

# Public Document Pack



**Service Director – Legal, Governance and  
Commissioning**

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Thursday 30 August 2018

## Notice of Meeting

Dear Member

### **Corporate Governance and Audit Committee**

The **Corporate Governance and Audit Committee** will meet in the **Meeting Room 1 - Town Hall, Huddersfield** at **10.00 am** on **Friday 7 September 2018**.

The items which will be discussed are described in the agenda and there are reports attached which give more details.

A handwritten signature in black ink, appearing to read 'Julie Muscroft', on a light-colored background.

**Julie Muscroft**

**Service Director – Legal, Governance and Commissioning**

Kirklees Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair/Clerk of their intentions prior to the meeting.

## **The Corporate Governance and Audit Committee members are:-**

### **Member**

Councillor Hilary Richards (Chair)  
Councillor Carole Pattison  
Councillor Kath Pinnock  
Councillor Ken Sims  
Councillor Julie Stewart-Turner  
Councillor John Taylor  
Councillor Gemma Wilson

When a Corporate Governance and Audit Committee member cannot be at the meeting another member can attend in their place from the list below:-

### **Substitutes Panel**

#### **Conservative**

B Armer  
D Bellamy  
V Lees-Hamilton  
N Patrick  
M Thompson

#### **Green**

K Allison  
A Cooper

#### **Independent**

C Greaves  
T Lyons

#### **Labour**

S Hall  
N Mather  
M Sokhal  
R Walker

#### **Liberal Democrat**

R Eastwood  
C Iredale  
A Munro  
A Pinnock

### **Ex Officio Members**

Councillor Eric Firth  
Councillor Shabir Pandor  
Councillor David Sheard

# Agenda

## Reports or Explanatory Notes Attached

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**Pages**

**1: Membership of the Committee**

This is where Councillors who are attending as substitutes will say for whom they are attending.

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**2: Minutes of Previous Meeting**

1 - 4

To receive and approve the Minutes of the previous meetings held on 27 July 2018.

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**3: Interests**

5 - 6

The Councillors will be asked to say if there are any items on the Agenda in which they have disclosable pecuniary interests, which would prevent them from participating in any discussion of the items or participating in any vote upon the items, or any other interests.

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**4: Admission of the Public**

Most debates take place in public. This only changes when there is a need to consider certain issues, for instance, commercially sensitive information or details concerning an individual. You will be told at this point whether there are any items on the Agenda which are to be discussed in private.

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## **5: Deputations/Petitions**

The Committee will receive any petitions and hear any deputations from members of the public. A deputation is where up to five people can attend the meeting and make a presentation on some particular issue of concern. A member of the public can also hand in a petition at the meeting but that petition should relate to something on which the body has powers and responsibilities.

In accordance with Council Procedure Rule 10 (2), Members of the Public should provide at least 24 hours' notice of presenting a deputation.

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## **6: Annual Corporate Emergency Planning And Business Continuity Report** 7 - 14

To receive the report.

Contact: Sean Westerby, Emergency Planning and Business Continuity Manager

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## **7: Information Governance Annual Report** 15 - 76

To receive the report.

Contact: Katy Deacon, Information Governance Manager

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## **8: Corporate Customer Standards Annual Report 2017-2018** 77 - 104

To receive the report.

Contact: Chris Read, Corporate Customer Complaints Officer

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## **9: External Audit - Progress Report And Sector Update** 105 - 116

To receive the report.

Contact: Grant Thornton External Audit

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**10: External Assessment Of Internal Audit (As Required By Public Sector Internal Audit Standards**

117 -  
170

To receive the report.

Contact: Martin Dearnley, Head of Audit and Risk

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Contact Officer: Andrea Woodside

## KIRKLEES COUNCIL

### CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Friday 27th July 2018**

Present: Councillor Hilary Richards (Chair)  
Councillor Carole Pattison  
Councillor Kath Pinnock  
Councillor Ken Sims  
Councillor Julie Stewart-Turner

Apologies: Councillor John Taylor  
Councillor Gemma Wilson

**1 Membership of the Committee**

Apologies for absence were received on behalf of Councillors J Taylor and Wilson.

**2 Minutes of Previous Meetings**

**RESOLVED** - That the Minutes of the meetings held on 20 April and 11 May 2018 be approved as a correct record.

**3 Interests**

No interests were declared.

**4 Admission of the Public**

It was noted that Agenda Item 12 would be considered in private session.

**5 Deputations/Petitions**

None received.

**6 Annual Governance Statement 2017/2018**

The Committee received a report which sought the approval of the draft 2018/2018 Annual Governance Statement. It was noted that the Statement was a statutory requirement which accompanied the Statement of Accounts in order to provide assurance regarding governance and the internal control environment.

The report advised that the Statement had been compiled following the annual review of the effectiveness of the overall internal control and governance arrangements, and reflected upon a number of assurance documents which had been presented during the year. It was noted that the document was essentially unchanged from that which was submitted to the earlier Committee held on 20 April 2018, and concluded that the overall arrangements continued to be regarded as fit for purpose in accordance with the governance framework.

The Committee noted that many of the 'significant governance issues' highlighted within the draft Statement had been brought forward from 2016/2017, and that three

## Corporate Governance and Audit Committee - 27 July 2018

further issues had been identified during the year. Discussion took place with regards to the actions and controls that had been identified to address these issues, which had been formulated into an Action Plan appended to the report.

The Committee agreed that, in respect of Action Plan Issue No.12 'enhancing organisational governance systems and procedures', the managed actions be amended to include the role of the Corporate Governance and Audit Committee, and the scrutiny function, and also improve communication links with Councillors.

It was requested that the Committee be kept informed of progress of the action plan throughout the year.

**RESOLVED** - That approval be given to the draft Annual Governance Statement 2017/2018, subject to amendment of Section 12 of the Action Plan to include (i) agree the role of both the Corporate Governance and Audit Committee, and the Scrutiny function, and (ii) improve communications links with Councillors within the 'Managed Actions'.

### 7 **External Audit Report (KPMG) - 2017/2018**

The Committee received the External Audit ISA260 Report 2017/2018 as submitted by KPMG External Audit. The document summarised the key findings of the 2017-2018 external audit and advised that, whilst the work had not identified any issues leading to new recommendations, a recommendation had been identified through the work undertaken on the objection raised in regards to Lender Option Borrower Option loans, which was set out within Appendix 1 of the considered report.

Rashpal Khangura, KPMG, provided a verbal overview of the report, in particular, highlighting (i) the issues that had been identified within the IT control environment (as set out in appendix 2 of the report) (ii) value for money arrangements, in particularly in relation to Children's Services arrangements.

The Committee noted the content of appendix 2 to the report which included information on key issues and recommendations, and also follow up of recommendations from the previous year's audit.

**RESOLVED** - That the 2017/2018 External Audit Report be received and noted.

### 8 **Approval of the Council's Final Accounts - 2017/2018**

The Committee received a report which provided an update on the final accounts and audit processes for 2017/2018, and sought approval of the Council's Statement of Accounts for 2017/2018 and the final version of the Annual Governance Statement. It was noted that the draft accounts had been signed on 31 May 2018 in accordance with the revised early closedown requirements and it was requested that thanks to Officers for meeting the deadlines be placed on record. The report advised that no queries or objections had been raised during the six week public inspection period and that the audit of the accounts was substantially complete. The Committee were asked to consider the approval of the final Statement, further to the approval of the draft Statement in April.



## **Corporate Governance and Audit Committee - 27 July 2018**

The final version of accounts and Letter of Representation were attached at appendices A and B of the report, respectively. Appendix C set out an overview narrative to assist in the consideration of the reports. The Committee were also advised that, in terms of the West Yorkshire Pension Fund, an updated Actuarial Return was still awaited, and that, once received, KPMG would audit the amendments prior to approving the financial accounts.

The Committee requested that thanks be conveyed to Rashpal Khangura and Emma Kirkby of KPMG, for the work that they had undertaken.

### **RESOLVED -**

- 1) That approval be given for the amended 2017/2018 Statement of Accounts, reflecting the further technical pension adjustments, and incorporating the Annual Governance Statement, to be delegated to the Chair of the Committee to sign-off; and
- 2) That the Letter of Representation, as attached at Appendix B to the considered report, be signed by the Chair, on behalf of the Committee.

### **9 Annual Report - Bad Debt Write-Offs - 2017/2018**

The Committee received a report which provided an annual update on debts written off during the financial year, 2017-2018, in accordance with Financial Procedure Rules.

The report included a summary of the Council's approach to debt recovery and a schedule of debts that had been written off during the previous 12 month period. The report indicated that, overall, the debts written-off in 2017-2018 totalled £5.5m, which equated to 1.3% of the debt raised during the year and was a reduction in comparison to the previous year. The report advised that the top five areas for write-offs were Adult Social Care debt, Housing Benefit Overpayments Recovery, Council Tax and Business Rates. Appendix A to the report set out a comparison of debts written off, compared to the previous year, and also an analysis of reasons for debt write-off in 2017-2018. The Committee noted that, although the debts had been formally written off, they would still be pursued if new information became available which provided the opportunity for recovery.

The Committee noted the content of the report and discussion look place with regards to the processes that are followed in terms of providing early intervention assistance for those struggling to make payments. It was suggested that in future it may be helpful to receive statistics that would compare the overall performance of the Council with other regional Local Authorities.

**RESOLVED -** That the Annual Report on Bad Debt Write Offs (2017/2018) be received and noted.

### **10 Quarterly Report Of Internal Audit 2018/2019 (Quarter 1)**

The Committee received a report which set out the activities of internal audit during the first quarter of 2018/2019. The report contained information regarding 18 formal opinion based pieces of work, 5 projects and 2 completed audits. It was noted that, overall, 83% of the work had reflected a positive outcome, which was above target.

## Corporate Governance and Audit Committee - 27 July 2018

The Committee were advised that, in order to improve the overall visibility of assurance work, further information will be appended to future reports regarding other control environment reporting matters which would include a summary of progress against the actions contained as a consequence of the annual governance statement.

(The Committee gave consideration to the exempt information at Agenda Item 12 (Minute 12 refers) prior to the determination of this item).

**RESOLVED** - That the Internal Audit Quarterly Report (Quarter 1) be received and noted.

### 11 Exclusion of the Public

That acting under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act, as specifically stated in the undermentioned Minute.

### 12 Quarterly Report Of Internal Audit 2018/2019 (Quarter 4)

(Exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006, namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption, which would protect the interests of the Council and the company concerned, outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.)

The Committee received the Internal Audit Quarterly Report, Quarter 4, which set out an overview of internal audit activity in the third quarter of 2017/2018.

(The Committee gave consideration to the exempt information prior to the determination of Agenda Item 10 (Minute 10 refers) prior to the determination of this item).

**RESOLVED** - That the Internal Audit Quarterly Report (Quarter 4) be received and noted.

<b>KIRKLEES COUNCIL</b>				
<b>COUNCIL/CABINET/COMMITTEE MEETINGS ETC</b>				
<b>DECLARATION OF INTERESTS</b>				
Corporate Governance and Audit Committee				
Name of Councillor				
Item in which you have an interest	Type of interest (eg a disclosable pecuniary interest or an "Other Interest")	Does the nature of the interest require you to withdraw from the meeting while the item in which you have an interest is under consideration? [Y/N]	Brief description of your interest	

Signed: ..... Dated: .....

## NOTES

### Disclosable Pecuniary Interests

If you have any of the following pecuniary interests, they are your disclosable pecuniary interests under the new national rules. Any reference to spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.

Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.

Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority -

- under which goods or services are to be provided or works are to be executed; and
- which has not been fully discharged.

Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.

Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.

Any tenancy where (to your knowledge) - the landlord is your council or authority; and the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -

- (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
- (b) either -

the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

**Name of meeting: Corporate Governance and Audit Committee**

**Date: September 2018**

**Title of report: Annual Corporate Emergency Planning and Business Continuity Report**

**Purpose of report**

The purpose of this report is to provide an annual update on Emergency Planning and Business Continuity for the financial year 2017/18. The report will assist with corporate understanding, and may create an additional incentive for senior managers to ensure that plans are kept up to date.

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	<b>No applicable</b> .
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>	<b>Not applicable</b>
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	<b>Not applicable</b>
<b>Date signed off by <a href="#">Strategic Director</a> &amp; name</b>	<b>Rachel Spencer-Henshall</b> <b>19/08/2018</b>
<b>Is it also signed off by the Service Director for Finance IT and Transactional Services?</b>	<b>Yes</b> <b>28/08/2018</b>
<b>Is it also signed off by the Service Director for Legal Governance and Commissioning Support?</b>	<b>Yes</b> <b>30/08/2018</b>
<b>Cabinet member <a href="#">portfolio</a></b>	<b>Musarrat Khan</b>

**Electoral wards affected: All**

**Ward councillors consulted: No**

**Public or private: Public**

## 1. **Summary**

This year's Emergency Planning and Business Continuity report has taken a different format to the reports of previous years. Rather than structuring the report around three headline issues and three headline developments we have developed a simpler, but more comprehensive format to highlight the work that the Emergency Planning Team completed in the financial year 2017/18 to meet the legislative requirements placed on the Council under the Civil Contingencies Act (2004). This is set out in section 2 of the report. The report gives assurance that the Council is compliant with legislative requirements and that we have robust processes in place to protect both the district and the organisation in the event of an emergency or a business disruption. We continue to work with and maintain effective working relationships, both locally and regionally, with partner responding agencies to ensure that we are able to effectively jointly plan and respond to emergencies.

## 2. Information required to take a decision

CORE DUTIES	2017/18 UPDATE	FORWARD LOOK/FUTURE ACTIONS
Risk Assessment	<ul style="list-style-type: none"> <li>Local risk assessments are current and will next be reviewed in September 2018. Risk assessments are reviewed every two years, or when information is released from the Government, or when learning is identified from exercises and incidents (whichever comes first). We also provide input into the West Yorkshire Community Risk Register.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the delivery of training and exercises is proportionate to risk. Several exercise have taken place recently, including a large exercise to test the Kirklees Council response to a significant terrorist attack.</li> <li>Continue to champion Protect work streams in particularly the assessment of crowded places and the mitigation that can reduce the risks, such as Hostile Vehicle Mitigation (HVM), etc.</li> </ul>
Co-operation	<ul style="list-style-type: none"> <li>Worked with partners within the West Yorkshire Resilience Forum (WYRF) and wider to develop and maintain regional plans. The Team chair three of the seven sub groups of the WYRF.</li> <li>Developed, facilitated and attended various training and exercises with WYRF partners.</li> <li>Regularly worked with partner agencies when planning for and responding to emergencies.</li> <li>Regularly worked with Kirklees Council Teams when planning for and responding to emergencies.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to work with the WYRF and partner organisations to improve the resilience of West Yorkshire.</li> <li>Continue to work with Kirklees Council Teams to improve the resilience of both the Council and the district.</li> <li>Send representation to the newly formed West Yorkshire Resilience Forum Business Continuity Sub Group.</li> </ul>
Information Sharing	<ul style="list-style-type: none"> <li>The team have tried and tested arrangements for communicating internally within the Council and wider with partner emergency responders. Arrangements have been updated to reflect learning from incidents and exercises.</li> <li>Integrated national best practise into plans and arrangements. This includes the Joint Emergency Services Interoperability Principles (JESIP – national best practise for multi-agency emergency management) and Resilience Direct (a secure web portal for emergency responders to share plans and jointly manage emergencies).</li> <li>Took steps to become GDPR compliant.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to amend plans and arrangements to ensure that the team are GDPR compliant.</li> <li>Continue to deliver training to appropriate Kirklees Officers on JESIP and Resilience Direct.</li> </ul>
Emergency Planning	<ul style="list-style-type: none"> <li>Trained and provided exercises for over 1800 individuals in several aspects of Emergency Planning in 2017/18. Training</li> </ul>	<ul style="list-style-type: none"> <li>Continue to train and provide exercises for Kirklees Council Officers to ensure that they remain competent to undertake their</li> </ul>

	<p>included role specific training (e.g. – logging and evacuation centre training), subject specific training (e.g. – lockdown training and Project Griffin) and holistic Emergency Planning training.</p> <ul style="list-style-type: none"> <li>Continued to review and validate the Council’s Emergency Plans, community resilience literature and guides (including the Councillor Guide).</li> <li>Assisted in the development, roll out and testing of the Council’s Flood Policy and Operation Plan.</li> <li>Continued to encourage Kirklees Officers to complete the Emergency Planning e-learning training on MiPod.</li> <li>Delivered Emergency Planning and Lockdown training to a total of 121 schools during this reporting period.</li> <li>Delivered or were involved in 17 Emergency Planning exercises. These exercises were based around a number of issues, including lockdown, terrorism and Control of Major Accident Hazards (COMAH) incidents. These exercises tested a number of separate Emergency Plans and emergency arrangements.</li> <li>Responded to over 70 incidents in 2017/18. These emergencies and events included fires, school lockdowns, demonstrations, flooding, severe winter weather (including the closure of the M62), Police incidents (including the uplift of the national threat level to Critical) and various utility disruptions affecting Kirklees residents and vulnerable establishments. All learning from emergencies and events was logged on the Teams electronic lessons database and has been included in relevant emergency plans and arrangements to improve future responses.</li> <li>Completed the annual Emergency Planning, Preparedness and Response (EPRR) assurance process and are now 100% compliant to EPRR standards (in 2016/17 the team were 98% compliant).</li> </ul>	<p>role in an emergency.</p> <ul style="list-style-type: none"> <li>Ensure that plans and arrangements are updated to reflect Council changes.</li> <li>Ensure that plans and arrangements are updated to reflect changes within partner organisations.</li> <li>Ensure that lessons identified in the Kerslake Report into the Manchester Arena bombings are embedded into Kirklees Emergency Planning processes and procedures.</li> </ul>
<p>Business Continuity Management</p>	<ul style="list-style-type: none"> <li>The Team (when requested) worked with teams across the Council to assist them to review or rewrite their Business Continuity Plans and develop new arrangements.</li> <li>Assisted several teams to exercise their business plans and</li> </ul>	<ul style="list-style-type: none"> <li>To write and disseminate four Business Continuity exercises based on four separate scenarios for teams to self-deliver in team or management meetings.</li> <li>Continue to support and assist teams to develop and maintain</li> </ul>



	<p>arrangements.</p> <ul style="list-style-type: none"> <li>Assisted several teams to respond to business disruptions. These included utility issues, IT disruptions, equipment failures and issues with suppliers.</li> <li>Updated the Council's Corporate Business Continuity Framework and the Service Level Business Continuity Plan template to reflect changes to legislation, guidance, best practise and learning from business disruptions and exercises.</li> <li>Worked with Asset Management to write a Business Continuity plan based on the loss of a major Council building. The plan was used as part of an exercise in March 2018.</li> </ul>	<p>valid Business Continuity plans and arrangements.</p> <ul style="list-style-type: none"> <li>Ensure that all Kirklees Officers involved in commissioning within the Council are mindful of the importance of gaining assurance that commissioned services, contractors and suppliers have adequate Business Continuity plans and arrangements in place.</li> <li>Ensure Managers are regularly reminded that it is their responsibility to hold valid Business Continuity plans and arrangements and the Emergency Planning Team are available to assist on request.</li> <li>Complete the annual Business Continuity assurance process with all Council Teams in May 2019. For information, the 2018 annual assurance process was not undertaken due to the impacts of the Council restructure on team level business continuity plans and arrangements.</li> </ul>
Communicating with the Public	<ul style="list-style-type: none"> <li>Delivered community resilience lessons to 6 schools in 2017/18 (Years 5 and 6 pupils).</li> <li>Attended various shows and events (e.g. Emergency Services Show, etc.) to promote community resilience.</li> <li>Worked with the Communications Team to disseminate appropriate messages throughout the year (for example winter messages and emergency messages).</li> </ul>	<ul style="list-style-type: none"> <li>Over recent years the Emergency Planning Team have developed a suite of community resilience literature (including the household emergency plan, the 10 minute Business Continuity plan and the winter driving checklist). Further work will be undertaken in the near future to develop more community resilience literature on issues including staying safe in the sun and Business Continuity.</li> <li>Continue to work with Counter Terrorism Policing to raise awareness of what to do in the event of a terrorist type attack.</li> </ul>
Advice to Businesses	<ul style="list-style-type: none"> <li>Began to develop an Emergency SMS alert system for town centre businesses. The system will be called Kirklees Emergency Alert and will enable the Emergency Planning Team to send an SMS message to town centre businesses to warn them of an emergency and inform them of the action that they</li> </ul>	<ul style="list-style-type: none"> <li>Complete the work required to develop Kirklees Emergency Alert and pilot the system.</li> <li>Continue to offer support and advice on Emergency Planning and Business Continuity to businesses.</li> </ul>

should take (eg; evacuate, lock down etc.). Kirklees Emergency Alert will be piloted with businesses based in Huddersfield and Dewsbury town centres from October 2018 for one year, before being rolled out to other areas within the district.

- Provided Emergency Planning and Business Continuity advice and support to several businesses including care providers and education academies. This included telephone support, peer reviewing plans and delivering a best practise event.
- Continued to promote the Kirklees '10 Minute Business Continuity Plan' and the more detailed 'Business Continuity Plan' to private sector businesses.

### 3. Implications for the Council

- Risk Assessment.
- Cooperation.
- Information Sharing.
- Emergency Planning.
- Business Continuity Management.
- Communicating with the Public.
- Advice to Businesses.

**4. Consultees and their opinions**

Not applicable

**5. Next steps**

Continue to deliver the core duties placed on the Council by Civil Contingencies Act, in partnership with local responder agencies.

**6. Officer recommendations and reasons**

Members of the Corporate Governance and Audit Committee should note the findings of the report and continue to support and champion the work of the Emergency Planning Team.

**7. Cabinet portfolio holder's recommendations**

Cllr Khan liked the "assurance style" of the report, as it clearly showed the work that is being done to both comply with statutory requirements and keep people safe in Kirklees district.

**8. Contact officer**

For further information on this report please contact Sean Westerby (Emergency Planning and Business Continuity Manager) or Martin Jordan (Senior Emergency Planning Officer) via the Council switchboard (01484 221000) or via [sean.westerby@kirklees.gov.uk](mailto:sean.westerby@kirklees.gov.uk) or [martin.jordan@kirklees.gov.uk](mailto:martin.jordan@kirklees.gov.uk).

**9. Background Papers and History of Decisions**

This report is the third annual report that the Emergency Planning Team has produced for the Corporate Governance and Audit Committee. Previous reports can be made available on request by Sean Westerby or Martin Jordan (via the contact details above).

**10. Service Director responsible**

Rachel Spencer-Henshall



**Name of meeting:** Corporate Governance & Audit Committee  
**Date:** 7<sup>th</sup> September 2018

**Title of report:** Information Governance Annual Report 2017/18

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Is it in the <a href="#">Council's Forward Plan</a> ?	No
Is it eligible for "call in" by <a href="#">Scrutiny</a> ?	No
<b>Date signed off by <u>Director</u> &amp; name</b>  Julie Muscroft, Service Director for Legal, Governance and Commissioning	Yes
<b>Cabinet member approval</b>	Cllr Graham Turner

**Electoral [wards](#) affected:** N/A  
**Ward councillors consulted:** N/A

**Public or private:** Public

## 1. Purpose of report

To report on the main Information Governance events and activities for the year 2017/18 including:

- Information Governance matters
- Information access requests under the Freedom of Information Act 2000,
- Environmental Information Regulations 2004
- Subject access requests made under the Data Protection Act 1998.
- An outline of the improvements and developments planned for 2018/19, particularly in the context of supporting the organisation to achieve compliance with the new General Data Protection Regulation

This report is for information and comment.

## 2. Key points

Information governance should be seen in the context of wider corporate governance. The way in which we utilise, manage, retain, share and dispose of our information are the core components of robust information governance. It assists the council to reach a point where

information and data becomes an asset and an enabler to the council and its communities. It is the foundation of delivering our wider intelligence vision.

This report seeks to set out the breadth of activity and challenges in the context of information governance as a whole. By way of an overview, headline actions include:

- Ongoing work and continued monitoring of information requests
- Work intended to improve the information governance culture within the organisation and minimise risk from non-compliance, including:
  - Reviewing policies, guidance and frameworks
  - Promoting and updating awareness through learning and development
  - Implementing initiatives to improve information security
  - Delivering projects to update procedures for records management
  - Review information security incidents to identify Council Services where additional training and support is required
  - Reporting performance of the Council Services with respect to Information Access requests to the Information Governance Board

### **3. Implications for the Council**

In the context of wider corporate governance it is important that the Council has a strategic approach to information governance that ensures legislative compliance whilst realising the opportunities and benefits of robust practice.

### **4. Consultees and their opinions**

Members of the Information Governance Board were consulted on the contents of the attached report and endorse the information and proposals contained therein. The Annual report was considered by the Information Governance Board on August 24<sup>th</sup> who noted the report and agreed that the report should be considered by Corporate Governance & Audit Committee

### **5. Next steps**

The learning from the last 12 months and planned activity for the next reporting period (as set out in the Annual Report) will form the basis of the work programme for the Information Governance Board with a clear focus on compliance with the new General Data Protection Regulation. This work will be closely aligned to the strategic objectives of the council in the context of the Corporate Plan.

### **6. Officer recommendations and reasons**

That Corporate Governance and Audit Committee note and comment on the Information Governance Annual Report 2017/18

The Information Governance Board would be grateful for any comments from Members on the content of this report and ideas of what items Members would find useful to have included in future Information Governance Annual Reports.

It has been noted previously that this annual report is becoming larger each year. The Committee are asked if a half yearly update would be useful.

### **7. Contact officer and relevant papers**

Katy Deacon – Information Governance Manager and Data Protection Officer  
Lindsay Foody – Information Access Officer  
Carl Whistlecraft – Head of Democracy  
Julie Muscroft – Service Director for Legal, Governance and Commissioning

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# **Information Governance Annual Report**

**2017/18**

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## Executive Summary

This Information Governance Annual Report sets out how the Council has performed throughout 2017/18 against the Council's five pillars of Information Governance (IG):

- **Records Management** including email - to ensure the Council effectively manages and uses its paper and digital records
- **Publication and Transparency** - the council should adopt a strategic and shared approach to developing a publication scheme that is up to date, relevant and easy to navigate, which will involve a council wide approach, centrally co-ordinated, to manage and publish relevant information
- **Information Sharing and Processing** - to enable Services to meet statutory duties and support integrated services and joint commissioning
- **Legislation compliance** with regards to Data Protection, Environmental Information and Freedom of Information
- **Organisational Culture Change** - Services develop their Information culture and effectively allocate responsibilities for Information Assets within their Service.

An outline for the work programme for 2018/19 is provided towards the end of this report, to enable Members to understand how IG is being further developed and embedded within the Council.

There have been significant achievements throughout the year including:

- Achievement of the Level 2 Accreditation for the NHS IG Toolkit with a score of 73% - an increase from 2016/17 evidencing an improved IG culture across the Council
- The introduction of an electronic Information Sharing Gateway to improve the administration of information sharing between the Council and Partners
- The launch of an online information security incident form, allowing a simple and risk assessed reporting for information security incidents
- Strong development of IG concepts supported by Agilisys, an IG Consultant
- New IG positions were created and filled to support the establishment of a robust IG culture across the organisation
- Significant strides made in preparation for the new General Data Protection Regulation legislation, including the provision of significant support for Councillors

These achievements required the collaboration of Officers from all Directorates and partners from across the region. These examples of strong and joined-up working practices provide confidence for the future development of the Information Governance culture within the Council.

### Recommendations

The Information Governance Board would be grateful for any comments from Members on the content of this report and ideas of what items Members would find useful to have included in future Information Governance Annual Reports.

It has been noted previously that this annual report is becoming larger each year. The Committee are asked if a half yearly update would be useful.

## Introduction

Information Governance (IG) brings together all of the requirements, standards and best practice that apply to the handling of information on all media. It allows the Council to manage information in an appropriate, efficient and secure manner that balances the importance of maintaining confidentiality and individual privacy at the same time as promoting openness and transparency.

Having effective Information Governance practices:

- assists with the effective use of our information assets
- enables effective information sharing, generating useful intelligence streams
- creates an effective and dynamic organisation
- instils confidence in the citizens of Kirklees
- contributes to the management of risk
- helps officers protect the Council's reputation
- helps avoid statutory penalties

In order to achieve effective Information Governance practices the Council uses the tools within its Information Governance framework. This framework ensures that the organisation and individuals have information that is accurate, meets legal requirements, is dealt with effectively and is secure. This is an important foundation for the intelligence requirements of the Council.

