



# Agenda

## Audit and Standards Committee

Date:	Thursday, 24 May 2018 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	<p>Councillor John Singleton JP (Chairman)</p> <p>Councillor David Donaldson (Vice-Chairman)</p> <p>Councillors Delma Collins, Peter Collins, Paul Hayhurst, Edward Nash, Graeme Neale, Louis Rigby, Roger Small.</p>

	PROCEDURAL ITEMS:	PAGE
<b>1</b>	<b>Declarations of Interest:</b> Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council's Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided.	<b>1</b>
<b>2</b>	<b>Confirmation of Minutes:</b> To confirm the minutes, as previously circulated, of the meeting held on <a href="#">15 March 2018</a> as a correct record.	<b>1</b>
<b>3</b>	<b>Substitute Members:</b> Details of any substitute members notified in accordance with council procedure rule 22(c).	<b>1</b>
	<b>STANDARDS ITEMS:</b>	
<b>4</b>	<b>Issues Raised with the Monitoring Officer</b>	<b>3 - 4</b>
	<b>AUDIT DECISION ITEMS:</b>	
<b>5</b>	<b>Contract Procedure Rules</b>	<b>5 - 6</b>
<b>6</b>	<b>Confirmation of Appointment of Chief Auditor</b>	<b>7 - 8</b>
<b>7</b>	<b>Annual Governance Statement</b>	<b>9 - 18</b>

Contact: Tara Walsh - Telephone: (01253) 658546 – Email: [democracy@fylde.gov.uk](mailto:democracy@fylde.gov.uk)

The code of conduct for members can be found in the council's constitution at  
<http://fylde.cmis.uk.com/fylde/DocumentsandInformation/PublicDocumentsandInformation.aspx>

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## INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MONITORING OFFICER	AUDIT AND STANDARDS COMMITTEE	24 MAY 2018	4
<b>ISSUES RAISED WITH THE MONITORING OFFICER</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

#### SUMMARY OF INFORMATION

The Monitoring Officer has been appointed as Proper Officer to receive allegations of failure to comply with the Code of Conduct regarding councillors, town and parish councillors and co-opted members. The Monitoring Officer has delegated authority, after consultation with the 'Independent Person', to determine whether an allegation of members' misconduct requires investigation and arrange such an investigation.

The Monitoring Officer should seek resolution of complaints without formal investigation wherever practicable and she has the discretion to refer matters to the Audit and Standards Committee where she feels it is inappropriate for her to take a decision on a referral for investigation. She should also periodically prepare reports for the Audit and Standards Committee on the discharge of this function.

In order to keep the Audit and Standards Committee informed as to the number and general nature of matters brought to her attention; reports on the discharge of the function of Monitoring Officer are brought on a periodic basis.

It is a point of clarification that there are a number of stages in dealing with reported matters. Some matters are brought to the attention of the Monitoring Officer without merit. In instances where a breach may have been considered to arise, and in line with agreed procedures, wherever possible the Monitoring Officer should seek the resolution of complaints without the need for formal investigation.

#### SOURCE OF INFORMATION

The Monitoring Officer.

#### WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

Periodic reports to the Audit and Standards Committee show all the matters which have been brought to the attention of the Monitoring Officer for review in order that members of the Audit and Standards Committee have an appreciation of all matters arising.

#### FURTHER INFORMATION

Contact Tracy Morrison, Monitoring Officer Tel: 01253 658521

## INFORMATION

1. The tables below shows the nature of the allegations made in the complaints since last reported to the Audit and Standards Committee on 18 January 2018. Complainants do not need to specify a relevant part of the code where they believe a breach has occurred (and indeed some of these complaints relate to differing codes dependant on when the complaint originates). For the purpose of the table below, the Monitoring Officer has made a judgement and grouped them accordingly.
2. One complaint has also been closed during the period, following an agreed resolution of the matter by way of the issue of an apology, post-investigation following a formal investigation of the matter by Mark Towers, of Blackpool Council under reciprocal arrangements.

