



# Agenda

## Audit and Standards Committee

Date:

Thursday, 21 July 2022 at 6:30 pm

Venue:

Town Hall, St Annes, FY8 1LW

Committee members:

Councillor Ellie Gaunt (Chairman)  
Councillor Ed Nash (Vice-Chairman)  
  
Councillors Paula Brearley, Delma Collins, Peter Collins, Brian Gill, Will Harris, Paul Hayhurst, John Singleton JP.

	PROCEDURAL ITEMS:	PAGE
1	<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.	1
2	<b>Confirmation of Minutes:</b> To confirm the minutes, as previously circulated, of the meeting held on <a href="#">26 May 2022</a> as a correct record.	1
3	<b>Substitute Members:</b> Details of any substitute members notified in accordance with council procedure rule 23(c).	1
	<b>AUDIT DECISION ITEMS:</b>	
4	<b>Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22</b>	3 - 18
5	<b>Internal Audit Charter 2022-23</b>	19 - 29
6	<b>Internal Audit Progress Report</b>	30 - 44
7	<b>Annual Governance Statement</b>	45 - 64
	<b>AUDIT INFORMATION ITEMS:</b>	
8	<b>Regulation of Investigatory Powers Act 2000: Authorisations</b>	65

Contact: Sharon Wadsworth – 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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## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MERSEY INTERNAL AUDIT AGENCY	AUDIT AND STANDARDS COMMITTEE	21 JULY 2022	4
<b>INTERNAL AUDIT ANNUAL REPORT AND HEAD OF INTERNAL AUDIT OPINION 2021/22</b>			

### PUBLIC ITEM

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

### SUMMARY

The purpose of this report is to summarise the work undertaken by the Internal Audit Service delivered by Mersey Internal Audit Agency (MIAA) during 2021/22 and to give a Head of Internal Audit Opinion (HoIAO) as required by the Public Sector Internal Audit Standards (PSIAS) on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

### RECOMMENDATION

That the Committee notes the contents of the report.

### SUMMARY OF PREVIOUS DECISIONS

None.

### CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

### THE ROLE OF INTERNAL AUDIT

- The Internal Audit Service is an assurance function that provides an independent and objective opinion on the adequacy and effectiveness of the council's control environment. The Public Sector Internal Audit Standards (PSIAS) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) require the head of internal audit to provide an opinion on the council's control environment. This report fulfils this requirement and assists the councils in meeting the requirements of the Accounts and Audit Regulations 2015.

## OVERALL OPINION

2. The Public Sector Internal Audit Standards require the Head of Audit to provide an opinion on the overall adequacy and effectiveness of the organisation's framework of control, risk management and governance. This opinion is based upon the work undertaken by the Internal Audit Service throughout the year. The Head of Internal Audit provided by MIAA on behalf of the Council is attached at Appendix 1.

IMPLICATIONS	
Finance	None arising from this report
Legal	There are no legal implications arising from this report, however the provision of an Internal Audit Service is a requirement of the Accounts and Audit Regulations 2015
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	No implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Louise Cobain Assurance Director (MIAA)	Louise.Cobain@miaa.nhs.uk	July 2022

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

Attached documents

Appendix 1 – Internal Audit Annual Report and Head of Internal Audit Opinion 2021/22

# **Internal Audit Annual Report & Head of Internal Audit Opinion 2021/22**

**Fylde Borough Council**

# Contents

- 1 Introduction
- 2 2021/22 Internal Audit Service Delivery
- 3 Executive Summary
- 4 Head of Internal Audit Opinion
- 5 Internal Audit Coverage and Outputs
- 6 Areas for consideration - your Annual Governance Statement
- 7 MIAA Quality of Service Indicators

## 1 Introduction

The purpose of this Head of Internal Audit Opinion is to contribute to the assurances available to the Accountable Officer and the Council which underpin the Council's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will assist the Council in the completion of its Annual Governance Statement (AGS), along with considerations of organisational performance, regulatory compliance, the wider operating environment and health and social care transformation.

This opinion is provided in the context that the Council like other organisations across the public sector has continued to face unprecedented challenges due to COVID-19.

## 2 2021/22 Internal Audit Service Delivery

COVID-19 has continued to impact all public services, however, our response during 2020/21 and the need to work differently has provided a strong basis for the delivery of planned work in 2021/22. We have continued to act as a critical friend throughout the pandemic providing key assurances across a range of areas including governance and risk management. There has remained a strong focus on engagement with organisations and the Audit and Standards Committee.

The re-introduction of restrictions and increased levels of staff sickness (both internal audit and at the organisation) due to the Omicron variant has provided additional challenges to the delivery of planned work, during the final quarter of the year. However, there has been a clear focus by both internal auditors and organisations on requirements to deliver a HoIAO and to support year end reporting.

**We would like to take this opportunity to thank the Audit and Standards Committee and all the staff at the Council for their ongoing support during the year.**

### 3 Executive Summary

This annual report provides the 2021/22 Head of Internal Audit Opinion for Fylde Borough Council, together with the planned internal audit coverage and outputs during 2021/22 and MIAA Quality of Service Indicators.

Key Area	Summary
Head of Internal Audit Opinion	<p>The overall opinion for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 provides Moderate Assurance that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.</p> <p><i>In considering the overall opinion, the targeted and effective use of Internal Audit as part of the system of internal control has been considered. Internal Audit resource has been directed into known risk areas by the Council. The risk based approach adopted by the Council supports the overall opinion of Moderate Assurance.</i></p>
Planned Audit Coverage and Outputs	<p>The 2021/22 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year. Review coverage has been focused on:</p> <ul style="list-style-type: none"> <li>• The organisation's Assurance Framework</li> <li>• Core and reviews, including follow up; and</li> <li>• A range of individual risk based assurance reviews.</li> </ul>
MIAA Quality of Service Indicators	<p>MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA (2020), provides assurance of MIAA's full compliance with the Public Sector Internal Audit Standards.</p>



## 4 Head of Internal Audit Opinion

### 4.1 Roles and responsibilities

The whole Council is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement (AGS) is an annual statement by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievements of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and
- the conduct and results of the review of the effectiveness of the system of internal control, including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

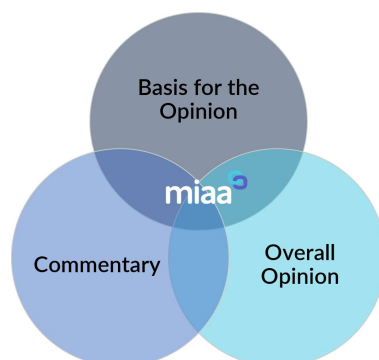
The organisation's Assurance Framework should bring together all of the evidence required to support the AGS requirements.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit and Standards Committee, which can provide assurance, subject to the inherent limitations described below. The outcomes and delivery of the internal audit plan are provided in Section 4.

