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Annual Governance Statement	The Council is required under 10(1)(b) of the Accounts and Audit Regulations 2015, to publish an Annual Governance Statement (AGS). The role of Internal Audit was to coordinate a review of the system of governance and highlight any improvement actions to include in the Annual Governance Statement Action Plan.	Not applicable	Proactive input provided rather than an audit / review
Anti Fraud and Corruption	To raise awareness of fraud issues / ensure probity policies are reviewed and publicised	Not applicable	Proactive input provided rather than an audit / review
National Fraud Initiative	The NFI is a data matching exercise, using sophisticated computer techniques which matches data within and between organisations to help detect fraud, overpayments and error. Internal Audit co-ordinated the Council's input to the 2019/20 main exercise.	Not applicable	Investigations are currently being undertaken by the Corporate Fraud Team and will be reported to the Audit and Standards Committee in due course.
Performance Management – Data Quality	The Council's vision is 'To let Fylde prosper by 2020 and to deliver excellent services'. The Council needs to have good quality data in place to manage services, inform users and account for performance. Service users, members and the public more widely, need accessible and accurate data to be able to make informed decisions.	Substantial	No key control issues identified
Risk Management	Risk management is a key contributor to the internal assurance processes and the production of the Annual Governance Statement which report the extent to which the Council has complied with its Governance Code. The	Moderate	The Council's risk management arrangements have been strengthened during 2019/20 by the continuing development of the GRACE system. Extensive officer training has been undertaken and will continue over the next 12 months as the use

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	<p>GRACE (Governance Risk Assessment and Control Evaluation) system has recently been adopted for use within the Council to enable the completion of risk registers at all levels including strategic and operational risks.</p>		<p>of GRACE increases. The implementation of GRACE is still in the early stages and as such not all the processes and procedures are fully embedded and operational across the whole of the authority. It is apparent that there are plans in place to further embed risk management using the reporting facility for senior officers.</p> <p>Reporting and monitoring arrangements for Strategic Risk Management Group and all Council members are still in the development stage and the Risk Management Strategy is currently being updated</p>	
Payroll	<p>The Council has set a basic salary budget of approximately £6.6m for the period 2019/20. This cost represents a significant part of the Council's expenditure and it is therefore important to have robust and effective controls in place to mitigate payroll risks.</p> <p>The processing of the payroll is delivered by Blackpool Council with input to the payroll system undertaken by reference to appropriately authorised data submitted by Fylde Council. Such arrangements form part of a wider service level agreement.</p> <p>Delivery of the payroll service is subject to periodic review by Blackpool Council's Internal Audit Team. In their recent report it is noted that an adequate assurance</p>	N/A	<p>This review was in progress at the time of the COVID 19 lockdown and therefore will be finalised during 20/21.</p>	

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	<p>rating was awarded for their review of the payroll system.</p> <p>This audit will focus on payroll risks and improving internal controls and governance processes operating at Fylde Council only. Travel and subsistence claims are excluded from this review, as an audit on this area is undertaken separately.</p>		
Environmental Permitting Regulations	<p>In accordance with the Environmental Permitting Regulations 2016 the Council as a Local Authority must regulate certain types of factory and other activities, such as dry cleaners, under Local Air Pollution Prevention and Control (LAPPC) and Local Authority Integrated Pollution Prevention and Control (LA-IPPC). This is to reduce any pollution they may cause and, in particular, to help improve air quality.</p> <p>The Council must decide whether to give a permit to premises known as “installations”. Local Authorities regulate Part A2 & Part B installations and can regulate up to 80 different types of installation. Specific conditions are stated on each permit to say how pollution will be minimised and an appropriate fee is charged for each permit application.</p>	Limited	<p>Our work established that the Council has 19 installations of industrial and commercial processes that are regulated under the current regulations.</p> <p>Our review highlighted inconsistencies/errors with permits and a lack of documentation available for some establishments that had changed ownership and/or permit holder. Additional weaknesses were found with the records pertaining to inspections, risk assessments and ongoing monitoring that will impact on the Council’s ability to demonstrate continuity of regulation and inspection and its ability to provide a robust public register that meets the requirements of the legislation.</p>

