nature of the organisation. Criminals are finding new ways to obtain illegal proceeds through fraud and local authorities can be targets of their criminal activity. This includes the significant threat that cyber fraud poses.

The threat from fraud is not just a local one; organised criminals are targeting public money on an unprecedented scale. The criminal proceeds from organised crime are not just used to fund criminal lifestyles in the UK but can be diverted abroad to support corrupt regimes and finance terrorism. Therefore, combatting fraud is not just about saving money, the Council also has a moral duty to prevent and detect fraud.

3.4   This report contains information for 2022/23 on counter fraud and investigation activities within Telford & Wrekin Council, driven by the Investigation Team along with Internal Audit and IDT and the work that Public Protection undertakes in tackling certain types of fraud within our communities.

3.5   The committee should note that the Council's procedures and controls are designed to minimise the opportunity for fraud and to highlight areas where there may be a greater risk of possible fraudulent activity occurring. However, these controls need to be continually reviewed and assessed as the fraud landscape changes. Work undertaken by Council teams in fighting fraud and theft is not just about the savings realised, fraud prevention is equally important.

3.6   Members and officers regularly receive information on their responsibilities in respect to the use of public money and the prevention and detection of fraud. They provide referral information for review and investigation by appropriately trained and experienced officers within the Council (and by the Police or other external party when required).

4.   TRANSPARENCY CODE REQUIREMENTS

4.1   The Local Government Transparency Code requires the Council to publish data regarding its fraud arrangements as shown in the table below.

|	Requirement Description	T&W Arrangements
1	Number of occasions the Council have used the powers under the Prevention of Social Housing Fraud Regulations 2014 or similar powers.	The Council does not have social housing and therefore these powers have not been used in the last 12 months.
2	Number (absolute and FTE) of employees undertaking investigations and prosecutions of fraud	Currently there is 1 Senior Investigation Officer and 1 Assistant Investigation Officer working in the Investigation Team. This equates to 2 FTE officers undertaking investigations into fraud, theft and other irregularity along with introducing preventative measures to combat fraud. For part of 2022/23 the Council employed a Business Support Officer within the Investigation Team for 3 days per week to support the anti-fraud activity. Other Council services undertake fraud prevention activity for example Internal Audit, Public Protection and IDT. These tasks form an ancillary part of an officer's job role and therefore it would be difficult to identify what proportion of their role would be taken up undertaking fraud investigations.
3	Number (absolute and FTE) of professionally accredited counter fraud specialists	Currently 2 Accredited Counter Fraud Specialists work in the Investigation Team.
4	Total amount spent by the authority on the investigation and prosecution of fraud	The cost of the Investigation Team for 2022/23 was £114,485.48. Costs include staff, postage, printing, telephones, mileage, computer software and all other investigation related costs. This cost included the Business

		Support Officer as detailed above who is no longer part of the team. As stated on point 2 above, other areas of the Council undertake investigations but it is difficult to attribute a cost to this as costs are consumed in overall budgets for each service.
5	Total number of fraud cases investigated	See case investigation data in this report.

5. THE INVESTIGATION TEAM

5.1 The Investigation Team, within Audit and Governance, has responsibility for investigating fraud, theft, irregularity, bribery and corruption across the authority. The team are also responsible for introducing measures to help prevent the risk of fraud, irregularity, bribery and corruption. This includes, maintaining the fraud risk register, training staff, advice and guidance to service areas on all aspects of fraud prevention, issuing of fraud alerts and producing the relevant policies relating to fraud theft and irregularity. The team works closely with Internal Audit to mitigate fraud risks to the Council.

5.2 The Investigation Team also support the Council's Money Laundering Reporting Officer (MLRO) in their role. Initial Suspicious Activity Reports are screened and interrogated by the team before being passed to the MLRO.

5.3 The team also maintain the Speak Up (Whistleblowing) Policy and associated reporting facilities.

5.4 The team investigate matters across all service areas. With the focus on prevention being the most effective way of combating fraud, the team look at ways that each service area can reduce their risk of fraud. However, there will always be instances where fraud, theft, irregularity needs to be investigated. A high proportion of the team's investigation work comes from investigating matters affecting the Revenues Service. This includes Council Tax Support (CTS), Single Person Discount (SPD), Council Tax liability issues and National Non-Domestic Rates (NNDR). However, the team investigate all manner of alleged fraud and theft matters across any service area. The table at 5.13 details all the recorded savings identified from investigations by the Team for 2022/23.

5.5 A number of significant investigations have been undertaken in 2022/23. Although not all of these investigations can individually be detailed in this report, it is important to highlight a number of these.

5.6 In February 2023, a former School Business Manager (SBM) was prosecuted by Telford & Wrekin Council for fraud by abuse of position, amounting to £15,889. This investigation was undertaken by the Investigation Team following a concern

raised by a member of staff. The former SBM was found to have diverted funds that were due to the Council, into an old school fund bank account, which they were understood to have closed many years before. This money was then withdrawn by the SBM for personal use. The former SBM received a 10 month custodial sentence suspended for 2 years, a 5 month curfew between 7pm and 7am and was required to undertake 20 rehabilitation activity days. In addition she was directed to pay the authority's investigation and prosecution costs of £1,464. She had already repaid the £15,889 back to the Council prior to sentencing.