The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led Assurance Framework. As such, it is one component that the Council takes into account in making its AGS.

### 4.2 Opinion

Our opinion is set out as follows:



### 4.2.1 Basis

The basis for forming our opinion is as follows:

- 1 An assessment of the design and operation of the underpinning strategic governance, risk management arrangements and supporting processes.
- 2 An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified.
- 3 An assessment of the organisation's response to Internal Audit recommendations, and the extent to which they have been implemented.

### 4.2.2 Overall Opinion

Our overall opinion for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 is:

High Assurance, can be given that there is a strong system of internal control which has been effectively designed to meet the organisation's objectives, and that controls are consistently applied in all areas reviewed.	
Substantial Assurance, can be given that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.	
<b>Moderate Assurance</b> , can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.	✓
Limited Assurance, can be given that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk.	
No Assurance, can be given that there is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the organisation's objectives.	

### 4.3.3 Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Our opinion covers the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 inclusive, and is underpinned by the work conducted through the risk based internal audit plan.

#### 4.3.3.1 Assurance Framework

Our work has consisted of:

- Assessing progress with implementing the recommendations from the independent review of risk management that was completed in 2019/20 and provided moderate assurance.
- Conducting a Risk Management Review to consider the design and operating effectiveness of the Council's risk management processes and provided moderate assurance.

Work is ongoing to embed risk management across the Council with the recruitment of a Risk Management Manager providing support to Heads of Service to fully utilise GRACE and this will be an area of focus for our review of risk management in 2022/23.

The Council updated the Code of Corporate Governance in the year and this was approved by the Audit and Standards Committee in March 2022. Action has been taken to address a number of areas requiring action from the 2021/22 Corporate Governance Action Plan. The Corporate Governance Action Plan has also been updated with new issues identified during the year. The Corporate Governance Group will continue to monitor progress with implementing actions during 2022/23.

The Council is undertaking a Constitutional Review in 2022/23 in readiness for the new governance changes to be implemented following the May 2023 local elections.

#### 4.3.3.2 Core & Risk Based Reviews Issued

We issued:

One high assurance opinion:	Treasury Management
Four substantial assurance opinions:	Housing Benefits Third Party Assurance Financial Controls – <i>DRAFT</i> National Non-Domestic Rates & Council Tax - <i>INDICATIVE</i>
Four moderate assurance opinions:	Disabled Facilities Grants Risk Management Corporate Health and Safety Project Management
One limited assurance opinions:	Vehicles and Equipment Asset Disposals
Zero no assurance opinions:	Not applicable

Two reviews without an assurance rating/assurance rating to be provided verbally	Cyber Security* Mobile Devices*
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\* To be provided verbally

#### 4.3.3.3 Follow Up

During the course of the year we have undertaken follow up reviews and can conclude that the organisation has made **moderate progress** with regards to the implementation of recommendations. We will continue to track and follow up outstanding actions.

We have raised 45 recommendations as part of the reviews undertaken (excluding Cyber Security and Mobile Devices) during 2021/22. All recommendations raised by MIAA have been accepted by management.

Of these recommendations: 0 were **critical** and 6 were **high risk recommendations** in relation to the reviews of Asset Disposals, Disables Facilities Grants.Risk Management, Corporate Health and Safety, Project Management.

#### 4.3.3.4 Wider organisation context

This opinion is provided in the context that the Council like other organisations across the public sector is facing a number of challenging issues and wider organisational factors particularly with regards to the ongoing pandemic response and wider system developments. The challenges for organisations have included continuing to ensure an effective pandemic response and delivering business as usual requirements.

In providing this opinion I can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. I also confirm organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.

*Chris Harrop*

Managing Director, MIAA  
June 2022

*Louise Cobain*

Assurance Director, MIAA  
June 2022

## 5 Internal Audit Coverage and Outputs

The 2021/22 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year.

The audit assignment element of the Opinion is limited to the scope and objectives of each of the individual reviews. Detailed information on the limitations (including scope and coverage) to the reviews has been provided within the individual audit reports and through the Audit and Standards Committee Progress Reports throughout the year.

A summary of the reviews performed in the year is provided below:

	Review	Assurance Opinion	Recommendations Raised				
			Critical	High	Medium	Low	Total
1	Operational Services and Parks Departments – Vehicle and Equipment Asset Disposals Review	Limited	-	2	4	1	7
2	Disabled Facilities Grants	Moderate	-	1	5	2	8
3	Risk Management	Moderate	-	1	4	2	7
4	Housing Benefits	Substantial	-	-	3	-	3
5	Corporate Health & Safety	Moderate	-	1	4	1	6
6	Project Management	Moderate	-	1	-	-	1
7	Third Party Assurance	Substantial	-	-	1	3	4
8	Treasury Management	High	-	-	-	1	1
9	Financial Controls - DRAFT	Substantial	-	-	3	5	8
10	NNDR and Council Tax - INDICATIVE	Substantial	TBC	TBC	TBC	TBC	TBC
11	Cyber Security	Verbal Update	Verbal update to be provided				
12	Mobile Devices	Verbal Update	Verbal update to be provided				
	TOTAL		-	6	24	15	45

All recommendations raised were accepted by management.

We will continue to follow up progress against all recommendations as part of the 2022/23 Internal Audit Plan.

**CONTRIBUTION TO GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL  
ENHANCEMENTS: *Additional areas where MIAA have provided added value contributions.***

Detailed insight into the overall Governance and Assurance processes gained from liaison throughout the year with the Officer/ Senior Management Team.

Involvement with the organisation in respect of advice and guidance corporate governance documentation.

Involvement and relationship with the organisation (e.g. attendance and contribution to Risk Management Committee, Corporate Governance Group etc.).

Ongoing discussion with lead Officers, Managers and Non-Executive Directors throughout the year.

Specific audit review of third party assurances to the Council (e.g. Blackpool Council).

Effective utilisation of internal audit including in year communication, requests for support and changes to the audit plan in respect of Vehicle and Equipment Asset Disposals Review

Opportunities/ Involvement through MIAA events. Including the Network events, and Quality Improvement Network.

## 6 Areas for consideration – your Annual Governance Statement

The Head of Internal Audit Opinion is one source of assurance that the organisation has in providing its AGS other third party assurances should also be considered. In addition the organisation should take account of other independent assurances that are considered relevant.