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Fuel Consumption	The Council spends at least £250,000 on diesel fuel each year to operate its fleet of vehicles, plant and equipment. Diesel held in storage and in vehicles makes this a highly desirable commodity and therefore robust and rigorous arrangements need to be in place for the management and control of fuel consumption.	Limited	<p>Officers procuring fuel are clearly acting in good faith and trying to obtain best value, however, they are not acting in accordance with the Council's Contract Procedure Rules and the Guide to Buying for the Council, as neither the total spend over 12 months is being aggregated nor is the activity reported to any Committee. In addition, due to the lack of separation of duties the current arrangements fail to provide adequate protection for officers undertaking this role.</p> <p>Good controls are in place for the drawing of fuel with the use of tags and limits. Budget monitoring is undertaken, however, whilst the fuel management system has the capability to produce exception reports which would highlight excessive or inappropriate use of the fuel, these reports are not being routinely run or examined.</p> <p>Officers have been in their current roles for many years and are experienced. However, it is best practice to have detailed guidance / procedures in place to ensure roles are clear, consistent standards applied and to assist other officers in any instances of long-term sickness / business continuity.</p>
General Data Protection Regulations	The General Data Protection Regulation (GDPR) came into force on the 25 th May 2018 and is EU wide legislation. The Data Protection Act 2018 (DPA18) achieved Royal Assent on 23 rd May 2018 and is UK legislation.	Not applicable (review undertaken by external consultant)	<p>The review identified that the Council has undertaken positive steps and committed resource to comply with the implementation of the GDPR, however several areas were identified for improvement. These include:</p> <ul style="list-style-type: none"> taking urgent steps to update relevant policies to reflect GDPR requirements;

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	<p>Article 5 of the GDPR sets out seven key principles which lie at the heart of the general data protection regime.</p> <ul style="list-style-type: none"> • Principle (a) – lawfulness, fairness and transparency • Principle (b) – purpose limitation • Principle (c) – data minimisation • Principle (d) – accuracy • Principle (e) – storage limitation • Principle (f) – integrity and confidentiality • Accountability principle <p>Failure to comply with these principles can lead to enforcement action being brought by the UK's data protection regulator, the Information Commissioner's Office (ICO). This enforcement action can include undertaking audits, prosecution or monetary penalties of up to €20 million or 4% of Fylde Council's turnover.</p>		<ul style="list-style-type: none"> • ensuring the website is updated with all privacy notices; • completing the Record of Processing Activity; • training of officers.
Contract Procedure Rules	<p>Public procurement is the process whereby public sector organisations acquire goods, services and construction works from third parties.</p> <p>Procurement is currently governed by the Council's Contracts Procedure Rules (CPR) which is part of the</p>	N/A	This review was in progress at the time of the COVID 19 lockdown and therefore will be finalised during 20/21.

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	Council's Constitution and are aligned to European Union (EU) Regulations. The aim of the CPR is to ensure value for money in the spending of public money and the delivery of high-quality services in a timely and legitimate manner.		
NNDR	<p>Money that is raised through taxing local properties (Council Tax) and local businesses (National Non-Domestic Rates) are a key source for funding the provision of local services. In 2018/19 the service processed bills for approximately 37,500 domestic properties and 3,200 businesses. The net collectable debit for the total year was approximately £53 million for Council Tax and £26 million for National Non-Domestic Rates (NNDR); with collection rates for the year attaining 97.02% for Council Tax and 97.51% for NNDR.</p> <p>Fylde Borough Council collects Council Tax across the borough on behalf of Lancashire County Council, Lancashire Police & Crime Commissioner, Lancashire Combined Fire Authority & Parish Councils where appropriate. Billing and collection of Council Tax and NNDR is delivered through a shared service hosted by Blackpool Council. Oversight of the function is provided by the Chief Financial Officer as Lead Officer for the partnership for Fylde.</p>	Substantial (review not finalised)	This review was in progress at the time of the COVID 19 lockdown and therefore the actions arising have not yet been agreed.
Council Tax			