5.7   A lengthy and complex investigation into a direct payment fraud within Adult Social Care has been undertaken by the Investigation Team, which has resulted in an overpayment of £87,000 and an ongoing saving of in excess of £22,000 per year. The matter is still an active case with Legal Services.

5.8   A prosecution was also undertaken against an individual who falsely obtained over £4,000 in Council Tax Support and Single Person Discount. The individual was instructed to undertake 80 hours of unpaid work in the community and ordered to pay the Council's investigation and prosecution costs of £1,128.

5.9   A number of investigations were undertaken throughout 2022/23 which resulted in changes to internal processes which has helped protect the authority against the risks of fraud and theft in the future. These were undertaken in IDT and Purchase Ledger.

5.10   The Investigation Team have been working closely with the Infrastructure Security Specialist in IDT on the prevention of cyber fraud risks, particularly impersonation and mandate fraud.

5.11   The Investigation Team's proactive work in 2022/23 includes:

- Maintaining and updating the fraud risk register which helps identify risks across all service areas and what preventative measures are in place to guard against these risks
- Providing face to face induction training for new starters
- Providing regular fraud alerts across the authority and to specific service areas based on current local and national fraud risks and trends
- Providing fraud training to service areas when requested along with updating the online fraud training modules
- Providing recommendations to service areas following investigations or instances in their area
- Working closely with the Internal Audit Team to recognise fraud risks, gaps in processes and understanding in service areas and training needs
- Providing fraud and theft advice to areas when service areas are implementing new policies and procedures
- Updating the Fraud Response Plan, the Speak Up (Whistleblowing) Policy and Anti-Fraud and Corruption Policy
- Offering advice to employees on any aspect of fraud, theft, bribery and corruption.

- Working closely with the Council's Infrastructure Security Specialist on fraud prevention matters relating to cyber-attacks.

5.12   There is no way of accurately measuring the consequential effects and indirect savings that occur due to the team's prevention work. If this work was not undertaken then the loss to the authority would potentially increase year on year. In addition, if potential fraudsters are aware that the authority have an Investigation Team that undertakes work into all aspects of fraud against the authority, then they will be less likely to attempt to commit acts of fraud than they would if there was no team in place.

5.13   Investigation Team Savings 2022/23

Fraud Area	Savings
Council Tax/Revenues Matters	£57,117
Other Corporate Fraud Investigations	£152,656
Housing Benefit as a knock-on effect of CTS investigations	£81,247
TOTAL	**£291,020**

5.13.1 In addition to the figures above, the team have investigated matters where employers have failed to comply with Direct Earnings Attachments. The Investigation Teams involvement has resulted in employers complying with their legal requirements to attach to their employees earnings in order to recover money owed to Telford & Wrekin Council.

5.13.2 The figures in 5.13 only cover part of the team's role. The preventative work that the team undertake is a significant element of the service.

5.14   National Fraud Initiative (NFI)

5.14.1 The Cabinet Office NFI exercise is part of Central Government's national recognition that taxpayers have a right to expect public bodies to put in place every possible measure to protect their money from fraud. The Council has a statutory responsibility to provide data to the Cabinet Office for the prevention and detection of fraud as part of the NFI.

5.14.2 The Investigation Team manage the NFI exercise locally and have facilitated the 2022/23 exercise which included uploading of all relevant data and managing the matches produced. The team will continue to manage the NFI throughout the coming months which includes undertaking a number of investigations into sensitive matches.

6.   INTERNAL AUDIT

6.1   Internal Audit has a preventative role in ensuring that adequate systems, controls and procedures are in place to prevent and deter fraud, bribery and corruption. They assist managers in ensuring they have appropriate systems and controls in

6

place that are designed to prevent or reduce the opportunity for fraud. Their annual audit plan can include spot checks and unannounced visits to assist in the detection and prevention of fraud.

6.2   There is no specific time allocated to audit for proactive fraud work as this is consumed within the days allocated for general audit assignments, proactive fraud days are now allocated to the Investigation Team. All audit assignments have a standard fraud working paper which is used to measure the auditees understanding of fraud in their area, the findings of this is then forwarded to the Investigation Team to undertake further checks or training.

6.3   The Internal Audit Team and the Investigation Team work collaboratively to share information which informs both the audit plan and the work of the Investigation Team.

6.4   Internal Audit also provides continuous advice and guidance to managers to assist them in the prevention of fraudulent activity.

7.   HOUSING BENEFIT AND COUNCIL TAX REDUCTION

7.1   The overall Housing Benefit and Council Tax Reduction caseload has decreased over the last 12 months, from 15,068 (live cases) at 31 March 2022 to 14,839 as at 31 March 2023. The government's welfare reforms and the introduction of Full Service Universal Credit on 14 November 2018 are the main factors for this. Those entitled to Universal Credit are no longer eligible for Housing Benefit resulting in their claims being cancelled. The Council retains responsibility for Housing Benefit for pensioners and supported accommodation which is a complex area that has an increasing demand on the service.