We have identified a number of other strategic challenges that should be considered by the Council when drafting the AGS. Whilst the scope of the Internal Audit Plan would have considered elements of these, it is important that the Council reflects more widely on how these should be factored into the AGS. Areas for consideration include:

- Wider partnership/ collaborative working and engagement across the Lancashire Footprint.
- Continued establishment and delivery of cross-organisation arrangements for the Better Care Fund and other pooled budgets development (e.g. Education, Lancashire County Council)
- Impact of the revised financial regime on decision making, achieving financial duties, ongoing financial viability, delivery of savings, service pressures and key relationships/ performance of third parties.
- Changes to governance, risk management and internal control arrangements due to the ongoing COVID-19 response and the functioning of emergency responses structures (including the impact on decision making processes).
- Impact of the COVID-19 response on the ongoing delivery of services and compliance with legislative and regulatory requirements (e.g UK Corporate Governance Code). Maintenance and improvement of the quality of services alongside and overall organisation performance, including the delivery of targets.
- Council leadership, including any significant changes to the Council and Senior Management Team
- Workforce capacity, engagement, wellbeing and development.
- Ensuring there is a fit for purpose infrastructure.
- Cyber security, information governance risks and any associated reportable incidents to the Information Commissioner.
- Relationship and management of 3rd party providers upon which the organisation places reliance, and the provision of assurances from these (e.g. Blackpool Council).

## 7 Ensuring Quality

MIAA's strategy has quality at the heart of everything we do and our overall approach to quality assurance includes ISO9001:2015 accreditation, compliance with Public Sector Internal Audit Standards, the quality of our people and outcome measures.

### 7.1 Professional Standards and Accreditations

MIAA comply fully with professional best practice, internal audit standards and legal requirements. We assess our compliance with the Public Sector Internal Audit Standards (PSIAS) each year.

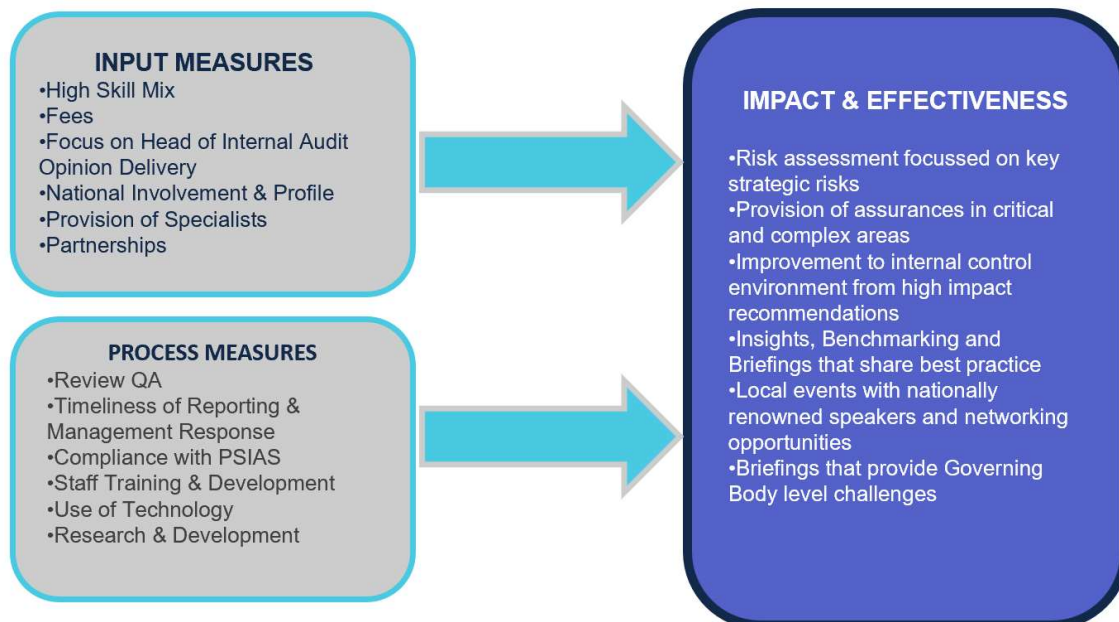






## 7.2 Service delivery and outcome measures

It is important that client organisations ensure an effective Internal Audit Service, and whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. The figure below confirms the measures that we believe demonstrate an effective service to you.



MIAA regularly report on input and process KPIs as part of our Audit and Standards Committee Progress reports, and the impact and effectiveness measures can be assessed through the HOIA Opinion.

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## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MERSEY INTERNAL AUDIT AGENCY	AUDIT AND STANDARDS COMMITTEE	21 JULY 2022	5
<b>INTERNAL AUDIT CHARTER 2022-23</b>			

### PUBLIC ITEM

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

### SUMMARY

The Internal Audit Charter is a requirement of the Public Sector Internal Audit Standards, which should be approved by the Audit and Standards Committee.

### RECOMMENDATION

The Committee is recommended to approve the Internal Audit Charter.

### SUMMARY OF PREVIOUS DECISIONS

The Internal Audit Charter was last approved by this committee in July 2021.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

### INTERNAL AUDIT CHARTER

1. The Internal Audit Charter is mandated through the Public Sector Internal Audit Standards (2016) and is a formal document that defines the internal audit function's purpose, authority and responsibility. The internal audit charter establishes the position of the internal audit function within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
2. The Charter was last formally approved by the Audit and Standards Committee in July 2021 and it is now appropriate for it to be considered again by the committee for 2022-23.

IMPLICATIONS	
Finance	None arising from this report
Legal	There are no legal implications from this report; however, the provision of an Internal Audit Service is a requirement of the Accounts and Audit Regulations 2015.
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
Fiona Hill Audit Manager	<a href="mailto:Fiona.hill@miaa.nhs.uk">Fiona.hill@miaa.nhs.uk</a> & Tel 07825 592842	July 2022

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

Attached documents

Appendix 1 – Internal Audit Charter 2022-23

# Internal Audit Charter - FINAL

Fylde Borough Council

# Contents

- 1 Introduction & Background
- 2 Standard 1000 - Purpose, Authority and Responsibility
- 3 Standard 1100 - Independence and Objectivity
- 4 Standard 1200 - Proficiency and Due Professional Care
- 5 Standard 1300 - Quality Assurance and Improvement Programme
- 6 Standard 2000 - Managing the Internal Audit Activity
- 7 Standard 2100 - Nature of Work
- 8 Standard 2200 - Engagement Planning
- 9 Standard 2300 - Performing the Engagement
- 10 Standard 2400 - Communicating Results
- 11 Standard 2500 - Monitoring Progress
- 12 Standard 2600 - Communication the Acceptance of Risks
- 13 Definitions

## 1 Introduction and Background

The Internal Audit Charter is mandated through the Public Sector Internal Audit Standards (2016) and is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

This Charter is structured around the Public Sector Internal Audit Standards (2016).