The Information Governance Framework has five fundamental aims:

- To support and promote the effective and appropriate use of information
- To encourage responsible staff to work together, preventing duplication of effort and enabling more efficient use of resources
- To develop support arrangements and provide staff with appropriate tools and support to enable them to discharge their responsibilities to consistently high standards
- To enable the Council to understand performance relating to information use and manage improvement in a systematic and effective way
- To enable the effective sharing of information across Council Services and with partners

The Framework currently encompasses:

- Data Protection Act 2018 including General Data Protection Regulation (GDPR)
- Freedom of Information Act 2000
- Environmental Information Regulations 2004
- Local Government Transparency Code 2014
- Information Governance Strategy which incorporates
  - Information Governance Policies
  - Information Sharing Policies and Guidance
  - Records Management Policies and Guidance
  - Information Security Policies and Guidance

The IG Framework and its corresponding Strategy is updated annually to reflect the changes required to develop IG to support a more effective use of Council information.

## **Background**

Information Governance is a dynamic area in terms of regulation with a range of new and amended requirements each year.

Prior to 2012 the Council's focus on Information had essentially been driven by legislation compliance, including the Data Protection Act 1998, Freedom of Information Act 2000 and Environmental Information Regulations 2004. The Information Governance Team had been established for a number of years to co-ordinate and manage the requests for information from the public and their responses from Services.

In 2012 the Council appointed the position of Information Governance and Senior Support Manager. Part of this role was to take stock of the Council's Information Governance landscape and help the Council develop an Information Governance framework.

In 2013 it was identified that in order to have a consistent and Council-wide approach to Information Governance a Director-led Board was required. This Information Governance (IG) Board was established and is chaired by the Council's Senior Information Risk Officer (SIRO). The Terms of Reference for the Board are updated annually and the ones in place for 2017/18 can be found in Appendix A. They have recently been updated again in 2018/19 and membership/employee titles updated.

In May 2018, the General Data Protection Regulation (GDPR) was introduced which required the Council to refresh its approach to Data Protection in line with the new legislation. GDPR required a new role of Data Protection Officer (DPO) to be appointed by the Council, which was completed on April 2018. Whilst GDPR came into force in 2018/19, the work to prepare for this legislation was carried out for most of 2017/18.

The key achievements made within 2017/18 are:

- The strategic leadership and management of IG for the Council has been prioritised and implemented, with mandates to the IG Board from Executive Team being raised and successfully actioned.
- The Service Directors, who are also known as Information Asset Owners, have had training throughout November to help them understand how they will manage the use of the information within their areas of responsibility to ensure information is collected and stored and used appropriately.
- Information Asset Owners will ensure that the Information Asset Register is maintained for their areas of responsibility
- The Council's Records Management Plan, has continued to be developed in accordance with the Model Records Management Plan requirements of the

Keeper of Records Scotland, and is being implemented across all Services to ensure the Councils records are logged and managed effectively in compliance with the Records Management Policy and deadline with the rollout of new technologies.

- The central Archive was opened the Red Doles Lane site, and it is currently being filled in order to eventually contain all paper records which the Council holds.
- Training for all employees is now available to ensure a robust IG culture is embedded throughout the organisation.

## **Work completed through 2017/18**

More detail of the IG work carried out through the financial year is outlined below. Further reports to support these summaries can be found in the appendices.

### ***NHS IG Toolkit Accreditation***

In 2014/15 it was identified that in order to establish, strengthen and maintain partnership relations with national government and the NHS, the Council would have to annually prove their IG credibility by achieving the IG Toolkit to a level 2 accreditation level.

For Local Authorities this Toolkit focuses on the following topic areas:

1. Information Governance Management
2. Confidentiality & Data Protection Assurance
3. Information Security Assurance
4. Care Records Assurance

Achieving this standard requires significant resource investment and compliance with rigorous IG standards by the whole organisation. Whilst the Council has achieved level 2 consistently since 2015/16, it has to also evidence a record of improvement as working towards level 3. The track record of 'working towards level 3' has continued into 2017/18, the results are shown below:

<b>Financial Year</b>	<b>IG Toolkit Score</b>
2015/16	66%
2016/17	71%
2017/18	73%

The score of 73% is a very strong assessment, which is verified by Internal Audit and signed off by the IG Board prior to any submission being made to NHS Digital. It demonstrates the strong and continued positive change across Council departments towards effective and secure information governance.

In 2018/19 the IG Toolkit is being replaced by the Data Security and Protection Toolkit, which will have different requirements to the previous toolkit and therefore this will be the final statement of this type within the Annual Reports.

## **Data Protection**

The topic of Data Protection is primarily focussed on the safe keeping of personal data about individuals rather than Council data. This is a very high priority for the Council and its partners, as they serve a diverse range of people and therefore data protection relates to a significant volume of data across the Council.

Data protection requests are currently managed centrally from the Democracy Service within the Information Governance Team and also within some specific service areas. The published figures for data protection requests, known as Subject Access Requests (SARs), show an increase of 11% on last year from 201 in 2016/17 to 223 in 2017/18.

The response rate by Kirklees Council to these requests has increased slightly from 82% compliance in 2016/17 to 83.5% compliance in 2017/18. This is well below the ICO's required compliance rate of 90% within 40 calendar days. More detail on these figures can be found in Information Governance **Board**

### **Terms of Reference**

(Updated May 2017)

#### **Purpose**

The Information Governance Board provides a framework and strategic steer to the organisation in relation to Information Governance. The Board ensures that the Council safely uses its information assets to deliver its priorities and objectives legally, securely, effectively and efficiently.

The Board will:

- Develop and promote robust and consistent Information Governance practices across the Council;
- Embed the Kirklees Information Governance Framework throughout the organisation;
- Support and Advise the Council, Councillors, Contractors and Partners on IG related matters
- Address Information Security risks and establish a risk management framework;
- Establish, monitor and enforce legal compliance with regards to Information Governance including authorising and approving Data Sharing Agreements;
- Promote and support a transparent information culture;
- Develop and implement Council-wide communications around Information Governance and associated training.
- Support, advise and challenge Services on the implementation of and compliance with associated/relevant legislation and Council policy;



- Ensure the organisation complies with statutory requirements set out by the Information Commissioners Office (ICO).
- Research and advise on relevant new legislation in relation to FOI, EIR, Data Protection, Open Data, Information Security and Records Management;
- Identify and provide organisational development arising from new/amended policies/procedures and assist services in response to changing legislation;
- Support Services to share information with partners effectively and securely and to process information in a legal and safe manner.
- Develop and promote a transparent information culture across the Council, with an aim to having 90% of the Council's non-personal information in the public domain;
- Develop and implement Council wide communications around Information Governance and associated training.

## **Governance**

The **Senior Information and Risk Owner** will chair the Information Governance Board. The SIRO has organisational responsibility for all aspects of Information Governance, including the responsibility for ensuring that Kirklees Council has appropriate systems and policies in place to maintain the security and integrity of Kirklees Council's information. The SIRO will consult with the Board to obtain guidance in relation to Information Governance decisions.

The **Caldicott Guardian** will be a member of the Board acting as the 'conscience' of an organisation. The Guardian actively supports work to enable information sharing where it is appropriate to share, and advises on options for lawful and ethical processing of information. The Caldicott Guardian also has a strategic role, which involves representing and championing confidentiality and information sharing requirements.

## **Information Governance Manager (IGM)**

The IGM is responsible for providing specialist advice and support on all aspects of Information Governance and is also responsible for reviewing the policy and ensuring it is updated in line with any changes to national guidance or local policy.

## **Terms of Engagement**

- Frequency of meetings – every two months
- Attendance at meetings to be substituted by representatives as required, ensuring all Directorates are represented.
- The Board will provide updates to the Executive Team, Management Board, Corporate Governance and Audit Committee, the Cabinet Member responsible for Information Governance and Cabinet as appropriate.

- The Board will be Chaired by Julie Muscroft, Senior Information Risk Owner and Service Director for Legal, Governance and Commissioning
- The Information Governance and Senior Support Manager will co-ordinate the Board meetings, generate the agenda on consultation with the Chair and distribute papers
- Representatives from all work areas will sit on the board, with non-members being invited to present papers as appropriate
- Communications Strategy – the Communications Plan is updated on a monthly basis in line with developments across the organisation

### **Review**

The Board will review the relevance and value of its work on an annual basis.

### **Working methods**

The Board will have a strategic overview of the Information Governance framework across the organisation. This includes

- Legislative requirements – including FOI, EIR, Data Protection and Transparency
- Information Security
- Incident Reporting
- Records Management
- Information Sharing and Processing
- Organisational Culture, Training and Development
- Open and Transparent Publication

### **IG Sub-Groups**

The Board will oversee a range of sub groups, each with an individual mandate for operation and performance. In 2017/18 these will include:

- GDPR Implementation Team – this group will meet every fortnight with representation from each service area. The aim is to support each other to implement preparation required to achieve GDPR compliance in May 2018

### **Board membership**

The Board is made up of Council Officers, with all Directorates represented. The 2017/18 membership is outlined in Appendix A

Appendix A

**Information Governance Board Membership 2017/18**

Chair -	Julie Muscroft (SIRO) – Service Director for Legal, Governance and Commissioning
Commissioning & Health Partnerships	Saf Bhuta (Caldicott Guardian) – Directorate Lead for Performance, Intelligence and Business Systems
Democracy Service	Carl Whistlecraft – Head of Democracy
	Katy Deacon - Information Governance & Senior Support Manager
	Lindsay Foody – Information Access & Security Officer
IT -	Andrew Brammall – Head of IT and Change
	Terence Hudson – IT Operational Manager
Audit -	Simon Straker – Audit Manager
Customer & Exchequer Services	Steve Bird – Head of Welfare & Exchequer Services
	Julian Hobson – Policy Officer
HR -	Maureen Manson – HR Officer
Learning & Organisational Development	Alison Monkhouse – Principal Strategic Liaison Officer
Communications -	Helen Rhodes – Senior Communications Officer
Learning Service	Martin Green – Head of Localities Offer – Children & Families
Safe & Cohesive Communities	Warren Ellis – Communities Service
Public Health -	Sean Westerby – Emergency Planning & Business Continuity Manager
Investment & Regeneration	Adele Buckley - Head of Regeneration, Environment and Funding
	Jane Lockwood – Procurement Strategy and Advice Manager

Appendix B.

### ***Disclosures***

In addition to the Subject Access Requests received by individuals, the Council is committed to assisting the law enforcement agencies in their investigations whilst still achieving compliance with the Data Protection Act 1998. These requests are termed Disclosures.

There are no measured response deadlines for Disclosures; however the Council uses the SAR response deadline measurement of 40 days to assist with monitoring performance around disclosures.

In 2017-18 the Council received 435 disclosure requests which is a very slight decrease of less than 0.2% on the number received in 2016-17 (436) and achieved a 94% response rate within 40 days, which is an improvement on the 91% rate in 2016-17

### ***General Data Protection Regulation (GDPR)***

In May 2016 a new Regulation was passed which brings all European countries into line with the same rules around data protection. The GDPR came into force in May 2018. Many of the concepts and principles of the Data Protection Act 1998 (DPA) are the same within the GDPR however there are some new elements and some significant enhancements, so the Council has needed to approach data protection differently in order to remain compliant.

The GDPR places greater emphasis on the documentation that the Council, as a data controller, must keep to demonstrate their accountability. Compliance with GDPR will require the Council to review our approach to information governance and how we must manage data protection as a corporate issue.

Throughout 2017/18 the Information Governance Board has increased the work started in 2016/17 to adapt policies, increase training, identify all information assets and strengthen arrangements with partners to ensure the Council remains compliant with the new legislation. Further information about GDPR can be found in the [Legislation Changes](#) section of this report.

### ***Freedom of Information Act 2000 & Environmental Information Regulations 2004***

This section details how the Council has performed throughout the 2017/18 year in respect of information access requests received and processed under the Freedom of Information Act 2000 (Fol) and Environmental Information Regulations 2004 (EIR).

The Act and the Regulations require public authorities, including the Council to reply to information requests within 20 working days - either providing the information or saying why it cannot be provided.

The Council received 1,513 requests during 2017-18 which is 122 less than the number received in 2015-16, which is a 7.5% decrease.

The Council's compliance rate for responding to requests has increased to 87% which is below the Information Commissioner's Office (ICO) current minimum standard of 90% of responses should be sent out within deadline.

Compliance rates have fluctuated greatly over the 12 months, ranging from 73% in June 2017 up to 94.5% in January 2018;

The average response time for 2017-18 was, at the time of writing, 14.5 working days.

The decrease in the volume of requests received is a common theme across most of the West Yorkshire Councils, Kirklees has the highest increase at 7.5%, two other Councils having had decreases of between 1.4% and 6% from the previous year.

### ***Cost of Fol requests***

The Council estimates the average cost of responding to Fol requests is £269 per request. This results in an estimated cost of responding to FOI requests at £408,128.

### ***Internal reviews and Complaints***

The number of internal reviews carried out of the responses to requests has decreased significantly on the previous year, from 80 in 2016-17 to 29 in 2017-18. Two-thirds were dealt with within the timescale set out in the EIR and suggested by the ICO for Fol; the Council has some work to do to ensure that internal reviews are concluded in a more timely manner.

The number of complaints made to the ICO has decreased by 9, from 14 in 2016-17 to 5 in 2017-18. The ICO did not take any regulatory action against the Council in any of the cases they have made a decision on. Two ICO Decision Notices from 2016-17 was appealed to the First Tier Tribunal (Information Rights) in 2017-18; one was dismissed and the other was upheld.

The IG Board reviews Fol response figures at each meeting, which helps raise the profile of any specific difficulties when they arise. In addition to this, discussions at Executive Team have centred on responding to information requests following the increase in focus of GDPR requirements. This has meant that an urgency to respond to Fol requests in a more timely and consistent manner was recognised with new response procedures have been established for 2018/19.

More detail on the Fol and EIR response rates for 2017/18 is included in the Freedom of Information Act 2000 and Environmental Information Regulations 2004 Annual Report in Appendix C.

## ***Open Data***

The Local Government Transparency Code 2014 was initially published in May 2014 replacing the Code of Recommended Practice for Local Authorities on Data Transparency, first published in September 2011. The Code sets out the minimum data that local authorities must publish and data that the Government recommends local authorities to publish.

The regulations came into force in October 2014. At the same time the Department for Communities and Local Government [DCLG] published a revised version of the Code including some notable changes as well as a further recommendation that local authorities go further than its requirements and provide additional datasets with more detail. The Transparency Code has not been updated since 2015. During 2016, DCLG carried out a consultation on proposed changes to the Code. Since the consultation, there has been no updates made to the Code.

The code has two elements; information which must be published and information that is recommended for publication. In 2016, Kirklees Council published data and information, where available, to meet the mandatory requirements of the code. We also started to obtain data & information that would meet the recommended elements at this point.

For 2017 & 2018, this local emphasis on requesting data that meets the recommended element of the code has continued and some compliance improvements from 2016 have been made. The continued focus on the recommended requirements is in preparation for a future anticipated request for all authorities to meet the recommended criteria.

The full detail of the situation up to the end of 2017/18 can be found in Appendix D.

## ***Data Sharing***

To achieve effective, streamlined services, both internally and with partners, it is vital that the information held is shared effectively and in line with the Data Protection Act. There are a range of reasons why data must be shared and there are also legislative reasons why data must not be shared. It is very important that the culture of the Council is focussed on achieving a modern and efficient approach to information sharing whilst maintaining data security and ensuring data sharing uses established legal gateways or the full consent of the individual. It is the role of the Information Governance team within the Council to perform the enabling role required by Council Services to ensure data can be shared with colleagues and Partners.

This is essential for the future, as the organisation will be working more closely with community partners to commission and deliver joined services which require sharing personal information. In order to achieve these requirements, it is important that Information Governance is considered within all arrangements to enable effective

and legal data sharing between Council Services and also between the Council and Partners.

Whenever data is shared, there must be an agreement in place which identifies the requirements of the data sharing exercise and also the potential legal gateways which are being utilised, or a full record of consent by the individuals concerned, if Personal Data is being shared.

On a wider scale the Council is one of the 45 signatories to the West Yorkshire Inter-Agency Information Sharing Protocol. This protocol sets out the requirements for the signatories to utilise when sharing information between each other, which makes the sharing process much more effective and efficient.

During 2017/18 a new approach for information sharing has been adopted by the Council. This approach is known as the [Information Sharing Gateway](#) (ISG) which has been developed by the Lancashire & Cumbria IG Group in order to improve and modernise the administration and risk assessment of information sharing in the public sector. The IG Board received representation from Leeds City Council to explain the ISG and the board agreed that this would be a very effective way forward for Council information sharing. The IG Team has been setting up and developing the gateway for the Council since February 2018 and this will be the approach adopted for information sharing mechanisms for 2018/19.

### ***Information Security***

This area of work has received significant focus during the 2017/18 financial year, in preparation for the new requirements being brought in by GDPR. The Council has had to improve awareness and reporting of information security incidents. With this, the process to identify and escalate those incidents deemed as security breaches has also had to be modified and improved.

Historically, whilst information security incidents occurred, they were not generally reported as there was not a wider awareness of what an information security incident was or what an individual should do about it. This can be demonstrated from past incident records, as seen below:

<b>Annual Year</b>	<b>Number of incidents</b>
2014/15	54
2015/16	49
2016/17	56

In January 2018, a new online reporting tool was launched and promoted across the Council by the IG Team using the Spotlight system. The intranet pages on information security were also updated to correspond with this awareness raising. This was done alongside and in addition to the GDPR communications messages which were sent out to all teams. With this increased awareness around information

security incidents and the improved reporting mechanism the situation around incidents changed dramatically through the final quarter of the year.

By the end of March there were **93** Information Security incidents reported in 2017/18. These incidents are recorded by the Information Governance Team and each incident was considered by at least one IG Officer and, where appropriate, raised to Senior Managers for assessment against criteria for reporting to the ICO. Each of these incidents is investigated and training and communications implemented to mitigate against repeated incidents of these types.

The online reporting tool has a scoring mechanism built into the software. The score of an incident is applied depending upon which answers the officer reporting selects. Therefore an incident relating to an email containing a single individual's name and address being sent to the wrong recipient would score lower than an email containing the personal and health details of 500 individuals. This scoring approach allows the IG Team to conduct an initial assessment of the priority of the incidents coming in. If, after further investigation, it is considered that the incident meets the requirement to report, the incident details are raised with senior managers for their consideration before being raised with the SIRO with a recommendation to notify the ICO.

During 2017/18, two incidents were considered to meet the criteria which require notification to the ICO. In each case, the ICO was satisfied with the action taken and planned to be taken by the Council to mitigate against any impact on the individual(s) and made recommendations relating to training and staff communications.

## **Governance**

Throughout 2017/18 the IG Board focus has adjusted from the focus on the IG Toolkit requirements to a broader GDPR focus in addition to the recognised activities from the IG Action plan.

There a strong corporate understanding of Information Governance and the opportunities it presents. We have strong commitment from the New Council Transformation budget to put in place more resources to develop the IG culture and facilitate Services to establishing robust IG practices. The Council commissioned Agilisys, a national IG consultant, to come in and work with the IG team to develop a strong IG Strategy, Records Management Plan, Publication and Transparency framework and establish an organisation Information Asset Register. This work took nine months and resulted in some excellent pieces of work for the Council to take forward and develop further. These pieces of work link back to the IG Framework discussed earlier and will play a part in strengthening this framework for the future. The resulting work will be included within the Information Management Strategy planned for approval in summer 2018 and details will be included in the 2018/19 Annual Report.

The IG Board has an established approach to policy review which means that all of the IG related policies are reviewed and updated annually at the IG Board. These



Policies form part of the Information Governance Framework which provides the foundation for the Council's intelligence work.

The IG Board performs a council-wide, strategic role for Information Governance, supported by more operational task groups. In 2017/18 the task groups were adjusted to focus solely on GDPR preparation. The GDPR Implementation Task Group met every fortnight from October 2017 to the end of the 2017/18 year. More detail of the work of this group can be found in the section [Legislation Changes](#).

### ***Training and Awareness***

Having a strong culture of Information Governance is vital to the success of many Council activities going forward and IG training has been mandatory for all Kirklees Council employees, councillors, volunteers, contractors or other individuals who may have access to council data for a number of years.

The mandatory training has been developed in a number of formats to ensure that every individual working within the Council can access IG training as required. A new approach to IG Training was purchased under IG Board instruction in 2016 which ensures all users of IT equipment access news updates relating to IG matters in addition to the mandatory training.

### ***Information Risk Management***

Information Risk encompasses all the challenges that result from an organisation's need to control and protect its information. Poorly managed information could lead to a material impact on the Council's operation. Information risks can affect the Council:

- financially
- operationally
- they can damage reputation
- they can lead to regulatory sanctions

The purpose of information risk management (IRM) is to reduce the Council's information risks to an acceptable level and to keep them under control in a manageable way, rather than try to eliminate them entirely. The IG Board has a standing agenda item for IRM, which means that any identified risks are highlighted and resulting action agreed, to keep the risk manageable and mitigating actions effective.

### ***Information Governance Resources and Budget***

In 2016/17 the Transformation Fund paid for three temporary IG Officers and the time of a consultant to carry out specific activities to improve the approach for the Council moving forward. In 2017/18, the IG Officer posts were filled and operating successfully across the areas of Records Management, Data Protection Compliance Information Sharing, Information Security and GDPR preparation.

## **Legislation Changes**

The General Data Protection Regulation (GDPR) came into force on **May 25<sup>th</sup> 2018** and replaces the current Data Protection Act (1998). Many of the concepts and principles of the Data Protection Act (DPA) are the same within the GDPR however there are some new elements and some significant enhancements, so the Council needs to approach data protection differently as an organisation.

The GDPR places greater emphasis on the documentation that the Council must keep to demonstrate our accountability. Compliance requires the Council to revisit our approach to information governance and emphasises how we must manage data protection as a corporate issue.

The legislation expands the potential for breaches and increases the possible fines from £500,000 under the Data Protection Act to **€20,000,000** under GDPR.

GDPR applies to ALL personal information collected and used. It places greater emphasis on:

- the documentation that the Council must keep to demonstrate accountability
- the speed the Council must respond to requests for personal information (from 40 days to 30 days)
- the ability of the council to delete or stop processing personal data about an individual if collected using specific lawful bases
- reporting all information security incidents over a set threshold to the ICO within 72hours
- having a full, clear and up to date view on what personal information is held by the Council, and which organisations this information is shared with
- updating and communicating information use to the public through privacy notices
- holding a thorough and current information processing log for all appropriate contracts
- appointing a Data Protection Officer, focussing on Data Protection, operating independently and reporting to the Chief Executive
- ensuring Data Protection by Design across all Service areas utilising Privacy Impact Assessments for all projects

To help the Council prepare appropriately for GDPR, the Executive Team granted a mandate to the IG Board which required all heads of service to support the GDPR preparations. In so doing, each service representative was invited to attend fortnightly meetings which focused on GDPR preparation. At these meetings key preparation activities were discussed, appropriate solutions were identified and colleagues from across the Council were able to support one another with their preparations for legislation change.

Throughout the year, it has also been important to support councillors with their preparation for the new legislation, as ward members are classed as Data Controllers for their ward work and therefore have strengthened responsibilities under GDPR. Presentations have been made to leading members, Group Business Managers and political Groups where officers have been invited. This support will

continue throughout the coming financial year, to ensure that councillors are comfortable with their responsibilities under GDPR.

The IG Board and Executive Team have been updated regularly throughout the year on progress towards GDPR compliance. By the end of 2017/18 significant progress had been made across many services, however as the legislation only came into force on May 25 2018 it was identified that there is still work to be done in the coming financial year.

## **Work Programme for 2018/19**

In addition to the usual compliance activities, the following projects and work programmes are planned for the coming financial year:

**GDPR Assurance project** – a project to identify the status of each Service with regards to GDPR preparations. This project will identify key areas for further support and provide opportunities to access the support required. This will be carried out in the form of an online self-assessment in September 2018. Following this assessment and the subsequent support they receive, Services will be asked complete a further self-assessment in March 2019 to identify how well they are complying with GDPR..

**Record Management and Asset Mapping** – GDPR has highlighted an number of key areas which require further development. The councils information asset register is one of these in addition to the ongoing development and adoption of the records management plan.

**Information protection** - this project builds upon the records management plan highlighted throughout 2017/18 financial year that concentrates solely on the protection of electronic information. This project will run alongside the council's rollout of new technology to all officers and Councillors.

**Information Management Strategy** – following the work with Agilisys, the draft Information Management Strategy was agreed with Executive Team. This will be rolled out to the Council through 2018/19 and help link the specific GDPR work from 2017/18.

**Improvements to Freedom of Information (Fol) and Transparency** – significant work was carried out by Agilisys around open data, transparency and Fol responses. This work will be picked up through 2018/19 and progressed in line with other projects within the Council to achieve a consistent approach to these topics.

**Cyber Security** – This is a field which in 2017/18 caused some concern within the NHS with the Wannacry hack. Subsequently, the IG Board has been monitoring the national situation and will be preparing a Cyber Security Strategy for ET approval.

## **Conclusion**

As was identified in 2016/17, there is now a much better understanding of information governance across the organisation. This has been aided by the significant involvement from services into GPPR preparation, but it has also been helped by the wider understanding of the organisation to be intelligence and open data agenda.

The positive work carried out by Agilisys during this financial year has meant that great strides have been made in some specific areas. It is now the job of the IG Board, supported by the IG team, to get these high-level strategies implemented throughout 2018/19.

The work throughout this financial year has increasingly focused on GDPR preparation. Whilst it has been important to carry on certain development activities, the changes that have been required in order to start all services focusing on GDPR compliance have meant that the work, particularly in the latter half of the year, has been solely on GDPR preparation.

To support this, the IG team have adjusted the approaches to information request compliance, meaning that since September 2017 the new GDPR timescales have been in effect. As can be seen from the results identified, this has made some positive impact however it has also highlighted areas of concern for the coming financial year.

There has been some considerable effort from certain services in relation to GDPR preparation, and these services have fed in to the wider Council situation to help colleagues in other services improve and change as required. The ongoing work to help to ensure GDPR compliance by the end of 2018/19 will benefit from the commitment of all services.

The work required to ensure GDPR compliance is in place across the organisation will take time and will be on-going thereafter (as was DPA 1998 compliance previously), however there will be a much clearer picture relating to how each service is complying with GDPR requirements available for the committee at the end of the 2018/19. If required, a summary report can be brought in early 2019 to update the committee on progress made within the year.

### **Recommendations**

**The Information Governance Board would be grateful for any comments from Members on the content of this report and ideas of what items Members would find useful to have included in future Information Governance Annual Reports.**

**It has been noted previously that this annual report is becoming larger each year. The Committee are asked if a half yearly update would be useful.**

## **Appendices**

## Appendix A – IG Board Terms of Reference

### Information Governance Board

#### Terms of Reference

(Updated May 2017)

#### **Purpose**

The Information Governance Board provides a framework and strategic steer to the organisation in relation to Information Governance. The Board ensures that the Council safely uses its information assets to deliver its priorities and objectives legally, securely, effectively and efficiently.

The Board will:

- Develop and promote robust and consistent Information Governance practices across the Council;
- Embed the Kirklees Information Governance Framework throughout the organisation;
- Support and Advise the Council, Councillors, Contractors and Partners on IG related matters
- Address Information Security risks and establish a risk management framework;
- Establish, monitor and enforce legal compliance with regards to Information Governance including authorising and approving Data Sharing Agreements;
- Promote and support a transparent information culture;
- Develop and implement Council-wide communications around Information Governance and associated training.
- Support, advise and challenge Services on the implementation of and compliance with associated/relevant legislation and Council policy;
- Ensure the organisation complies with statutory requirements set out by the Information Commissioners Office (ICO).
- Research and advise on relevant new legislation in relation to FOI, EIR, Data Protection, Open Data, Information Security and Records Management;
- Identify and provide organisational development arising from new/amended policies/procedures and assist services in response to changing legislation;
- Support Services to share information with partners effectively and securely and to process information in a legal and safe manner.
- Develop and promote a transparent information culture across the Council, with an aim to having 90% of the Council's non-personal information in the public domain;

- Develop and implement Council wide communications around Information Governance and associated training.

## **Governance**

The **Senior Information and Risk Owner** will chair the Information Governance Board. The SIRO has organisational responsibility for all aspects of Information Governance, including the responsibility for ensuring that Kirklees Council has appropriate systems and policies in place to maintain the security and integrity of Kirklees Council's information. The SIRO will consult with the Board to obtain guidance in relation to Information Governance decisions.

The **Caldicott Guardian** will be a member of the Board acting as the 'conscience' of an organisation. The Guardian actively supports work to enable information sharing where it is appropriate to share, and advises on options for lawful and ethical processing of information. The Caldicott Guardian also has a strategic role, which involves representing and championing confidentiality and information sharing requirements.

## **Information Governance Manager (IGM)**

The IGM is responsible for providing specialist advice and support on all aspects of Information Governance and is also responsible for reviewing the policy and ensuring it is updated in line with any changes to national guidance or local policy.