7.2   Telford & Wrekin Council initially signed up to the Department of Work and Pensions (DWP) new Housing Benefit Award Accuracy Initiative from October 2021. From 2022/23 the initiative became mandatory. The initiative involves completing Housing Benefit Matching Service (HBMS) matches on cases where DWP data does not match Local Authority data and undertaking full case reviews on customer's circumstances based on a risk list provided by DWP. A total of 1,179 reviews and 250 HBMS data matches were completed in 2022/23.

7.3   The Benefits Team continues to review changes in earnings and occupational pensions received from the Department for Work and Pensions via their Verification of Earnings and Pensions (VEP) alerts. These alerts notify us when there may have been a change in the customer's earnings or pension. The Benefits Team have also reviewed cases as part of the government's National Fraud Initiative, which for some matches provides data more regularly than just the main matches every two years.

7.4   The DWP continue to provide a wealth of data and the Council obtains the majority of change of circumstances via their daily downloads and data matches. However, it still remains the customer's responsibility to notify us of any changes. Below is a table detailing the intervention work undertaken within the Benefits Service.

7.5   Interventions in the Benefits Service

Number of Verification of Earnings and Pensions Undertaken	1,588
Number of Reviews Undertaken (including those outside of the Housing Benefit Award Accuracy Initiative)	1,198
Projected Annual Council Tax Reduction Saving	£67,051
Overpaid Housing Benefit	£189,545

8.   CYBER FRAUD

8.1   As a Council we have numerous technical controls in place to counter or prevent cyber fraud such as email security gateways and antivirus products. These help to prevent or mitigate malicious activity from 'actors' such as crime groups who use techniques such as phishing or ransomware to conduct criminal activity in an attempt to encrypt, disrupt or steal and leak data with the intent of getting a payment.

8.2   Distributed Denial of Service attempts are also used as a way to disrupt government and academic networks, the Council also have capability in this space that mitigates this activity.

8.3   From the period 1st April 2022 to 1st April 2023 there were 1,358 malicious messages reported by colleagues to IDT as part of phishing defence and reporting capability. Staff are asked to report suspicious emails for further analysis, this is in conjunction with automated processes that block and quarantined malicious activity using threat intelligence.

8.4   On reviewing these 1,358 messages, it was determined that 1,228 messages were classified as crime ware, messages classified as crime ware contain malicious links or suspicious attachments. In addition, 130 messages were classified as advanced threats, these are messages that contain no attachments or links, however, may contain further dialogue or instruction for the email recipient to respond to.

8.5   IDT security also automatically removed 8,085 messages during this period that it identified as a threat to the authority.

9.   FIGHTING FRAUD IN THE COMMUNITY

9.1   The Investigation Team has a close working relationship with West Mercia Police Intelligence Team. A Service Level Agreement (SLA) exists which facilitates the sharing of data for the prevention and detection of crime. The team assist the Police on a regular basis in a variety of matters under this agreement. Although

this work can be time consuming, it is an important partnership in helping the fight against crime in the local community, some of which will include matters of fraud and theft that fall under the Police's jurisdiction. West Mercia Police have stated that this information sharing facility is invaluable and has saved them thousands of pounds. On occasions, information received from the Police may lead to investigations being conducted by the team which otherwise may have not taken place. In 2022/23, the team undertook over 300 enquiries to support West Mercia Police under this agreement. This is a great example of a joined up approach to tackle crime in the local community.

9.2   Public Protection

9.2.1 The Public Protection Service which includes Trading Standards, Environmental Health and Licensing, play a significant role in delivering the Council's response to business related fraud in the borough. The majority of the responses are based around statutory responsibilities refined to provide effective detection and countermeasures in respect to fraud. These services are not restricted as to who its officers may investigate, and are constrained only by the limitations of the statute under which an investigation is being conducted. Public Protection Services actively engage in the Multi Agency Targeted Enforcement (MATES) across a wide variety of settings and support the wider serious and organised crime agenda.

9.2.2 All teams through the course of their routine work may come across irregularities. Where these irregularities are outside Public Protection's remit these are referred to agencies such as UK Border Force, Driving & Vehicle Licensing Agency, HM Revenues & Customs, Insurance Fraud Bureau, Police and internal service areas such as the Investigation Team and Revenues and Benefits Service.

9.3   Health Protection

9.3.1   Fraud can occur in a number of areas that the Food Health & Safety team covers. The prevention and detection of unfit and debased food through inspection, sampling and intelligence is part of the team's role. Members of the public can now use an online reporting portal.

9.3.2   In 2022/23 the Food Health & Safety Team undertook a project to look at imported foods sold in premises across the borough. The project included inspection of businesses, sampling of imported rice to look for pesticides and developing a web page to inform businesses and members of the public.

9.3.3   Fraudulent use of health and identification marks is another area that the team investigate. All Approved Premises within the borough are checked to ensure they are applying the health mark appropriately when they are inspected. Inspectors will routinely check for health marks on animal products in retail establishments.