PARISH MATTERS	
Failure to treat others with respect	0
Bringing the authority into disrepute	0
Interests	0

BOROUGH MATTERS	
Failure to treat others with respect	2
Bringing the authority into disrepute	0
Interests	0

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	AUDIT AND STANDARDS COMMITTEE	24 MAY 2018	5
<b>CONTRACT PROCEDURE RULES</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

The committee is asked to recommend a change to the council's Contract Procedure Rules which will expressly reference the council's obligations under the Public Services (Social Value) Act 2012 to consider at the pre-procurement stage of certain contracts how what is proposed to be procured may improve the economic, social and environmental well-being of their areas and how it may act with a view to securing that improvement in conducting the process of procurement. The requirements only apply to procurements for services which are valued at or above the EU threshold.

### RECOMMENDATION

1. Recommend to the council that it adopt the amendments to rule 1.1 of the council's Contract Procedure Rules set out in the report.

### CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services ( <b>Value for Money</b> )	✓
Delivering the services that customers expect of an excellent council ( <b>Clean and Green</b> )	✓
Working with all partners ( <b>Vibrant Economy</b> )	✓
To make sure Fylde continues to be one of the most desirable places to live ( <b>A Great Place to Live</b> )	✓
Promoting Fylde as a great destination to visit ( <b>A Great Place to Visit</b> )	✓

### REPORT

1. The [Public Services \(Social Value\) Act 2012](#) requires local authorities to consider at the pre-procurement stage of certain contracts how what is proposed to be procured may improve the economic, social and environmental well-being of their areas and how the contracting authority may act with a view to securing that improvement in conducting the process of procurement. Authorities must also consider whether to undertake any community consultation on their proposals.
2. The requirements apply to services contracts and frameworks whose value is above the EU threshold<sup>1</sup> and which are therefore covered by the Public Contracts Regulations 2015. The council seldom, if ever, lets services contracts of or above the threshold value.

<sup>1</sup> Currently £181,302.

3. The Corporate Governance Action Plan 2017 noted that the council had no express reference in its suite of contract rules and guidance to the need to consider social value in its procurement activities and recommended that a social value policy be introduced. After considering some social value policies introduced by other authorities, the Corporate Governance Group reconsidered the recommendation and felt that it would be more proportionate to include a reference to the requirements of the act in the council's Contract Procedure Rules and to incorporate further information in the 'Guide to Buying for the Council'.
4. The Contract Procedure Rules form part of the council's constitution. Any substantive amendment would normally be approved by the council, following a recommendation by this committee. The 'Guide' is an internal practice note. Changes to the 'Guide' do require committee approval. The proposed change to the Rules relates to rule 1.1, and is set out below. The change also updates an outdated statutory reference in the same rule:
- 1.1 Subject to rule 1.2, every contract made by or on behalf of the Council shall comply with:
- (i) these Rules;
  - (ii) the Council's Financial Regulations;
  - (iii) all relevant statutory provisions, including in particular the Local Government Act 1988, Part II, the Public Contracts Regulations 2006~~2015~~, and the Local Government (Contracts) Act 1997 and the Public Services (Social Value) Act 2012;
  - (iv) any relevant European Council Directive; and
  - (v) any direction by the Council or the relevant committee.
5. The committee is asked to recommend the change set out above for adoption by the council.

IMPLICATIONS	
Finance	This amendment, if approved, would not alter the process for determining the most appropriate and financially advantageous tender submission received for the provision of any particular service. Consequently there are no financial implications arising directly from this report.
Legal	The Public Services (Social Value) Act 2012 sets out certain requirements that only apply to above-threshold procurements of services.
Community Safety	The impact on community safety of an in-scope procurement could form part of the consideration of its social value.
Human Rights and Equalities	The impact on human rights and equalities of an in-scope procurement could form part of the consideration of its social value.
Sustainability and Environmental Impact	The sustainability and impact on the environment of an in-scope procurement could form part of the consideration of its social value.
Health & Safety and Risk Management	None arising from this report

LEAD AUTHOR	CONTACT DETAILS	DATE
Ian Curtis	ianc@fylde.gov.uk & Tel 01253 658506	13 April 2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	AUDIT AND STANDARDS COMMITTEE	24 MAY 2018	6
<b>CONFIRMATION OF APPOINTMENT OF CHIEF AUDITOR</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

Members will be aware that following the retirement of the Head of Internal Audit (part-time) in November of last year, a joint recruitment of a Shared Head of Internal Audit has taken place with Preston City Council.