## **Terms of Engagement**

- Frequency of meetings – every two months
- Attendance at meetings to be substituted by representatives as required, ensuring all Directorates are represented.
- The Board will provide updates to the Executive Team, Management Board, Corporate Governance and Audit Committee, the Cabinet Member responsible for Information Governance and Cabinet as appropriate.
- The Board will be Chaired by Julie Muscroft, Senior Information Risk Owner and Service Director for Legal, Governance and Commissioning
- The Information Governance and Senior Support Manager will co-ordinate the Board meetings, generate the agenda on consultation with the Chair and distribute papers
- Representatives from all work areas will sit on the board, with non-members being invited to present papers as appropriate
- Communications Strategy – the Communications Plan is updated on a monthly basis in line with developments across the organisation

## **Review**

The Board will review the relevance and value of its work on an annual basis.

## **Working methods**

The Board will have a strategic overview of the Information Governance framework across the organisation. This includes

- Legislative requirements – including FOI, EIR, Data Protection and Transparency
- Information Security
- Incident Reporting
- Records Management
- Information Sharing and Processing
- Organisational Culture, Training and Development
- Open and Transparent Publication

### **IG Sub-Groups**

The Board will oversee a range of sub groups, each with an individual mandate for operation and performance. In 2017/18 these will include:

- GDPR Implementation Team – this group will meet every fortnight with representation from each service area. The aim is to support each other to implement preparation required to achieve GDPR compliance in May 2018

### **Board membership**

The Board is made up of Council Officers, with all Directorates represented. The 2017/18 membership is outlined in Appendix A



## Information Governance Board Membership 2017/18

Chair -	Julie Muscroft (SIRO) – Service Director for Legal, Governance and Commissioning
Commissioning & Health Partnerships	Saf Bhuta (Caldicott Guardian) – Directorate Lead for Performance, Intelligence and Business Systems
Democracy Service	Carl Whistlecraft – Head of Democracy
	Katy Deacon - Information Governance & Senior Support Manager
	Lindsay Foody – Information Access & Security Officer
IT -	Andrew Brammall – Head of IT and Change
	Terence Hudson – IT Operational Manager
Audit -	Simon Straker – Audit Manager
Customer & Exchequer Services	Steve Bird – Head of Welfare & Exchequer Services
	Julian Hobson – Policy Officer
HR -	Maureen Manson – HR Officer
Learning & Organisational Development	Alison Monkhouse – Principal Strategic Liaison Officer
Communications -	Helen Rhodes – Senior Communications Officer
Learning Service	Martin Green – Head of Localities Offer – Children & Families
Safe & Cohesive Communities	Warren Ellis – Communities Service
Public Health -	Sean Westerby – Emergency Planning & Business Continuity Manager
Investment & Regeneration	Adele Buckley - Head of Regeneration, Environment and Funding
	Jane Lockwood – Procurement Strategy and Advice Manager

**Data Subject Access Requests  
Data Protection Act 1998**

**Annual Report 2017-18**

## Executive Summary

This report details how the Council has performed throughout 2017-18 in respect of requests for access to personal information received and processed under the Data Protection Act 1998 (DPA98).

During 2017-18, Kirklees Council received 22 more requests (an 11% increase) for access to personal information than it did in the previous 12 months, increasing from 201 in 2016-17 to 223 in 2017-18.

The Council's performance in terms of compliance with the legislative timescales increased slightly from the previous year, from 82% to 83.5%. The number of requests responded to within the statutory 40 calendar day timescale allowed under the DPA98 is well below the ICO's minimum expectation of 90% compliance.

The Council's performance in terms of the time taken to respond to requests appears to have improved when looking at the average response time for dealing with requests; it was 23.3 days in 2017-18 compared with 32.7 days in 2016-17. This does remain within the statutory 40 calendar day timescale allowed under the DPA98 and where the Council has not been able to respond within the statutory deadline this is generally because the requests are complex and voluminous.

The compliance rate has been of concern in the lead up to the implementation of the General Data Protection (GDPR) which is the new data protection legislation which came into force on 25 May 2018, and saw the time for compliance reduce from 40 calendar days to one month (so 28-31 calendar days depending on when the request was received). From September 2017, the Council implemented a 30 calendar day time for compliance for SARs to help colleagues dealing with SARs adjust their work ahead of GDPR coming in to force. During 2017-18 the Council responded to 71% of requests within 30 calendar days which is a significant improvement on 2016-17 when the Council responded to just 57% of requests within 30 calendar days. There remains work to do to meet the new, reduced time for compliance to meet the ICO's minimum standards but the statistics are encouraging.

The DPA98 did not provide for an extension of time to deal with requests. It is worth noting that the ICO does not take mitigating factors such as public holidays or lack of resources into account when making decisions about regulatory action to be taken. The Council does still need to make significant improvements to ensure that information and records are managed efficiently and effectively and resources are available to ensure compliance with the legislative timescales. It also needs to make sure that it advises applicants as soon as it is known that there may be a delay and keep them informed of progress.

Regionally, from the West Yorkshire Councils which have submitted annual figures, there has been an increase in the number of requests, three other Councils having had between 0.8% and 25.5% more than in the previous year.

Guidance on dealing with requests for access to personal information continues to be reviewed and shared with officers dealing with requests.

**Lindsay Foody**  
**Information Access & Security Officer**

23 August 2018

## **Contents:**

### **1. Introduction**

### **2. Summary of the Legislation**

### **3. Kirklees Context**

### **4. Statistics:**

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- b. Time Taken to Respond to Requests
- c. Requests by Directorate
- d. Outcomes

### **5. Information Commissioner**

- a. Powers
- b. Complaints Received re Kirklees

## 1. Introduction

This report discusses the main events of the year 2017-18 in relation to requests made under the Data Protection Act 1998, along with recommendations for improvements to the processes.

## 2. Summary of the Legislation

[Section 7](#) of the Data Protection Act 1998 (DPA98) gives individuals important rights including the right to know what information is held about them and the right to correct information that is wrong. The Act helps to protect the interests of individuals by obliging organisations to manage the personal information they hold in an appropriate way.

The DPA98 sets out eight principles governing the use of personal data with which data controllers must comply unless an exemption applies:

- **Principle 1 – Personal data shall be processed fairly and lawfully**  
This means that any personal data collected by an organisation must be provided with the consent of the individual. To be seen as acting fairly, the organisation collecting personal data must be transparent and ensure individuals are fully informed and understand what will happen to their personal information.
- **Principle 2 – Personal data shall be obtained for one or more specified and lawful purpose(s)**  
This means that collected information must only be held and used for the reasons given to the Information Commissioner’s Office (ICO) and the individual. Personal information must not be processed in any manner incompatible with the original purpose(s).
- **Principle 3 – Information collected must be adequate, relevant and not excessive**  
This means that all data collected must be necessary to complete the needs of the data controller, who should not ask for or hold any personal data that is outside their concern. They will be in breach of the Data Protection Act if they hold data irrelevant to their purpose(s).
- **Principle 4 – Information collected must be accurate and up to date**  
Data controllers must make every effort available to ensure the information they use is accurate. Inaccurate use could result in misrepresentation on behalf of the individual.
- **Principle 5 – Information must not be held for longer than is necessary**  
The Data Protection Act states that a data controller must not hold onto data for any longer than is necessary. Retention schedules should be in place and records held

(including personal data) review regularly and any information no longer needed should be securely destroyed or archived as appropriate.

- **Principle 6 – Information must be processed in accordance with the individual’s rights**

This includes:

- A right of access to a copy of their information which is held;
- A right to object to processing their data;
- A right to prevent processing for direct marketing;
- A right to have inaccurate personal data rectified, blocked, erased, or destroyed;
- A claim to compensation for damaged caused by a breach of the Act.

- **Principle 7 – Information must be kept secure**

Data controllers have a duty to ensure personal information held is kept securely and appropriate technical and organisational measures taken to prevent unauthorised access and accidental loss, disclosure, destruction of or damage to it. Significant monetary penalties may be incurred for data protection breaches.

- **Principle 8 – Information should not be transferred outside the European Economic Area unless adequate levels of protection exist.**

This means that any personal information held by a data controller must not be stored overseas, unless adequate safeguards are met.

### 3. Kirklees Context

The Council maintains five register entries as data controllers:

Kirklees Metropolitan Council	Z575071X
Electoral Registration Officer For Kirklees Metropolitan Council	Z605248X
Superintendent Registrar for Kirklees Metropolitan Council	Z4939146
Kirklees Youth Offending Team	Z5437178
Returning Officer for Kirklees Metropolitan Council	ZA060314

The Council also maintains the register entries for its 69 Councillors who are Data Controllers in their own right in their capacity as Ward Councillors.

The Information Governance Team, which manages the process of receiving and responding to requests made to the Council under information access legislation, comprises:

- one full-time Information Access & Security Officer,
- two full-time and one part time Information Governance Officers
- one full-time and four part-time Business Support Officers

The Team sits in The Democracy Service, within the Governance & Commissioning part of the Corporate directorate.

The Information Governance Team works with a network of Co-ordinators located within the different service areas across the Council in order to collate information requested.

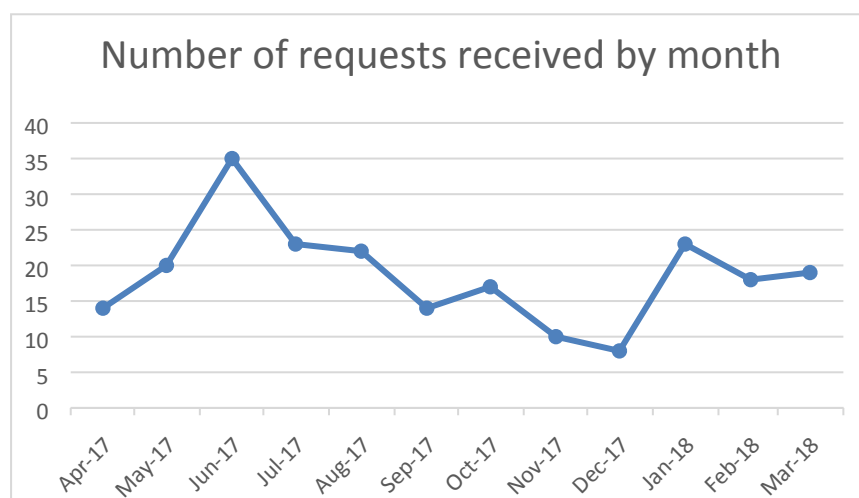
#### 4. Statistics:

##### a) Numbers of Requests

The number of requests for access to personal information received between 1 April 2017 and 31 March 2018 has increased by 11% from figures reported last year, from 201 to 223, averaging at 18.5 requests per month compared to 17 per month in 2016-17.

Monthly	Number	Quarterly	Number
April 2017	14	Quarter 1	69
May 2017	20		
June 2017	35		
July 2017	23	Quarter 2	59
August 2017	22		
September 2017	14		
October 2017	17	Quarter 3	35
November 2017	10		
December 2017	8		
January 2018	23	Quarter 4	60
February 2018	18		
March 2018	19		
<b>Total</b>	<b>223</b>	<b>Total</b>	<b>223</b>

The following chart plots the figures from the above table:

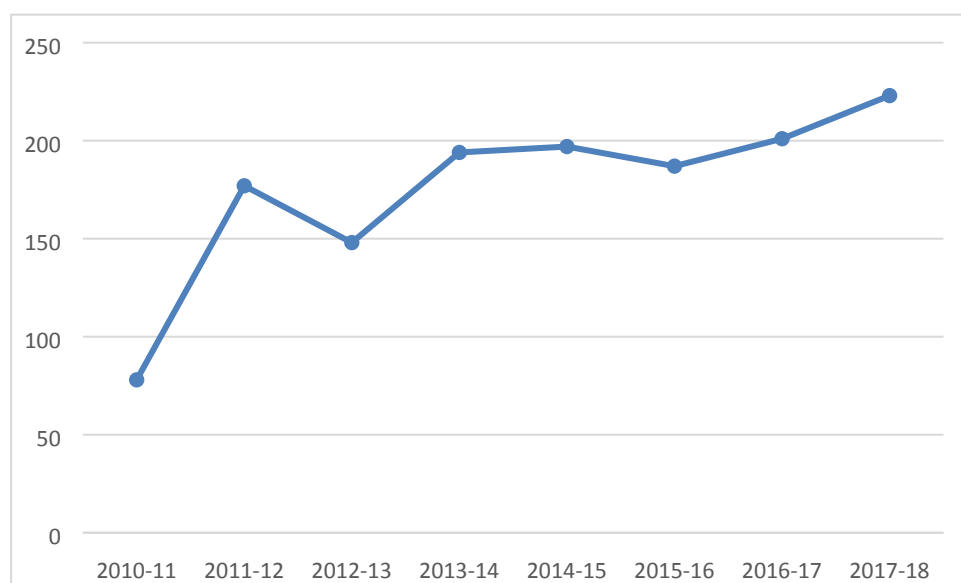




Year on year figures are:

Quarters	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Qtr 1	11	35	29	47	56	54	57	69
Qtr 2	17	32	43	49	51	36	40	59
Qtr 3	16	45	40	45	37	40	42	35
Qtr 4	34	65	36	53	53	57	62	60
<b>Totals</b>	<b>78</b>	<b>177</b>	<b>148</b>	<b>194</b>	<b>197</b>	<b>187</b>	<b>201</b>	<b>223</b>
% Change	n/a	+127%	-16%	+31%	+2%	-5%	+7.5%	+11%

The following chart plots the totals received annually from the above table:



## b) Time Taken to Respond to Requests

The DPA98 requires data controllers to reply to requests for access to personal information within 40 calendar days. There is no scope in the Act for extending this.

Compliance with the 40 calendar day deadline is reported quarterly through PERFORM; targets and tolerances are:

Primary Ref No	PI Definition (Kirklees Action)	Target 2014-15	Tolerances					Factors influencing the setting of targets / tolerances
			R	RA	A	AG	G	
KI 366	% of Data Protection requests replied to within 40 calendar days	100%	79%	80%	85%	90%	100%	Legal compliance and the ICO's minimum expectation of performance is 90% No scope for extending deadline

In 2017-18 the Council responded to 83.5% of requests received within the deadline; this compares with 82% in 2016-17, showing a slight increase in compliance, but significant scope for improvement and the Council's compliance falls short of the ICO's minimum expectation of a 90% compliance rate.

Requests Received		Legal Deadline of 40 Calendar Days		Response Within 30 Calendar Days *	
Monthly	Number	Number	%	Number	%
April 2017	14	12	86%	11	79%
May 2017	20	16	80%	12	60%
June 2017	35	28	80%	28	80%
July 2017	23	21	91%	16	70%
August 2017	22	14	64%	9	41%
September 2017	14	13	93%	10	71%
October 2017	17	16	94%	13	76%
November 2017	10	9	90%	9	90%
December 2017	8	7	88%	5	63%
January 2018	23	17	74%	15	65%
February 2018	18	15	83%	16	89%
March 2018	19	15	79%	12	63%
<b>Total</b>	<b>223</b>	<b>183</b>	<b>83%</b>	<b>156</b>	<b>71%</b>

\* The figures in the last 2 columns are shown only to identify the number of requests which were responded to within 30 days which is to become the legal deadline under GDPR

The average response time in 2017-18 was 23.3 days; this compares with 32.7 days in 2016-17, which shows an improvement in time taken to respond to requests.

### c) Requests by Directorate

The total figure in this section is higher than the 223 total number of requests received because 12% of the 223 requests received (27) were for information held by two or more services.

The figures below show the total number of requests each dealt with, so for example, where a request was made for personal information and this was sent to both Adults Services and Exchequer & Welfare, the same request is counted twice in the table below.

*Note: Requests which related to information held by a large number of areas of the Council are recorded just once as "Council-wide".*

Directorate	2017-18	Percentage of Total Received
-------------	---------	------------------------------

Chief Executive's Office	1	0.4%
Adults (social care, public health, commissioning)	44	17.6%
Children Services (social care and learning)	110	44.0%
Communities, Transformation & Change	8	3.2%
Place	24	9.6%
Resources	57	22.8%
Council-wide	2	0.8%
KNH	3	1.2%
Not Council – Other Org	1	0.4%
<b>Total</b>	<b>250</b>	<b>100.00%</b>

#### d) Outcomes

Outcome	2017-18	Percentage of Total Requests Received
Supplied	109	48.9%
Refused (in whole or in part)	16	7.2%
Not Held	24	10.8%
Discontinued	73	32.7%
Outstanding / Suspended	1	0.4%
<b>Total</b>	<b>223</b>	<b>100.00%</b>

At the time of writing, the response to one request remains outstanding; the response is being chased.

Where requests are refused in whole or in part, this is because one of the exemptions from disclosure applies, including personal information relating to a third party, same or similar requests, legal privilege, etc. [Part IV](#) of the DPA98 sets out the exemptions. [Section 8](#) of the DPA98 lists some of the circumstances in which a request need not be complied with.

## 5. Information Commissioner

The Information Commissioner's Office (ICO) is the UK's independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals.

### a) Powers

The ICO has a number of options available for taking action to change the behaviour of organisations and individuals that collect, use and keep personal information, including criminal prosecution, non-criminal enforcement and audit. The ICO also has the power to serve a monetary penalty notice on a data controller.

The main options (which the ICO may exclusively or any combination justified by the circumstances) are:

- *serve information notices requiring organisations to provide the Information Commissioner’s Office with specified information within a certain time period;*
- *issue undertakings committing an organisation to a particular course of action in order to improve its compliance;*
- *serve enforcement notices and ‘stop now’ orders where there has been a breach, requiring organisations to take (or refrain from taking) specified steps in order to ensure they comply with the law;*
- *conduct consensual assessments (audits) to check organisations are complying;*
- *serve assessment notices to conduct compulsory audits to assess whether organisations processing of personal data follows good practice;*
- *issue monetary penalty notices, requiring organisations to pay up to £500,000 for serious breaches of the Data Protection Act occurring on or after 6 April 2010*
- *prosecute those who commit criminal offences under the Act; and*
- *report to Parliament on issues of concern.*

Source: <https://ico.org.uk/about-the-ico/what-we-do/taking-action-data-protection/>

## **b) Complaints Received re Kirklees**

The Information Commissioner’s Office made the Council aware of 4 complaints they had received about Kirklees in respect of data protection; this is a decrease on the previous year’s 6 complaints made to the ICO. The ICO considered it unlikely that the Council complied with the requirements of the DPA98 on one occasion only, and did not consider regulatory action was required in any case.

<b>Summary</b>	<b>Outcome</b>
Complaint about handling of an information security incident	The ICO considers it is likely that the Council has contravened the First Data Protection Principle in this case. Given the actions taken and to be taken, no further action required by ICO.
Complaint about handling of a subject access request	Response provided. No further action required by ICO.

Complaint that the Council has failed to provide a full response to a SAR within 40 days	ICO considers it is unlikely the Council has breach the DPA98. No further action required by ICO.
Complaint that the Council has failed to provide a complete response to a SAR	Further information disclosed to applicant. No further action required by ICO.

**Freedom of Information Act 2000  
and  
Environmental Information Regulations 2004**

**Annual Report 2016-17**

## **Executive Summary**

This report details how the Council has performed throughout 2017-18 in respect of information access requests received and processed under the Freedom of Information Act 2000 (Fol) and Environmental Information Regulations 2004 (EIR).

The Council received 1,513 requests during 2017-18 which is 122 less than the number received in 2016-17, which is a 7.5% decrease.

The Council's compliance rate for responding to requests has increased to 87% which is below the new expectation that 90% of responses should be sent out within deadline, although a significant improvement on the previous year's rate.

Compliance rates have fluctuated greatly over the 12 months, ranging from 73% in June 2017 up to 94.5% in January 2018.

The average response time for 2017-18 was, at the time of writing, 14.5 working days.

Regionally, from the West Yorkshire Councils which have submitted annual figures, there has mostly been a decrease in the volume of requests received, with Kirklees seeing the biggest decrease of 7.5%, two other Councils having had decreases of between 1.4% and 6% from the previous year. One Council has, however, reported a 10.6% increase in Fol/EIR requests.

The number of internal reviews carried out of the responses to requests has decreased significantly on the previous year, from 80 in 2016-17 to 29 in 2017-18. Two-thirds were dealt with within the timescale set out in the EIR and suggested by the ICO for Fol; the Council has some work to do to ensure that internal reviews are concluded in a more timely manner.

The number of complaints made to the ICO has decreased by 9, from 14 in 2016-17 to 5 in 2017-18. The ICO did not take any regulatory action against the Council in any of the cases they have made a decision on. Two ICO Decision Notices from 2016-17 was appealed to the First Tier Tribunal (Information Rights) in 2017-18; one was dismissed and the other was upheld.

**Lindsay Foody**  
**Information Access & Security Officer**

23 August 2018

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- b. Sources of Requests
- c. Requests by Directorate
- d. Time Taken to Respond to Requests
- e. Outcomes
- f. Internal Reviews

### **5. Information Commissioner**

- a. Powers
- b. Complaints Received re Kirklees
- c. Decision Notices
- d. Tribunals



## **1. Introduction**

This report discusses the main events of the year 2016-17 in relation to requests made under the Freedom of Information Act 2000 (Fol Act) and the Environmental Information Regulations 2004 (EIR), along with recommendations for improvements to the processes.

## **2. Summary of the Legislation**

The legislation gives the public rights of access to information held by public authorities. They allow requests to be made by anyone, from anywhere.

### **a) Freedom of Information Act 2000**

The Fol Act has created a general right of access to information held by public authorities. People have the right to be told whether particular information is held in recorded form, and if so, to have a copy of it. Requests for information must be made in writing.

The Act places a number of obligations on public authorities in the way that they respond to information requests, and it also creates a number of exemptions. In particular, personal information about the person requesting information is exempt, because it is available under the Data Protection Act 1998, which also exempts private information about other people.

Other exemptions include information which is:-

- available by other means;
- intended for future publication;
- held in confidence;
- prejudicial to commercial interests;
- held for investigations and proceedings or law enforcement;
- environmental information, available under the EIR.

In many cases the exemption is not absolute, and we have to take account of the public interest before information can be refused.

The Fol Act also requires the Council to publish a number of classes of information in a Publication Scheme. This scheme commits an authority to publishing important information as part of its normal business activities so that people do not need to make specific requests.

### **b) Environmental Information Regulations 2004**

The EIR give enhanced access to environmental information, by giving members of the public and others the right to access environmental information held by public authorities. A request can be made by letter, email, telephone or in person.

The regulations apply to most public authorities and to any organisation or person under the control of a public authority who has environmental responsibilities. This can include some private companies or public private partnerships, for example companies involved in energy, water, waste and transport.

Environmental information is divided into the following six main areas:

- the state of the elements of the environment, such as air, water, soil, land;
- emissions and discharges, noise, energy, radiation, waste and other such substances;
- measures and activities such as policies, plans, and agreements affecting or likely to affect the state of the elements of the environment;
- reports, cost-benefit and economic analyses used in these policies, plans and agreements;
- the state of human health and safety, contamination of the food chain and cultural sites and built structures (to the extent they may be affected by the state of the elements of the environment).

Environmental information should be proactively made available, and for information which is not already available, the default position is to make information available on request, but the Regulations allow public authorities to refuse requests for information in specific circumstances; these are called 'exceptions'.

### **3. Kirklees Context**

The Information Governance Team, which manages the process of receiving and responding to requests made to the Council under information access legislation, comprises:

- one full-time Information Access & Security Officer,
- two full-time and one part time Information Governance Officers
- one full-time and four part-time Business Support Officers

The Team sits in The Democracy Service, within the Governance & Commissioning part of the Corporate directorate.

The Information Governance Team works with a network of Co-ordinators located within the different service areas across the Council, who arrange for information requested to be collated and draft responses to be signed off by nominated managers.

### **4. Statistics:**

#### **a) Numbers of Requests**

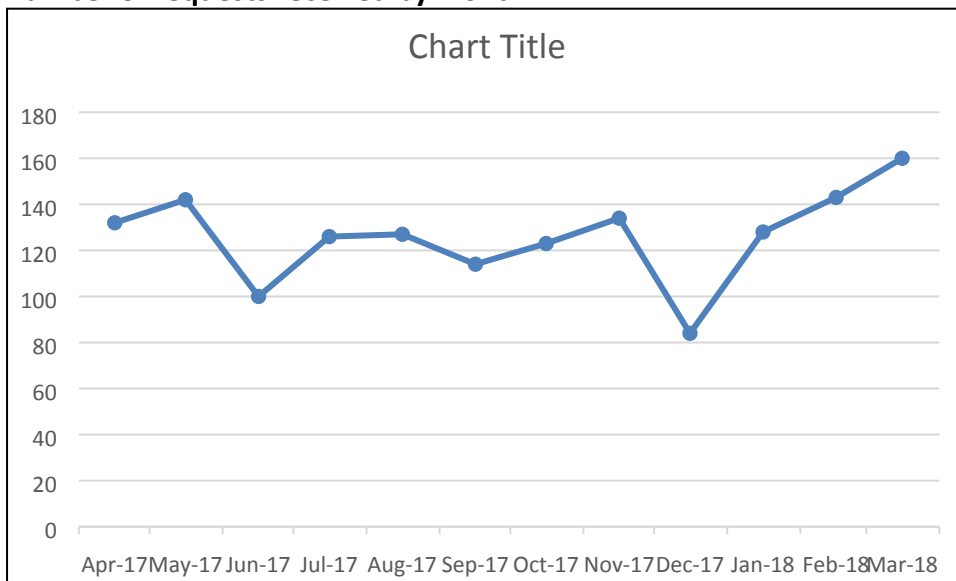
The number of Freedom of Information (FoI) and Environmental Information (EIR) requests received between 1 April 2017 and 31 March 2018 has decreased by 122 (7.5%) from the previous year; a decrease which averages at 126 requests per month compared to 136 per month in 2016-17:

Monthly	Number
April 2017	132
May 2017	142
June 2017	100
July 2017	126
August 2017	127
September 2017	114
October 2017	123
November 2017	134
December 2017	84
January 2018	128
February 2018	143
March 2018	160
<b>Total</b>	<b>1,513</b>

Quarterly	Number
Quarter 1	374
Quarter 2	367
Quarter 3	341
Quarter 4	431
<b>Total</b>	<b>1,513</b>

The following chart plots the figures from the above table:

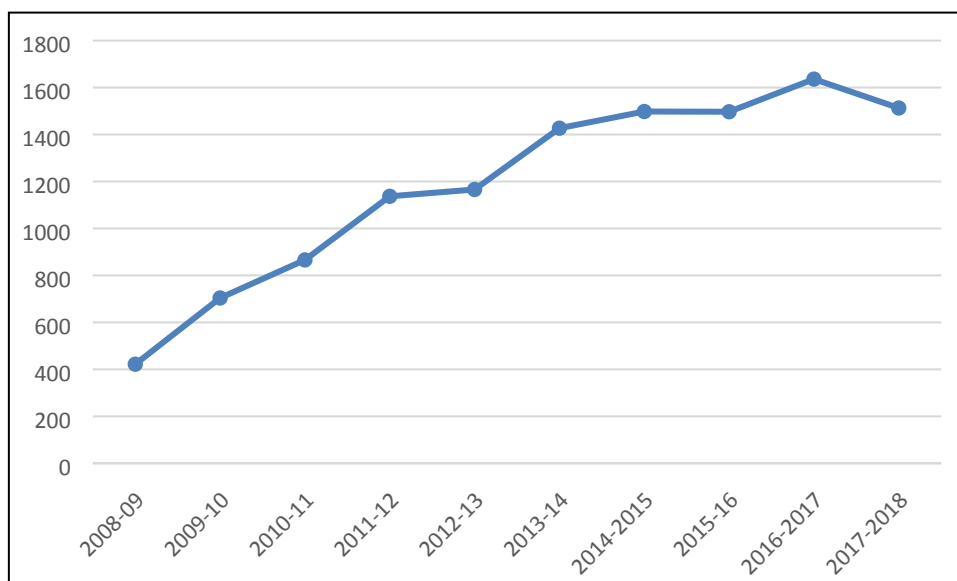
**Number of requests received by month:**



The decrease in volume is the first real dip in numbers over the past 10 years, although it plateaued in 2012-13 and again 2014-15 and 2015-16, before rising again in 2016-17:

Qtrs	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Qtr 1	86	135	185	299	332	283	353	336	417	374
Qtr 2	106	182	180	263	273	356	357	350	398	367
Qtr 3	97	193	197	248	218	384	352	361	397	341
Qtr 4	133	194	305	327	343	404	436	450	424	431
<b>Totals</b>	<b>422</b>	<b>704</b>	<b>866</b>	<b>1,137</b>	<b>1,166</b>	<b>1,427</b>	<b>1,498</b>	<b>1,497</b>	<b>1,636</b>	<b>1,513</b>
<i>%Change</i>	<i>34%</i>	<i>40%</i>	<i>19%</i>	<i>24%</i>	<i>2%</i>	<i>18%</i>	<i>5%</i>	<i>0%</i>	<i>8%</i>	<i>-7.5%</i>

The following chart plots the totals received annually from the above table:



## b) Sources of Requests

Whilst both the FOI Act and the EIRs require an applicant to provide a valid name and address, applicants are under no obligation to say why the information is required, or whether they are applying as an individual or on behalf of an organisation. Some applicants do choose to provide this information voluntarily when making a request. The following tables are based on the limited information provided and so should be treated with a degree of caution.