9.4   Licensing Service

9.4.1 Within the Licensing Service there are a number of areas of fraud that are investigated in addition to their other duties. These are listed below:

- Street trader consents - Prevention and detection of the illegal and highly lucrative transfer of street trader consents.
- Taxi licensing - Ensuring the vehicles are correctly insured and licensed and driven by the licensed driver.
- Scrap metal licensing - Joint working with police to detect illegal trading in stolen vehicles, other stolen metal items such as copper cabling, lead and catalytic convertors.
- Street Collections, Charity collections - Identification, detection and enforcement of fraudulent collections

9.5   Trading Standards Service

9.5.1 The Trading Standard Service use specific legislation to help tackle fraud across the Borough. This includes:

- Intellectual Property crime – covering Copyright, Trademarks
- Consumer Protection from Unfair Trading legislation -. This legislation covers a wide range of goods and services including house purchases, animals, vehicles, food & drink and all personal and professional services.
- Cattle identification legislation - To prevent fraudulent transfer to limit disease spread.
- Weights and Measures - Misrepresentation of quantity or measure of goods supplied.
- Fraudulent trading and money laundering.

9.5.2 Trading Standards receives intelligence about rogue trader activities in Telford and Wrekin and deals with complaints about fraudsters that specifically target vulnerable and older people, carrying out unnecessary or misrepresented home improvement work and as a result defraud them out of thousands of pounds.

9.5.3 The service continues to educate, inform and protect our residents of the many forms of financial abuse and scams. We have a dedicated Public Protection Facebook page and twitter feed to ensure we get maximum coverage and allow information to be shared easily and quickly. We have also piloted a project to assist repeat victims of scams and work closely with West Mercia Economic Crime Unit to develop a multi-agency approach to fraud.

9.5.4 Trading Standards prioritise work around illicit tobacco and nicotine inhaling products and works closely with West Mercia Police, other agencies and Local Authorities sharing intelligence, carrying out multi agency targeted enforcement operations focussed on the supply of illicit products.

10. PUBLICITY

10.1 Publicity of cases is important as a deterrent. The Investigation Team and Public Protection use Corporate Communications to issue press releases and social media to alert the public and inform businesses about relevant campaigns, interventions and prosecutions. The press releases are also published on the Council's website.

10.2 When any significant investigation occurs then the relevant Director and Cabinet Member are briefed accordingly. Any lessons learnt are shared within the relevant members of staff and recommendations put forward to help prevent such matters occurring again.

10.3 Where allegations of internal frauds have been investigated and procedures and controls are changed the lessons learnt are shared across the Council through the staff news, bulletins and in management meetings.

11. TRAINING AND AWARENESS

11.1 The Council ensures that both members and officers are aware of their responsibilities in respect to the Council's Anti-Fraud and Corruption Policy. This is achieved through a variety of measures including:

- New starters receiving a face to face induction program which includes training from the Investigation Team.
- Online training courses being available for all staff on fraud, theft, bribery, cyber security/fraud and corruption along with money laundering developed by the Investigation Team and IDT.
- The Investigation Team attending service area team meetings when a need is identified or when requested, to discuss prevention and detection of fraud, theft, bribery and corruption.
- The Investigation Team providing specific training to services areas when the need arises.
- Regular fraud awareness being provided through corporate communication and staff news by the Investigation Team.
- Regular fraud/theft alerts being sent to affected service areas which helps increase staff awareness.
- Copies of this policy and other relevant policies, such as the Fraud Response Plan the Whistleblowing Policy and any other relevant policy being available on the intranet.
- Specialist training for certain employees being provided by their service area due to their specific roles when requested.
- Guidance being provided by Internal Audit when work is undertaken in a service area.
- Regular cyber threat alerts being issued by IDT.

11.2 Staff within Revenues & Benefits receive fraud awareness training as part of periodic refresher training. The Department for Work and Pensions also provide Benefit Officers with training in relation to Housing Benefit fraud.

11.3   For officers there is the Code of Conduct for Employees which is included as part of induction and is available on the intranet. The Code of Conduct has aspects built in to help with fraud prevention.

12.   CHALLENGES FOR 2023/24

12.1   Fraud continues to grow. As detailed earlier in this report, the ONS estimated that fraud had recently increased by 25%. It is not just the increase in numbers that is a concern, it is the evolution of fraud and the continued need to review procedures to help protect Telford & Wrekin Council from this threat. This is particularly true with regard to cyber fraud. Organised crime is seeing fraud as extremely lucrative and public authorities will continue to see fraud attempts from all over the globe in addition to localised fraud attempts. It is important for the Council as a whole to increase the awareness of fraud risks across service areas and make sure there are mitigations in place to guard against these risks. This is not just the responsibility of the Investigation Team and Internal Audit but all employees of the Council.

12.2   A significant challenge for the Investigation Team is to expand its preventative work, training, policy development and risk assessment as well as undertaking and fulfilling investigation responsibilities within current resource.

12.3   The cost of living crisis could also have a profound impact on the fraud landscape with individuals being drawn to fraud as a way of coping with the shortage of income.

13.   ANTI-FRAUD & CORRUPTION POLICY UPDATE

13.1   The current Anti-Fraud and Corruption Policy was reviewed, updated and agreed by the Audit Committee on 27 May 2021. The Anti-Fraud & Corruption Policy is reviewed every two years and therefore it was not amended last year. The policy has been updated and is presented for approval this year.