This arrangement is based on each respective council retaining its own in-house internal audit team, with a shared manager across both councils.

The Public Sector Internal Audit Standards, which define the principles for carrying out internal audit in the public sector, give authority for the board (in this instance the Audit and Standards Committee) for approving decisions regarding the appointment (or removal) of the Head of Internal Audit (termed as the chief audit executive within the standards).

### RECOMMENDATION

1. To approve the appointment of Dawn Highton, Shared Head of Internal Audit with Preston City Council, to act as the Council's chief audit executive.

### SUMMARY OF PREVIOUS DECISIONS

None

### CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services ( <b>Value for Money</b> )	✓
Delivering the services that customers expect of an excellent council ( <b>Clean and Green</b> )	✓
Working with all partners ( <b>Vibrant Economy</b> )	✓
To make sure Fylde continues to be one of the most desirable places to live ( <b>A Great Place to Live</b> )	✓
Promoting Fylde as a great destination to visit ( <b>A Great Place to Visit</b> )	✓

## REPORT

1. The Council employed its previous Head of Internal Audit on a reduced hours, flexible retirement basis, for the previous five years.
2. Following the retirement of this employee in November of last year, consideration was given to the best means of filling this vacancy.
3. This resulted in a Shared Head of Internal Audit post being advertised between Fylde and Preston City Councils. Preston City Council's Head of Internal Audit had also retired around the same time period and a shared recruitment held attractions for both councils. In the case of Fylde Council, the team has been managed on a reduced-hours basis for a number of years successfully.
4. A recruitment was undertaken earlier in the year, and as a result, the post has been offered to Dawn Highton. Dawn will join both Councils on 16<sup>th</sup> July, bringing with her a wealth of experience in this field. More recently Dawn has held a senior position within the Chorley and South Ribble Councils shared audit collaboration.
5. Fylde Council will be the employing authority for the post, and the shared service arrangements that this Council has with Preston City Council for the corporate fraud service will also be aligned under this post holder, which will bring these two important services together.
6. As the Head of Internal Audit is responsible for defining the extent of internal audit activity in terms of the Internal Audit Plan for the year, it has not been possible to bring the Plan for 2018/19 to members at this stage. However, as soon as the new Head of Internal Audit is in place, this will be brought forward as a priority. In the meantime, the team continue to carry out outstanding audit work from the previous year, together with dealing with any emerging priorities.

IMPLICATIONS	
Finance	The employment cost for the Shared Head of Internal Audit will be met from the existing approved revenue budget for the audit team.
Legal	A Service Level Agreement will be in place to manage the relationship between the two Councils with respect to the shared post.
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	None arising from this report

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Morrison	<a href="mailto:tracy.morrison@fylde.gov.uk">tracy.morrison@fylde.gov.uk</a>	May 2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		



## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	AUDIT AND STANDARDS COMMITTEE	24 MAY 2018	7
<b>ANNUAL GOVERNANCE STATEMENT</b>			

### PUBLIC ITEM

This item is for consideration in the public part of the meeting.

### SUMMARY

The report presents the Annual Governance Statement prepared under the CIPFA/SOLACE framework, the local code of corporate governance, for approval.

### RECOMMENDATION

To approve the Annual Governance Statement for signature by the Chief Executive and Leader of the Council.