### Public Sector Internal Audit Standards – Attribute Standards

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1000 - Purpose, Authority and Responsibility

1100 - Independence and Objectivity

1200 - Proficiency and Due Professional Care

1300 - Quality Assurance and Improvement Programme

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### Public Sector Internal Audit Standards – Performance Standards

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2000 - Managing the Internal Audit Activity

2100 - Nature of Work

2200 - Engagement Planning

2300 - Performing the Engagement

2400 - Communicating Results

2500 - Monitoring Progress

2600 - Communicating the acceptance of risks.

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MIAA confirms ongoing compliance with the Public Sector Internal Audit Standards.

## 2 Standard 1000 - Purpose, Authority and Responsibility

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<sup>1</sup>”.

The provision of assurance services is the primary role for internal audit in the Public Sector. This role requires the internal auditor to provide an independent opinion based on an objective assessment of the framework of governance, risk management and control. The main purpose of internal audit activity within the Council is therefore to provide the Chief Executive with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Director of Internal Audit's opinions is a key element of the

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<sup>1</sup> The Definition of Internal Auditing Copyright © 2009 by The Institute of Internal Auditors, Inc., 247 Maitland Avenue, Altamonte Springs, Florida 32710-4201 U.S.A. Reproduced with permission.

framework of assurance that the Chief Executive needs to inform the completion of the Annual Governance Statement (AGS).

Internal audit also provides an independent and objective consultancy service which is advisory in nature, and generally performed at the specific request of the organisation. Such consultancy work is separate from but contributes to the opinion which internal audit provides on risk management control and governance. When performing consulting services, the internal auditor will maintain objectivity and not take on management responsibility.

The above functions drive MIAA's Mission Statement "To support improved public service outcomes through a world class shared service for audit, assurance, challenge and solutions".

Assurance Reviews will provide individual audit opinions to support the annual Director of Internal Audit Opinion. Formal agreement will be sought for the provision of third party assurances to other bodies in respect of the services provided by the Council.

The Internal Audit Section derives authority from the Audit and Standards Committee, the Council and statute (Section 151 Local Government Act 1972 and the Accounts and Audit Regulations 2015)

In accordance with the organisation's Standing Financial Instructions (or equivalent), Internal Auditors will (without necessarily giving prior notice) have access to all records (including those of a confidential nature) and employees of the organisation.

### **3 Standard 1100 - Independence and Objectivity**

The internal audit activity must be independent, and internal auditors must be objective in performing their work. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Director of Internal Audit will have direct and unrestricted access to senior management and the Audit & Standards Committee.

The Director of Internal Audit will confirm to the Audit & Standards Committee, at least annually, the organisational independence of the internal audit activity.

The Director of Internal Audit will report functionally to the Audit & Standards Committee and establish effective communication with, and have free and unfettered access to and freedom to report in his or her name to the Chief Executive and to the Chair of Audit and Standards Committee. In addition the Director of Internal Audit also has direct access to the Council's Monitoring Officer, the S151 Officer and all senior management. This will include communicating and interacting directly with the Audit and Standards Committee.

Internal audit activity will be free from interference in determining the scope of internal auditing, performing work and communicating results. Internal auditors will have an impartial, unbiased attitude and avoid any conflict of interest. Conflicts of interest may arise where an auditor provides services other than internal audit to the organisation. Steps will be taken to avoid or manage transparently and openly such conflicts of interest, so that there is no real or perceived threat or impairment to independence in performing the audit role.

All internal auditors will complete an annual declaration of interest identifying possible conflicts of interest and the actions taken to mitigate them. This process, and its outcomes, will be communicated to the Audit and Standards Committee annually through the Director of Internal Audit Opinion and Annual Report.

MIAA will also periodically review the specific audit manager assigned to the organisation to ensure that both parties are satisfied that relationships remain independent and objective.



If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

#### **4 Standard 1200 - Proficiency and Due Professional Care**

Engagements will be performed with proficiency and due professional care. Internal auditors will possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively will possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities. The Director of Internal Audit is a CCAB qualified Accountant and is responsible for ensuring access to the full range of knowledge, skills, qualifications and experience to meet the requirements of the Internal Audit Standards. MIAA internal auditors will ensure Continuing Professional Development and compliance with professional standards.

Internal auditors will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

#### **5 Standard 1300 - Quality Assurance and Improvement Programme**

The Director of Audit will develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The quality assurance and improvement programme will include both internal and external assessments.

- Internal assessment will include;
- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.

External assessments will also be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organisation. The results of external quality reviews and any consequent improvement plans will to be reported to the Chief Executive and Audit and Standards Committee.

#### **6 Standard 2000 - Managing the Internal Audit Activity**

The Director of Internal Audit will develop and maintain an Internal Audit strategy designed to meet the main purpose of the internal audit activity and its service provision needs. This strategy will advocate a systematic and prioritised review, outlining the resources and skills required to meet the assurance needs of the Chief Executive, Full Council and Audit and Standards Committee.

The Director of Internal Audit will establish risk based plans to determine the priorities of the internal audit activity consistent with the organisation's goals.

The Director of Internal Audit will include in the internal audit strategy the approach to using other sources of internal and external assurance. Periodic plans will include any work associated with placing reliance upon such work.

The Director of Internal Audit will agree the strategy and periodic plans with the Chief Executive and Audit and Standards Committee.

Where the Director of Internal Audit believes that the level of agreed resources will prevent the Chief Executive being provided with an opinion on the overall adequacy and effectiveness of the

organisation's framework of governance, risk management and control, the consequences will be brought to the attention of the Audit and Standards Committee.

The Director of Internal Audit will agree arrangements for interim reporting to the Chief Executive and Audit and Standards Committee in the course of the year and produce an annual report that incorporates his opinion.

The Director of Internal Audit will provide to the Chief Executive an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, timed to support the Annual Governance Statement.

## **7 Standard 2100 - Nature of Work**

The internal audit activity will evaluate and contribute to the improvement of governance, risk management and control processes, using a systematic and disciplined approach.

The Director of Internal Audit will liaise on a regular basis with the nominated Corporate Fraud Manager (CFM) for the organisation to identify any potential risk of fraud and ensure that any potential or actual frauds identified through internal audit activity are referred to the CFM for investigation.

The Director of Internal Audit will also liaise with the organisation's external auditors and other review bodies to facilitate the effective co-ordination of audit resources and assurances.

## **8 Standard 2200 - Engagement Planning**

The Director of Internal Audit will establish a risk based Internal Audit Plan in conjunction with the client and with the agreement of the Audit and Standards Committee. The plan will set out the priorities for Internal Audit activity, consistent with the organisations goals and objectives.