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Sundry Debtors	Sundry debtor invoices are raised and issued to persons or organisations who have received goods or services from the Council. These invoices amount for a large part of the Council's income. The total value of all invoices raised during 2018/19 was £5.679m. The sundry debtors function is therefore considered to be a key financial system and as such is subject to audit on a regular basis.	Moderate	<p>Our work has established that the controls in place for the raising and issuing of invoices are largely operating effectively. The Finance Assistant is both knowledgeable and experienced in generating and issuing one off and periodic invoices.</p> <p>However, the recovery process is not being adhered to in all instances, aged debtor reports were not routinely issued to the originating departments and resources were not always directed to recovering debts with the greatest chance of being collected. Furthermore, system access levels need strengthening to ensure recovery action is not delayed, written procedures require reviewing and updating SMART performance were not in place to drive improvement in collection rates and service delivery.</p>
VAT	<p>The financial activities of the Council fall under Section 33 of the Valued Added Tax Act 1994. Value Added Tax (VAT) is a tax on the sale of goods and services, which is administered by Her Majesty's Revenue and Customs (HMRC).</p> <p>It is the Council's responsibility to make correct VAT returns to HMRC detailing input and output tax. The HMRC's statutory powers mean that the Council is always exposed to the risk of a visit from VAT officers from time to time, financial penalties and a detailed investigation going back a number of years. This may result in a significant liability and therefore it is essential that there</p>	Moderate	<p>Our work found that there is comprehensive guidance on VAT for all staff, VAT returns were suitably authorised, promptly submitted to HMRC and supporting documentation had been retained and figures could be traced back to the relevant working papers. Suitable VAT planning arrangements were also in place with the partial exemption calculation completed for the current and future years taking into account the estimated effects of major projects on the partial exemption position.</p> <p>However, the importance of VAT is not promoted across the Council through regular reminders of the guidance and training of staff. Some improvement is also required to automate controls in systems, there is no exception reporting or</p>

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	are appropriate and effective controls in place over the compilation of the return.		independent management checks in place and written procedures need updating and introducing in certain areas.
Mock Phishing Exercise	<p>Phishing is a type of social engineering attack that aims to influence users to disclose credentials, sensitive information, or introduce malware to a host device or system by creating a plausible, yet malicious scenario. Although social engineering can be conducted via social media, a phone call or text message, phishing is most strongly associated with emails.</p> <p>The objective was to conduct an e-mail phishing exercise to test the technical and human controls around cyber security</p>	Not applicable (review undertaken by external consultant)	As a result of this exercise a programme of targeted training will be delivered over the coming months to raise awareness and empower users to make informed decisions
Privileged User Access Management	This review was in progress at the time of the COVID 19 lockdown and therefore will be finalised during 20/21.	N/A	This review was in progress at the time of the COVID 19 lockdown and therefore will be finalised during 20/21.
Event Management	<p>The Council undertake a small programme of internally managed events to enhance Fylde tourism, raise the profile of the borough and promote economic growth for the area. A commitment to deliver and support quality events throughout the Fylde is a key priority within the Council's Corporate Plan.</p> <p>Organising events can lead to a number of uncertainties and can quickly result in harm to people, property and</p>	Limited	The Council's Tourism and Cultural Services Manager has been the sole Event Manager for the Council's largest events for a number of years. The Council has now recognised that the current arrangements need strengthening and he has now been joined by an experienced and qualified Events Officer who will formally take over the responsibility for Councils events with effect from January 2020.

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	<p>reputation; as well as providing financial challenges from unforeseen circumstances. The annual programme of events is facilitated by the Tourism and Culture team and is delivered in association with multiple service areas across the Council.</p>		<p>The Council's flagship events are the Lytham 1940's Wartime Weekend and St Annes International Kite Festival. It was recognised during the review that these events are actively supported by elected members and very well received and attended by visitors and local residents.</p> <p>Our work has established that the Council would struggle to demonstrate that it has adequate arrangements in place to ensure the robust management and safe delivery of its events programme. Weaknesses exist with a lack of established corporate protocol for ensuring that internal and external events are adequately categorised, risk assessed and approved. This has led to a level of ambiguity within the organisation with different service areas following different procedures for their own events. Additionally, testing highlighted a lack of engagement by internal stakeholders via the 'event notification' process and via the Event Safety Advisory Group meetings that may lead to serious risks not being identified.</p> <p>Health and safety inspections undertaken for Council's major events are not documented; and checks are not operational to ensure that all third-party documentation has been received and reviewed prior to an event. It is anticipated that the increased resource within the Event's team will provide an opportunity to realign internal procedures and strengthen controls.</p>