14.0   Summary of main proposals

14.1   It is proposed that the Audit Committee note the contents of this report and approve the Anti-Fraud and Corruption Policy.

15.0   Alternative Options

15.1   There are no alternative options.

16.0   Key Risks

16.1   All aspects of the Investigation Teams work supports managers and the Council to identify and manage their information risks and opportunities.

17.0 Council Priorities

17.1 The policy supports all Corporate priorities and good corporate governance demonstrating the Council's desire to ensure sound conduct and ethical procedures for all those associated with the Council and its service delivery. Monitoring the policy provides the opportunity to identify if there are any changes required or additional areas of activity.

18.0 Financial Implications

18.1 Costs associated with the anti-fraud and corruption work outlined in this report are met from the Council's base budget.

19.0 Legal and HR Implications

19.1 The Accounts and Audit Regulations 2015 require the Council to ensure it has "a sound system of control which facilitates the effective exercise of its functions..., ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk." The proposed policy assist in fulfilling these requirements.

Additionally, the Council will have full regard to any other legislative requirements and officers from across the Council are encouraged to seek legal advice at the earliest opportunity when needed.

20.0 Ward Implications

20.1 Borough wide implications.

21.0 Health, Social and Economic Implications

21.1 There are no Health, Social and Economic Implications arising from this report.

22.0 Equality and Diversity Implications

22.1 The Anti-Fraud & Corruption policy operates within Equalities legislation and the Council's associated policies. Any investigations follow legal requirements and proper procedures to ensure that equality and diversity requirements are met.

23.0 Climate Change and Environmental Implications

23.1 All members of the Investigation Team are environmentally aware and if any issues were identified they would be notified to the appropriate manager.

24.0 Background Papers

1   Corporate Anti-Fraud & Corruption Policy 23/24
2   Cabinet Office requirements for the NFI
3   Trading Standards and Licensing Legislation

25.0 Appendices

A   Anti-Fraud & Corruption Policy

26.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	14/04/2023	26/04/2023	AEM
Legal	14/04/2023	12/05/2023	EH

Telford & Wrekin
Co-operative Council

**Protect, care and invest
to create a better borough**

Anti-Fraud and Corruption Policy

Audit & Governance

Update: April 2023 (v4.0)

1. Introduction

Fraud and Corruption

According to the Fraud Act 2006, fraud can be committed in the following three ways:

A. *Fraud By False Representation:* A person commits an offence when they dishonestly make a false representation, and intends, by making the representation to:

- make a gain for themselves or another, or
- cause loss to another person or expose another to a risk of loss.

A representation is false if:

- it is untrue or misleading, and
- the person making it knows that it is, or might be, untrue or misleading.

B. *Fraud By Failing to Disclose Information:* An offence is committed where a person dishonestly fails to disclose to another person information, which he is under a legal duty to disclose, and intends, by failing to disclose the information to:

- make a gain for himself or another, or
- cause loss to another or to expose another to a risk of loss.

C. *Fraud By Abuse of Position:* An offence is committed where a person occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person, dishonestly abuses that position, and intends, by means of the abuse of that position to:

- make a gain for himself or another, or
- cause loss to another, or to expose another to a risk of loss.

The term fraud is generally used to describe such acts as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusions.

The Bribery Act 2010 was introduced to update and enhance UK law on bribery. This Anti-Fraud and Corruption Policy, hereinafter called "the Policy" covers all financial impropriety including theft or corruption

Page 114

The Council, through this policy demonstrates its zero tolerance of fraud and its determination to deal equally with perpetrators from inside (members and employees) and outside the Council.

The policy outlines measures designed to frustrate attempted fraud, theft, bribery or corruption and the steps that will be taken if such action occurs. It is separated into four areas:

- ☑ Culture
- ☑ Prevention/Deterrence
- ☑ Reporting, Detection and Investigation
- ☑ Training/Development

The Council also welcomes the high degree of external scrutiny of its affairs by a variety of external bodies. These bodies are important as they provide independent external challenge and highlight any areas where improvements to anti-fraud, anti-bribery and anti-corruption activities can be made.

2. Culture

The Council's co-operative values include openness and honesty which supports the Council's commitment to zero tolerance in respect to fraud, theft, bribery and corruption.

The prevention and detection of fraud and theft, bribery or corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the Council. The anti-fraud, bribery and corruption culture works alongside associated procedures to assist the Council in its management of the risk of fraud and corruption and are an integral part of its governance framework.

The Council has a wide range of interrelated policies and procedures that provide an effective deterrent to fraudulent activity and provide the means for reporting or detecting fraud or corruption. These have been formulated in line with appropriate legislative requirements

Residents of the borough and any external individual or organisation are encouraged to report any suspected fraud, theft, bribery and corruption concerns through various reporting channels, safe in the knowledge that these concerns will be acted upon wherever possible.

The Council's members, employees, partners, volunteers and governors play an important role in creating and maintaining this anti-fraud culture. They are positively encouraged to raise concerns regarding fraud, theft, bribery and corruption, regardless of seniority, rank or status; confident in the knowledge that such concerns will be investigated and where possible be treated in confidence.