Internal auditors will develop and document a terms of reference for each engagement, including the engagement's objectives, scope, timing and resource allocations, based on an evaluation of the nature and complexity of each engagement, time constraints and available resources. A work plan will be developed and documented that achieves the engagement objectives.

Internal audit will meet regularly with the external auditor to consult on audit plans and discuss matters of mutual interest.

## **9 Standard 2300 - Performing the Engagement**

Internal audit will identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. Internal auditors will base conclusions and engagement results on appropriate analyses and evaluations. Internal auditors will document relevant information to support the conclusions and engagement results.

Engagements will be properly supervised to ensure objectives are achieved, quality is assured and staff are developed.

## **10 Standard 2400 - Communicating Results**

Internal auditors will communicate the engagement results with appropriate parties, including the engagement's objectives and scope, as well as applicable conclusions, recommendations and action plans

Working with the organisation, the Director of Internal Audit will ensure that communications are accurate, objective, clear, concise, constructive, complete and timely.

The Director of Internal Audit will deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement.

The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control.

The annual report will incorporate;

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

## 11 Standard 2500 - Monitoring Progress

The Director of Internal Audit will establish and maintain a follow-up process to monitor that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. This will be operated to support the organisation in ensuring the implementation of actions, and reporting progress to the Audit and Standards Committee.

## 12 Standard 2600 - Communication the Acceptance of Risks

When the Director of Internal Audit believes that senior management has accepted a level of residual risk that may be unacceptable to the organisation, the Director of Internal Audit will discuss the matter with senior management. If the decision regarding residual risk is not resolved, the Director of Internal Audit will report the matter to the Audit and Standards Committee for resolution

### Code of Ethics

MIAA will operate within the definition of Internal Auditing and ensure that the Code of Ethics (Institute of Internal Auditors, 2009) underpins the internal audit services provided to the organisation.

INTEGRITY	OBJECTIVITY
<ul style="list-style-type: none"> <li>• Honesty, diligence &amp; responsibility</li> <li>• Legal &amp; professional disclosure</li> <li>• Contribution to legitimate &amp; ethical objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Unbiased assessment</li> <li>• Relationships</li> <li>• Not subject to undue influence</li> <li>• Conflict of interest disclosure</li> </ul>
CONFIDENTIALITY	COMPETENCY
<ul style="list-style-type: none"> <li>• Prudence in use &amp; protection of Information</li> <li>• Not use information for personal gain or contrary to legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge, skills and experience</li> <li>• Compliance with standards and professional practice</li> <li>• Continuous improvement</li> </ul>

## 13 Definitions

Full Council	The Governing Body of the organisation with overall responsibility for governance.
Chief Executive	Officer responsible and accountable for funds entrusted to the organisation.
Audit and Standards Committee	A sub-committee of the Full Council with overall responsibility for overseeing the establishment of an effective system of integrated governance, risk management and control across the organisation's activities.
Director of Internal Audit	Acts as the Chief Audit Executive as the independent corporate executive with overall responsibility for internal audit.
Senior Management	The overall lead director agreed by the organisation for each audit engagement.

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Audit Manager

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## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MERSEY INTERNAL AUDIT AGENCY (MIAA)	AUDIT AND STANDARDS COMMITTEE	21 JULY 2022	6
<b>INTERNAL AUDIT PROGRESS REPORT</b>			

### PUBLIC ITEM

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

### SUMMARY

This report provides an update to the Audit & Standards Committee in respect of the progress made against the Internal Audit Plan for 2021/22 and draws attention to matters relevant to members responsibilities.

### RECOMMENDATION

To receive, consider and comment on the Internal Audit Progress Report which is attached to this covering report.

### SUMMARY OF PREVIOUS DECISIONS

The Internal Audit Plan for 2021/22 was approved by the Audit and Standards Committee on 15<sup>th</sup> July 2021.

The Internal Audit Plan 2021/22 audit review timing changes were approved by the Audit and Standards Committee on 29<sup>th</sup> September 2021.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

### REPORT

- The attached report has been prepared by the Council's internal auditors, MIAA. It provides an update to the Audit and Standards Committee in respect of the assurances, key issues and progress against the Internal Audit Plans 2021/22. Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request.
- MIAA will present the report to the meeting.

IMPLICATIONS	
Finance	No implications.
Legal	No implications.
Community Safety	No implications.
Human Rights and Equalities	No implications.
Sustainability and Environmental Impact	No implications.
Health & Safety and Risk Management	No implications.

LEAD AUTHOR	CONTACT DETAILS	DATE
Louise Cobain	<a href="mailto:louise.cobain@miaa.nhs.uk">louise.cobain@miaa.nhs.uk</a>	July 2022

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Internal Audit Plan	15 July 2021	Internal Audit Team

Attached documents

Appendix 1 - Internal Audit Progress Report

# Internal Audit Progress Report Audit & Standards Committee (July 2022)

Fylde Borough Council



# Contents

## 1 Introduction

## 2 Key Messages for Audit & Standards Committee Attention

**Appendix A:** Contract Performance

**Appendix B:** Performance Indicators

**Appendix C:** Key Areas from our Work and Actions to be Delivered

**Appendix D:** Follow-up of Previous Audit Actions

**Appendix E:** Assurance Definitions and Risk Classifications

## Your Team

Name	Role	Contact Details
Louise Cobain	Engagement Lead	Louise.Cobain@miaa.nhs.uk 07795 564916
Fiona Hill	Engagement Manager	Fiona.Hill@miaa.nhs.uk 07825 592842

## Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

## Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

## 1 Introduction

This report provides an update to the Audit & Standards Committee in respect of the progress made in against the Internal Audit Plan for 2021/22 and brings to your attention matters relevant to your responsibilities as members of the Audit & Standards Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request. In addition, a consolidated follow up position is reported on a periodic basis to the Audit & Standards Committee.

This progress report covers the period 17 May– 12 July 2022.

## 2 Executive Summary

There has been the focus on the following areas:

### 2021/22 Audit Reviews

Audit work has been profiled in line with requests and is progressing satisfactorily.

The following reviews have been finalised:

- Treasury Management (Full Assurance level)
- Cyber Security (Verbal update to be provided)
- Mobile Devices (Verbal update to be provided)

We have also completed reasonable checks on the Contain Outbreak Management Fund submission and ensure that conditions of the fund were met.