Source of Request 2017-18	Number	% of Total Requests Received
Business	307	20.3%
Clubs, Societies & Charities	77	5.1%
Individuals	172	11.4%
Media	250	16.5%
Other	491	32.5%
Pressure Group (Local & National)	150	9.9%
Research & Academic	66	4.4%
<b>Totals</b>	<b>1,513</b>	<b>100.00%</b>

Source of Request - Comparison	2016-17	2017-18	Difference
Business	291	307	+16
Clubs & Societies	62	77	+15
Individuals	195	172	-23
Media	243	250	+7
Other	613	491	-22
Pressure Group (Local & National)	168	150	-18
Research & Academic	64	66	+2
<b>Totals</b>	<b>1,636</b>	<b>1,513</b>	<b>-23</b>

Requests which are classified above as ‘Other’ are generally where the addresses and content of the requests, give little clue as to the requester’s identity, background, or the intended use of the information. This is particularly the case with email requests.

### c) Requests by Directorate

The total figure in this section (2,037) is higher than the total number of requests received (1,513) because 524 requests were for information held by two or more services. The figures below show the total number of requests each Directorate dealt with, so, for example, where a request was made for information about Social Workers in Adults Services, this was sent to both Adults and HR, and the same request is counted twice times below.

Requests which related to information potentially held by all areas of the Council, for example, for registers of gifts and hospitality, are recorded just once as “Council-wide”.

Occasionally, the Council receives requests for information which the Council does not hold and which are transferred on to the public authority which does hold that information, for example, requests about Trading Standards are passed on to West Yorkshire Joint Services, and requests for information held by schools are passed on to the school in question. These are transferred on to the appropriate organisation, with the agreement of the applicant, and recorded as “Not Council – Other Organisation”.

Directorate	2017-18	% of Total Requests Received
Children’s Social Care & Learning	258	12.7%
Adults’ Social Care	109	5.4%
Commissioning & Health Partnerships	31	1.5%
Council-wide	13	0.6%
Communities, Transformation & Change	135	6.6%
Chief Executive’s Office	11	0.5%
KNH	89	4.4%
Place	722	35.4%
Public Health	48	2.4%
Resources	607	29.8%
Not Council – Other Organisation	14	0.7%
<b>Total</b>	<b>2,037</b>	<b>100.00%</b>

### d) Time Taken to Respond to Requests

The Act and the Regulations require public authorities including the Council to reply to information requests within 20 working days either providing the information or saying why it cannot be provided.

In 2017-18 1,317 (87%) requests were responded to within 20 working days. This is under the threshold that triggers the Information Commissioner’s Office’s (ICO) monitoring of public authorities when responding to freedom of information requests which, as of March 2017, is 90%, and is an improvement in performance on 2016-17 (81%).

Compliance with the 20 working day deadline is reported quarterly through PERFORM; targets and tolerances are:

Primary Ref No	PI Definition (Kirklees Action)	Target 2016-17	Tolerances					Factors influencing the setting of targets / tolerances
			R	RA	A	AG	G	
KI 363	% of Fol and EIR requests responded to in 20 working days	100%	74%	75%	80%	85%	100%	Legal compliance is 100% and the ICO's minimum expectation of performance is 85%

Overall, 96% of requests received a response within 30 working days or less, and although there is nothing within the legislation relating to this timescale, it does demonstrate that where deadlines are being missed, the majority are responded to fairly quickly afterwards, with many being only a day or two late. This indicates that exceeding the 90% response rate is achievable with some more planning.

Requests Received		Legal Deadline of 20 Working Days		Response Within 30 Working Days	
Monthly	Number	Number	%	Number	%
April 2017	132	118	89.39%	127	96.21%
May 2017	142	121	85.21%	131	92.25%
June 2017	100	73	73.00%	92	92.00%
July 2017	126	114	90.48%	123	97.62%
August 2017	127	106	83.46%	120	94.49%
September 2017	114	96	84.21%	109	95.61%
October 2017	123	113	91.87%	118	95.93%
November 2017	134	117	87.31%	130	97.01%
December 2017	84	77	91.67%	82	97.62%
January 2018	128	121	94.53%	126	98.44%
February 2018	143	117	81.82%	140	97.90%
March 2018	160	144	90.00%	155	96.88%
<b>Total</b>	<b>1,513</b>	<b>1,317</b>	<b>Av: 86.91%</b>	<b>1453</b>	<b>Av: 96.00%</b>

The Council met or exceeded the ICO's expected compliance rate in 5 months of the year, which is a significant improvement in performance from the previous year when it achieved this in 2 of the 12 months.

**KATY – SOMEONE ELSE PROVIDES THIS INFORMATION – OR DOES IT NEED TO COME OUT???**

The Council estimates the average cost of responding to Fol requests is £267.08 per request. This results in an estimated cost of responding to FOI requests at £436,946.96.

## e) Outcomes

The Fol Act and the EIRs have a limited number of circumstances under which requested information can be withheld. Under the Fol Act these are called 'exemptions' and under EIR these are called 'exceptions'. There are 8 'absolute' Fol exemptions, the remainder are 'qualified' which means that the Council has to consider whether the public interest in

withholding the information outweighs the public interest in providing it or not. Under EIR, all the exceptions are qualified.

The legislation assumes that requested information will be disclosed unless one or more of the exemptions or exceptions is engaged. Of the 1,513 requests received during 2017-18, the Council provided the information requested on the majority of occasions. Where an applicant subsequently withdrew their request, this was recorded as 'Discontinued'. On occasions, the Council is asked for information which it does not hold, for example, trading standards or crime information, which is held by other organisations and not the Council; requests may also be for information which the Council does not already hold and has no requirement to hold, for example, the number of times a particular birth certificate has been viewed/ordered – in these cases the outcome is recorded as "Not Held".

In a small number of cases, the Council has refused to either confirm or deny whether it holds any requested information. The FoI Act allows a public authority to do this only where a confirmation that requested information is or is not held would in itself reveal information that falls under an exemption. This is called a 'neither confirm nor deny' (NCND) response.

<b>Outcome</b>	<b>2017-18</b>	<b>% of Total Requests Received</b>
Supplied (all or in part)	972	64.2%
Refused (all or in part)	400	26.4%
Not Held (and referred)	80	5.3%
Discontinued (and duplicate)	60	4.0%
Neither Confirm Nor Deny	1	0.1%
<b>Total</b>	<b>1513</b>	<b>100.00%</b>

Some requests were refused, in whole or in part, and the relevant exemption or exception applied. In some cases, two or more FoI exemptions applied to information requested in a single request, and so the total number of times exemptions or exceptions were applied will exceed the total number of requests received.

During 2016-17 607 exemptions / exceptions were applied (in whole or in part) to 479 requests (this number includes the 3 requests for which information was not held for the purpose of the FoI Act was requested and are recorded as 'Not Held' in the table above as well as the 3 cases which are recorded as 'Neither Confirm Nor Deny'):

<b>FoI Exemptions / EIR Exceptions Applied</b>			<b>2017-18</b>	<b>% Total Requests Refused</b>
EIR	reg12(4)(b)	Manifestly unreasonable	7	1.5%
EIR	reg12(4)(d)	Relates to unfinished documents or incomplete data	2	0.4%
EIR	reg12(4)(e)	Would involve disclosure of internal communications	0	0.0%
EIR	reg12(5)(b)	The course of justice, fair trial, conduct of a criminal or disciplinary inquiry	1	0.2%

EIR	reg12(5)(d)	Confidentiality of public authority proceedings when covered by law	1	0.2%
EIR	reg12(5)(e)	Confidentiality of commercial or industrial information when protected by law to cover legitimate economic interest	5	1.1%
EIR	reg12(5)(f)	Confidentiality of commercial or industrial information when protected by law to cover legitimate economic interest	5	1.1%
EIR	reg13	Personal data	38	8.4%
FoI	s12	cost of compliance exceeds appropriate limit	61	13.5%
FoI	S14	Repeated or vexatious request	5	1.1%
FoI	s21	Information reasonably accessible by other means	152	33.6%
FoI	s22	Information intended for future publication	0	0.0%
FoI	s24	National security	5	1.1%
FoI	s3(2)(a)	Not held for the purposes of the FoI Act	1	0.2%
FoI	S30	Investigations and proceedings conducted by public authorities	0	0.0%
FoI	s31	Law enforcement	30	6.6%
FoI	S36	Prejudice to the effective conduct of public affairs	0	0.0%
FoI	s38	Health and safety	0	0.0%
FoI	s40	Personal information	105	23.2%
FoI	s41	Information provided in confidence	9	2.0%
FoI	s42	Legal professional privilege	2	0.4%
FoI	s43	Commercial interests	23	5.1%
FoI	s44	Prohibitions on disclosure	0	0.0%
<b>Total</b>			<b>452</b>	<b>100.00%</b>

## f) Internal Reviews

Where an applicant is unhappy with the response received to their information request they can ask for an internal review of the handling of the request / response received.

Internal reviews are carried out by officers in Legal Services who have had no input to the original response. The FoI Act does not specify a timescale for completing internal reviews, but the ICO requires these to be done promptly within a reasonable timescale, which he considers to be 20 working days from receipt of the request. The EIRs require internal reviews to be completed within 40 working days of receipt of the request.

In 2017-18 the Council carried out 29 internal reviews, compared with 80 in 2016-17.

The Council notes that in 2016-17 40% of all internal reviews requested (32) were made by two applicants, who each submitted multiple requests throughout the year (71, which was 4.34%



of all requests received) which accounted for the unusually high number of internal reviews requested during 2016-17:

The internal reviews carried out in 2017-18

Monthly	Number received	Responded to within Deadline	% in deadline	Average Time to respond (working days)
April 2017	1	0	0.0%	24
May 2017	2	2	100.0%	19
June 2017	1	0	0.0%	24
July 2017	2	2	100.0%	24
August 2017	3	1	33.3%	30
September 2017	1	1	100.0%	19
October 2017	5	4	80.0%	22
November 2017	4	4	100.0%	15
December 2017	2	2	100.0%	12
January 2018	2	2	100.0%	16
February 2018	2	1	50.0%	38
March 2018	4	2	50.0%	38
<b>Total</b>	<b>29</b>	<b>21</b>	<b>Av: 67.8%</b>	<b>Av: 23.38</b>

At the time of writing, 3 internal review decisions remain outstanding and are overdue.

Internal Review Outcome	2017-18	% of Total Requests Received
Not Upheld	17	58.6%
Partially Upheld	4	13.8%
Upheld	7	24.1%
Open (and overdue)	1	3.4%
<b>Total</b>	<b>29</b>	<b>100.00%</b>

Although there is no timescale for completion of internal reviews which is set out in the FoI legislation, the Council would wish to see a significant improvement in the timescales for FoI reviews.

## 5. Information Commissioner

The Information Commissioner's Office (ICO) is the UK's independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals.

### a) Powers

There are a number of tools available to the ICO for taking action to help organisations follow the Freedom of Information Act, Environmental Information Regulations, INSPIRE Regulations and associated codes of practice. They include non-criminal enforcement and assessments of good practice.

Specifically, where authorities repeatedly or seriously fail to meet the requirements of the legislation, or conform to the associated codes of practice, the ICO can take the following action:

- *conduct assessments to check organisations are complying with the Act;*
- *serve information notices requiring organisations to provide the ICO with specified information within a certain time period;*
- *issue undertakings committing an authority to a particular course of action to improve its compliance;*
- *serve enforcement notices where there has been a breach of the Act, requiring organisations to take (or refrain from taking) specified steps in order to ensure they comply with the law;*
- *issue practice recommendations specifying steps the public authority should take to ensure conformity to the codes;*
- *issue decision notices detailing the outcome of the ICO’s investigation to publically highlight particular issues with an authority’s handling of a specific request;*
- *prosecute those who commit criminal offences under the Act; and*
- *report to Parliament on freedom of information issues of concern.*

Source: <https://ico.org.uk/about-the-ico/what-we-do/taking-action-freedom-of-information-and-environmental-information/>

## **b) Complaints Received about Kirklees**

The ICO made the Council aware of 5 complaints they had received about Kirklees’ handling of Fol and EIR requests, a decrease of 9 from the 14 notified in 2016-17:

<b>Summary</b>	<b>Outcome</b>
Complaint about handling of an EIR request	Local resolution; additional information provided to applicant by agreement with the ICO and the applicant. No further action required by ICO.
Complaint that the Council has failed to provide a full response to an EIR within 20 workings days	ICO notes response not sent within deadline and requires response to be sent within 10 working days or receipt of letter; response sent in 10 days. No further action required by ICO.
Complaint about a late response to an Fol request	ICO notes a response was not sent within deadline but that the response has since been sent with an apology. No further action required by ICO.

Complaint about s40 redaction of personal information and a late response to an FoI request	ICO issued a decision notice upholding the complaint that a response was not sent within deadline, but not upholding the complaint about the application of s40(2) (personal information). <b>See Decision Notice FS50703907 below</b>
Complaint about a late response to an FoI request	ICO notes a response was not sent within deadline but that the response has since been sent with an apology. No further action required by ICO. The ICO acknowledges that a clerical error lay behind this failure, nevertheless she is obliged to find that the Council has breached section 10 of the Act.

### c) Decision Notices

When a complaint is made under the FOI Act against a public authority, the ICO investigates the facts behind the complaint and may then issue a decision notice. This is the Commissioner's view on whether or not the public authority has complied with the FOI Act or the EIR and can include legally binding steps for the public authority to follow.

When a decision notice is issued, the ICO informs both parties of their right to appeal to the First-tier Tribunal (Information Rights).

The ICO published the following Decision Notice in relation to one of the four complaints made about Kirklees in 2017-18:

<p><b>Kirklees Metropolitan Council</b>  <b>11 Jun 2018, Local government</b></p> <p>The complainant has requested information from Kirklees Council which concerns remarks made by a councillor at a public meeting, where the Councillor is alleged to have said that the complainant had cost the Council £38,000. The Council corrected the amount referred to by the complainant in his request and it provided him with a schedule of its calculation of how a figure of £11,000 was arrived at. The Council made some redactions from the schedule disclosed to the complainant by virtue of its application of section 40(2) of the FOIA. The Commissioner's decision is that Kirklees Council has correctly applied the provisions of section 40(2) to information it withheld from the complainant. The Commissioner has also decided that the Council has breached section 10 of the FOIA for failing to respond to the complainant's request within the required twenty working day compliance period.</p> <p><b>FOI 10: Complaint upheld FOI 40(2): Complaint not upheld</b>  <a href="#">View a PDF of Decision notice FS50703907</a></p>
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<https://search.ico.org.uk/ico/search/decisionnotice>

### d) Tribunals

Two appeals to the First Tier Tribunal (Information Rights) were lodged during 2017-18:

One in respect of ICO Decision Notice [FS50660772](#) issued in September 2017. The appeal was subsequently dismissed. FTT Case EA/2017/0231 refers.

One in respect of ICO Decision Notice [FS50667566](#) issued in August 2017. The FTT upheld the appeal and requires the Council to provide a reply to the applicant's request, so far as it applies to the information in question, in accordance with the FTT finding that the Council holds this information. FTT Case EA/2017/0194 refers.

## Appendix D – Local Government Transparency Code

Local Government Transparency Code  
Progress Report  
August 2018

































Anna Bowtell  
Research & Intelligence Manager

### SUMMARY

In 2015 & 2016, Kirklees Council published data & information, where available, to try to meet the requirements of the Local Government Transparency Code. Despite a recent consultation, the Transparency Code has not been updated since 2015 so we have been working with the same requirements as stipulated in the 2015 publication. The code has two elements; information which *must* be published and information that is *recommended* for publication. Between 2016 & 2018, there has been additional local emphasis on requesting data that meets the *recommended* element of the code. This is in preparation for an anticipated request for all authorities to meet the recommended criteria in the near future.

The published data can be found here:













<http://www.kirklees.gov.uk/beta/information-and-data/open-data-sets.aspx>

	2015		2016		2017		2018 – in progress	
	MUST be published	Recommended for publication	MUST be published	Recommended for publication	MUST be published	Recommended for publication	MUST be published	Recommended for publication
<b>Expenditure Exceeding £500</b>								
	2 identifiers are not published: - Summary of purpose - Unrecoverable VAT		2 identifiers are not published: - Summary of purpose - Unrecoverable VAT		2 identifiers are not published: - Summary of purpose - Unrecoverable VAT		NOTE: expenditure data is currently under review and will be republished shortly	
<b>Government Procurement Card Transactions</b>								
	3 categories are not published: - VAT - Summary of purpose - Merchant Category		3 categories are not published: - VAT - Summary of purpose - Merchant Category		3 categories are not published: - VAT - Summary of purpose - Merchant Category		NOTE: expenditure data is currently under review and will be republished shortly	
<b>Procurement information</b>								
	Publishing contracts on Yortender £5k & above is not prescribed by procurement and £20k still remains the limit. Now publishing on Contracts Finder [.gov.uk site] – publishing >£25k as this is what is stipulated to procurement for non central government. The code asks for >10k.							
	<b>2015</b>		<b>2016</b>		<b>2017</b>		<b>2018</b>	
	MUST be published	Recommended for publication	MUST be published	Recommended for publication	MUST be published	Recommended for publication	MUST be published	Recommended for publication
<b>Local Authority Land</b>								
	2 definite categories are not published:		1 definite category is not published:		1 definite category is not published:		1 definite category is not published:	

	<ul style="list-style-type: none"> <li>- Freehold or leasehold</li> <li>- Land or building asset</li> </ul> <p>Queries about data accuracy &amp; whether all assets stipulated are included in the list.</p>		<ul style="list-style-type: none"> <li>- Land or building asset</li> </ul> <p>Recommended involves more regular publication, publishing to the Electronic Property Information Mapping Service &amp; more in-depth categories e.g. hectares/reasons.</p>		<ul style="list-style-type: none"> <li>- Land or building asset</li> </ul> <p>The Electronic Property Information Mapping Service [EPims] is currently being trialled by the service. The type of date upload and frequency is being considered.</p>		<ul style="list-style-type: none"> <li>- Land or building asset</li> </ul> <p>The Electronic Property Information Mapping Service [EPims] is currently being used by the service to publish this information too. The frequency of publication still remains yearly and not more frequent as stated in the 'recommended' element.</p>	
<b>Grants to voluntary, community &amp; social enterprises and organisations</b>								
	It is currently an annual publication due to the manual collation that is required so difficult to move to a dynamic or more frequent reporting schedule. Not possible to disaggregate by various sectors as currently not recorded.							
<b>Organisation Chart</b>								
	It is currently an annual publication due to the manual collation that is required so difficult to move to a dynamic or more frequent reporting schedule.							
	<b>2015</b>		<b>2016</b>		<b>2017</b>		<b>2018</b>	
	<b>MUST be published</b>	<b>Recommended for publication</b>	<b>MUST be published</b>	<b>Recommended for publication</b>	<b>MUST be published</b>	<b>Recommended for publication</b>	<b>MUST be published</b>	<b>Recommended for publication</b>
<b>Trade Union Facility Time</b>		N/A	DATA NOT COLLECTED & NOT RECEIVED			N/A		N/A
	There are no "Recommended" Requirements							
<b>Parking Account</b>								

		N/A		N/A		N/A		N/A
It is currently an annual publication due to the manual collation that is required so difficult to move to a dynamic or more frequent reporting schedule. Not possible to disaggregate by various sectors as currently not recorded.								
<b>Controlled Parking Space</b>								
The information requested is available. Accessibility could be improved by offering aggregated figures [although this is not specified precisely in the guidance].								
<b>Senior Salaries</b>		N/A		N/A		N/A		N/A
	Only top 3 tiers were reported on. Job descriptions posted are out of date. There are no 'Recommended' requirements.		Salaries over £50,000 have been published. Job Descriptions & 'responsibilities' [including budget/services/ functions] requires work – currently with HR to gather JDs for publication.		Information received from service is still not fully compliant. The code requires listed responsibilities for all positions with a salary of £50,000 upwards [not just for the first 3 tiers]. It is also missing budget levels & staffing numbers associated with each officer.		Information received from service is still not fully compliant. The code requires listed responsibilities for all positions with a salary of £50,000 upwards [not just for the first 3 tiers]. It is also missing budget levels & staffing numbers associated with each officer.	
	<b>2015</b>		<b>2016</b>		<b>2017</b>		<b>2018</b>	
	<b>MUST be published</b>	<b>Recommended for publication</b>	<b>MUST be published</b>	<b>Recommended for publication</b>	<b>MUST be published</b>	<b>Recommended for publication</b>	<b>MUST be published</b>	<b>Recommended for publication</b>
<b>Constitution</b>		N/A		N/A		N/A		N/A
Direct feed to web link – if content changes, link will update.								
<b>Pay Multiple</b>		N/A		N/A		N/A		N/A



	No comment to add							
<b>Fraud</b>								
	Data received from service does not include the total £'s spent on investigation & fraud – 20% of the basic requirements for the code. Service is struggling with IT systems & change in officer ownership of the fraud section.				Data now includes spend on investigation & fraud.			
<b>Social Housing Asset Value</b>		N/A		N/A		N/A		N/A
	No comment to add		No comment to add		Data routinely published in the month of September		Data routinely published in the month of September	
<b>Waste Contract</b>	Not applicable for Kirklees.							

**Anna Bowtell**  
**Research & Intelligence Manager**  
**Kirklees Intelligence & Performance Unit**

**Name of meeting:** Corporate Governance and Audit Committee

**Date:** 7 September 2018

**Title of report:** Corporate Customer Standards Annual Report 2017-18

**Purpose of report:**

To update Corporate Governance and Audit Committee on complaint handling for the year 2017-18 and a review of the Ombudsman and Third Stage Complaints received.

The report also contains details of the Whistleblowing Complaints that have been received in the financial year and 4 detailed case studies of learning from complaints.

There is also a consideration of an addendum to the information provided to residents about complaints handling.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a>	No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name  Is it also signed off by the Service Director for Finance IT and Transactional Services?  Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	Julie Muscroft 29.08.2018
Cabinet member <a href="#">portfolio</a>	Graham Turner

**Electoral wards affected:** all

**Ward councillors consulted:** none

**Public or private:** Public

## 1. **Summary**

For Corporate Governance and Audit Committee to consider the content of the report, and to advise if they would like any additional areas for the next interim report.

### **Currently scheduled:**

Learning/Review of SEN  
Investigation into Highways Service Complaints Handling  
Interim update of complaints handling 2018-19

To consider the addendum to the information provided to residents about complaints about individual staff members.

## 2. **Information required to take a decision**

Contained within report

## 3. **Implications for the Council**

### 3.1 **Early Intervention and Prevention (EIP)**

### 3.2 **Economic Resilience (ER)**

### 3.3 **Improving Outcomes for Children**

### 3.4 **Reducing demand of services**

Learning from complaints will help ensure that errors are not repeated and processes are more efficient and effective.

### 3.5 **Other (eg Legal/Financial or Human Resources)**

Complaint handling investigation help reduce the risk of services not adhering to legal processes.

## 4. **Consultees and their opinions**

N/A

## 5. **Next steps**

N/A

## 6. **Officer recommendations and reasons**

To accept the report.

## 7. **Cabinet portfolio holder's recommendations**

## 8. **Contact officer**

Chris Read, Corporate Customer Standards 01484 221000

9. **Background Papers and History of Decisions**

None

10. **Service Director responsible**

Joanne Bartholomew

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# Corporate Customer Standards Annual Report 2017-18

## 1: Purpose of report

To update Corporate Governance and Audit Committee about complaint performance during the previous financial year. As we began to do during the 2017-18 year we also consider an interim complaints report halfway through the year.

The report is informed by the Local Government Ombudsman Annual Report which is published early in July, and also incorporates information about third stage complaints handling, some key examples of learning and a summary of the Whistleblowing concerns that have been received.

## 2: Background processes

[Appendix 1](#) contains details of the council's complaint processes.

## 3: Complaint Statistics – how is Kirklees performing?

### Ombudsman Formal Report

The ultimate sanction that the Local Government Ombudsman can apply is to issue a formal report against a council. These are usually issued where a matter is very serious and the council clearly has a number of process issues to consider and resolve, where there is a public interest in matters and learning can be shared with other councils, or where the council clearly has not reflected or changed its procedures after issues had been highlighted in the past.

Once again in 2017-18, no formal Ombudsman Reports were recorded against Kirklees Council. At the time of preparing this report, the council has been advised of a pending formal report which will be issued against it shortly. The Corporate Customer Standards Officer will report on the findings during the next interim report to Corporate Governance and Audit Committee in approximately 6 months' time (unless the Ombudsman should specify different action). The service in question have accepted the comments and advice of the Local Government Ombudsman.

There were 13 upheld complaints by the Ombudsman (2016/17: 16 cases). It is worth noting that the Ombudsman made a procedural error in two cases that had been originally determined in 2016/17 and reissued their decision the following year. Without this Ombudsman error, the figures would have been 18 upheld cases in 2016/17 and 11 upheld cases in 2017/18. Details of the upheld complaints are provided in [Appendix 2](#) with the summary of the case provided by the Ombudsman.

### Complaint Volumes

[Appendix 3](#) contains historical comparison data regarding the number of complaints received both at third stage and at Ombudsman.

These indicate that the number of third stage complaints and Ombudsman complaints received have been at a consistent level over recent years and during the

year 2017-18 numbers are in slight decline (although it must be noted the numbers are not statistically significant).

The corporate customer standards section have been involved with over 700 cases this year. This includes giving advice about complaints handling, looking at resolving complaints, co-ordinating replies between services and ensuring complaint responses are collated. The numbers considered by the section has increased considerably over recent years (and continues to – it was 650 last year), and perhaps this assists with ensuring that third stage and Ombudsman complaints have not increased.

[Appendix 4](#) contains a comparison of the numbers of complaints received by the Ombudsman from Kirklees residents in comparison with those presented by West Yorkshire residents.

The proportion of Kirklees residents in West Yorkshire is approximately 19% of the population whereas the proportion of West Yorkshire complaints are consistently below this percentage (2017-18: 17%). This means the Ombudsman receives fewer complaints from Kirklees residents than might be expected by population.

A strong caveat around making simple assumptions about numbers of complaints received must be stated. There are a number of factors that can impact upon complaint numbers received. These include:

- The overall numbers involved is but a very small percentage of the overall resident contacts that the council receives. A small change in the number of complaints recorded can alter the picture considerably.
- Some complaints are not recorded as such because there is a formal appeals process for that particular situation, and some resident concerns are classed as requests for service. We try to mitigate against this by being consistent, using a broad definition of what a complaint is.
- Changes in procedures and interest in areas over time can impact upon complaints received (for example the introduction of proactive littering charges, waste tip permits, increased economic activity might be expected to increase planning complaint volumes).
- A low expectation on outcomes, staff hiding the complaints process, and delay might contribute to depressing complaint numbers.

We try to mitigate against some of these issues through:

- Taking complaints seriously and ensuring responses clearly set out what the decision was and why it was made.
- Always publicising the complaints process by highlighting the next stage that the resident can take
- Ensuring we recognise the positive value of independent review of the Ombudsman and co-operating with the Ombudsman and encouraging a learning culture from complaint handling.



Another helpful measure to identify whether complaint handling makes a difference to the complainant is to measure the proportion of upheld complaints. Again, in Kirklees the position is slightly better than average.

This year, the Local Government Ombudsman determined that of the cases where they undertook a detailed investigation that 57% of the cases were upheld. Kirklees Council performed slightly better than average at 52%. In West Yorkshire Bradford, Calderdale and Leeds had a higher proportion of upheld cases, whereas Wakefield had only 7% of cases upheld.

Taking all the cases the Ombudsman received from the council where they undertook some complaint scrutiny and removing the 2 adverse outcomes that had originally been determined in 2016/17 and reintroduced in 2017/18 because of Ombudsman procedural error, 25% of the cases considered (11 from 44) were upheld. This is a similar outcome to the proportion of cases upheld at third stage of the complaints process, where there is a broad consistency with previous years in that around 20% of cases investigated led to some change in the outcome for the resident, or where a fault was identified.

We have identified that a large number of upheld cases relate to Adults Services; while we might anticipate a higher number of concerns because of the value of the service to users, we have introduced a particular focus on learning from Adult Service complaints which is detailed below as part of the spotlight on learning.