Suppliers/contractors to the Council also have roles to play in this process and should inform the Council if they feel that fraud, theft, bribery or corruption may have occurred.

The Council will take appropriate action against those who commit fraud, theft, and any other relevant offence against the Council. There is, of course, a need to ensure that any

Page 115

investigation process is not misused, therefore, any abuse (such as employees / members raising malicious allegations) will also be dealt with appropriately.

When fraud, theft, bribery or corruption has occurred due to a breakdown in the Council's systems or procedures, senior managers will ensure that appropriate improvements in systems of control are implemented within a reasonable timeframe to prevent any re-occurrence.

3. Prevention & Deterrence

Telford & Wrekin Council recognizes that fraud, theft, irregularity, bribery and corruption can occur in any service in the authority and can be committed by numerous different sources such as (but not limited to):

- ☑ Members of the public
- ☑ Outside organisations, including cyber fraud risks
- ☑ Employees of the Council
- ☑ Organised crime groups

Telford & Wrekin Council has policies in place that help protect the authority against these risks and outline how the authority responds when an incident is identified. These policies include (but not limited to):

- ☑ Fraud Response Plan
- ☑ Speak Up (Whistleblowing) Policy
- ☑ Information Security Policy
- ☑ Cyber Response Policy
- ☑ Corporate Prosecution Policy
- ☑ Disciplinary Policy
- ☑ Anti-Money Laundering Policy
- ☑ Conflicts of Interests Policy
- ☑ Employee Code of Conduct
- ☑ Councillor Code of Conduct

Employees

The Chief Financial Officer (Director: Finance & Human Resources), also known as the Section 151 Officer (Local Government Act 1972) is responsible for:

- ☑ Ensuring that proper arrangements are in place to administer the Council's financial affairs.
- ☑ Ensuring the Council implements appropriate measures to prevent and detect fraud, bribery and corruption, and protect the Council's assets from fraud and loss.
- ☑ Ensuring there are appropriate arrangements and support in place for Internal Audit.
- ☑ The prevention of fraud, theft, bribery and corruption is an essential aspect of this.

Employees and their managers are responsible for ensuring that effective systems of internal controls exist within their areas of responsibility that help prevent and detect fraud, theft, irregularity, bribery and corruption. It is important that they test these controls regularly to confirm they operate effectively. They should also implement appropriate

Page 116

controls into new/developed systems and new controls into existing systems to reduce the risk of fraud and theft occurring or recurring.

Managers at all levels are also responsible for managing the risk of fraud, theft, bribery and corruption through:

- ☑ Recruitment – following the Council's recruitment policies and procedures and understanding that fraud can occur through the recruitment process – which can then become a gateway to further deception
- ☑ Their adherence to and promotion of the Council's Values and the Employee Code of Conduct
- ☑ Providing awareness of the Council's constitution, appropriate policies and procedures
- ☑ Being aware of the risks in their area and issuing regular reminders, updates and vigilance in respect to fraud, theft, bribery & corruption
- ☑ Encouraging staff to raise concerns as directed by the Speak Up (Whistleblowing) Policy and Fraud Response Plan
- ☑ Implement actions recommended by Internal Audit
- ☑ Implement recommendations detailed by the Investigation Team following an investigation conducted in their area
- ☑ Ensuring that the correct procurement procedures are adhered to when contracting services or purchasing goods and services
- ☑ Ensuring that there is effective role separation within relevant processes in their area
- ☑ Ensuring that any concerns of fraud, theft, bribery and corruption made by a member of the public, other outside individual or organisation or member of staff are passed to the Investigation Team.

Code of Conduct

The Code of Conduct for employees outlines the standards of behaviour that Telford & Wrekin, as a Cooperative Council, expects from employees. Elements of these standards feed into the prevention of fraud, theft, bribery and corruption.

All employees are expected to adhere to the Code of Conduct during their employment with Telford & Wrekin Council. Failure to adhere to the Code of Conduct can result in disciplinary action being taken against an employee.

All members and officers are expected to fully co-operate with whoever is conducting fraud, theft, bribery and corruption investigations, proactive checks or data matching exercises.

Conflicts of Interests

Both members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise particularly with planning and land issues, procurement (especially tendering) and recruitment. Effective role separation is essential to ensure decisions made are based upon impartial advice to maintain public confidence in the Council's decision-making processes and avoid questions about improper disclosure of confidential information.

Page 117

The Conflict of Interest Policy outlines employee's responsibilities in declaring any conflict between their personal life and their role with the Council. This responsibility to declare any conflict of interested is outlined for elected members in the Councillor Code of Conduct

Members

All members of the Council have a duty to the citizens of the borough to protect the Council and public money from any acts of fraud, bribery or corruption. This is achieved through conformity with the Anti-Fraud and Corruption Policy, compliance with the Code of Conduct for Members, following the Council's Constitution, relevant legislation and any other protocols and procedures adopted by the Council.

The Councillor Code of Conduct outlines the standards of behaviour that Telford & Wrekin, as a Cooperative Council, expects from members and elements of these standards feed into the prevention of fraud, theft, bribery and corruption.