### SUMMARY OF PREVIOUS DECISIONS

There have been no previous decisions regarding this particular report, although the Annual Governance Statement is prepared annually for consideration by the committee.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services ( <b>Value for Money</b> )	✓
Delivering the services that customers expect of an excellent council ( <b>Clean and Green</b> )	✓
Working with all partners ( <b>Vibrant Economy</b> )	
To make sure Fylde continues to be one of the most desirable places to live ( <b>A Great Place to Live</b> )	
Promoting Fylde as a great destination to visit ( <b>A Great Place to Visit</b> )	

### REPORT

1. A sound system of corporate governance underpins the achievement of all the Council's corporate objectives.
2. The Council has adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how Fylde Council has complied with the code and shows how the effectiveness of governance arrangements have been monitored during the year.
3. The preparation and publication of an annual governance statement is necessary to comply with Regulation 4(3) of the Accounts and Audit Regulations 2015, which requires authorities to prepare a statement of internal control in accordance with "proper practices". The CIPFA/SOLACE guidance identifies the production of an annual governance statement in accordance with the guidance as "proper practices".

## Summary of the local code

4. According to the CIPFA/SOLACE guidance, “governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities”.
5. The council’s code is underpinned by the following seven core principles from the CIPFA/SOLACE guidance:
  - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the law
  - Ensuring openness and stakeholder engagement
  - Defining outcomes in terms of sustainable economic, social and environmental benefits
  - Determining the interventions necessary to optimise the achievement of the intended outcome
  - Developing the Council’s capacity, including the capability of its leadership and the individuals within it
  - Managing risks and performance through robust internal control and strong financial management
  - Implementing good practices in transparency, reporting and audit to deliver effective accountability
6. The Local Code describes the arrangements that have been or are being established within the Council to comply with the requirements. The code requires the Council to:
  - consider the extent to which it complies with the above seven core principles and requirements of good governance set out in the Framework;
  - identify systems, processes and documentation that provide evidence of compliance;
  - identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified;
  - identify the issues that have not been addressed adequately in the authority and consider how they should be addressed;
  - Identify the individuals who would be responsible for undertaking the actions required and plan accordingly.
7. The Local Code was updated in September 2017, as a result of new guidance produced.

## Annual Governance Statement

8. The Corporate Governance Group, currently comprising the Monitoring Officer, Section 151 Officer and Head of Governance, has conducted a detailed self-assessment of the council’s governance against this checklist. This checklist was updated in 2017, in light of new guidance issued. In the absence of a Head of Internal Audit, the Council’s Senior Auditor has contributed towards this work by assisting in the self-evaluation process of governance issues.
9. The council must publish the results of this self-assessment, including any recommended areas for improvement in the forthcoming year, as part of its Annual Governance Statement alongside the annual accounts.
10. The governance statement is attached to this report and is presented for approval by the committee. It will, if approved, be signed by the council leader and the chief executive.
11. The Corporate Governance Group will draw up an action plan for future approval by the committee to meet the issues identified in the governance statement.

IMPLICATIONS	
Finance	The Code of Corporate Governance is a key component of the council's commitment to sound financial systems and practices. The Annual Governance Statement is an important requirement within the Code.
Legal	The preparation of a code of governance and an annual governance statement complying with the CIPFA/SOLACE guidance is effectively a legal requirement under the Accounts and Audit Regulations 2015.
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	Good risk management is crucial to proper corporate governance, as the code and the CIPFA/SOLACE guidance make clear.

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Morrison	<a href="mailto:tracy.morrison@fylde.gov.uk">tracy.morrison@fylde.gov.uk</a> Tel 658521	4 May 2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Fylde Code of Corporate Governance	2017	Town Hall, St Annes
Directorate assurance statements	2017/18	Town Hall, St Annes

Attached documents

Appendix 1 – Annual Governance Statement

# ANNUAL GOVERNANCE STATEMENT 2017/18

## Scope of responsibility

Fylde Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

In 2007, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published best practice guidance, 'Delivering Corporate Governance in Local Government Framework' to assist authorities in reviewing their governance arrangements. This Council subsequently approved and adopted a code of corporate governance, which was consistent with these principles. This guidance was subsequently updated in 2016 to define seven new core principles which should underpin the governance arrangements for all public bodies. A copy of the code is on our website at <http://www.fylde.gov.uk> or can be obtained from the Town Hall, St Annes Road West, St Annes. This statement explains how the Council has complied with the code and also meets the requirements of regulation 6 (b) of the Accounts and Audit Regulations 2015 in relation to the publication of this statement.