[Appendix 3](#) shows the numbers of specific Service Area complaints for the number of third stage complaints received

While the above caveats about volumes are relevant, there is a value in monitoring changes in different service area volumes. In terms of service volumes, Kirklees figures for individual services do not appear to deviate significantly from West Yorkshire averages.

Adults and Childrens (incorporating SEN) services are higher than average, and these are discussed later in this report. Highways and Transport has a significantly lower than average figure, and we will investigate the reason for this the over coming months to see whether further learning can be found. We intend to report back on this area in the interim report to Corporate Governance and Audit Committee.

#### **4: Learning from complaints handling**

There are numerous learning points to be obtained from individual complaint handling; many of them relate to communication, and individual staff learning. However, there are some useful examples of learning in the following four service area examples.

##### **Spotlight 1: Learning from footpath/Public Rights of Way Complaints**

Footpath and public rights of way management is a service area with a risk for disagreement and conflict to arise. Irrespective of the conclusion the council reaches there will often be a dissatisfied party.

Landowners may become frustrated by inconsiderate users and they may fail to appreciate the importance of maintaining a specific route along its original line and obtaining permission for any changes to it, including new stiles and gates across the route (which are officially considered to be obstructions). Many route descriptions are historic and various challenges can arise. Meanwhile route users and hikers have a long tradition of defending and claiming rights of way and challenging any perceived threat to a route.

The legislation around the council's responsibility to ensure that public rights of way are free from obstruction is largely unambiguous, and the council holds a responsibility to act against an obstruction, blockage or unauthorised diversion, and it has the right to clear a route and recharge for the cost of any such works.

We have dealt with a number of footpath complaints where there has been a common theme where a pragmatic approach has been attempted or an extended period for improvement allowed, but it has not ultimately satisfied the landowner and/or users of the routes and the approach of the council has been challenged.

Following the reductions in service after the changes to the council's budget, there has been a reorganisation of services meaning that both the staff who administer the footpath scheme and those who deal with clearing obstruction and maintenance for Public Rights of Way are now managed by the same department. The learning from complaint handling, review of processes and the opportunity to apply a consistent approach throughout the PROW process has enabled the service to move towards a more consistent approach to be adopted to PROW management which enables the appropriate legislation to be followed more efficiently and effectively.

To further strengthen the process, a procedure is being developed by the service to ensure various processes take place to ensure that landowners are given timely advice about their responsibilities when issues are presented, and informed about the role of the council and its intention to recharge for any works that are incurred. This should help reduce any ambiguity and doubt for landowners in future.

The council will be seeking to adopt a consistent approach about recharging those residents who obstruct and block routes for works for them to be cleared. As well as ensuring the cost of reopening routes does not become a consideration or burden for the council or the taxpayer, the recharging mechanism will act as a deterrent to other landowners attempting any similar obstruction of a route.

## **Spotlight 2: Embedding learning and complaints handling into Adult Services**

We identified that the Local Government Ombudsman was receiving an increased number of complaints and we also had a number of new managers to Adults Service. This made it less easy to ensure continuity in the service we were providing for more complex issues, and there was a risk that we may reduce the consistency of decision making as managers had different backgrounds and experiences.

The Local Government Ombudsman was critical of the timescales that it was taking the service to respond to complaint matters, which had arisen because managers

were unfamiliar with particular cases and how matters had been dealt with in the past.

To improve the situation, the Service Director proposed that we arrange a regular monthly meeting whereby complaints issues and learning could be discussed and shared amongst senior managers. This would ensure that the service now had a consistent approach to dealing with similar issues that presented, and also that learning would be discussed and shared widely throughout the service area. We also discuss other cases across the country that the Local Government Ombudsman has considered. For co-ordination purposes the senior manager from Client Financial Affairs also attends the meeting. The learning from complaint handling now more consistently feeds into the decision making process, together with more traditional methods of user feedback, internal review and public consultation processes.

We have already identified a number of care areas where improvements can be made:

We identified there was an inconsistency over where discretion was used in relation to a number of areas, including Disability Related Expenditure. We identified a principle where there had to be a practical evaluation of the individual circumstances to determine whether allowances for additional expenditure might be needed and to take a pragmatic approach. An example might be around a need for specialist clothing and a balance between what was a cost effective purchase of clothing rather than one that was a personal preference, and whether this incurred an additional expense. Guidance around support with domestic tasks and DRE considerations was also developed which incorporated learning from complaints together with other considerations.

Likewise, we have discussed the complexity where a family member becomes eligible to receive a direct payment to provide care and support. This has resulted in a Positive Risk Assessment Tool being implemented to support transparent decision making.

We have also identified issues with progression on particularly complex cases and this has enabled us to respond to matters in a faster and more responsive way, often agreeing innovative approaches to support satisfactory remedy.

### **Spotlight 3: Improving the SEN experience**

Service Managers have identified an increased number of complaints from parents of children who require additional educational support. In particular, there have been concerns around timeliness of achieving assessments and reviews, and in procuring the identified support. The Local Government Ombudsman has criticised the council in a number of cases, and recommended the council pay compensation to a small number of parents, and the experience has left some parents concerned about the future support of their children.

The service recognise that parents often have a lot of issues to contend with, we do not want to feel that we are part of the problem, and we want to work with parents

actively to help provide the solution to help maximise their child's educational potential.

The service proposed a number of changes to Members including around reviewing staffing numbers, arranging a monitoring system to ensure reviews are undertaken in a timely way, and service support provision is monitored, quality assured and checked to ensure the agreed support is appropriate.

The council has agreed to increase annual funding by a substantial amount of approximately £500,000 a year to enable a review of the team structure to take place. This will ensure the level of service and support provided in the future improves so it is timely both in terms of assessment of need and in provision of service and to the standard that officers would want to offer parents.

#### **Spotlight 4: Review of Planning Enforcement Matters.**

At a previous CGAC meeting one of the Councillors expressed a concern that planning enforcement matters were perhaps not being considered in the best way. As a result we have conducted some research into the complaints that have been investigated at third stage and Ombudsman over the past two years. We are also aware service managers are finalizing an updated Development Management Planning Enforcement strategy which will have an impact upon how the planning enforcement team consider some matters.

The legislation on the area allows the council to use its discretion to take action if it appears to be in the public interest to do so. This means that decision making is more subjective than in some other areas the council deals with and it makes it more open to criticism.

The Local Government Ombudsman sets out the situation to be:

Its statutory duty is to consider the situation. It has powers to take action but it has no duty to do so. Its duty is to consider whether further action would be appropriate. The statutory test it must apply is set out in The Town and Country Planning Act 1990, section 172. This says the local planning authority may issue an enforcement notice where:

- "it appears to it there has been a breach of planning control; **and**
- it is expedient to issue the notice, having regard to the provisions of the development plan and to any other material considerations."

The National Planning Policy Framework offers further guidance. It says:

"Effective enforcement is important as a means of maintaining public confidence in the planning system. Enforcement action is discretionary, and local planning authorities should act proportionately in responding to suspected breaches of planning control."

“Local planning authorities should consider publishing a local enforcement plan to manage enforcement proactively in a way that is appropriate to their area.”

The Council’s local enforcement plan echoes national guidance and is published on the Council’s website.

One feature of the complaints reviewed at third stage is that they fairly regularly relate to neighbours who have some kind of ongoing dispute. While the council has to consider the impact of the issue raised, it also has to take care to ensure it is not used as a tool in such a dispute, and a refusal to become involved can create further frustration for the complainant because of this added context.

One of the examples related to a situation where a resident sought to contrast a decision made on a proposed development on their own property which was refused, and the development on a neighbouring property, despite other fundamental differences between the two sites (not least the planning proposal of the complainant was to develop into green belt land).

There are also examples where the planning enforcement department has been accused of being too heavy handed in its approach towards enforcement. One case was in relation to a business where the business owner was frustrated by the extent of the controls placed upon his business. Another was a complaint against the court action that the planning enforcement section had taken against him to remove an unauthorised development.

When we consider the cases that progressed to the Local Government Ombudsman, the Ombudsman consistently confirmed that the service appeared to have considered all the things that might be expected. They did not find fault on any of the cases investigated.

There was some consistency in the complaints received. Some residents expressed some concern about the conversations that planning enforcement officers had held either with themselves or with neighbours. Residents did not appreciate making a complaint to the council and then find neighbours being given advice about the situation which perhaps did not favour their own position. Our officers have the responsibility to offer fair advice to all residents, and the nature of the work meant that residents often spoke to staff during visits.

We also identified that planning enforcement officers were sometimes put on the spot during a visit which meant they responded without the benefit of considering how they would put their view that they would not formally progress action. This then prompted complaint.

There are also inevitably some concerns about delay; this is an area of work that requires a scheduled visit and in any small section peaks of work can be difficult to manage. Such issues are raised with the service.

## Planning Enforcement Statistics

Year	Registered Investigations	Formal Notices Issued	No of Service Complaints at Third Stage	Upheld Service Complaints	Onto Omb	Complaints about “too much” enforcement
16/17	577	20	4	0	1	1
17/18	541	29	5	0	2	1

## Planning Enforcement Comparator (Sample Equally Populated Districts)

Authority	Population (approx.)	2017/2018 Notices Issued*
Kirklees	440K	29
Bristol	460K	23
East Yorkshire	340K	26
Wakefield	340K	9
Coventry	360K	16
Leicester	350K	13
Cheshire East	380K	18
Calderdale	230K	5 (added for local comparison, but a much smaller council)

- Government Table P130 (Live Tables on Planning Statistics)

## 5: Changing procedures and policies

We have been continuing to work on ensuring the relationship between residents and officers remain cordial and constructive. We will tackle any complaint received about inappropriate contact from officers, and likewise we continue to offer support and advice to residents who become frustrated with officer decisions.

It is important to highlight that officer decisions are formed on the basis of government legislation and council policy, and it is not often where an officer is allowed complete discretion to make a decision on a matter. Unfortunately residents can become very frustrated over an adverse decision and can personalise their complaint by making critical comment about the individual staff member. Behaviours can include:

- Attempting to belittle or damage the staff member by sharing criticism or making speculation about motivation with a large number of managers and councillors.
- Making adverse comment on personal social media pages
- Making strong comments of criticism to the officer themselves

Unfortunately such comment is unhelpful and can be distracting to handling and responding to the complaint itself. If there is a legitimate complaint against an individual that can be passed to the line manager separately, but it is often a different matter to investigating the actual decision itself (which can usually be settled by comparing the circumstances to the policy and legislation).

It was felt helpful to include some guidance on this matter to supplement the information and policy already available in relation to unreasonably persistent complainants, and the reasonable behaviour policy reported to Cabinet and Council in the recent past.

[Appendix 6](#) is an advice document to be included to the complaints procedure.

### **Collecting statistical information from surveys**

We have decided to stop collecting feedback from complaint handling for a period. We would need to consider what advice we are giving residents about how we are using complaints data to continue this work.

We had collected approximately 3 years' worth of data which showed a strong correlation between outcomes and satisfaction. Likewise, a referral to the Local Government Ombudsman gives some feedback about perceived shortfalls in the response prepared. It will be worth returning to obtaining such information should our approach to complaint handling alter substantively in future.

## **7: Whistleblowing Concerns**

The Head of Risk and the Corporate Customer Standards Officer investigate those cases directly reported to the Whistleblowing telephone line and email address. Other Whistleblowing investigations may take place through issues reported to the HR section or direct to the Audit section (which are recorded outside of this process).

It is worth noting that many of the cases received fall outside of the technical definition of a Whistleblowing complaint (the legislation seeks to protect internal staff if they "whistle-blow") and many concerns arrive from members of the public.

Most Whistleblowing complaints received relate to an abuse of power, be they accusations of bullying and harassment, timesheet or annual leave irregularities or accusation of financial fraud. Some Whistleblowing complaints may be comparatively easy to resolve or prove (for example, checking whether a tracked Council vehicle was being used to transport children to school), others are much more general in nature and may straddle across the Council and other organisations responsibilities (for example, a general comment of corruption against a group given part Council funding for a specific project).

The Whistleblowing procedures require the Head of Risk and Corporate Customer Standards Officer to assess the issue raised and agree a course of investigative action.

Given the nature of the complaint, many reviews are undertaken substantively by Internal Audit and/or HR. Outcomes can include disciplinary or even criminal action against employees and a review of procedures to ensure that they minimise the risk of undetected wrongdoing.

Services are reminded that employee whistle-blowers are legally protected from persecution and that they should play their part to ensure that reviews are impartial and that concerns are reasonably considered.

Whistleblowing issues may be referred to the Corporate Governance and Audit Committee or to Scrutiny for their consideration. Those investigated by internal audit are reported as a part of other reporting mechanisms to Corporate Governance and Audit Committee.

Whistleblowing contact details remain confidential at all times.

During the year 2017-18, 18 Whistleblowing referrals were received via either the Whistleblowing e-mail address ([www.whistleblowing@kirklees.gov.uk](mailto:www.whistleblowing@kirklees.gov.uk)) or telephone (01484 225030).

There has been a slight increase in the number of referrals from last year. We find that service change and service review can naturally increase staff anxiety and we often receive concerns from service areas subject to review. Appendix 7 provides a summary of the Whistleblowing concerns that were considered through the process this year.



## Appendix 1

### Recap of the Council's Complaints Procedure

The council's complaint process for 2017-18 has three internal stages.

**First stage** – the complainant initially contacts the council to express dissatisfaction about the service they have received. Many of these complaints are resolved by front line staff immediately, as errors are spotted corrected and an apology offered, or an explanation is given to explain the situation to justify why the situation is accurate.

**Second stage** – this is where the complainant remains dissatisfied and the complaint is referred to a senior manager within the appropriate service to consider.

**Third stage** – the Corporate Customer Standards Officer will review the actions taken by the service on behalf of the Council and Chief Executive and consider whether anything further can be done to resolve the complaint. The Local Government Ombudsman requires the council to give the complaint a final review before they may become involved with it.

Some complaints do not progress through the council's complaints procedure; these are usually complaints where a formal review process applies such as complaints relating to Childrens and Adults Services and Housing Benefit assessment complaints. The Ombudsman will consider some complaints before third stage review if they are considered urgent (for example school admission appeals).

Complaint stages are sometimes merged depending on the type of complaint received so as to ensure matters are dealt with appropriately and to ensure the complainant can progress to the Ombudsman as quickly as possible if matters have been dealt with.

[Return to Background Processes](#)

## Appendix 2

### Local Government Ombudsman 2017-18 Upheld Decisions

Reference And Service	Details	Remedy
15008723 Adult Care Services	There are some faults by the Council in its safeguarding investigation of allegations made by the complainants' late uncle and in the way the Council responded to the complainants' concerns. The Council has accepted the Ombudsman's recommended actions to remedy the resulting injustice caused by its faults.	Apology, Procedure or policy change/review
16003405 Education and Childrens Service	The Council was not at fault in the way it allocated places at School A. Although there was minor fault in the way a school admissions appeals panel hearing was handled, the panel came to its decision on Mrs X's appeal properly.	* Revised Ombudsman Decision  Procedure Change
16004887 Education and Childrens Service	The Council handled Mr X and Mrs X's secondary school preferences properly. The Council was not at fault in the advice it gave Mr X about a school admissions appeals panel hearing.  Although there was some minor fault recording the hearing, overall the panel came to its decision on Mr X's appeal properly.	* Revised Ombudsman Decision  Procedure Change
16013115 Adult Care Services	The Ombudsman does not uphold Mrs A's complaints about a failure to offer Mr B respite care or about the decision to stop paying her a direct payment and commission Mr B's care directly instead. The Council's complaint response should have explained why changes to the respite care arrangements had been made and its correspondence about stopping the direct payment should have advised Mrs A about her right to complain. But I do not consider these faults caused Mrs A injustice.	Changes in communication

<p>16013775 Adult Care Services</p>	<p>The Council did not provide Mr B with a satisfactory standard of care at its care home. It has apologised to his daughter, Mrs X for this. We are satisfied the actions it has taken because of Mrs X's complaint should prevent this happening again. It has agreed to write to Mrs X to explain its actions to improve the standard and quality of care at the home.</p>	<p>Procedure Change, Other Remedy</p>
<p>16015964 Adult Care Services</p>	<p>The Council failed to ensure it met Mrs X's needs through its care plan and that Mrs X took her medication. It also failed to keep a complete care record of the care Mrs X received. The Council has agreed to apologise to Mrs X's son, Mr Z. It will also review its procedures to ensure it gives clear instructions to care providers.</p>	<p>Apology, Procedure Change</p>
<p>16016545 Adult Care Services</p>	<p>Mr and Mrs C complained about the Council's delay in providing the support they needed. The Ombudsman has found some fault and has completed his investigation as he is satisfied with the actions the Council has agreed to take.</p>	<p>Apology</p>
<p>16016745 Adult Care Services</p>	<p>There was no fault in the way the Council finally invoiced Mrs X for Mrs Y's care. There was fault in the way the Council financially assessed Mrs Y for her care. The Council has corrected this with an adjustment. There was fault in the way the Council issued invoices for the wrong care home and after Mrs Y's death. There was fault in the delay in sending the final invoice. The Council has redressed the distress this caused with an apology and waived part of the final invoice costs.</p>	<p>Apology, financial redress</p>
<p>17000192 Education and Childrens Services</p>	<p>The Council was at fault when it failed to provide the speech and language therapy and occupational therapy set out in Part 3 of Mrs M's son's Statement. The Council has agreed to apologise to Mrs M and pay her £1,350 for her unnecessary distress and time and trouble and to help remedy the injustice caused to her son. There is no fault in the Council's provision of her son's Applied Behavioural Analysis therapy or its decision to hold her son's annual review in the autumn term of 2017.</p>	<p>Financial Redress, Apology</p>

<p>17001227</p> <p>Corporate and Other Services</p>	<p>There was some fault in the way the Council communicated with Mr X when dealing with his reports about antisocial behaviour near his home. However, this did not lead to significant injustice and I am satisfied with what the Council did in response to his reports.</p>	<p>Provide information/advice, apology</p>
<p>17004946</p> <p>Adult Care Services</p>	<p>Mr X says the Council is at fault in how it has handled the funding of his late mother's care. The Ombudsman has found fault in how the Council communicated with Mr X. The Council acknowledges this and the Ombudsman considers an apology adequately addresses the injustice caused to him. The Ombudsman found no fault in how the Council calculated its contribution towards Mr X's mother's care costs.</p>	<p>Apology</p>
<p>17005082</p> <p>Environmental Services &amp; Public Protection &amp; Regulation</p>	<p>The Council was at fault when it published an article about Mrs X which contained inaccuracies The action the Council has taken already is a sufficient remedy for the injustice caused. Any claim for loss of earnings or defamation is a matter for the courts.</p> <p>The Council is entitled to decide what conditions it imposes on animal home boarding licenses. There is no fault in the guidance the Council provided Mrs X about dog grooming. If Mrs X believes these are discriminatory it is open to her to challenge this through the courts. The decision to refuse Mrs X an animal home boarding license in 2014 happened too long ago to consider it now.</p>	<p>Financial redress: Avoidable distress/time and trouble, Other Remedy</p>
<p>17009782</p> <p>Housing</p>	<p>Mr X complains the Council provided him with unsuitable accommodation following his homelessness application and denied him a right of review. The Council also delayed in carrying out repairs to a property it offered him and failed to record an offer to 'un-match' his bid. The Ombudsman found fault because the Council denied Mr X an opportunity to request a review of the suitability of his temporary accommodation. And to be 'un-matched' from an offer of secure accommodation causing uncertainty and distress. The Council has accepted it was at fault. It will apologise to Mr X and pay him £200. It accepts the Ombudsman's recommendations to carry out service improvements.</p>	<p>Apology, Financial redress: Avoidable distress/time and trouble, Procedure or policy change/review</p>

### Appendix 3

Historical comparison data regarding the number of complaints received both at third stage and at Ombudsman:

#### Third Stage Complaints

<b>Service</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<b>Adults</b>	0	3	2	3	1	4
<b>Benefits, C Tax &amp; NNDR</b>	13	19	16	16	16	14
<b>Corporate and others</b>	20	18	21	19	15	10
<b>Children's and Education</b>	1	5	5	4	5	5
<b>Environment &amp; Public Protection</b>	21	11	10	15	16	29
<b>Highways and Transport</b>	6	12	12	6	11	3
<b>Housing (including KNH)</b>	4	8	5	5	2	2
<b>Planning</b>	17	17	15	18	19	15
<b>Total</b>	<b>82</b>	<b>93</b>	<b>86</b>	<b>86</b>	<b>85</b>	<b>82</b>
<b>% upheld and Part Upheld</b>	<b>20.7%</b>	<b>17.2%</b>	<b>20.9%</b>	<b>20.9%</b>	<b>21%</b>	<b>20.7%</b>

Cont'd...

## Appendix 3 Continued

### Number of complaints received by the Local Government Ombudsman

Service	Kirklees Numbers 2015-16	Kirklees Numbers 2016-17	Kirklees Numbers 2017-18	% of total 2017-18	West Yorks Proportion
Adults	19	23	19	21%	17%
Benefits, C Tax & NNDR	13	6	6	7%	9%
Corporate and others	13	2	6	7%	5%
Children's and Education	18	22	27	30%	24%
Environment & Public Protection	8	13	13	14%	12%
Highways and Transport	6	4	4	4%	11%
Housing (including KNH)	3	6	5	6%	8%
Planning	13	17	10	11%	14%
<b>TOTAL</b>	<b>93</b>	<b>93</b>	<b>90</b>	<b>100%</b>	<b>100%</b>

[Return to 3: Complaint Statistics](#)

## Appendix 3

### Comparison of Numbers of Ombudsman Complaints received against West Yorkshire Councils

The Ombudsman has provided headline figures of complaints received by each Council and my analysis confirms that Kirklees numbers continue to be broadly consistent with that of previous years.

The figures used to calculate the proportion of Kirklees Complaints against West Yorkshire totals come from the mid 2015 estimates of population from the Office for National Statistics. This has a Kirklees population of 434,321 against 2,281,718 in West Yorkshire overall (Kirklees therefore has approximately 19% of the total West Yorkshire population):

#### Total formal ombudsman complaints received

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Kirklees</b>	61	110	95	93	94	90
<b>West Yorkshire</b>	329	604	582	585	540	529
<b>KC Proportion</b>	19%	18%	16%	16%	17.5%	17%

\* shaded area shows “old” Ombudsman numbers – no direct comparison between these numbers and later numbers can be made as the Ombudsman now collates its statistics in a different way, although the proportion of Kirklees cases against West Yorkshire can be obtained for these years.

**Some caution should be attached to assuming that low numbers provide a positive result. See the main body report for a summary of these concerns.**

[Return to 3: Complaint Volumes](#)

## Appendix 4

### West Yorkshire comparison for the number of upheld complaints by the Local Government Ombudsman:

	Received	Detailed Investigations	Upheld	Numbers pre-remedied by LA
<b>Bradford</b>	<b>123</b>	<b>30/130 (23%)</b>	<b>19 (63%)</b>	<b>3/17 17.6%</b>
<b>Calderdale</b>	<b>71</b>	<b>20/69 (29%)</b>	<b>14 (70%)</b>	<b>2/10 20%</b>
<b>Kirklees</b>	<b>88</b>	<b>25/88 (28%)</b>	<b>13 (52%)</b>	<b>1/12 8%</b>
<b>Leeds</b>	<b>189</b>	<b>62/194 (32%)</b>	<b>41 (66%)</b>	<b>7/34 21%</b>
<b>Wakefield</b>	<b>56</b>	<b>14/55 (25%)</b>	<b>1 (7%)</b>	<b>0/1 0%</b>
<b>Total</b>	<b>527</b>	<b>151/527</b>	<b>88</b>	
<b>KMC proportion</b>	<b>16.7%</b>	<b>16.5%</b>	<b>14.7%</b>	

### Upheld complaints

Nationally, the Local Government Ombudsman upheld 57% of the complaints it received where it undertook a detailed investigation. Kirklees Council achieved a figure of 52%; slightly better than average. In terms of West Yorkshire, Kirklees broadly came in the middle of the table.

In total, the Ombudsman upheld just 13 Kirklees cases; a tiny proportion of the total number of contacts between the council and the public. .

[Return to Complaint Statistics](#)



## **Appendix 6**

### **Complaints about council staff**

#### **Introduction**

There can be times where you might feel you need to complain about a member of staff. We all know there are times where we might feel aggrieved about how something has been dealt with, but it is important to decide whether your complaint is against council and national rules rather than it be personally against the person giving you an unwelcome decision.

Unfortunately we sometimes receive very angry comment against our staff. While we welcome legitimate concerns about staff behaviour so we can address and learn from it, we find sometimes staff are only doing their job, and making personal comments and assumption about our staff can go beyond what can be considered reasonable. We want to make sure our residents receive a good service but as an employer we also have a responsibility towards our staff.

If you think you might have a staff complaint, this advice guide might be useful for you to separate out what is a staff complaint and what is a complaint against the process.

#### **Should I complain about a staff member?**

Bear in mind that in the vast majority of cases officers have not made a personal judgement about the issue you have presented to the council. Their role is to base their decision on the relevant national legislation and policy that applies to the situation. Almost every decision the council makes on a day to day situation will be based on rules and policy to make sure our decisions are correct and as consistent as possible.

We expect officers to clearly explain how they have reached their decision although they sometimes have to share unwelcome news. This allows you to gain an understanding about the decision and to challenge it if you think it is wrong. Unfortunately when you are have received a decision that you think is incorrect or unfair, it can be easy to feel that an officer of the council has personally blocked what you want to see as an outcome and it may feel appropriate to make personal criticisms of them.

Therefore before you complain about a member of staff, it is worth thinking about whether you actually want to complain about the council decision the officer has shared with you, or whether you want to complain about the staff member's behaviour.

## **What sort of staff complaints should I make?**

There are occasions where you can make valid criticisms of individual officers. This would most commonly be where they have:

- delayed responding to you or not responded to you at all (although if it is a discussion that seems to be going round in circles the officer has the right to close the discussion)
- not given you information
- not explained the situation very clearly
- clearly been rude to you
- appeared to have made a mistake when comparing your situation against the policy and legislation AND this has caused you more than minor inconvenience/delay

In such circumstances you should in the first instance ask to speak with that person's manager or to formally raise a complaint to the service in writing. You should clearly set out your concerns. You should not contact the officer directly as they are not in a position to respond to your concerns.

## **Where complaints about staff is not appropriate.**

Unfortunately there are occasions where complaints about individual staff are not appropriate. The council is obliged to support the staff member if the complaint is unfair or unreasonably presented.

The list is not exhaustive but can include:

- Emailing a number of managers and/or elected representatives to criticise or question an officer's decision – this could be considered to be an attempt to undermine, belittle or bully the individual officer.
- Making unsubstantiated accusations against an officer suggesting perhaps they are unable to perform their job, or that they must have taken some kind of bribe
- Contacting the officer direct to criticise them
- Contacting the officer direct to set out the impact of their decision upon you – this could be seen as an attempt to make officers feel guilty about the decision they are required to make
- Making vague or explicit threats towards officers
- Threatening officers direct with legal action or referral to their professional bodies, or to their managers.
- Making negative comments about named officers on social media
- Making negative comments to officers about their decision while they are in their private capacity, in person or on social media

This type of behaviour can only detract from any valid argument you might be able to present. The council like other employers will seek to protect their staff, and at best this type of action is unhelpful, at worst the action could constitute a legal offence.

Behaviour of this nature may in extreme circumstances lead to a restriction on your contact with the council which could give you considerable inconvenience. In extreme and persistent circumstances legal action could be instigated against you.

**Tip:** It can sometimes help to write down what you want to say and feel in an email but then don't send it immediately. You can later review the information to make it more factually correct and less emotive.

If you need advice about how to present your complaint and who it should be presented to, you can contact the Corporate Customer Standards Service at [customer.standards@kirklees.gov.uk](mailto:customer.standards@kirklees.gov.uk) or on 01484 221000 (ask for Corporate Customer Standards).