Investigation Team

The Investigation Team are responsible for putting additional measures in place to help prevent the risk of fraud, theft, irregularity, bribery and corruption along with guards against the risks that organised crime poses to the Council. They also operate the fraud and whistleblowing hotline and reporting facilities which allows any concerns to be reported through a variety of channels. The team work closely with Internal Audit to mitigate the risks to the Council as well as providing support, advice and assistance to service areas on fraud, theft, irregularity, bribery and corruption prevention matters. This includes:

- ☑ Developing the fraud risk register
- ☑ Staff training - including induction training for all new starters
- ☑ Producing fraud alerts which are distributed to relevant services based on national and local intelligence
- ☑ Making recommendations to service areas to help guard against fraud risks
- ☑ Attending team meetings to provide guidance and help service areas understand risks in their area and across the Council as a whole
- ☑ Speaking to service areas during implementation of policies and procedures to provide anti-fraud guidance
- ☑ Offer help and advice to staff on all matters of fraud, theft, bribery, corruption and irregularity.

The team also support the Council's Money Laundering Reporting Officer (MLRO) in their role. Initial Suspicious Activity Reports are screened and interrogated by the team before being passed to the MLRO.

The Investigation Team works closely with Council's Infrastructure Security Specialist from the Information Data Technology (IDT) Team to help identify and tackle the risks from cyber fraud.

Page 118

Internal Audit

Internal Audit plays a vital preventative role in ensuring that systems and procedures are in place to prevent and deter fraud, theft, bribery and corruption and has specific rights within the constitution. Internal Audit liaises with management to recommend changes in procedures to improve controls, reduce risks and prevent losses to the Authority.

Data Matching

The Council participates in a number of data matching exercises to help identify matters of fraud, theft, irregularity, bribery and corruption; most notably the National Fraud Initiative (NFI). In respect to both Revenues and Benefits services there are also regular external exercises undertaken and the use of real time information to enable data matches from the HRMC to be investigated. In addition, internal data matching exercises are undertaken at various times, for example matching council tax single person discount records with Electoral Role data. All exercises adhere to and are compliant with all relevant data protection legislation.

External Audit

External Audit is an essential safeguard of the stewardship of public money. External Auditors will continue to operate through a Code of Practice that is designed to test (amongst other things) the adequacy of the Council's financial systems, the arrangements for preventing/limiting the opportunity for fraud and the arrangements for the detection of fraud, theft, bribery and corruption. It is not the External Auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External Auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. Where External Audit is required to undertake an investigation, they will operate within legislation and their codes of conduct.

Other Agencies

Appropriate Council services have arranged (in compliance with the UK Data Protection Act 2018) the exchange of information on national and local fraud, theft, bribery and corruption activity with appropriate external agencies. These agencies include the Police and the Department for Work and Pensions.

4. Prevention Detection & Investigation

The Investigation Team, within Audit & Governance, investigates all reported cases of suspected financial irregularity, fraud, theft, irregularity, bribery or corruption against Telford & Wrekin Council, in accordance with agreed procedures. However, there are occasions where certain matters can be referred to the Police (This is detailed in the Fraud Response Plan).

The Fraud Response Plan details how any suspected matter of fraud, theft, irregularity, bribery and corruption can be reported, who it is reported to and how the authority responds to these referrals.

The Council's website provides information to the public on how they can report matters of fraud, theft, bribery and corruption to the authority and also provides information on how the authority can be subjected to such offences.

The Speak Up (Whistleblowing) Policy outlines what constitutes a whistleblowing referral, how such matters can be raised and how the authority will respond to whistleblowing referrals that are received.

Internal Audit plays an important role in the detection of fraud. Included in their annual audit plan are specific fraud tests, spot checks and unannounced visits. However it is often the vigilance of employees, partners, volunteers, members, governors, suppliers/contractors and the public that aids detection.

Prosecution and Recompense

The Fraud Response Plan and Corporate Prosecution Policy detail how the authority will seek to take further action against perpetrators of fraud, theft, bribery, corruption. This can include the Council deciding to use its power to prosecute in appropriate cases and or the use of other available sanctions.

Within the Revenues Service, the Council Tax Reduction Schemes (Detection of Fraud & Enforcement) (England) Regulations 2013 and Schedule 3 of the Local Government Finance Act 1992 outlines civil penalties that the Council can apply in cases where false or incorrect information is provided or there is a failure to provide information which leads to incorrect claims to Council Tax Support or an incorrect liability for council tax.

The Council will seek to recover any money or assets fraudulently/corruptly/incorrectly obtained from the Council. This is further detailed in the Fraud Response Plan.

Disciplinary and Other Action

Fraud, theft, bribery and corruption are serious offences against the Authority and employees will face disciplinary action if there is evidence that they have been involved in these activities, including any deception to obtain a council tax discount and/or exemption. Disciplinary action will be taken in addition to any criminal proceedings depending on the circumstances of each individual case.

Members will face appropriate action if there is evidence that they have been involved in theft, fraud, bribery and corruption against the Authority. Action will be taken in addition to any criminal proceedings, depending on the circumstances of each individual case. If the matter is a potential breach of the Code of Conduct for Members, then it will also be referred to the Council's Monitoring Officer.