The seven core principles are:

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the law
2. Ensuring openness and stakeholder engagement
3. Defining outcomes in terms of sustainable economic, social and environmental benefits
4. Determining the interventions necessary to optimise the achievement of the intended outcome
5. Developing the Council's capacity, including the capability of its leadership and the individuals within it
6. Managing risks and performance through robust internal control and strong financial management
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability

Each local authority is required to conduct a review at least once a year on the effectiveness of the system of internal control and include a statement on such a review within its published Statement of Accounts. This annual governance statement is the culmination of this work and provides commentary on the 2017/18 financial year.

## The purpose of the governance framework

This statement is an acknowledgment on the part of the council that is incumbent on all the stakeholders who play a part regarding the organisation of the council to ensure that there is a sound governance framework underpinning the work of the organisation.

The governance framework comprises systems and processes for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. It enables

the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The governance framework has been in place at the Fylde Borough Council for the year ended 31 March 2018 and up to the date of approval of the annual report and statement of accounts.

## **The governance environment**

### Principles

In 2017, the Council has adopted a code of corporate governance ("the Code") and recognises that effective governance is achieved through the core principles enshrined in it as outlined above. This framework establishes that the authority should ensure to keep under review the effectiveness of their governance arrangements and whether standards are being attained.

The Council's corporate governance environment comprises a multitude of systems and processes designed to regulate, monitor and control the various activities of the Authority in its pursuit of its vision and objectives. The following describes the key elements:

### Constitution

The Council's constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The constitution also identifies the principal obligations and functions of the Council.

The constitution and its appendices clearly explain how the different elements of the Council interact and work together. It sets out procedure rules to which members and officers must adhere, codes of conduct and protocols.

The constitution builds on model constitutions and guidance maintained by the Ministry of Housing, Communities and Local Government.

The Monitoring Officer has a standing obligation to keep the operation of the constitution under review and recommend any changes to help better achieve its objectives. Minor adjustments have been made throughout the course of the year and during the forthcoming financial year there will be a three-yearly review of the constitution with the document then being put before council for re-adoption. During the year, members of the Audit and Standards Committee reviewed public speaking arrangements within the constitution. The Protocol on Member/Officer Relations was also subject to review.

### Political structure

The Council's governance system changed in May 2015, following a referendum held in May 2014, which resulted in a vote in favour of the Council moving from an executive form of governance to a committee system.

The Council, meeting as a body, is responsible under the constitution and the Local Government Act 2000 for setting the policy framework and the budget for the authority. It also exercises certain other functions that are reserved to it.

As a result of the change in governance system, the council now operates a committee system with decision-making delegated to the council's committees. There is a mechanism in place for decisions to be referred to the Council. The council's committees comprise Finance and Democracy, Tourism and Leisure, Environment Health and Housing, Operational Management, Planning, Licensing, Public Protection and a combined Audit and Standards Committee. There is also a cross-party Member Development Steering Group which considers and recommends personal development and general training opportunities for elected members together with the well-being of elected members in the wider context. These various member groups have met several times each throughout the course of the year to discharge the business of the council. During the year a joint committee was also established with Blackpool and Wyre Councils to discharge economic development functions, within the context of the Council's overall policy framework.

The council is engaged in other partnerships and these arrangements are subject to review on an on-going basis, for example, the council's partnership with the Fylde Citizens Advice Bureau.

During the course of the year the council took the decision to no longer be a constituent member of the Lancashire Combined Authority or the Shadow Combined Authority. However, the council remains committed to working with all the Lancashire authorities to establish alternative options for working together on strategic regional initiatives.

Meetings of the committees are open to the public, except where personal or confidential matters may be disclosed. Public platform allows members of the public to make a point or raise a question during the course of programme committee meetings. Members of the public also have the facility to ask a question at council meetings and to make representations on planning applications being considered by the Planning Committee by pre-registering to do so. Members of the Council who are not members of the respective committees can ask questions at committee meetings. This helps ensure robust accountability of decisions. These arrangements have proved effective throughout the year with members of the public taking the opportunity to use these various means of communication.