## Appendix 7: Summary of Whistleblowing Cases received

<p>A concern was raised that staff in a section were chatting during early hours before Team Managers arrived to supervise.</p>	<p>Some issues of concern were raised with individuals although they were isolated in nature. A senior manager was found to be present in the office during most of the times highlighted and staff were monitored.</p> <p>Work levels completed were also regularly monitored and individual matters were raised with individuals at 1:1's and Performance Development Reviews.</p>
<p>An allegation was received that a staff member had gone on holiday while they were off work on sick pay.</p>	<p>The issue was investigated and no evidence found to support the claim. There may be occasions where a GP may permit a holiday during sickness absence if it may aid the condition.</p> <p>A period of unsupported sickness (without a fit note from a GP) was present and the officer was not paid for this period. The officer was given advice about the process.</p>
<p>A concern about HR and safeguarding issues were raised about a pre-school/nursery.</p>	<p>The business was not part of the council. Details were sent to the council's safeguarding and education department.</p>
<p>A concern was raised about the management style of senior managers of a partner organisation.</p>	<p>This organisation was undergoing review at the time of the concern being raised and the matter was passed to the organisation to consider as the council did not have authority to investigate in detail.</p>
<p>A concern was raised about management behaviour at a school.</p>	<p>The matter was brought to the attention of the school and the governors who oversee the running of the school and advice was offered from the councils Learning Service who had an overview of the Schools Performance and Improvement Plan.</p>
<p>A concern was raised about a senior manager who was undertaking a review of the service.</p>	<p>The matter was brought to the attention of the senior manager's manager. The individual left the council for unrelated reasons shortly after.</p>

<p>A concern was raised about a proposed service changes which the author felt would be detrimental to service users.</p>	<p>The Senior Manager assured the staff member that any changes would be discussed with staff and their representatives, and that the service is regularly reviewed by an external body which gives assurance on the suitability of processes used by the service.</p>
<p>A concern was raised about a member of staff with a criminal record and whether it was appropriate to employ them.</p>	<p>The individual had declared their criminal record and it was a post that did not require a DBS nor was the officer deemed to be a risk to the public given the nature of their role.</p>
<p>A video of an outdoor member of staff was presented. The individual believed it showed some illegal activity and had contacted the Police and the council.</p>	<p>We liaised with the Police who determined the video did not necessarily show illegal activity. Information was shared with the service to monitor the worker's activities.</p>
<p>A complaint against a member of staff was received. It was believed this individual had received preferential treatment during a review of their service.</p>	<p>An investigation into the allegations was conducted by Internal Audit. This found that the proper recruitment processes had taken place and the situation had been discussed by senior managers, although some additional detail to make the situation clearer during the decision making process could have been provided.</p> <p>The officer had suitable skills and experience for the post they had been recruited to.</p>
<p>A concern about the recruitment practices at a School was received. There were concerns about the inter-relationship with family members amongst the staff, and practices which led to some staff feeling unflavoured.</p>	<p>Internal Audit prepared a report with various options for the governing body of the school to consider.</p>
<p>A concern was raised about a member of staff who was alleged to have taken an activity holiday weekend while they were off work claiming sickness for a physical disability.</p>	<p>The staff records did not indicate any sickness absence was being claimed during the period in question.</p>
<p>A concern was raised that a staff member had accessed the individual's records inappropriately. In particular there was a concern that various</p>	<p>We checked the computer access for the officer concerned and discovered they did not have access to the computer systems which might hold welfare benefit records. Therefore they</p>

welfare benefit records had been accessed.	could not have accessed this information.
A whistleblowing concern was raised about a manager's behaviour.	The issue had also been presented to the council by the person's union representative and was investigated via that process.
A taxi driver took a fare from a man claiming to work for the council. He absconded without paying his fare and the driver complained to the council about it.	We invited the driver to show us an image of the customer to see if we could identify who it was using the in-cab CCTV. We advised this may be a Police matter and advice from them should be sought. The driver did not respond.
A business wished to advise that an individual who he believed had obtained a charitable grant from the council owed his business and a number of other people money.	We checked and confirmed we had not paid this individual any kind of grant or support.
A comment was received about a charity worker who was working with vulnerable adults apparently without suitable checks, and there were concerns they were misappropriating charity funds.	The council was not funding or supporting this individual and had no involvement with this matter.  The Police subsequently investigated a similar concern.
We received a concern that a staff member was making racist comment on social media and this was placing his role supporting Kirklees residents of risk of disrepute.	The individual was given advice, but was already working his notice to leave the council at the point the allegation was received.  The individual advised his account had been hacked, and his social media account records were altered to remove the comments, and also to make his account more private.

[Return to Whistleblowing](#)

# Audit Progress Report and Sector Update

Kirklees Council  
Corporate Governance and Audit Committee

Year ending 31 March 2018

7 September 2018



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# Introduction



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This paper provides the Corporate Governance and Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Corporate Governance and Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website <https://www.grantthornton.co.uk/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at 24 August 2018

## Financial statements audit

We have started our planning for the 2018/19 financial statements audit, based on your audited 2017/18 accounts. We are also liaising with your previous auditors to ensure there is an appropriate handover. We will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2018/19 financial statements.

We will discuss the audit plan with officers before presenting it to the Corporate Governance and Audit Committee at its January 2019 meeting.

We will complete our audit work in two phases

- Interim audit work
- Financial statements audit work

Our interim audit work will include:

- gaining an understanding of financial systems
- reviewing Internal Audit work and reports on core financial systems
- early work on emerging accounting issues
- controls testing and early substantive testing where possible

Our interim work will be reported to the March 2019 meeting of the Committee.

We will work with your finance team to ensure we can make a prompt start to the financial statements audit from 1 June 2019 and deliver an audit opinion in advance of the deadline of 31 July 2019.

## Value for money

The scope of our work is set out in guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The overall criterion is: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

We will make our initial risk assessment to determine our approach in October 2018 and report this to you in our Audit Plan in January 2019 following agreement with officers in November 2018.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019.

## Other areas

### Certification of claims and returns

We are pleased to be appointed the Council's annual Housing Benefit Subsidy claim for 2018/19 in accordance with the procedures set out by the Department for Work and Pensions (DWP). This certification work for the 2018/19 claim will be concluded in advance of the expected DWP deadline of 29 November 2019.

### Meetings

The Engagement Lead has already had introductory meetings with a number of senior officers, and we will continue these with regular meetings throughout the course of the audit to ensure our work recognises your strategic priorities and plans..

We will shortly be setting up meetings with key staff in your finance team and also Internal Audit in order to plan our work in detail. We will be meeting your predecessor auditors in September to discuss key issues and review their files.

We aim to provide you with a thorough but seamless transition of external audit service, and continue to be in discussions with finance staff regarding emerging developments.

### Events

We provide a range of workshops, along with network events and publications to support the Council. Our 2018/19 schedule of events will be issued shortly. Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2018/19.	April 2018	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Corporate Governance & Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Not yet due
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Not yet due
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Corporate Governance and Audit Committee.	July 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due

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# Sector Update

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Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

# The Vibrant Economy Index

## a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.
- The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website ([www.granthornton.co.uk](http://www.granthornton.co.uk)) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

### Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

To download the app visit your app store and search 'Vibrant Economy'

- Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)
- Explore the app and take the quiz
- Go to the Vibrant Ideas section to share your picture and story or idea



# Financial sustainability of local authorities 2018

This National Audit Office report reviews financial sustainability across Local Government and examines whether the MHCLG, along with other departments with responsibility for local services, understands the impact of funding reductions on the financial and service sustainability of local authorities.

The report concludes that current pattern of growing overspends on services and dwindling reserves exhibited by an increasing number of authorities is not sustainable over the medium term. The financial future for many authorities is less certain than in 2014, when the NAO last looked at financial sustainability. It also notes that the financial uncertainty created by delayed reform to the local government financial system risks longer-term value for money.

The NAO's view is that the sector has done well to manage substantial funding reductions since 2010-11, but financial pressure has increased markedly since the 2014 review. Services other than adult social care are continuing to face reducing funding despite anticipated increases in council tax. Local authorities face a range of new demand and cost pressures while their statutory obligations have not been reduced. Non-social-care budgets have already been reduced substantially, so many authorities have less room for manoeuvre in finding further savings. The scope for local discretion in service provision is also eroding even as local authorities strive to generate alternative income streams.

Key findings include:

Financial resilience varies between authorities, with some having substantially lower reserves levels than others. Levels of total reserves in social care authorities as a whole are higher now than in 2010-11. However, there is variation in individual authorities' ability to build up their reserves and differences in the rate at which they have begun to draw them down. Some 10.6% of single-tier and county councils would have the equivalent of less than three years' worth of total reserves (earmarked and unallocated combined) left if they continued to use their reserves at the rate they did in 2016-17.

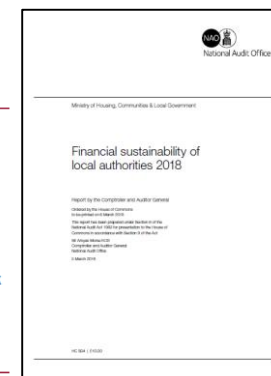
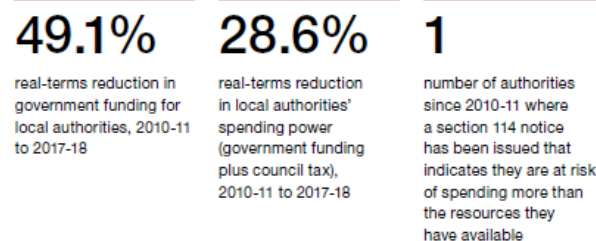
A section 114 notice has been issued at one authority, which indicates that it is at risk of failing to balance its books in this financial year. In February 2018, the statutory financial officer for Northamptonshire County Council issued a section 114 notice, indicating that it was at risk of spending more in the financial year than the resources it has available, which would be unlawful.

MHCLG's work to assess the sector's funding requirements as part of the 2015 Spending Review was better than the work it undertook for the 2013 Spending Review. The Department's advice to ministers in 2015 drew on a more comprehensive evidence base, including data returns from 12 departments.

The government has announced multiple short-term funding initiatives in recent years and does not have a long-term funding plan for local authorities. In 2016-17, the Department offered a four-year settlement to all authorities to enable better financial planning. However, there have been many changes to funding streams outside this core offer. The funding landscape following the 2015 Spending Review has been characterised by one-off and short-term funding initiatives.

There is also uncertainty over the long-term financial plan for the sector. The absolute scale of future funding is unknown until the completion of the next Spending Review. The government has confirmed its intention to implement the results of the Fair Funding Review in 2020-21 and to allow local authorities to retain 75% of business rates. However, the implications of these changes are not yet clear.

There is a lack of ongoing coordinated monitoring of the impact of funding reductions across the full range of local authority services.



# A Fork in the Road: Next Steps for Social Care Funding Reform

There has been concern about the system of publicly funded social care in England for more than 20 years. This paper, a collaboration between the Kings Fund and the Health Foundation, comments that additional revenue will need to be raised for adult social care services even without a major change in the model of delivery.

Social care is facing high growth in demand, which is projected to rise by around £12 billion by 2030/31, growing at an average rate of 3.7% a year. This paper pulls together new financial modelling, public perceptions work and policy analysis to identify the problems with adult social care in England and outline options for its reform. The paper models the costs of a number of options: maintaining the current system (at 2015/16 levels) and keeping pace with projected demand pressures until 2030/31; restoring the system to the level of quality and access that existed in 2009/10; introducing a 'cap and floor' model, similar to the Conservative Party proposals at the 2017 general election; and introducing free personal care (FPC), similar to the model in Scotland.

The paper considers each of the potential options for reform above and considers their costs and considerations. The options were chosen to reflect solutions commonly raised in the debate around social care funding:

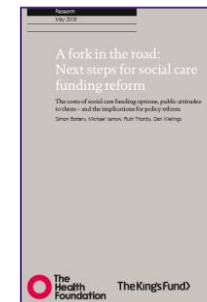
- improving the current system
- introducing free personal care
- introducing a cap on costs and a revised 'floor' to the means test
- introducing a hypothecated tax for social care
- introducing a single budget for health and social care.

The paper comments that these options are neither directly equivalent nor mutually exclusive, and that they tackle very different aspects of the social care funding challenge and are not an exhaustive list of the possible model.

The paper concludes that

- Sustaining the current system will be expensive, wider reform might cost even more but may be better value
- 'Doing nothing' is not a safe option and is no longer the easiest one. Demographic pressures, growing public concern and a system at 'tipping point' all mean action is politically essential
- To support reform, people need a better understanding of the problems, but politicians are not best placed to provide it. A coalition of organisations, with cross-party support where possible, is required.

Click on the report cover below to read more.



The Kings Fund and the Health Foundation

Challenge question:

What are the Committee's views on the future of adult social care and the link with the NHS?



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# Links

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## Grant Thornton website links

<https://www.grantthornton.co.uk/>

<https://www.grantthornton.co.uk/en/industries/public-sector/>

## PSAA website links

<https://www.psaa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

## National Audit Office link

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>



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**Name of meeting: Corporate Governance & Audit Committee**

**Date: 7th September 2018**

**Title of report: External Assessment of Internal Audit, as required by Public sector Internal Audit Standards**

**Purpose of report; To provide the external assessment of the Internal Audit and the proposed actions**

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Not applicable
Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports)?</a>	Not applicable
The Decision - Is it eligible for "call in" by Scrutiny?	Not applicable
Date signed off by Director & name Is it also signed off by the Service Director for Finance, IT & Transactional Services?  Is it also signed off by the Service Director for Legal Governance and Monitoring?	Not applicable
Cabinet member portfolio	Not applicable

**Electoral wards affected: All**

**Ward councillors consulted: Not applicable**

**Public**

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## **1. Summary**

- 1.1 Internal Audit activity in local authorities is required to comply with the Public Sector Internal Audit Standards (PSIAS), which are an interpretation of international internal audit standards, applicable to most of the UK Public sector.
- 1.2 One of the requirements of the standard is that as a part of quality assurance, every 5 years an external assessment of compliance with the standards is carried out by an independent person or organisation.
- 1.3 In August 2017 this Committee agreed to appoint an external assessor from Wakefield Council, in accordance with the scheme agreed mutually by South and West Yorkshire Auditors Group.(SWYAG).
- 1.4 The assessment was carried out during January and February 2018, and the assessor sent written confirmation that the activity achieved the highest of three standards (Generally Compliant).
- 1.5 However, the written report was only provided last month. This report is attached for consideration by the Committee. Appendix A.
- 1.6 Section 2.2 contain proposals to address the issues raised in the report.
- 1.7 The report also proposes an updated Audit Charter document (to March 2020).

## **2. Information required to take a decision**

- 2.1 The Public Sector Internal Audit Standards (PSIAS) are a statement of standards, processes, expectations, qualities and ethics which an internal audit function in a public sector body should meet. The Chartered Institute of Public Finance and Accountancy have a responsibility to help codify the operation of PSIAS in local authorities. They have done this by the production of an assessment conformation checklist that runs to 34 pages. The standards require that the head of internal audit carry out periodic assessments that the operations align with these requirements, and the outcomes from these assessments feature in the Annual Report of Internal Audit. The standards also require that every 5 years there is an external assessment.
- 2.2 The full assessment report has now been received. The report finds that the standards such as the Audit Charter and the processes that govern the detailed work and quality assessment are broadly sound. The report makes recommendations in relation to;
  - (a) Ensuring that the head of internal audit devotes a sufficient amount of time to the effective strategic and operational management of the internal audit function.(1.1)
  - (b) Promoting an effective split between the process for creating and managing risk information, and the role of internal audit in providing challenge and the role of this Committee in overseeing the councils risk management processes.(1.2, 5.1)
  - (c) Accessing the skills necessary to address speciality work areas (eg cyber IT) and more generally to secure a sustainable workforce. (2.1)
  - (d) Increasing the number of performance measures that are used to assess the effectiveness of internal audit (3.1)
  - (e) The need to improve feedback/ client engagement information (4.2)
  - (f) Making sure that process documentation is fully completed.(8.1)

- 2.3 The recommendations made in 2.2 are all considered to be appropriate and reasonable, with a couple of provisos as explained below;
- (a) It is accepted that the time devoted to the head of internal audit role should be reported, and subject to performance management by the head of internal audits supervisor (the Service Director Legal ,Governance and Commissioning) and the Chair of the Committee, and the proportion of time should be reported to the Committee. The post holder is not employed full time, and the workloads and needs vary depending on consultancy and investigation engagements, and across the annual calendar.
  - (b) This observation relates again to the role of the Head of Risk- who is also the head of internal audit. The combination of these roles is not unusual, and the operational internal audit work is supervised and delivered by staff with no input into the corporate risk management processes. At the time of the assessment the council was still revising its approach to risk management, and a new approach is now being implemented, that will be subject to a further report to tis committee at a future meeting.
  - (c) Although the level of internal audit staffing has the capability to do all general and some specialist work (including IT), some areas of potential review may require very specific knowledge. In some cases it is possible, practical and indeed desirable to use the generic internal audit skills to undertake such work using expert guidance; it may be that specific circumstances would require a specialist contractor (which would be an additional cost). More generally it is appropriate to consider ways of ensuring the general skill base of IA staff is sustainable. Successive reductions in budgets and changes in the way that staff within the general finance function are recruited and trained have potentially compromised the ability to access staff who have the appropriate skills and behaviours (a regionally acknowledged problem). Options for this are currently being considered.
  - (d) The recommendation to have additional monitoring targets is acknowledged, although what these are need to be carefully considered; A measure based on audit recommendations that are agreed by management may simply result in IA not making recommendations that are believed to be professionally correct, but unacceptable to management. The KMC Audit Strategy & Charter already requires that fundamental disagreements between management and IA are reported to this Committee. Member will be aware of the very limited circumstance where this arises. All limited assurance opinions are followed up, and the progress on implementation of recommendations is reported. KNH and other clients maintain implementation records of recommendations. This is not wholly practical for the Council, given the volume of work and number of recommendations overall. In 2017/18 IA did follow up progress on the implementation of recommendations with those schools that had received positive assurance, with the outcome reported to this Committee. There is scope to do similar follow up for other council activity, although as the assessors report acknowledges there is a need to be sure of the opportunity cost of carrying out this type of assessment.
  - (e) A number of different attempts at client engagement have been tried recently, and a further one is currently about to be trialled. Additional feedback will be sought from Strategic and Service Directors, and a report prepared for consideration by this Committee.
  - (f) This is about making sure that the administration of audits is done correctly. It is accepted and staff/supervisors will be reminded of the need for compliance.

- 2.4 Subject to the indications of the Committee, the proposed recommendations and actions will be incorporated in a Quality Improvement Programme and progress reported to a future meeting of this committee. (January 2019). The Annual Governance Statement for 2018/19 will need to refer to this assessment.
- 2.5 It is normal practice to review the Audit Charter each year. The 2017 Strategy & Charter was retained pending any modifications required or recommended as a result of this assessment. None have been identified, but there are some procedural and title changes incorporated into a new proposed which it is proposed remain in effect until March 2020, unless any further revisions are required by way of national or international regulatory standards or local practice.(Appendix B)

### **3. Implications for the Council**

- 3.1 Early Intervention and Prevention (EIP) -None directly
- 3.2 Economic Resilience (ER) -None directly
- 3.3 Improving Outcomes for Children -None directly
- 3.4 Reducing demand of services -None directly
- 3.5 Although each of the sub categorisations above suggest no direct implications, the work of internal audit covers all aspects of the Councils operations, including elements of the above, either specifically, indirectly or on a commissioned basis.
- 3.6 The assessment has provided assurance about the operation of internal audit; quality and compliance.

### **4. Consultees and their opinions**

- 4.1 The Chief Executive, Service Director of Legal Governance & Commissioning and the Service Director Finance have seen the external assessor's report and the actions proposed in this report. The external assessor has also seen this report.

### **5. Next steps**

- 5.1 Subject to any other recommendations of the Committee, work will be progressed on the Quality Improvement Programme.

### **6. Officer recommendations and reasons**

- 6.1 The Committee thanks the external assessor for her report, consider the report of the assessor, and determine any actions that they consider are appropriate.
- 6.2. The Committee consider the proposed recommended actions (2.2) and note the intended reactions by the Head of Risk (2.3), and the intention to report progress to a future meeting.(2.4)
- 6.3 That the proposed Audit Strategy & Charter be approved to March 2020.

### **7. Cabinet portfolio holder recommendation**

Not applicable.

### **8. Contact officer**

Martin Dearnley, Head of Risk 01484 221000 (73672)

**9. Background Papers and History of Decisions**

Public Sector Internal Audit Standards  
CIPFA Local Government Application Note

**10. Director responsible**

Not applicable.





**KIRKLEES COUNCIL INTERNAL AUDIT SERVICE**

**PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)  
EXTERNAL COMPLIANCE ASSESSMENT PEER REVIEW**

**REPORT PREPARED BY: Julie Gill (CMIIA), Audit Manager; Wakefield Council**

**DATE OF REPORT: 17th August 2018**

**KIRKLEES COUNCIL**  
**PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)**  
**EXTERNAL COMPLIANCE ASSESSMENT PEER REVIEW**

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## **CIRCULATION**

Martin Dearnley, Head of Risk (who is head of internal audit)

Service Director, Legal, Governance & Commissioning

Chief Executive, Strategic Director Resources, Interim Chief Finance Officer

Note;

The detailed work for this assessment was carried out during January 2018 and February 2018 (the activity requiring the 5 yearly assessment to be completed prior to 31<sup>st</sup> March 2018).

At that time the Internal Audit function was a part of the Finance, IT & Transactional Service. Since then the service has become a part of the Legal, Governance & Commissioning Service, with the Head of Risk reporting to the Service Director for that activity.

The chairs of the audit committees- referred to in this report- were unchanged as a result of the May 2018 elections.

## 1. INTRODUCTION

- 1.1 This report details the external assessment of Kirklees Council's Internal Audit function against the Public Sector Internal Audit Standards (PSIAS). This external assessment has been undertaken by the Interim Service Manager Internal Audit and Risk from Wakefield Council. The standards require that such an external review is carried out every 5 years.
- 1.2 This report has been discussed and agreed with the head of internal audit. The results of the review will be reported to Kirklees Council Corporate Governance and Audit Committee on the 7th September 2018
- 1.3 This external assessment builds on the internal self-assessments which have been reported to Kirklees Corporate Governance and Audit Committee as part of the Internal Audit Annual Report. The PSIAS assessment is accepted as a review of the practices of the internal audit provider, and the written assessment included work performed on Kirklees Council, Kirklees Neighbourhood Housing and West Yorkshire Fire Service. Interviews were only undertaken with Kirklees Council and KNH participants.
- 1.4 Kirklees Councils Internal Audit function provides services to the Council, its housing subsidiary Kirklees Neighbourhood Housing Ltd (KNH), West Yorkshire Fire & Rescue Service (WYFS), Kirklees Active Leisure and Kirklees College. The latter two clients are not required to demonstrate compliance with PSIAS, although services provided to these clients are delivered in the same way and to the same standards.

## 2. EXECUTIVE SUMMARY

- 2.1 The overall opinion from the external review is that Kirklees Council Internal Audit function "**Generally Conforms**" to the Public Sector Internal Audit Standards and Code of Ethics.
- 2.2 The guidance suggests a scale of three ratings, "generally conforms," "partially conforms," and "does not conform." "Generally Conforms" is the top rating and means that the Internal Audit activity has a Charter, policies and processes that are judged to be in conformance with the Standards. "Partially Conforms" means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the Internal Audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means deficiencies in practice are judged to be so significant as to seriously impair or preclude the Internal Audit activity from performing adequately in all or in significant areas of its responsibilities.
- 2.3 The evidence identified in the external assessment has confirmed the results arising from the head of internal audit's self-assessment against the PSIAS.
- 2.4 The only area where the service had not been compliant with PSIAS was the need for an external review which this report now resolves. This enables the Corporate Governance and Audit Committees of KNH and WYFRS to have confidence that the annual opinion of the head of internal audit is based on work undertaken by professional individuals to the standard required within the PSIAS.

### 3. SCOPE AND METHODOLOGY

- 3.1 The review was conducted to assess conformance with the PSIAS using a combination of enquiry, observation and sample testing.
- 3.2 The detailed methodology for the external assessment was agreed by the West and South Yorkshire Heads of Internal Audit Group following the introduction of the PSIAS in April 2013. The scope of the external assessment was subsequently agreed by Kirklees Council's Corporate Governance and Audit Committee.
- 3.3 The focus of the external assessment was two-fold; primarily to review whether Kirklees Council's Internal Audit function was PSIAS compliant and secondly to consider and identify any possible areas for service improvement.
- 3.4 The external assessment involved an independent desktop review of Kirklees's own self-assessment against the PSIAS, structured interviews, and less formal discussions and a review of five Internal Audit reviews which were selected by the assessor. **Appendix A** provides a list of the interviewees and other staff with whom discussions took place. **Appendix B** lists the titles of the audit reports examined.

### 4. SUMMARY OF FINDINGS

- 4.1. As detailed in the executive summary at 2.1 above, the findings from the external review confirmed the results from the internal self-assessment being that Kirklees Internal Audit Service generally conforms to PSIAS.
- 4.2. From discussions with key stakeholders, as detailed in Appendix A, and from the review of documentation provided as evidence, the following good practices and positive comments were observed:
- a) There are comprehensive discussions with the Chair of the Kirklees Corporate Governance and Audit Committee and Kirklees Neighbourhood Housing (KNH) Audit Committee in relation to the content of the Internal audit annual plan and the assurance gained from completion of the planned work. It was also stated by the Chair of the KNH Audit Committee that in addition to agreeing the plan, that the scope for individual audits is also copied to the Chair to ensure that the review covers the priorities agreed. Progress against the plan is monitored to identify any slippage.
  - b) The audit team is well respected within the organisation (by both Members and Officers) providing constructive reports supporting directorates to achieve priorities. It is clear from the discussions that the current head of internal audit is held in high esteem and his professionalism and knowledge is recognised. It was stated that the head of internal audit raises with the Committee potential issues which may arise in future for their consideration and is honest and realistic as to the level of service that can be provided by Internal Audit.

- c) Good engagement with services and directorates was conveyed with auditors demonstrating professionalism and a good knowledge of key issues for the organisation whilst remaining independent. The key stakeholders confirmed that the audit service helps to identify key risks in relation to the organisation. If any areas of concern are identified as part of a review, these are communicated immediately to the appropriate senior officer(s)
- d) Confidence was expressed in the audit team and stakeholders stated that Internal Audit provided guidance as well as constructive recommendations arising from reviews to deliver improvements. The only issue raised was the possible loss of talent going forward. The reduction in resources has resulted in the prioritisation of areas of work which includes the review of core financial systems and core risks to the organisation.
- e) The scope of all reviews is defined by Internal Audit and it was stated that the reporting of outcomes of individual reviews is concise with reports being signed off by the Head of Service.
- f) Reports were viewed as being of a good standard with on the whole robust follow-up procedures being in place. Service Directors also monitor the extent to which agreed actions are implemented which is seen as good practice. The Chair of the Audit Committee also confirmed that Officers will be called in if actions arising as a result of an audit review had not been implemented to explain why.
- g) The reports to the Audit Committees detail various statistics and charts to highlight the work undertaken by Internal Audit within each quarter and it was felt that such reports provided assurance as to the effectiveness of the Service delivery and therefore gave assurance to the Audit Committee on the adequacy (or otherwise) of the overall control environment. It was confirmed by the chairs of the Audit Committees that the reports highlighted any areas of concern and also where recurrent problems had been identified.
- h) The Internal Audit team is made up of professionally qualified auditors who adhere to the protocols in place in relation to completion of documentation (for example, audit briefs for each piece of work undertaken) and the set-up of all audit work with the relevant Service Managers. There is an Internal Audit Charter in place, the version in use at the time of the assessment which was approved by the KMC Corporate Governance & Audit Committee in April 2017.
- i) All work is supervised with an appropriate quality assurance (QA) process in place. A database is maintained to enable monitoring of performance for all audits undertaken. Exception reports are produced to assist in the overall monitoring of performance of the Service which includes an examination of deviation from expected targets / timescales set for each individual review completed. Change Control reports examined confirmed that the QA process is kept under review.
- j) The examination of the individual reviews undertaken (as detailed in Appendix B) confirmed that generally, all work completed adhered to the standards expected and included the appropriate documentation. QA / review of the individual reviews had been completed. The QA process covers such areas as engagement planning; scoping of audit work; audit programme etc. and relates back to the requirements of the PSIAS. The QA process also extends to the filing of documentation and requires in addition to the supervisory review, an independent review of one report to a standard set of PIs from each team member in each quarter.

- 4.3 From interviews carried out with various officers, the Chair of the Kirklees Corporate Governance & Audit Committee and also the Chair of the KNH Audit Committee and a review of recent reports to the Audit Committees, it is clear that the level of resources within the Internal Audit team is a concern which has been identified by the organisation. It is also noted that the head of internal audit also undertakes consultancy work to help improve organisational performance, and whilst this is of value to the organisation as a whole, the balance between consultancy work and the management of the Internal Audit and risk function needs to be kept under review to ensure that the correct balance between the two roles is maintained.
- 4.4 It is also noted that the head of internal audit has formal responsibility for the wider “Risk” function and is heavily involved in the identification of new and emerging risks and overseeing the management of the majority of risks to the Council. It is acknowledged that this is advantageous in that it informs the Audit role and the identification of key areas for inclusion in the annual audit plan, however the responsibility for identification of key risks for all services should be with the Relevant Service Directors and Operational Managers so that they have ownership of those risks. This would ensure that Internal Audit retains its independence by reviewing the effectiveness of the process and can ensure that risks are relevant and reviewed periodically to ensure the mitigating controls are working effectively. The Audit Committee may wish to be able to challenge individual Service Directors and risk owners on the extent to which they are managing their risks
- 4.5 Client surveys are issued to clients and the target of 90% of returned surveys being assessed as at least ‘Good’ has been achieved. However, the number of surveys returned indicates that more engagement is needed with clients to improve the number of surveys returned.
- 4.6 The level of resources available to Internal Audit is a decision for the Council, and the Corporate Governance & Audit Committee, taking advice from the chief executive, chief finance officer and service director for legal, governance and commissioning, and the head of internal audit.