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Heritage Assets	<p>The Council own a rich and diverse set of heritage assets with a net book value of £3.788m. Officers are actively working towards achieving the Arts Council England Accreditation Scheme as recommended by the Tourism and Leisure Committee in June 2018. The first stage has recently been completed which involved the submission of an eligibility questionnaire and several key documents. The Council is now awaiting confirmation to see if it is eligible to make a full application within three years.</p> <p>The changing nature of local government and the resource pressures it is facing means that the management and treatment of heritage assets require a structured and more innovative approach, both to safeguard them for the future and where possible to bring them into commercial use.</p>	Moderate	<p>The Collections Development Officer is relatively new to the Council and it is evident f that in the short time with the Council she has been developing the collection, curating exhibitions, introducing standard procedures, developing and consulting on a forward plan and policies that are required as part of the Accreditation process.</p> <p>However, risk assessments to ensure the security and preservation of collection items have not been recently reviewed and although a record of all items and their location is in place, this is not updated in a timely manner and checked on a regular basis. Furthermore, emergency and business continuity plans need to be reviewed to ensure that the collection is effectively safeguarded.</p>
Fairhaven Lake Project	We are a member of the project team to provide advice and guidance on governance, control and risk. In addition we have provided support to enable the production of a robust risk register, which is currently being reviewed and assessed.	Not Applicable	Proactive input provided rather than an audit / review
Commercial Properties	Commercial property is held to generate income for the Council via lease or license; and/or to support economic or social development. Effective property management is essential to ensure the Council's assets are protected and	Limited	The Councils Estate and Asset Officer is relatively new to the organisation, and it is evident that in the short time he has overseen the administration of commercial properties that the quality of records and overall management of the Council's

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	utilised effectively and in accordance with the Council's Commercial Strategy.		leases and licenses have improved. Our work, however, has identified that weaknesses remain with a general lack of proactive inspections undertaken to ensure that properties remain within a good state of repair; that all properties have been assessed for the risk of asbestos and legionella and that tenants are complying with the terms of their lease agreement.
Coastal Defence Project	We are a member of the project team to provide advice and guidance on governance, control and risk. In addition we have provided support to enable the production of a robust risk register, which is currently being reviewed and assessed.	Not applicable	Proactive input provided rather than an audit / review
Energy Management	World energy consumption continues to rise and is expected to increase further, with energy being a major contributor to climate change. Taking action to better manage the Council's energy consumption and by promoting energy efficiency measures to the community not only helps the planet, it saves money too.	Substantial	No Key control issues identified
Homelessness / Homelessness Prevention	The Homeless Reduction Act 2017 (HRA 2017) came into effect on 3 April 2018 adding to existing homelessness legislation and brought new duties, powers and obligations on housing authorities and others towards people who are homeless or threatened with homelessness.	Moderate	The controls in place are generally operating effectively. Members of the Housing and Homelessness Team are both knowledgeable and experienced in dealing with all aspects of the Homelessness Service and regularly meet to discuss their case work, share experience and ensure that procedures and legislation are being adhered to across the team. The Jigsaw case management system provides a framework for robust record

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	<p>The Council aims to prevent and relieve homelessness in the borough by providing advisory services; considering applications and inquiries; undertaking assessments and providing ongoing support via its Housing and Homelessness Team.</p>		<p>keeping and highlights the current stage of processing for each case, and outlines the next steps required to ensure compliance with the HRA 2017.</p> <p>Our work identified that it is requirement for local authorities to ensure that they update their homeless strategy every five years and this is currently overdue for committee approval. Additionally, the exchange of sensitive data is essential between the Council and partnering organisations to meet the needs of the service. Data protection and data sharing protocols need strengthening to explicitly outline each party's respective role and responsibilities within the partnership agreements as outlined in the General Data Protection Regulations.</p>
Development Management	<p>The planning system ensures that built development is in the right place when new houses, shops, community centres or factories are planned. The Council achieves this via the creation of a plan which sets out how their area should look in the future.</p> <p>The Development Management team decide local planning applications such as considering proposals to build on land; changes to the use of buildings / land; and grant or refuse planning permission accordingly. When deciding an application for planning permission, the Council refers to planning policy documents and planning guidance and must undertake this in accordance with the Town and Country Planning Act 1990, Planning and</p>	Substantial	<p>Our review established that applications are processed in accordance with current legislation and the controls in place are generally operating effectively. Senior officers within the Development Management team are knowledgeable; experienced; and regularly undertake continued professional development. They provide ongoing support and supervision to less experienced team members through managerial checks, on-the-job training and regular meetings to discuss individual cases.</p> <p>However, our work identified that the department procedure manual that defines standard working practices and acts as a valuable training tool has not been subject to a detailed review for a number of years. Additionally, an increased managerial promotion of core corporate policies would aid compliance with</p>

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	Compulsory Purchase Act 2004 and with consideration of the National Planning Policy Framework.		<p>the Council's requirement for the disclosure and register of conflicts of interest.</p> <p>Current circumstances relating to the software provider for the Acolaid customer management system were highlighted during the review. A commitment has been made to acquire new software and potential suppliers are being identified. A focused approach to procurement is required to ensure that this can be completed as soon as possible to keep potential system vulnerabilities to a minimum.</p>