The Council has no scrutiny committee/committees in place; its committee structure provides ample opportunity for scrutiny of its processes and policies.

All of the councils work is aligned to its corporate priorities through its committee system. All reports identify how they align to one of the five priorities: value for money; clean and green, vibrant economy, great place to live and great place to visit.

The Council's Audit and Standards Committee deals with conduct, ethics, propriety and declarations of interest. It also oversees and determines complaints made against members under the Code of Conduct. The Council has access to a number of 'independent persons' who assist in upholding high standards. During 2016, the Council re-appointed its independent persons after seeking expressions of interest and these individuals have worked closely with the Monitoring Officer throughout the year to ensure that high standards of behaviour are maintained.

The Audit and Standards Committee is a point of reference for the Monitoring Officer who investigates or arranges for the investigation of any allegations of misconduct in accordance with agreed procedures and statutory regulations. The Monitoring Officer has reported to the Audit and Standards Committee during the course of the year.

The monitoring and performance of the Council's assurance and governance framework is also led by the Council's Audit and Standards Committee. The committee has the responsibility to ensure that the monitoring and probity of the Council's governance framework is undertaken to the highest standard and in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines.

Decisions on planning, licensing and other regulatory or quasi-judicial matters are taken by committees of the Council in accordance with the principles of fairness and natural justice and, where applicable, article 6 of the European Convention on Human Rights. Such committees always have access to legal and other professional advice.

#### Officer structure

The authority implements its priorities, objectives and decisions through officers, partnerships and other bodies. Officers can also make some decisions on behalf of the authority under the Scheme of Delegation.

The Chief Executive is designated as the Head of the Authority's Paid Service. As such, legislation and the constitution make him responsible for the corporate and overall strategic management of the authority. He is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

The Council has designated its Director of Resources as Monitoring Officer. The Monitoring Officer must ensure compliance with established policies, procedures, laws and regulations. She must report to the full Council or one of the Council's Committees as appropriate if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. No such reports have arisen during the 2017/18 financial year. Blackpool Council's Monitoring Officer acts as Deputy Monitoring Officer for the Council, supporting the Monitoring Officer in her role. There are reciprocal arrangements for investigating standards matters across both these Council's Monitoring Officers.

The Council has designated the Chief Financial Officer as the officer responsible for the proper administration of its financial affairs in accordance with Section 151 of the Local Government Act 1972. The principal responsibilities of this officer include financial management, reporting and monitoring financial information, ensuring compliance with financial codes of practice

including the Accounts and Audit Regulations 2015. Regular reports have been made to the Councils Finance and Democracy, and other Committees as appropriate, throughout the course of the year.

Both statutory officers referred to above have unfettered access to information, to the Chief Executive and to councillors so they can discharge their responsibilities effectively. The functions of these officers and their roles are clearly set out in the Council's Constitution. In particular, the role of the Chief Financial Officer accords with the principles set out in the CIPFA Statement on the Role of the Chief Financial Officer. A protocol establishes the nature and role of the Monitoring Officer.

Two directors report to the Chief Executive and form the authority's management team together with the Chief Financial Officer and the Council's Solicitor, who act as specialist advisors. During 2017/18, the Management Team was broadened to include the remaining four Heads of Service. The Management Team assists the Chief Executive with the strategic and overall management of the organisation. The Constitution makes it responsible for overseeing and co-ordinating the management, performance and strategic priorities of the authority within the agreed policy framework and budget. Each member of the management team takes lead responsibility for major elements of the authority's business.

The Management Team collectively and individually are responsible for securing the economical, effective and efficient use of resources as required by the duty of best value. Powers delegated to each member of Management Team, together with other officers, are documented in the constitution.

The Council maintains an independent Internal Audit Service, which operates within the principles set out within the Public Sector Internal Audit Standards (PSIAS). These standards were set by a number of internal audit standard setters who established a series of standards known as PSIAS and adopted with effect from 1 April 2013.