The view on the level of resources from the external assessment is that current resources are considered sufficient to be able to provide assurance on the control environment, although any further reduction in resources could bring into question the issue of a minimum level of audit which would need to be reconsidered. However, in specialist areas such as IT / cyber security etc. where a level of expertise is required, it would be prudent for the service to assess the extent to which the current resource would be able to undertake any detailed review required and look to enhancing existing resources if required. More generally the Council may wish to consider how it will ensure a sustainable level of skilled and competent internal audit staff to deliver the activity, as it may be currently over reliant on small number of individuals.

### **Service Improvement Opportunities**

- 4.7 As part of the assessment the review looked at the current practices adopted by Kirklees’s Internal Audit Service. The report identifies a number of observations made that the Corporate Governance & Audit Committee, Chief Executive and the Internal Audit Service may wish to consider in terms of the future development of the service. These Actions for Consideration are outlined in Appendix C.
- 4.8 Any developments need to be considered in the context of how they will ‘add value’ with the available resources both to the Internal Audit Service and to the Council as a whole. It needs to be recognised that the approach taken is the responsibility of the Council and the Corporate

Governance & Audit Committee, taking advice from the chief finance officer, and head of internal audit along with the application of their professional judgement in accordance with Kirklees Council's strategic objectives.

## **5. RECOMMENDATIONS**

It is recommended that:

- a) This report is presented to members of the Corporate Governance & Audit Committee, and Chief Executive for consideration of the findings and suggested actions.
- b) The findings and suggested actions from the report are considered in order to develop a Quality Assurance and Improvement Programme (QAIP) which is used and maintained on an ongoing basis.
- c) The Quality Assurance & Improvement Programme (QAIP) is presented to the Audit Committees and reported periodically to monitor progress and the continued development of the Internal Audit Service.

**List of Interviewees**

1. Debbie Hogg, Former Service Director Finance, IT & Transactional Services
2. Councillor Hilary Richards, Chair of Governance & Audit Committee
3. Joanne Bartholomew, Service Director Highways & Waste
4. Councillor Liz Smaje, Chair of Audit Committee (Kirklees Neighbourhood Housing)
5. Martin Dearnley Head of Audit & Risk
6. Simon Straker Audit Manager



**List of Audit Reports Selected**

1. Safeguarding (Kirklees Neighbourhood Housing Ltd)
2. Income Management (WYFRS)
3. Children's Services - Purchasing Cards – Kirklees Council
4. Moorlands Primary School – Kirklees Council
5. Section 17 Payments – Kirklees Council

Service Improvement Opportunities

Ref	Observations	Actions to Consider	Management Response/Action
1.	<b>Chief Audit Executive Roles beyond Internal auditing (Standard 1112)</b>		
1.1	The head of internal audit also undertakes consultancy work to help improve organisational performance, whilst this is of value to the organisation as a whole, it should be monitored to ensure that it does not adversely impact on the delivery of the Internal Audit Service.	The proportion of time spent on the consultancy work undertaken and the management of the Internal Audit & Risk function needs to be kept under review to ensure that the correct balance between the two roles is maintained.	Agreed. Additional information can be presented to the KMC CGAC, and this role discussion can be a part of the performance management discussion held between the HoIA, Service Director LGC and chair of the KMC CGAC.
1.2	<p>The head of internal audit is heavily involved in the identification of new and emerging risks and the management of the majority of risks to the Council.</p> <p>It is acknowledged that this is advantageous in that it informs the Audit role and the identification of key areas for inclusion in the annual audit plan, however the responsibility for identification of key risks for all services should be completed by the Relevant Service Directors / operational Mangers so that they have ownership of those risks.</p> <p>This also ensures that Internal Audit retains its independence by reviewing the effectiveness of the process and can ensure that risks are relevant and reviewed</p>	<p>A full review of the risk management process should be implemented and Service Directors / Managers be made responsible for the identification of all key risks to their Service and the documentation of the mitigating controls in place.</p> <p>Internal audit can then provide the necessary challenge to the overall process and the extent to which they consider all key risks have been identified and that the controls identified are in place and working effectively.</p>	<p>A new Risk Management Statement was adopted (post the assessment site work) in March 2018 and is currently being implemented.</p> <p>This emphasises the need for Strategic and Service Directors to identify and take ownership of risks, both those that are service specific and their share of corporate risks. The role of the KMC CGAC is to oversee that executive management and the cabinet are properly carrying out an</p>

Ref	Observations	Actions to Consider	Management Response/Action
	periodically to ensure the mitigating controls are working effectively. The Audit Committee should be able to challenge individual Service Directors / risk owners on the extent to which they are managing their risks rather than the committee being solely reliant on the information provided by the Head of Internal Audit and Risk.		assessment and management of entity risks.  (arrangements in KNH are slightly different )
<b>2.</b>	<b>Proficiency and Due Professional Care (Standard 1200.A3)</b>		
2.1	<p>The view on the level of resources from the external assessment is that current resources are considered sufficient to be able to provide assurance on the control environment</p> <p>However, any further reduction in resources could bring into question the issue of a minimum level of audit, in addition the loss of specialist knowledge may impact on the ability of the Service to be able to review specific areas of work.</p>	<p>In specialist areas such as IT / cyber security etc. where a level of expertise is required, it would be prudent for the service to assess the extent to which the current resource would be able to undertake any detailed review required and look to enhancing existing resources if required.</p> <p>More generally the Council may wish to consider how it will ensure a sustainable level of skilled and competent internal audit staff to deliver the activity, as it may be currently over reliant on small number of individuals.</p>	<p>It is acknowledged that the level of resources is very close to a minimum acceptable level.</p> <p>It is important to monitor arrangements to ensure that there is adequate coverage of key strategic and operational risks, and that investigations and consultancy based assignments do not absorb too much resources.</p> <p>It is planned to reassess arrangements for ensuring adequate levels of assurance.</p> <p>It is acknowledged that some speciality fields may prove difficult to assess, especially if unplanned activity is required in this area.</p> <p>The issues of overall sustainability of staffing also needs to be addressed</p>
<b>3.</b>	<b>Quality Assurance and Improvement Programme (1300)</b>		

Ref	Observations	Actions to Consider	Management Response/Action
3.1	<p>Standards require that internal assessments are required in the form of ongoing monitoring and reporting on the performance of internal audit activity against set performance targets. It is noted that the following performance targets are reported to the Audit Committee as agreed by Members of the Audit Committees</p> <ul style="list-style-type: none"> <li>a) percentage of the planned priority Audits achieved</li> <li>b) percentage of work achieved within initial time budget</li> <li>c) Percentage of draft reports issued within 10 days of completion of site work.</li> </ul> <p>It was noted however that these targets do not assess the 'quality' of internal audit activity.</p> <p>From discussion and examination of work completed, it was established that there is a quality assurance process in place which is comprehensive however, this information is not reported to Audit Committees other than to confirm the percentage of audits that passed the quality standard.</p>	<p>In order to provide Members of the Audit Committees with further assurance as to the effectiveness of the Internal Audit activity consideration should be given to extending the reporting of performance targets.</p> <p>Examples of the additional targets to be considered include, the following, although are not exhaustive:</p> <ul style="list-style-type: none"> <li>a) Percentage of audit recommendations accepted by management.</li> <li>b) Percentage of audit recommendation implemented by management.</li> <li>c) Percentage of audits completed within time allocated.</li> </ul>	<p>The need to monitor quality is acknowledged. It is unclear if the example measures are appropriate, or true measures of quality. It is agreed that a further discussion will take place with the audit committees to agree if additional performance measures would help them in gaining assurance.</p>
4.2	<p>It was noted that Internal Audit issue a client feedback questionnaire following the completion of all work. This provides the opportunity for clients to comment on various aspects of the audit service.</p> <p>Although the results from these questionnaires are reported to the Audit Committee, which generally show a</p>	<p>Consideration to be given to reviewing the approach to issuing and following up on Client Surveys in respect of individual reviews</p> <p>Also to consider the periodic engagement with Senior Officers of the Council to gain feedback on the quality of the overall Internal Audit provision.</p>	<p>Agreed. Additional work will be carried out to try to improve and report on client engagement</p>

Ref	Observations	Actions to Consider	Management Response/Action
	high satisfaction rate, it was noted that Kirklees have a fairly low response rate.		
<b>5.</b>	<b>Risk Management (Standard 2120.C3)</b>		
5.1	<p>This standard states that:</p> <p>‘when assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming responsibility by actually managing risks’</p> <p>Whilst The head of Internal audit is not designated as the risk owner for key risks to the Council, he is involved in the identification of those risks and ensuring that they are managed by way of reviews included within the audit plan.</p>	The actions as detailed in paragraph 1.2 apply.	See earlier response
<b>8.</b>	<b>Engagement Planning (2200)</b>		
8.1	<p>Standards require that auditors develop and document a plan for each engagement which includes the engagement’s objectives, scope, timing and resource allocations etc.</p> <p>From the review it was noted that on a few occasion, scoping documents for completed engagements had not always been fully completed by auditors. However, it should be noted that the omissions were minor in nature</p>	Management should ensure that scoping documents are fully completed.	Agreed



**KIRKLEES COUNCIL**

**INTERNAL AUDIT  
STRATEGY & CHARTER**

|

**2018-  
20**

## **EXECUTIVE SUMMARY- INTERNAL AUDIT STRATEGY & CHARTER**

1. Internal Audit supports the organisation, and its management in achieving its objectives. Its work will involve;
  - a) Assurance about the internal financial and (other) business controls.
  - b) 'Consultancy' work, as commissioned, relating to business, financial and process controls and value for money, efficiency and effectiveness.
  - c) Development of anti-fraud, anti-corruption and anti-bribery measures and investigation of any suspicions of inappropriate behaviour.
  - d) Information, advice, advocacy and training in respect of best practice in achieving a high level of internal control, including Financial and Contract Procedure Rules.
  - e) Contributing to corporate/high impact projects, particularly those involving partnership and procurement.

Internal Audit coverage will apply to all of the Council's direct operations, all wholly owned or controlled organisations or subsidiaries, including limited companies, and other partnership bodies (where the Council so determines).

2. Internal Audit work will address all of the business controls of the organisation, prioritised on the basis of risk. This involves a full coverage of all aspect of the Council's operation, including financial systems, processes and activities, risk management, governance arrangements, information management and appropriate use of technology.
3. Internal Audit activity will be planned, carried out and reported within a general philosophy of providing evidence based analysis and helpful advice to all levels of management and achieving positive consequential progress.



4. Except where otherwise agreed, written reports will provide summary information, detail on any findings of note, conclusions and recommendations to advise and inform managers of all levels.
5. Establishing effective systems of operation and implementation of audit recommendations is the responsibility of management. It is not the role of Internal Audit to act as a proxy for appropriate performance management of, or by, senior management.
6. Internal Audit will follow up the implementation of accepted recommendations in all cases where there were concerns about a system, process or activity, or where recommendations arose as a result of an investigation. Other agreed recommendations may be followed up on a sample basis
7. Internal Audit will co-ordinate the overall corporate assessment of business controls and risk management. It will help develop and monitor the Risk Management Strategy.
8. Internal Audit will operate in accordance with the (mandatory) Public Sector Internal Audit Standards (PSIAS) and the supplementary CIPFA guidance. In particular internal audit officers will act with independence, objectivity and integrity and respect the confidentiality of organisational information.

## **CONTENTS**

1. Introduction
2. Objectives of Internal Audit
3. Independence, Responsibilities and Authority
4. Performance Management and Quality Control
5. Audit Reporting
6. Internal Audit Delivery
7. Partnership; Obtaining & Providing Assurance to Others

Appendix 1 Control Environment (definition)

Appendix 2 Financial Procedure Rules (extract)

Appendix 3 Role of the Audit Committee

Appendix 4 Audit Planning, Resourcing & Reporting (detail)

Appendix 5 Public Sector Internal Audit Standards

Appendix 6 Statement of the Responsibilities of Management

## **1. INTRODUCTION**

- 1.1 Local Authorities are required under the Local Government Acts and the Accounts and Audit Regulations 2015 to have a continuous internal audit of their financial and other business controls. It will be delivered in compliance with the Public Sector Internal Audit Standards (PSIAS). This is mandatory guidance which states the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit's performance. These standards in local authorities are supplemented by additional guidance from CIPFA that has regulatory authority for local government in the UK.
- 1.2 The PSIAS require that there is a formal Internal Audit Charter defining its purpose, authority and responsibilities, which must be consistent with its definition of internal audit, code of ethics and professional standards.
- 1.3 The main purpose of Internal Audit is to support the organisation in achieving its objectives, and particularly to play a key role in the Council's Corporate Governance arrangements in ensuring Members and Corporate Managers have adequate assurance that they are meeting their responsibilities.
- 1.4 This document has been prepared to set out:
- The objectives of Internal Audit
  - The scope of its operation
  - Its rights and responsibilities
  - The responsibility of others
  - The Audit planning process
  - The Audit reporting process
- 1.5 This Strategy and Charter will be regularly presented to senior management, and reviewed regularly by the Corporate Governance & Audit Committee. Its purpose is to set out the purpose, nature, objectives, outcomes and responsibilities of the internal audit service.

## **2. OBJECTIVES OF INTERNAL AUDIT**

- 2.1 Internal Audit's objectives can be defined as:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an

organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".(PSIAS)

This definition goes beyond basic compliance by evaluating and improving the effectiveness of the entire risk, control and governance arrangements (including financial and non financial control systems).- As an independent appraisal function Internal Audit can offer assurance on the effectiveness of internal control arrangements, contributing to the efficient use of resources and generally helping management to monitor performance, improve operational efficiency and target objectives. These actions will add value by supporting the organisation in achievement of the Council's objectives.

## 2.2 Specifically the role is to provide:

- *Assurance, principally by a review of the control environment* - The 'control environment' comprises the business systems which are operated to implement the Council's statutory obligations and its policies and objectives. This includes systems and processes, governance and decision making, and risk identification and management. It involves the review of all the major financial and accounting systems and practices, and also controls of other kinds (such as purchasing and human resources). For financial controls it involves a more detailed review of information, records, assets and other resources to identify appropriate financial stewardship (See Appendix 1).It also includes matters relating to organisational ethics, use of technology and matters such as management of data and information
- *Consultancy* - Undertake, when commissioned, other reviews and projects which use investigative, analytical and consultancy skills. This work can be specific or involve on-going advice, and may include value for money related activity. Where this advice is provided it is given notwithstanding the responsibility to provide assurance as above. Any work performed will be accepted only within the competencies of staffing.
- *Assurance and Investigation into suspected Fraud, Corruption and Bribery*- It is essential that Internal Audit has awareness of issues of fraud, bribery and corruption, as a part of gaining assurance about the control environment (as above). In some circumstances it may be appropriate for Internal Audit to undertake investigations into suspected irregularity, fraud, or corruption. Internal Audit also prepares and maintains the Corporate Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy, and provides guidance for managers and Members and thus helps promote good corporate governance and the highest ethical standards. It also coordinates the Council's approach to the mandatory national fraud initiative.(NFI).

- *Advice* - Provide operational advice on the development of processes and systems and on the interpretation of the Council's rules (principally Financial Procedure Rules and Contract Procedure Rules).
- 2.3 Audit advice and recommendations are given in all cases without prejudice to the right of Internal Audit to review the relevant policies, procedures and operations at a later date.
- 2.4 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit advises the Council on whether effective and efficient arrangements exist, cumulating in the annual opinion of the Head of Internal Audit, which informs the Annual Governance Statement. Optimum benefit to the Council should arise when Internal Audit work in partnership with management to improve the control environment and assist in achieving objectives.

### 3. **INDEPENDENCE, RESPONSIBILITIES AND AUTHORITY**

An effective internal audit function must be independent, objective and unbiased.

#### 3.1 **Authority**

Internal Audit has authority to:

- Enter at all times any Council premises or land or location from which Council services are provided;(including those of partners and contractors)
- Have access to all property, records, documents, correspondence, data (in all forms) relating to all activities of the Council;
- Require and receive explanations concerning in respect of any matter; and
- Require any employee of the Council, without prior notice, to produce cash, stores or any other property for which they are responsible.

The rights and responsibilities of Internal Audit are set out in Financial Procedure Rules (an extract is included at Appendix 2)

#### 3.2 **Responsibilities of the Head of Internal Audit**

(The Head of Internal Audit has the formal title in the councils structure of Head of Risk)

The Head of Internal Audit;

- Reports functionally to the Corporate Governance & Audit Committee which operates as the Audit Committee of the Council, and issues reports under his own name.
- Reports managerially to the Chief Executive, Service Director for Finance and Service Director, Legal Governance & Commissioning (Monitoring Officer) and for supervisory purposes to the Service Director, Legal Governance & Commissioning
- Has the right to communicate directly with any Strategic or Service Director, or any other Council officer as he considers necessary. The Head of Internal Audit may also communicate as he considers necessary with any Cabinet Member or Councillor, or other person.
- Has the right to communicate confidentially with the Chair of the Corporate Governance & Audit Committee on any matter where he considers this necessary.
- Must advise the Corporate Governance & Audit Committee on any matter where any significant risk or threat to the organisation, identified through audit assurance work, has not been adequately addressed by management.
- Is responsible for the delivery of the internal audit function and achievement of the standards described within this document.

The Head of Internal Audit has responsibility for ensuring compliance with statutory requirements, in particular of the Data Protection and Freedom of Information Acts, and Council Policy concerning records management in operation of the internal audit activity. All audit work will be done in accordance with the principles of this legislation, unless certain exemptions apply to individual circumstances, so that, for example, personal data will be kept securely and disposed of correctly when it is no longer required for audit purposes. Information collected by way of audit work will be stored on paper and or electronically. Permanent file data, such as system notes will be kept until it is no longer valid. Reports, correspondence working papers and supporting evidence will be kept up to 6 years, but normally until after the next audit of the activity is completed, (or longer where an Audit Manager considers that this is necessary to facilitate service provision).

The Head of Internal Audit will ensure that audit work is shared with Strategic Directors, Service Directors and other senior managers and their appointees, and commissioning officers for investigations and reviews. Additionally summaries will be provided to the Corporate Governance & Audit Committee, individual members or others (e.g. whistle-blowers) who refer matters to Internal Audit, the external auditor and to other authorities and agencies to facilitate joint and partnership working as appropriate. Audit work will (except when otherwise agreed) be treated as confidential, but in certain circumstances may be wholly or partially subject to disclosure under the Freedom of Information Act.

Operationally, Internal Audit lies within the Office of the Chief Executive, with reporting lines as described above. This includes reporting to the chief executive, statutory chief financial officer and monitoring officer.

Audit work for Kirklees Neighbourhood Housing (KNH) and in respect of the Housing Revenue Account will be under the initial responsibility of the KNH Audit Committee, although there will be a report back mechanism to the Council Corporate Governance & Audit Committee

### 3.3 Responsibilities of Internal Audit

The responsibilities and objectives of Internal Audit are as follows:

- To provide soundly based assurances to management on the adequacy and effectiveness of their internal control, risk and governance arrangements, including; ethics, information management and technology.
- To review, appraise and report on the extent to which the assets and interests of the Authority are accounted for and safeguarded from loss.
- To review, appraise and report on the suitability and reliability of financial and other management data and information.
- To assess the adequacy and effectiveness of the Authority's procurement, contract and partnership arrangements.
- To support schools in achieving high standards of control and governance.
- To assess the corporate risk management processes.
- To evaluate the risk of fraud and how it is managed and controlled. To provide corporate fraud and irregularity prevention, detection and investigation services in accordance with the Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy.
- To reach conclusions about the effectiveness of the Council's control environment, and to recommend improvements to management.
- To contribute to assurances in relation to the robustness and reliability of internal controls and governance to support the Annual Governance Statement (AGS).
- To support the achievement of efficiency, value for money and effective change management.
- To provide advisory and consultancy services intended to add value and improve value for money, governance, risk management and control processes.
- To provide advice in respect of the development of new or significant changes to existing programmes and processes including the design of appropriate controls. This is usually through membership of groups, boards or working parties as well as direct contact with officers within Services.

- To support effective procurement.
- To support activities of the Corporate Governance & Audit Committee to discharge its responsibilities.
- To support the Director of Finance as the Council's Chief Financial (s151) Officer and all senior management in meeting their corporate responsibilities.
- To monitor the implementation of agreed recommendations;
- To plan, manage and operate the internal audit function in an efficient and effective manner.

### 3.4 **Responsibilities and expectations of Internal Auditors**

Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined, working with honesty, diligence and responsibility. They must at all times observe the law and respect and contribute to the legitimate and ethical objectives of the Council.

#### **Objectivity:**

Internal Auditors must make a balanced assessment of all the relevant circumstances and not be, or appear to be, unduly influenced.

This means;

- Not taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment;
- Declaring any real or perceived interests on an annual basis, or at any time that they recognise any impairment to the objectivity;
- Not accepting anything that may impair or be presumed to impair their professional judgement such as gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties;
- Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review;
- Not using information obtained during the course of duties for personal gain and;
- Complying with the Bribery Act 2010.

#### **Confidentiality:**

Internal Auditors must;

- Act prudently when using information acquired in the course of their duties and protecting that information and;
- Not use information (derived or obtained through their official role) for any personal gain.

All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the



conduct of these activities. The Head of Internal Audit and all internal audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

**Integrity:**

In the conduct of audit work, Internal Audit staff will:

- Comply with relevant professional standards of conduct and perform their work with honesty, diligence and responsibility.

**Competency:**

Internal Auditors are expected to be competent in their role by:

- Possessing the knowledge, skills and technical proficiency relevant to the performance of their duties;
- Being skilled in dealing with people and communicating audit, risk management and related issues effectively;
- Maintaining their technical competence through a programme of continuous professional development;
- Exercising due professional care in performing their duties and;
- Complying with all requirements of the PSIAS.

**Awareness:**

- Being alert to the issue of fraud and corruption.

Internal Audit staff must declare any conflict of interest, or potential conflicts of interest, actual or perceived, to their Manager.

**3.5 Statement of pre-existing areas of conflict in current audit activity**

The Head of Internal Audit – as “Head of Risk” has direct operational responsibility for the Insurance and Risk Management functions and provides input into certain procurement functions. When audits are required of these areas, the Audit Manager reports direct to the Service Director Legal, Governance & Commissioning. This arrangement helps maintain independence and avoid any conflicts of interest.

On a Consultancy basis, but as a matter of routine, Internal Audit staff provide advice about the methods of financial evaluation of contracts and contractors, and carry out on a task specific basis financial evaluation of prospective suppliers to the Council, and attend tender opening.

With the exception of these activities, the Internal Audit function has no responsibility for developing or implementing procedures or systems and does not prepare records or engage in processing functions or business activities. (Head of Internal Audit has some ongoing

responsibilities for performance management; it is envisaged that this will cease early in the year 2017/8).

Otherwise, Internal Auditors are not involved in undertaking non audit activities and an Auditor will not be involved in the audit of any system or process for which they had previous operational responsibility (or advised in a consultancy capacity) for a period of two years.

Audit responsibilities are periodically rotated to avoid over-familiarity and complacency and also to provide for service continuity and resilience.

#### **4. PERFORMANCE MANAGEMENT AND QUALITY CONTROL**

##### **4.1 Performance Management**

The Corporate Governance & Audit Committee will establish performance measures for the Council, in respect of the control environment, and for the Internal Audit function and consider performance against those measures in reviewing the activity of Internal Audit.

##### **4.2 Quality Control**

The PSIAS requires the operation of quality assessment and review mechanisms, which must be assessed internally at least annually, and by an external assessor at least every 5 years.

The Head of internal Audit is responsible for advising the Committee on the appropriateness of measures and targets, and on collecting this information.

The Head of Internal Audit will establish internal quality control and review practices consistent with the requirements of the PSIAS, and report on the outcome of this review work to the Corporate Governance & Audit Committee as a part of the Annual Report.

Quality control will include direction and supervision of work performed, the retention of appropriate reliable and relevant evidence to justify findings and conclusions and recommendations, and the internal review and assessment of work, including its preparation in accordance with detailed standards, and compliance with the requirements of PSIAS and CIPFA.

The Head of Internal Audit is responsible for arranging for the external assessment, providing the necessary information, and acting on any

outcomes from the assessment. This will be done under the oversight of the Chair of the Corporate Governance & Audit Committee.

The external auditor and other external review agencies may evaluate the work of Internal Audit as part of their assessment of Council activity.

## **5. REPORTING**

The Head of Audit and Risk will report to the Corporate Governance & Audit Committee;

- Quarterly on each piece of work completed in the period, the opinion arising from that work and performance of internal audit ( achievement of the annual audit plan (as revised when required), issuing reports on time, completing work within time allocated, client satisfaction and quality assessment)
- Annually on the overall achievement and assessment of the Council's internal audit work programme, including an opinion on the control system, risk management and governance arrangements.
- Annually on the overall risk environment and the overall planned work on assurance in the forthcoming year, plus any investigative and consultancy tasks. This will include an assessment on the availability of resources, and any impact this may have on the ability to assess the control environment.
- As necessary on any matter impacting on the overall integrity of the Council's control environment, typically indicated by a "no Assurance" audit opinion, -or on any operational matter that seriously impacts on the delivery of the audit plan, or resourcing of the internal audit function.

Internal Audit reports to all levels of management, with reporting of detailed operational work usually being to Service-Directors. All Directors and the Chief Executive receive the full Council wide summary of activity.

## **6. INTERNAL AUDIT DELIVERY.**

- 6.1 The Head of Internal Audit is responsible for the effective use of resources to deliver the Audit Plan.
- 6.2 Delivery is by direct employees of the Council, including trainees and secondees and where necessary temporary and casual employees. The use of specialist consultancy and contractors will be considered if necessary to deliver specific elements of the workload.
- 6.3 At least annually, the Head of Internal Audit will submit to the Corporate Governance and Audit Committee a risk based Internal Audit Plan for

review and approval. The plan will consist of a schedule of planned assurance and consultancy work (including some contingency) which will establish resource requirements for the next financial year. This will be balanced between resource requirement and capacity. The standard requires the Head of Internal Audit to advise the Corporate Governance & Audit Committee if the amount of resources available compromises the ability to offer appropriate levels of assurance.

- 6.4 The internal audit plan is based on a risk based assessment. The current standard (in 2018/19) is to potentially cover all areas of activity from the most significant to the most minor, although prioritisation is to ensuring that assurance coverage concentrates on those areas of highest risk in terms of potential exposure or likelihood of failure, covering both financial and other business controls (where assurance work utilise the responsibilities and processes for control effected by other teams such as Health & Safety).
- 6.5 Necessary material variations from the approved Internal Audit Plan are reported to and approved by the Corporate Governance & Audit Committee.

## **7. PARTNERSHIP, OBTAINING & PROVIDING ASSURANCE TO OTHERS**

- 7.1 In respect of operations through partnership and semi-independent organisations:
- (i) Usually, the Council will require its internal auditors to have access to property, records, documents and correspondence, in respect of any activity operated or controlled by the organisation working for the Council, and for its auditors to be provided with explanations by officers of the organisation. Contracts and agreement documents will set out these rights where it is appropriate.
  - (ii) The Council (through agreement by the Head of Internal Audit) may agree that alternative review arrangements operated by or on behalf of the organisation, or independently, will provide sufficient evidence to enable the Council to secure assurance conclusions about the aspects of the effectiveness of the Council's control environment to which the partnership relates, although the Council will retain an ultimate right to review any activity dependent on the Council's funding. In this context the Head of Internal Audit will seek to develop relationships, formalised where practical, with internal auditors and other review agencies to facilitate this. This may include obtaining all or some elements of assurance from the internal auditors employed by the organisation, and or participating with other internal auditors (e.g. employed by local authorities in the sub

region) to evaluate the procedures operated by shared partners (such as a regional wide public body) and using such assurance instead of obtaining direct assurance.

- (iii) The Council will, when requested and appropriate, provide assurance (based on work performed) to other partner organisations.

7.2 The Council's external auditor has full and free access to any records and work performed by Internal Audit. Action will be taken to coordinate work to avoid any duplication, and to ensure effective mutual working.