Refer to Appendix C for details of Key Areas and Actions to be delivered

The reviews below are currently at draft report stage or are in progress:

- Data Sharing Protocols (fieldwork being concluded)
- Property Repairs and Maintenance (work in progress)
- Key Financial Controls (draft report)
- NNDR & Council Tax (draft report)

	<p>Appendix A provides an overview of the delivery of your Head of Internal Audit Opinion for 2021/22.</p> <p>Appendix B provides information on Internal Audit performance.</p>
Follow Up	<p>A summary of the current status of follow-up activity is included in Appendix C, however, we would draw the committee's attention to the following:</p> <ul style="list-style-type: none"> <li>• Progress has been made in the completion of outstanding actions from Moderate and Limited assurance reports issued by the previous audit team, these actions were not risk rated. 66 out of 91 actions have been completed. Of the remaining 25 actions, 17 are in progress with a further eight actions either not started or postponed.</li> <li>• A separate table details the actions arising from MIAA reports including risk ratings. Of the outstanding 28 actions seven have been completed, four are in progress and 17 are either not yet due or haven't been started.</li> </ul>
Audit Plan Changes	<p>Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.</p> <ul style="list-style-type: none"> <li>• We have used Contingency to complete reasonable checks on the Contain Outbreak Management Fund submission and ensure that conditions of the fund were met.</li> </ul>
Insights	<p><b>Collaborative Masterclass Events</b></p> <ul style="list-style-type: none"> <li>• Restoration and Recovery: Improving the Health and Wellbeing Needs of Individuals, Teams and Communities (16<sup>th</sup> September 2022)</li> <li>• Digital as Disrupter (24th November 2022)</li> </ul>

## Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

Below sets out the overview of delivery for your Head of Internal Audit Opinion for 2021/22:

HOIA Opinion Area	Status	Assurance Level
Risk Management		
Risk Management	Completed	Moderate
Risk Based Assurances		
Vehicles and Equipment Asset Disposals	Completed	Limited
Disabled Facilities Grant	Completed	Moderate
Housing Benefits	Completed	Substantial
Health & Safety	Completed	Moderate
Third Party Assurance	Completed	Substantial
Property Repairs and Maintenance	In progress	
Data Sharing Protocols	Fieldwork concluded	being
Cyber Security	Completed	Confidential
Project Management	Completed	Moderate
Treasury Management	Completed	Full
NNDR & Council Tax	Draft Report	
Key Financial Controls	Draft Report	
S106	In progress	
COVID Support	Resources used for follow-up work	N/A

### Follow Up

HOIA Opinion Area	Status	Assurance Level
Qtr 1	Completed	N/A
Qtr 2	Completed	
Qtr 3	Completed	
Qtr 4	Completed	

#### Management

Head of Internal Audit Opinion/Annual Report/Annual Governance Statement	Ongoing	N/A
Planning and Management		
Reporting and Meetings		
Contingency	Resource used to perform Contain Outbreak Management Fund reasonableness check.	N/A

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

## Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion. As a result of the delayed External Audit completion,
Issue a Client Satisfaction Questionnaire following completion of every audit.	Ongoing	Green	Link to questionnaire included within each audit report.
Percentage of recommendations raised which are agreed	Quarterly	Green	Actions agreed by the Council on all recommendations raised.
Percentage of recommendations which are implemented	Quarterly	Amber	Most recommendations have been implemented or are in progress.
Percentage of recommendations which are implemented - reports issued post April 2021	Quarterly	Green	Recommendations not yet due for follow up have been completed or are in progress.
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff. The Senior Team delivering the Internal Audit Service to the Council are CCAB/IIA qualified.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public

Element	Reporting Regularity	Status	Summary
			Sector Internal Audit Code of Ethics.



## Appendix C: Key Areas from our Work and Actions to be Delivered

Report Title	Treasury Management			
Executive Sponsor	Chief Financial and Section 151 Officer			
Objective	To provide assurance that the Treasury Management Function was operating effectively to manage the cash flow requirements of the Council			
Assurance Level	High			
Recommendations	0 X Critical	0 x High	0 x Medium	1 x Low
Summary	<p>Overall, the review identified that controls were generally well designed and operating effectively.</p> <p>The Council has developed a Treasury Management Practices Control document which aligns with the CIPFA Treasury Management in Public Services code and includes the duties and responsibilities of council employees with Treasury Management responsibility and outlines the councils' approved brokers and limits.</p> <p>There was regular reporting noted to the Finance and Democracy Committee, twice yearly reporting to the Council and an annual report to the Audit and Standards Committee creating oversight by all accountable bodies of the Treasury Management principles and current positions.</p> <p>We were unable test borrowing as there was none undertaken by the council during 2021/22. From our sample testing of investments made, and reconciliations, we found they were accurately maintained and approved with appropriate segregation of duties. Cashflow monitoring reports were equally found to be timely and accurately completed.</p>			
Key Risks Highlighted with No Agreed Action	N/A			

## Appendix D: Follow up of previous internal audit recommendations

Previous Fylde Borough Council Audit Team Recommendations from Limited or Moderate Rated Reports. No risk ratings were assigned to recommendations.

AUDIT TITLE (YEAR ISSUED)	NO OF RECS MADE	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				Comments
			✓/S	P	X	Not due	
Commercial Property (2019/20)	9	Limited	5	2	2	-	Resources and catching up on workloads post Covid-19. A revised Asset Management Plan is being developed. Expected completion by December 2022.
GDPR (2019/20)	16	N/A	16	-	-	-	All actions complete.
Environmental Permitting Regs (2019/20)	6	Limited	3	2	1	-	Recent recruitment to the team and reallocation of duties. Expected completion by September 2022.
Fuel Consumption (2019/20)	9	Limited	8	1	-	-	The outstanding action will be completed once the meetings between Parks and FMS teams recommence.
Event Management (2019/20)	15	Limited	13	2	-	-	There are two actions outstanding and in progress.
Contract Procedure Rules (2020/21)	5	Moderate	4	1	-	-	One action regarding training expected to be completed by September 2022.
Sundry Debtors (2019/20)	8	Moderate	5	-	3	-	Remaining actions expected to be completed by September 2022.
VAT (2019/20)	3	Moderate	1	2	-	-	Actions in progress expected to be completed by December 2022.
Heritage Assets (2019/20)	5	Moderate	1	4	-	-	The actions are regarding the completion of risk assessments and a Care and Conservation Plan along with an Audience Development Plan.
Homeless Reduction (2019/20)	5	Moderate	4	1	-	-	There is one action in progress regarding Data Sharing which is in the process of being resolved.
Payroll (2020/21)	10	Moderate	6	2	-	2	Actions are either in progress or not yet due.
TOTALS	91		66	17	6	2	

## MIAA Internal Audit Recommendations

AUDIT TITLE (YEAR)	NO OF RECS MADE	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS			
			✓/S	P	X	Not due	C	H	M	L
Asset Disposals (2020/21)	7	Limited	4	1	2	-	-	2	1	-
Housing Benefits (2021/22)	3	Substantial	-	3	-	-	-	-	3	-
Project Management (2020/21)	1	Moderate	-	-	-	1	-	1	-	-
Risk Management (2020/21)	7	Moderate	1	-	-	6	-	1	3	2
Health & Safety (2020/21)	6	Moderate	2	-	2	2	-	-	2	2
Shared Service and Third Party Assurance (2020/21)	4	Substantial		--	--	4	-	-	1	3
TOTALS	28		7	4	4	13	-	4	10	7

### Key to recommendations:

- ✓/S Implemented or Superseded
- P Partially implemented/recommendation in progress
- X Recommendation not implemented
- ND Not due for follow up
- C Critical priority recommendation
- H High priority recommendation
- M Medium priority recommendation
- L Low priority recommendation

**Asset Disposals** – A Policy has been drafted and is awaiting approval. The GRACE system requires update along with the Corporate Verification document.