A Corporate Governance Group has been established to co-ordinate the receipt and actioning of reports from the various sources of audit and inspection. The group also is responsible to the Audit and Standards Committee and Management Team and to compile, maintain and monitor the Code.

#### Operational

The Corporate Plan establishes Fylde Council's corporate priorities and reflects the Council's principal statutory obligations. Performance against the plan is supported by a performance management system and performance information is reviewed by the various committees of the council during the course of the year.

The financial management of the Authority is conducted in accordance with the Financial Regulations set out in Appendix 4 of the Constitution. The Council has in place a Medium Term Financial Strategy, updated annually, to support the aims of the Corporate Plan.

The Council ensures continuous improvement in the economy, efficiency and effectiveness of services through the annual service and financial planning process. All services are reviewed annually through the service planning process to ensure that they meet the needs of customers and that performance targets for quality improvements are set and monitored. The Medium Term Financial Strategy includes targets for efficiency savings where appropriate, to be met across all service areas.

Annual budgets are set by the Council in the context of the Medium Term Financial Strategy, and each budget is allocated to a named budget holder. The responsibilities of budget holders in financial management are clearly set out within Financial Regulations.

A robust process of financial monitoring is in place. Budgets are regularly reviewed, the regularity and depth of attention is linked to the risks associated with each budget area. The financial position of the Council is reported on a regular basis to the Management Team, to the Council's Committees, and to full Council. Closer monitoring and appropriate action is taken where there is an indication of a likely variance against budget.

In 2016, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) updated its best practice guidance on delivering good governance. As a result, during the course of the year, the council adopted of Code of Corporate Governance which outlined a number of behaviours and actions which underpinned the supporting principles. This document should be read in parallel with that evidential baseline. This document and its evidence base is of public record and therefore is not described in further detail within this statement.

The Council had adopted and implemented a Corporate Risk Management Strategy, which incorporates the identification and management of existing risks to the achievement of corporate objectives in accordance with recognised standards of control assurance. A Corporate Risk Register is in place and is monitored and regularly reviewed, combined with action planning for risks identified. Appropriate employees have been trained in the assessment, management and monitoring of risks.

A corporate Risk Management Group (RMG) has been established with an effective monitoring and reporting mechanism. A member of Management Team is the nominated chair of the RMG.

The Authority's Risk Management Policy requires that officers understand and accept their responsibility for risk and for implementing appropriate controls to mitigate those risks. To this end, service managers are required to incorporate a register of risks relevant to their service area within each Directorate's service plan.

In previous years, Internal Audit has provided its annual report to provide an independent and objective opinion on the effectiveness and operation of the internal control framework. As the council's Head of Internal Audit retired during the course of the year, this review will take place once a new post holder is in place which will be in July 2018. However, during November 2016, a peer review of Fylde's internal audit team was carried out by the Heads of Internal Audit from Preston City Council together with South Ribble and Chorley Councils. This was reported to the Audit and Standards Committee in March 2017 and reported that following a detailed examination process, the review team concluded that the service conformed to the required standards.

The Council has an objective and professional relationship with external auditors and statutory inspectors, together with other agencies such as the Local Government Association, as evidenced by the Annual Audit Letter.

Council services are delivered by trained and experienced people. All posts have a detailed job description and person specification and training needs are identified through the Personal Development Appraisal Scheme. In addition the Council has comprehensive policies and procedures in place, which provide the framework for the operation of its services and ensure that its actions and decisions are undertaken within the framework of effective internal control. The authority also has a set of core competencies which outline the expected behaviours of employees.

The authority has a zero tolerance policy towards fraud and corruption. The Council's Whistleblowing Policy provides the opportunity for anyone to report their concerns confidentially and enable these to be investigated impartially. The council has a shared Corporate Fraud Team with Preston City Council and training has been delivered to managers during the course of the year to ensure that all remain vigilant in preventing fraud.

The authority is committed to working in partnership with public private and voluntary sector organisations where this will enhance its ability to achieve its identified aims.