7.3 The Council provides Internal Audit services to the wholly owned Kirklees Neighbourhood Housing Ltd (in their role as operators of the Councils' public housing stock/building maintenance services)- The work on the company, and the Council's Housing Revenue Account is delivered by way of a combined joint audit plan that is approved by and reported to the KNH Audit Committee and Council Corporate Governance & Audit Committee

The Council provides Internal Audit services to Kirklees Active Leisure, which is a charitable trust under a service level agreement. Although the Council is the main partner of KAL, audit accountability and reporting is to Kirklees Active Leisure only.

The Council provides Internal Audit services to the West Yorkshire Fire & Rescue Authority, which is a separate public body. This organisation makes significant use of the Council's financial systems. Audit accountability and reporting is to West Yorkshire Fire & Rescue Service only.

The Council provides some Internal Audit services (on a task commissioned basis) to the Kirklees College Corporation, which is a separate public body. Audit accountability and reporting is to the College Audit Committee only.

Appendix 1

## **CONTROL ENVIRONMENT - AUDIT WORK**

The Control Environment comprises the Council's policies, procedures and operations in place to:

- a) Establish, and monitor the achievement of the organisation's objectives;
- b) Identify, assess and manage the risks to achieving organisational objectives;

- c) Facilitate policy and decision making;
- d) Ensure the economical, effective and efficient use of resources;
- e) Ensure compliance with established policies (including behavioural and ethical expectation), procedures, laws and regulations;
- f) Safeguard assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption; and
- g) Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes. This encompasses elements of corporate governance and risk management.

Control Environment audit work utilises a risk based, systematic approach for all control environment work to:

- i) Identify and record the objectives, controls and risks of the system or process;
- ii) Establish the congruence of operational objectives with higher-level corporate objectives;
- iii) Evaluate and review the application of risk management processes and documentation;
- iv) Evaluate the controls in principle to decide whether, or not, they are appropriate and can be reasonably relied upon to achieve their purpose;
- v) Identify any instances of over-control;
- vi) Determine and undertake appropriate tests of the effectiveness of controls, ie through compliance or substantive testing;
- vii) Arrive at conclusions and recommendations; and
- viii) Provide a written opinion on the effectiveness of the control environment.

**EXTRACT OF FINANCIAL PROCEDURE RULES**

Appendix 2  
**(June 2018)**

5. **INTERNAL AUDIT**

**Responsibility & Authority**

- 5.1 *The Chief Executive (in consultation with the Chief Finance Officer and Monitoring Officer) must arrange and direct a continuous internal audit, which is an independent review of the accounting, financial and other operations of the Council.*
- 5.2 *The Head of Risk will report directly to the Chief Executive, the Chair of the Corporate Governance & Audit Committee or the External Auditor in any circumstance where the functions and responsibilities of the chief finance officer are being reviewed. (other than routine reporting of work carried out )*
- 5.3 *The Head of Risk has authority to:-*
- (a) *Enter at all times any Council premises or land or location from which Council services are provided;*
  - (b) *have access to all property, records, documents and correspondence relating to all activities of the Council;*
  - (c) *require and receive explanations concerning any matter; and*
  - (d) *Require any employee of the Council, without prior notice, to produce cash, stores or any other property for which they are responsible.*

*The chief finance officer has the same authority for any accounting or associated purpose.*

**Planning & Reporting**

5.4 *The Head of Risk must plan and report (in accordance with the approved Audit Strategy and Charter , Public Sector Internal Audit Standards and any instructions from the Councils Corporate Governance & Audit Committee) upon:-*

- a) *The risks inherent in and associated with each system;*
- b) *The soundness, adequacy and application of the financial and other management controls and systems within each Service;*
- c) *The extent of compliance with, and the financial effects of, established policies, plans and procedures;*
- d) *The extent to which the organisation's Assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other cause;*
- e) *The suitability, accuracy and reliability of financial and other management data within the organisation; and*
- f) *Value for money aspects of service provision.*



5.5 *In respect of any audit report or communication issued, the Director must reply within 4 weeks indicating the action proposed or taken, by whom and including target dates. Where a draft report is issued for initial comments a reply must be made within 2 weeks of issue.*

5.6 *The Head of Risk will provide a written summary of the activities of the Internal Audit function to the Cabinet and Corporate Governance & Audit Committee at least four times per year and an Annual Report produced for consideration by Management Board, Cabinet and Corporate Governance & Audit Committee, including an audit opinion on the adequacy and effectiveness of the Council's risk management systems and internal control environment.*

*The Head of Risk will review the system of internal audit on an annual basis and report the outcome to the Corporate Governance & Audit Committee.*

**Investigations and Suspected Fraud, Corruption or Bribery.**

5.7 *The Chief Executive and Directors must ensure that all Members and employees are:-*

- a) *Aware of the Council's Anti-Fraud, Anti-Corruption and Anti Bribery Strategy;*
- b) *Aware of the Whistleblowing Strategy; and*
- c) *Operating in a way that maximises internal check against inappropriate behaviour.*

*The Head of Risk is responsible for the development and maintenance of the Anti-Fraud, Anti-Corruption and Anti Bribery Strategy and Whistleblowing Strategy and for directing the Council's efforts in fraud investigation.*

5.8 *It is the duty of any officer who suspects or becomes aware of any matter which may involve loss or irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the operations or exercise of the functions of the Council to immediately advise the Director. The Director concerned must immediately notify the Head of Risk who may take action by way of investigation and report.*

5.9 *Where, following investigation, the Head of Risk considers that there are reasonable grounds for suspecting that a loss has occurred as a result of misappropriation, irregular expenditure or fraud, consultations will be held with the Director on the relevant courses of action, including the possibility of police involvement and the invoking of any internal disciplinary procedure in accordance with the relevant conditions of service. (Claimant fraud in respect of Housing Benefit and Council Tax Reduction and Discounts (where the claimant is not an employee or Member of the Council) is investigated by the Revenue & Benefits Service).*

**ROLE OF THE “AUDIT COMMITTEE”**

Extract from Terms of Reference of Corporate Governance & Audit Committee (May 2018) from the Council Constitution ;

6. To consider the council’s arrangements relating to internal audit requirements including:
  - (a) considering the Annual Internal Audit report, reviewing and making recommendations on issues contained therein
  - (b) monitoring the performance of internal audit
  - (c) agreeing and reviewing the nature and scope of the Annual Audit Plan
7. To review the adequacy of the council’s Corporate Governance arrangements (including matters such as internal control and risk management) and including to review and approve the annual statement of Corporate Governance.
8. To agree and update regularly the council’s Code of Corporate Governance, monitoring its operation and compliance with it, and using it as a benchmark against performance for the annual Statement of Corporate Governance.

Monitoring the performance of Internal Audit might include:-

- i) Reviewing the scope, effectiveness and resourcing of the Internal Audit function;(including ensuring its budget is sufficient to achieve the work programme that the Committee considers to be necessary)
- ii) Assessing the balance between routine/unplanned/investigative work and systems /process/probity/unit/investigations/vfm studies/best value review/other work;
- iii) Appraising the accuracy and coverage of the work carried out; iv) Reviewing issues arising out of Internal Audit work;
- v) Reviewing management commitment to implementing audit recommendations;
- vi) Performance Management of Internal Audit work.

The Corporate Governance & Audit Committee can in support of its role:

- i) Call for Internal Audit reports to be submitted to it for consideration;
- ii) Commission specific pieces of Internal Audit work; and
- iii) Summon officers, members or other persons to explain their actions, or inactions, in relation to Internal Audit work.

## Appendix 4

### **AUDIT PLANNING, RESOURCING AND REPORTING (Detail) 1** **Corporate Audit Planning**

- 1.1 The Head of Internal Audit is responsible for appropriate planning and deployment of Internal Audit resources by production of:

A Strategic Statement of Areas of Auditable Activities and risk.;  
A detailed Annual Audit Plan setting out the specific assignments planned for the year, reflecting risk and priorities and matched to the available resources.

- 1.2 The Annual Audit Plan will identify the work which is necessary to fulfil the following obligations:

- (i) Assurance on effectiveness of internal controls to deliver efficient operations, safeguard the Council's assets and ensure compliance with relevant legislation, regulations, policies and procedures
- (ii) Assurance on key internal controls (isn't this the same as i) above;
- (iii) Assurance on financial processes and systems;
- (iv) General assurance on other business systems and processes.
- (v) Opinion on Risk Management
- (vi) Opinion on Governance Arrangements

- 1.3 The level of resources allocated and work planned need to be balanced, to provide the levels of assurance, and other activities, that are expected as outcomes.

## **2 Risk Assessment**

- 2.1 Both of these Plans are prepared on the basis of an assessment of risk. Although this can be made ostensibly scientific, at its heart is professional judgement about the:-

- i) Importance of a risk area;
- ii) Existing level of internal control and risk management;
- iii) Materiality;

- iv) Significance in terms of organisational impact, sensitivity and accountability;
  - v) Previous coverage and experience and knowledge gained by Internal Audit; and
  - vi) Coverage by other review agencies.
- 2.2 The key financial systems will usually be subject to biennial review. The frequency of review of other business, governance and major and medium risk financial systems and processes will typically be between 3 and 4 years.-Some operational units and minor financial and business processes will be subject to audit work less frequently than every 5 years.
- 2.3 Any consultancy work will be separate from the control environment work and be based against specific objectives agreed with the Director responsible before the work commences.

### **3 Other Audit Work**

- 3.1 Internal Audit will have the opportunity to determine if they wish to investigate any suspected irregularity or inappropriate behaviour by officers of the Council, its partners, suppliers or Service users which involves the potential misuse or loss of the Council's resources, including cash, stores, or other amounts. The Anti-Fraud, Anti-Corruption & Anti-Bribery Strategy and the Financial Procedure Rules set down a procedure for investigation, reporting and decision making. The exceptions to this are the investigation of customer claims for Council Tax Reduction, Housing Benefit, Blue Badges, Right to Buy and other means tested care provision (which are the responsibility of the Investigation Team, Revenue & Benefits Service) and investigations into the misuse of Council paid time (e.g. inappropriate absence from work) which, along with non- resource based disciplinary matters, are the responsibility of Service management.
- 3.2 In order to test compliance by management in implementing agreed recommendations Internal Audit will follow up all cases where planned audit work identified that a system or process was considered to offer only limited assurance , or no assurance (see tables 6.3 and 6.4) and in a sample of other cases. In the case of investigations, or consultancy, any outcome which results in agreed recommendations for improvements to process will also be subject to further review

### **4 Audit Resources**

- 4.1 The Strategic Audit Plan includes a schedule of risks areas with an assessment of their nature and potential severity in terms of probability and impact.

- 4.2 At the start of each year, an annual plan will be prepared that looks at the degree of risk, based on the extent of assessed severity, and the date and findings of the previous work.
- 4.3 The Annual Plan needs to be interactively monitored against emerging risks, with the Plan being amended to reflect need, to ensure that resources are deployed on a priority basis.
- 4.4 The Head of Internal Audit will have the authority to change the plan to achieve this objective, and report back as a part of quarterly reporting of any significant changes made.
- 4.5 The Head of Internal Audit must monitor to ensure that there is sufficient resource to enable adequate coverage, and report at least annually on this.
- 4.5 The Annual Plan will include an allocation of days for each assignment (based on an expectation of an adequate arrangement)
- 4.6 In addition to the programmed audit work there needs to be time allowed
  - i) As a contingency for dealing with unexpected issues/delays in planned work.
  - ii) To allow for un-programmed work and investigations.

## **5 Audit Assignments**

- 5.1 Each specific Internal Audit assignment will identify its objectives and a time allocation and be either:
  - (i) Subject to a routine audit programme developed in relation to the activity; or
  - (ii) Subject to a specific audit brief developed for the specific task and agreed with the client. (This can be either an infrequent piece of assurance work, or a unique piece of consultancy).
- 5.2 Prior to the commencement of routine audits, Internal Audit will usually inform the manager responsible for the Service area under review about the purpose, scope and expected timing of the work. However, for some types of audit, such as special investigations, advance warning of the audit visit may not be appropriate and this is at the discretion of the Head of Internal Audit.
- 5.3 Internal audit work will look to assess and provide information on the:

- i) Commissioning (Monitoring Officer) and for supervisory purposes to the Service Director, Legal Governance & Commissioning
- ii) Soundness, adequacy and application of the financial and other management controls and systems within each Service;
- iii) Extent of compliance with, and the financial effects of, established policies, plans and procedures;
- iv) Extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance, and inefficient administration, poor value for money and other cause;
- v) Suitability, accuracy and reliability of financial and other management data within the organisation; and (where applicable)
- vi) Value for money aspects of service provision.

5.4 During the conduct of reviews, Internal Audit staff will consult, orally and/or in writing, with relevant officers to:

- i) Ensure information gathered is accurate and properly interpreted;
- ii) Allow management to put their case to ensure that a balanced assessment is made;
- iii) Keep management informed on the progress of the audit;
- iv) Ensure recommendations are cost effective and practicable; and
- v) Ensure that all recommendations agreed are followed up and that action has been taken leading to implementation.

5.5 Whatever the source of the evidence, Internal Audit must be satisfied as to its nature, reliability, completeness and relevance before drawing conclusions.

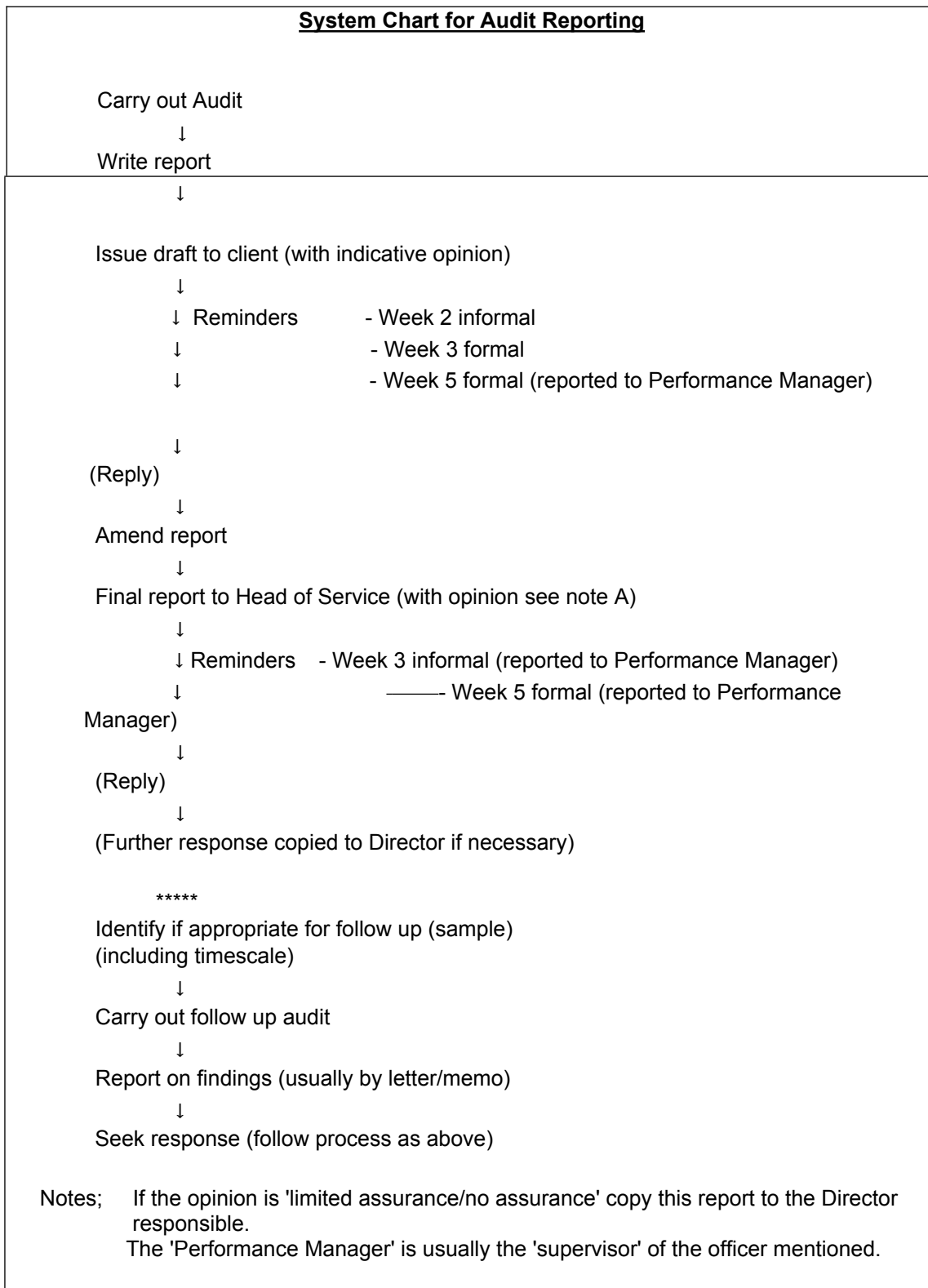
5.6 Internal Audit working papers will contain the principal evidence to support reports and they also provide the basis for review of work by documenting:-

- i) Planning;
- ii) Examination and evaluation of the adequacy and effectiveness of internal controls;
- iii) The audit procedures employed, the information obtained and the conclusions reached;
- iv) The management review
- v) The report; and (as applicable, if any)
- vi) Follow up.

5.7. The Auditor and Audit Manager will use their best endeavours to deliver the completed assignment within the time allocated and the timescale determined. This may not be possible due to inability to

access key staff, other programming difficulties, the state of the records and information presented.

## 6 Audit Reporting



## 6.1 Internal Audit Reports

In respect of each assignment Internal Audit will produce a written report. This will usually set out summary information about the objectives and the work performed , providing detail of any adverse findings on an "exception only basis" setting out the extent to which operations fail to conform to the established standard , and other important matters identified, stating the conclusions reached and recommendations, with an Action Plan to address these recommendations.

Where a report is issued, generally this will initially be in the form of a draft report, issued to the auditee and line manager, for comment on factual accuracy and the potential practicality of draft recommendations. Services can indicate at this stage if they agree with the recommendations and how they intend to action them. This will be issued by email or as hard copy in accordance with the client's request.

In respect of investigative work, the draft report (when produced) will be discussed with the responsible Director (or nominee). For consultancy work, the draft will be discussed with the commissioning manager.

On occasions where there are no adverse findings or recommendations, a report may progress to final stage without a draft being necessary.

The final Internal Audit report will be issued to the Service Director (or where agreed, the Strategic Director). An accompanying letter or email will indicate the Internal Audit opinion on the state of the system / process at the time the audit was undertaken, (and if the report is to feature in detail in subsequent reporting, a summary text).

## 6.2 Management Response

A formal written reply is required. This should indicate specifically:

- i) That the recommendations are accepted and actions are to be taken, including timescale and the names of individual officers who are specifically responsible for their implementation.
- ii) That specific recommendations are not accepted. The reason should be provided, and any alternative actions should be listed.

A reply is not required where there are no recommendations, or when a detailed response was made at draft stage.

At this stage the matter will be considered to be finalised, except where the actions / inactions proposed under (ii) appear unjustified or unclear whereupon if the Head of Internal Audit believes the rejection or



alternatives are unreasonable, further discussions will take place, and if necessary the matter will be reported to the relevant Strategic Director, or through the Internal Audit reporting process to the Corporate Governance & Audit Committee.

Management should respond to Internal Audit reports as quickly as possible, and within the following maximum timescales established in FPRs;

Draft Reports :        Within 2 weeks of issue  
 Final Reports :        Within 4 weeks of issue

Failure to adhere to the above timescales will be reported to Corporate Governance & Audit Committee on a quarterly basis.

### 6.3 Audit Opinion (except Schools & Childrens' institutional operations)

The report will express an opinion on the level of assurance that is offered by the system/ process at the time the audit work was undertaken.

In respect of any audit work where the specific objective is to assess value for money, the opinion will reflect the assurance of the extent that current arrangements do or are likely to deliver value for money. Where value for money is one of a number of objectives, a separate opinion will be stated (on the grounds that a system may be highly effective in respect of the controls that it provides, but does not do so in a way that is efficient) ;

<b>Assurance level</b>	<b>Control Adequacy</b>	<b>Control Application</b>
Substantial Assurance	A robust framework of all key controls exist that are likely to ensure that objective will be achieved	Controls are applied continuously or with only minor lapses
Adequate Assurance	A sufficient framework of all key controls exist that are likely to result in objectives being achieved, but the overall control framework could be stronger	Controls are applied with but with some lapses
Limited Assurance	Risk exists of objectives not being achieved due to the absence of a number of key controls in the system	Significant breakdown in the application of a number of key or other controls
No Assurance	Significant risk exists of objectives not being achieved due to the absence of key controls in the system	Serious breakdown in the application of key controls

### 6.4 The assurance is calculated as follows;

<b>Assurance Level</b>	<b>Fundamental</b>	<b>Significant</b>	<b>Merits Attention</b>
	A recommendation, often requiring immediate action that is key to maintaining an appropriate control environment and thereby avoiding exposure to a significant risk to the achievement of the objectives of the system, process or location under review.	A recommendation requiring action that is necessary to improve the control environment and thereby avoid exposure to a risk to the achievement of the objectives of the system, process or location under review.	A recommendation where action is advised to enhance control or improve operational efficiency.
Substantial Assurance	There are no fundamental recommendations	There is no more than 1 significant recommendation	There are no more than 5 merits attention recommendations
Adequate Assurance	There are no fundamental recommendations	There are 2 to 4 significant recommendations	There are 6 to 10 merits attention recommendations
Limited Assurance	There are 1 or more fundamental recommendations	There are more than 4 significant recommendations	There are more than 10 merits attention recommendations
No Assurance	There number of fundamental recommendations made reflect an unacceptable control environment	Not applicable	Not applicable

Although the above is a general assessment model, there will be an element of discretion, as a single fundamental failing can, in certain circumstances, mean that an entire operation offers no assurance.

#### 6.5 Audit Opinion: Schools & Childrens' institutional operations

To reflect the Council's Childrens' Service senior management belief that schools (and other Children's institutional operations) will understand better an assessment regime that follows the rating system used by Ofsted, the assessment rating for schools (etc) will be as shown below. This translates to the Council general assurance regime, shown in the second column, (and both use the assessment methodology shown in the table at 6.3 and 6.4 above)

<b>School assessment</b>	<b>Council assessment</b>
Outstanding	Substantial assurance
Good	Adequate assurance

Requires Improvement	Limited assurance
Inadequate	No assurance

## 6.6 Prioritisation of Recommendations

Audit recommendations are allocated a priority rating to signify the risk, or level of internal control weaknesses, associated with the issue identified. The ratings used are:-

Priority Rating	Guidance
Fundamental	A recommendation, often requiring immediate action that is key to maintaining an appropriate control environment and thereby avoiding exposure to a significant risk to the achievement of the objectives of the system, process or location under review.
Significant	A recommendation requiring action that is necessary to improve the control environment and thereby avoid exposure to a risk to the achievement of the objectives of the system, process or location under review.
Merits Attention	A recommendation where action is advised to enhance control or improve operational efficiency.

## 6.7 Taking action on Audit Reports

The responsibility for implementation of audit recommendations - and the right to reject Internal Audit advice - lies with the Service Director.

Where audit work identifies that a system or process is unsatisfactory (or the management actions proposed to a system which is generally satisfactory are considered inappropriate) Internal Audit will advise the relevant Director.

## 6.8 Consolidating Information to form overall opinions and advice

In respect of key financial systems the overall opinion on the system will often be informed by a number of discrete pieces of work.

In addition Internal Audit will also analyse various discrete audit assignments to ascertain if information or advice of benefit to a wider audience of managers can be obtained and distributed.

## 6.9 Corporate Management Reporting

Internal Audit will produce

- i) A Quarterly Report on Internal Audit activity
- ii) An Annual Report on Internal Audit activity expressing an opinion on the integrity and appropriateness of all significant financial systems and business control systems.

The Quarterly Report will contain details of work which has been finalised and agreed in the period, including;

- i) Specific details of all investigations, special studies and reviews and non-standard work;
- ii) Summary information on systems and processes reviewed, ——(and key reasons or findings when the system is considered to be providing only 'limited assurance' or 'no assurance');
- iii) Information about all follow up work; and
- iv) Information about any senior managers who have failed to comply with their obligations.

The report will indicate if;

- i) At the time of the audit, the system or process reviewed provided "substantial", "adequate", "limited" or "no" assurance
- ii) Management have not agreed the recommendations; and
- iii) In the case of follow up work if agreed recommendations have not been implemented.

The report will be presented to the Chief Executive and Strategic Directors and formally to the Corporate Governance & Audit Committee.

The Annual Report will use information from the Quarterly Reports, and analyse this against systems and across Service areas to provide an opinion of;

- i) All major financial and business systems;
- ii) Other business control systems;
- iii) The overall quality of the operation of control systems in individual Service areas; and
- iv) An overall assessment of risk, and governance.

The report will be presented to the Chief Executive and Strategic Directors and formally to the Corporate Governance & Audit Committee.

## **7. Management responsibilities**

- 7.1 It is the responsibility of operational managers, Heads of Service, Service Directors, Strategic Directors and Cabinet Members to implement and operate control systems which accord with statute, Council policy and organisation rules (e.g. Financial Procedure Rules).
- 7.2 They must ensure that appropriate records are kept and maintained as necessary to comply, and demonstrate compliance with their requirements, and ensure that staff employed are suitably skilled and trained.
- 7.3 Managers must ensure that appropriate access is granted for Internal Audit - to employees, premises, and records.
- 7.4 Accountability for the responses to the advice and recommendations of Internal Audit lies with management, who must either accept and implement the advice, offer an alternative action that addresses the deficiency identified (which is acceptable to Internal Audit), or formally reject it.
- 7.5 It is the responsibility of managers to establish systems and procedures to deter, prevent and detect fraud, corruption and bribery and suspected fraud, corruption and bribery.

## The Public Sector Internal Audit Standard (PSIAS)

The Public Sector Internal Audit Standards took effect from 1 April 2013, and apply to almost all public organisations in the UK. They are based on a development of international standards for internal auditing, largely developed by the Institute of Internal Auditors.

The document produced is mandatory guidance which states the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit's performance.

These standards in local authorities are supplemented by additional guidance from CIPFA that has regulatory authority for local government in the UK. This includes substantial checklists of process and procedure.

The Public Sector Internal Audit Standards uses a number of specific terms. These include terms which in the Council are considered to be as shown below in preparing this charter.

Term in the Public Sector Internal Audit Standards	Interpretation in this Charter Document
Chief Audit Executive	Head of Audit & Risk
Board	Corporate Governance & Audit Committee
Senior Management	Chief Executive and Strategic Directors

The Public Sector Internal Audit Standards document makes a number of statements as regards employment arrangements of the Chief Audit Executive. Whilst the UK standard and CIPFA identifies that some of the stated practices are not relevant to local government, these rules do look to transfer some employment related matters away from purely the executive arm of the organisation, by involving requirement of the Board.

## Statement of the responsibilities of management

1. It is the responsibility of management to establish sound and adequate operational systems and processes designed to achieve the organisation's objectives efficiently and effectively. It is their responsibility to organise operations efficiently in a way that achieves required outcomes, statutory compliance and adequate levels of internal control, including as appropriate matters such as the correct management of information. Senior managers must ensure that operational managers understand their role, operate systems as designed and intended, train staff appropriately in the required systems and procedures, and keep and retain adequate records. It is the responsibility of managers to establish systems and procedures to deter, prevent and detect fraud, corruption and bribery
  
2. In dealing with internal audit managers should ;
  - Arrange appointments for planned audit work promptly;
  - Respond diligently and promptly to any unplanned visit or request for information;
  - Have appropriate records and accesses available as necessary to assist the audit work;
  - Have the appropriate staff available to describe any system or arrangement, and answer questions or resolve queries as the audit work progresses;
  - Be available to discuss the conclusions of audit work and any recommendations;
  - Reply promptly to any draft audit report;
  - Reply promptly to any final audit report;
  - Complete any necessary action plan indicating agreement or otherwise;
  - Implement agreed actions.
  
3. In respect of assurance, consulting or other activity (such as investigations) it is the role of Internal Audit to assess and report independently on systems and process and the efficiency and effectiveness of an activity. Whilst management will be consulted, and their comments considered, and can seek to offer advice and opinion, the auditor is responsible for production of the report based on the evidence that they have available. Managers are not required to agree with the conclusions reached.
  
4. Managers are not required to implement audit recommendations. Where they believe that a recommendation is inappropriate they should say why. Where they would prefer an alternative action, they should propose this.

5. Although internal auditors will always attempt to be helpful, their role is to provide assurance and specific consulting, and it is not their prime role to offer advisory services, although they can often be a useful final arbiter if there is a lack of clarity about appropriateness of a procedure, or interpretation of a rule or requirement.
6. The chief executive, chief financial officer (s 151 officer) and monitoring officer are ultimately responsible for the implementation of matters as required by their statutory responsibilities.