**Housing Benefits** – All actions are in progress and expected to be completed by September 2022.

**Project Management** – Action not due.

**Risk Management** – Remaining actions not yet due, to be completed by the newly appointed Risk Manager by 31<sup>st</sup> December 2022. Outstanding High risk recommendation is to provide training and guidance notes for the use of GRACE.

**Health & Safety** – Outstanding recommendations are for computer training to be made available at the depot and information in the annual report to be expanded.

**Shared Service and Third Party Assurance** – Recommendations not yet due.

## Appendix E: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	There is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function, or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> <li>the efficient and effective use of resources</li> <li>the safeguarding of assets</li> <li>the preparation of reliable financial and operational information</li> <li>compliance with laws and regulations.</li> </ul>
High	Control weakness that has or could have a significant impact upon the achievement of key system, function, or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> <li>has a low impact on the achievement of the key system, function, or process objectives.</li> <li>has exposed the system, function, or process to a key risk, however the likelihood of this risk occurring is low.</li> </ul>
Low	Control weakness that does not impact upon the achievement of key system, function, or process objectives; however, implementation of the recommendation would improve overall control.

## DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEPUTY CHIEF EXECUTIVE	AUDIT AND STANDARDS COMMITTEE	21 JULY 2022	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. It also provides a position statement with respect to completed actions identified within the last governance statement.

### RECOMMENDATION

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

### SUMMARY OF PREVIOUS DECISIONS

The Annual Governance Statement is prepared annually for consideration by the committee and its Action Plan is monitored throughout the year by the Committee.

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	

### 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. The CIPFA/SOLACE guidance quotes the following definition of governance from “International Framework: Good Governance in the Public Sector”: *“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”*. It continues: *“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times...Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”*.
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 comprehensive stakeholder engagement
  - Defining outcomes in terms of sustainable economic, social, and environmental benefits
  - Determining the interventions necessary to optimise the achievement of the intended outcomes
  - 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 public 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 also updated in the Summer of 2020 with a report brought forward for consideration by this committee. The Corporate Governance Group, currently comprising the Monitoring Officer, Section 151 Officer, Head of Governance together with the lead internal auditor, has conducted a self-assessment of the council’s governance against this checklist.

## Annual Governance Statement

8. The governance statement is attached to this report and is presented for approval by the committee. It will, if approved, be signed by the leader of the council and the chief executive.
9. An action plan is incorporated within the governance statement and progress reports will be brought to the committee during the forthcoming year. An action plan illustrating progress against the 2020/21 action plan is also attached.

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 Manning	<a href="mailto:tracy.manning@fylde.gov.uk">tracy.manning@fylde.gov.uk</a> Tel 658521	June 2021

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Fylde Code of Corporate Governance	2017	Town Hall, St Annes
Directorate assurance statements	2018/19	Town Hall, St Annes

Attached documents

Appendix 1 – Annual Governance Statement

Appendix 2 – 2020/21 Governance Action Plan

### **Executive Summary**

Based on the work carried out, which has been reviewed by the Audit and Standards Committee, we are satisfied that the Governance Framework is generally effective. 2021/22 was another untypical year with the pandemic continuing to impact the council's operations and beginning to even out towards the end of the year. During the coming year we will look to strengthen governance arrangements post pandemic. 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 throughout the year.

### **Signed on behalf of Fylde Borough Council**

**Councillor K Buckley**  
**Leader of the Council**

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



## **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 and risk management exists within the Authority. Commentary on internal control is captured within the Statement.

Following the assessment of the effectiveness of governance, during 2021/22, the Corporate Governance Group recommends that governance work should focus on the following:

Area Requiring Action	Senior Responsible Officer	Commentary	Status	Completion Date
Revise the council's Constitution in light of change the number of councillors and intended change in committee arrangements post 2023 elections	Tracy Manning (Director of Resources)	Following a review by the Local Government Boundary Commission for England ('LGBCE'), the number of councillors will reduce from 51 to 37. In tandem, committee arrangements will change to reduce the number of programme committees to one, and introduce two new scrutiny committees. A cross-party Working Group has been established to advise on constitution changes and meetings are underway.	In-progress	31 March 2023
Revised Warding Arrangements and Community Governance Review	Ian Curtis (Head of Governance)	The LGBCE review puts in place a new warding pattern across the borough. Additionally, a community governance review has recommended the establishment of new parish councils in Ansdell and Lytham. Electoral and other administrative arrangements will need to be made to support the new warding pattern and the establishment of any new parish councils, including provisions for interim councillors and anticipated precepts.	In-progress	31 March 2023
UK GDPR – awareness raising to assist managers in meeting their compliance obligations	Ian Curtis (DPO) and Ben McCabe (Deputy DPO)	Support and awareness raising is ongoing. This is a continuing commitment to maintain awareness levels.	In-progress	

As a result of a recommendation by PAS consider a targeted Planning Peer Review by the Planning Advisory Service	Mark Evans, (Chief Planning Officer)	Action carried over from the 2021/22 plan.  Scoping document agreed with the Planning Advisory Service and Planning Committee approval given for the peer review. Preparation underway with a view to PAS being on-site in late September/early October to complete its work.	On-going	31 March 2022
Core Competencies Review 'Fylde 2024' initiative	Alex Scrivens (Corporate Services)	Action carried over from the 2021/22 plan.  Core competencies to be reviewed and presented to the corporate management team for approval.	On-going	31 March 2022

### **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 decide 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.

The seven core principles are:



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 2021/22 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 comprises several processes which together seek 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 as outlined has been in place at the Fylde Borough Council for the municipal year ended 31 March 2022.

## **The governance environment**

### **Principles**

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 some of 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 produced by the government several years ago.

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. She has delegated authority to make consequential changes to the constitution made necessary by, for example, changes in legislation. Substantive changes to the constitution must be agreed by councillors at a full council meeting, normally following a recommendation by the Audit and Standards Committee. The involvement of the Audit and Standards Committee and the Monitoring Officer as the guardians of the constitution ensures that the constitution receives appropriate councillor oversight and remains fit for purpose.