## **Review of effectiveness**

The authority supplements the mandatory external audit judgements by assessing itself against the good practice elsewhere. This, together with the Authority's own performance management framework, provides the evidence needed to ensure a culture of continuous performance improvement. The council also conducts satisfaction surveys of both residents and employees to use as a further gauge to measure success.

Inherent within the review of internal control arrangements is the need to assess the extent of compliance with statutory requirements and the Authority's rules and regulations, which includes not only its Financial and Contract Procedure Rules but also its Scheme of Delegation, and Codes of Conduct. In addition, the Head of Internal Audit is required to produce an Annual Report and provide opinion on the effectiveness of the authority's Audit and Standards Committee and evaluate the effectiveness of risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance. The council has been without a Head of Internal Audit for a part of the year following the retirement of the previous officer and this assurance has not been provided. However, the council's senior auditor has been involved in the deliberations of the Corporate Governance Group with respect to the effectiveness of the governance framework and played a part in considering improvements actions. It is anticipated that the audit team will be fully staffed again in the 2018/19 financial year.

Fylde Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Corporate Governance Group, which comprises the Monitoring Officer



and Director of Resources, Section 151 Officer, Head of Governance and the Head of Internal Audit, has been given the responsibility to annually review the corporate governance framework and to report to Audit and Standards Committee on the adequacy and effectiveness of the Code and the extent of compliance with it and its work is referenced above.

The review of effectiveness is informed by the work of the Directors and the respective Heads of Service within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Group also receives assurance statements on an annual basis covering each of the Council's service areas. These assurance statements show the extent of compliance within each council's service areas are concerned with key corporate procedures designed to embed good governance and internal control. In addition, the group has taken account of external assurance sources including the external auditor's Annual Audit Letter, 'ISA 260 report to those charged with governance' and a peer review of the internal audit service conducted against the UK Public Sector Internal Audit Standards...

Internal Audit has carried out an annual programme of reviews as approved by the Audit and Standards Committee. The managers of the services and functions reviewed have each agreed actions and priorities arising from the review and the achievement of those actions is monitored on an ongoing basis by the Authority's Internal Audit service.

The Strategic Risk Management Group meets regularly to review achievement of control measures in relation to strategic risks identified in the annual risk identification exercise. In addition, Internal Audit carries out an annual review of the risk management framework in accordance with the terms of the Risk Management Policy.

We have taken into account the implications of the result of the review of the effectiveness of the governance framework and system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is set out below.

#### **Governance Issues**

As a result of the assessment of the effectiveness of governance within the Council, the Corporate Governance Group has identified that a sound system of governance exists within the authority.

In 2016/17, the Corporate Governance Group raised three issues within the annual governance statement, namely adopting a revised Code of Corporate Governance to reflect the 2016 Delivering Good Governance Framework, reviewing and updating business continuity arrangements and plans and refreshing data security and information governance arrangements across the authority. These issues have been addressed and resolved during the course of the year with monitoring being undertaken by the Audit and Standards Committee.

During 2018/19, the Corporate Governance Group recommends that governance work should focus on the following:

<b>No.</b>	<b>Area Requiring Action</b>	<b>Senior Responsible Officer</b>	<b>Completion Date</b>
<b>1</b>	Material compliance with General Data Protection Regulations	Ian Curtis	25 <sup>th</sup> May 2018
<b>2</b>	Reviewing the effectiveness of the Project Management methodology and consider the pertinence of the current format	Alex Scrivens	End of November 2018
<b>3</b>	Ensure good governance arrangements are maintained	Corporate Governance Group, together with the newly appointed Head of Internal Audit	Ongoing

## **Statement**

On the basis of the work carried out, which has been reviewed by the Audit and Standards Committee, we are satisfied that the Governance Framework is generally effective. We propose over the coming year to address the above matters to further enhance our governance arrangements and to prepare for change. We are satisfied that these actions will address the need for improvements that were identified in our review and will monitor their implementation and operation as part of our next annual review.

**Councillor S Fazackerley**  
**Leader of the Council**

**Allan Oldfield**  
**Chief Executive**