Publicity

The Council's Corporate Communications Team will optimise the publicity opportunities associated with anti-fraud, anti-bribery and anti-corruption activity within the Council. Information will be publicised in respect of prosecutions and other appropriate cases as a deterrent.

Page 120

Internally, where the Council can learn from incidents, the relevant points will be communicated to members and employees.

All anti-fraud, anti-bribery and anti-corruption activities, including the update of this policy will be publicised in order to make employees, members and the public aware of the Council's commitment to taking action on fraud, bribery and corruption, when it occurs.

5. Awareness & Training

The Council recognises that the continuing success of this policy and other supporting policies and its general credibility will depend in part on the effectiveness of training and awareness for employees, members and affected external parties. The principles of this policy are integrated into the officer and member's induction programme and incorporated in the Member Development programme. The Council also undertakes the following actions to fulfil the principles of this policy:

- ☑ New starters receive a face to face induction program which includes Investigation Team awareness.
- ☑ Online training courses are available for all staff on fraud, theft, bribery, cyber security/fraud and corruption along money laundering developed by the Investigation Team and IDT.
- ☑ The Investigation Team attend service area team meetings when a need is identified or when requested, to discuss prevention and detection of fraud, theft, bribery and corruption.
- ☑ The Investigation Team also provided specific training to services areas when the need arises.
- ☑ Regular fraud awareness through corporate communication and staff news is provided by the Investigation Team.
- ☑ Regular fraud/theft alerts are sent to affected service areas which helps increase staff awareness.
- ☑ Copies of the Anti-Fraud and Corruption Policy, the Fraud Response Plan the Whistleblowing Policy and any other relevant policy are available on the intranet.
- ☑ Specialist training for certain employees is provided by their service area due to their specific roles when requested.

6. Reporting and reviewing

This policy and the Anti-Fraud and Corruption Annual Report will be presented to the Audit Committee annually.

This policy will be reviewed as and when is necessary but as a minimum will be formally reviewed once every 2 years.

Page 121

Document Version Control

Version	Date	Author	Sent to	Comments
2023 1.0	29/03/23	A.Hollis	Rob Montgomery	Format change and content in line with best practice / legislation
2023 2.0	4/04/23	A.Hollis	Debbie Brown (HR)	Changes made re R Montgomery comments
2023 3.0	24/04/23	A.Hollis	Sarah Harding (Legal Services)	Changes made re D Brown
2023 4.0 Final	24/04/23	A.Hollis	Corporate	Version includes all comments/changes

Page 122

Telford & Wrekin Co-operative Council

Protect, care and invest to create a better borough

Borough of Telford and Wrekin

Audit Committee

31 May 2023

Audit Committee Outline of Business 2023/24

TELFORD & WREKIN AUDIT COMMITTEE - OUTLINE OF BUSINESS FOR FUTURE MEETINGS 2023/24

DATE OF MEETING	ITEM	RESPONSIBLE OFFICER
31 May 2023	1. Review of Terms of reference for the Committee	RM
	2. External Audit Update	GT
	3. 2022/23 Annual Governance Statement including a review of the Local Code of Good Governance	RM
	4. Draft Statement of Accounts 2022/23	KC/PH
	5. 2022/23 Internal Audit Annual Update Report including the Audit Committee Annual Report and 2023/24 Internal Audit Plan	RM/TD
	6. Update Report on the work of Internal Audit	RM/TD
	7. 2022/2023 Annual Information Governance and Caldicott Guardian Report & 2022/23 IG Work Programme	RM/TD
	8. 2022/2023 Anti-Fraud & Corruption Annual Report and updated Policy 2022/23	RM
	9. Outline of Audit Committee Business for 2023/24	AL/RM
26 July 2023	1. Treasury Management Outturn 2022/2023 and Update 2023/24	PH
	2. External Auditor Update	GT
	3. Publication of Information on Councillors who Traded with the Council during 2022/2023	PH/RM
	4. Strategic Risk Register Update	RM
	5. 2023/24 - Internal Audit & IG Activity Update Report	RM/TD
20 September 2023	TBC	
23 November 2023	1. Annual Customer Feedback Report and assurance on lessons learnt 2021/2022 (including LGO investigations)	LH
	2. External Audit Update	GT
	3. Audited Annual Statement of Accounts 2022/2023	KC/PH
	4. Internal Audit & IG Activity Update Report	RM/TD
	5. Strategic Risk Register	RM
	6. Review of the effectiveness of the Audit Committee	RM
31 January 2024	1. Treasury Management – update from Link	Link
	2. Audited Annual Statement of Accounts 2022/2023	PH/ER
	3. Draft Treasury Management Strategy 2023/2024 and update 2022/2023	KC/PH
	4. External Audit Update	GT

	5. New External Auditor Introduction	KPMG
	6. Internal Audit Activity Report and Update to Internal Audit Charter 2023/2024	RM/TD
	7. Updated position of the AGS Action Plan 2022/2023	JP/RM
	8. Strategic Risk Register and Risk Strategy Update	RM/TD
	9. Assurance on the Council's Partnership Arrangements	JP
	10.Climate change management	HR/LS/IW

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