### **Political structure**

The council operates a committee system, 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. Councillors are divided into political groups, with the Conservative group having an overall majority of councillors. The political groups nominate councillors to committees in accordance with the statutory rules of political balance. A small number of councillors are not members of any political group.

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.

Other decision-making powers are delegated to the council's committees or to officers. All such delegated powers, except for ad-hoc short-term delegations, are set out in the constitution. There is a mechanism in place for decisions which would otherwise be taken by programme committees to be referred instead to the council. This can be activated by any ten councillors.

The council's programme committees comprise Finance and Democracy, Tourism and Leisure, Environment Health and Housing and Operational Management. The council's regulatory committees are Planning, Licensing, Public Protection and a combined Audit and Standards Committee. There is also a joint committee established with Blackpool and Wyre Councils to discharge economic development functions, within the context of the council's overall policy framework. The cross-party Member Development Steering Group considers and recommends personal development and training opportunities for councillors, as well as their general wellbeing. This includes a strong focus on putting in place an induction process for new and returning councillors following the May 2023 elections.

The council is engaged in other partnerships and these arrangements are subject to review on an on-going basis, for example, the Community Safety Partnership. The Partnership appointed a new Chairman elect during the year.

The council operates on a presumption of openness, with nearly all items of business being considered in public at council and committee meetings. Public attendance is only excluded where legislation allows exempt or confidential matters to be discussed in private.

Public platform allows members of the public to make a point or raise a question during Programme Committee meetings, together with the Planning Committee. Members of the public also have the facility to ask a question at council meetings by pre-registering to do so. Any councillor can ask questions at committee meetings, even if they are not a member of the committee. This helps ensure robust accountability of decisions.

The council has no scrutiny committee/committees in place at present; however, the change in committee arrangements in 2023/24 has allowed for a return to scrutiny.

All the council's work is aligned to its corporate priorities through its committee system. All reports identify how they align to one of the four priorities: economy; environment; efficiency and tourism.

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. There were no investigations with respect to standards issues during 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**

As well as the council and committees, 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 council's statutory officers have specific legal responsibilities for ensuring probity and good governance in the way the council manages its affairs. The statutory officers are the Head of Paid Service, the Monitoring Officer and the Chief Financial Officer.

The Chief Executive is designated as the council's **Head of 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's **Monitoring Officer** during 2021/22 held the substantive post of Director of Resources. The Monitoring Officer must ensure compliance with established policies, procedures, laws, and regulations. She must report to the full council 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 2021/22 financial year. Blackpool Council's Monitoring Officer acts as a 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 Head of Governance also supports ethical framework arrangements as a deputy monitoring officer.

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 council's Finance and Democracy, and other Committees as appropriate, throughout the course of the year.

Both the Monitoring Officer and Chief Financial Officer 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 in Local Government. A protocol supports the statutory role of the Monitoring Officer.

Each of the three statutory officers has been in post for several years, bringing stability, experience, and corporate knowledge to their key governance functions.

In addition to the three statutory officers, the Management Team collectively and individually is responsible for managing the council and securing the economic, 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.

During 2021/22, the Management Team consisted of the three statutory officers, together with one other director and five heads of service. Following the retirement of the other director a management review has resulted in the re-designation of the Director of Resources to Deputy Chief Executive, and

the deletion of the other director post. Management capacity was increased by increasing the number of service heads from six (including the Chief Financial Officer) to eight.

## **Governance framework**

### **External Audit**

The Council's external auditors are appointed and managed by Public Sector Audit Appointments Ltd via the appointing person route under the Local Audit and Accountability Act 2014. The council's external auditors for 2021/22 were Deloitte. They have been the council's external auditors since 2019/20, and continue for 2022/23. Deloitte is one of the leading international and national audit practices and as such, the council can be satisfied that its external audit arrangements continue to provide robust assurance.

### **Internal Audit**

The council does not maintain an in-house Internal Audit Service, but instead buys in internal audit from Mersey Internal Audit Agency ('MIAA'). MIAA is an agency of the NHS, which provides internal audit services for a range of health and local government bodies. MIAA complies with the Public Sector Internal Audit Standards (PSIAS) and all other relevant regulatory and practice standards. Internal audit services provided through MIAA are of at least the same professional standard as those previously provided in-house, while ensuring an additional level of resilience.

### **Corporate Governance Group**

The Corporate Governance Group (CGG), on behalf of the Management Team, co-ordinates corporate governance workstreams, including the receipt and actioning of reports from the various sources of audit and inspection, maintaining and monitoring the Annual Governance Statement. CGG consists of the Monitoring Officer, Chief Financial Officer, Head of Governance and the MIAA audit lead for Fylde. It meets frequently, and also receives regular reports from the corporate fraud service.

### **Strategic Risk Management Group**

The council has adopted a Strategic 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 Strategic Risk Register is in place and is monitored and reviewed, combined with action planning for risks identified. A Strategic Risk Management Group ('SRMG') has been established to assist with the management of strategic risks.

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 have identified their respective operational risks and have recorded these on GRACE.

## **Governance in 2021/22**

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 year.

The financial management of the Authority is conducted in accordance with the Financial Procedure Rules set out in Appendix 4 of the Constitution. The council has in place a Medium-Term Financial Strategy, updated at least twice per annum, to support the aims of the Corporate Plan.

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 Procedure Rules.

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 are taken where there is an indication of a likely variance against budget.

In December 2019, CIPFA introduced a Financial Management Code (the Code). A key objective of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The Code was implemented in local government bodies effective from 2021/22. The Council has reviewed its practices against the Code and agreed actions to ensure continuing compliance in order to maintain and enhance standards of financial management across the council.

2021/22 was the first full year of the present Internal Audit arrangements through MIAA. An internal audit plan was developed, and delivered against, and twelve audits have been successfully completed.

Of the twelve completed audits, one resulted in a high assurance opinion, two in substantial assurance opinion, four in a moderate assurance opinion and two in an opinion of limited assurance. The Head of Internal Audit Opinion on the overall adequacy and effectiveness of the organisation's framework of governance is that there is Moderate Assurance, in that there is an adequate system of internal control, but that, in some areas, weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.

The moderate assurance opinion is perhaps unsurprising in the light of 2021/22 being another year in which the council's energies had to be directed to the immediate challenges of working with the local community through the pandemic, including the delivery of government grant schemes and other support, and enforcement of restrictions. There is cause for optimism that 2022/23 will give scope for dealing with some of the weaknesses which, if addressed, would allow the council to return to substantial assurance.

Five of the six heads of service that were in post during 2021/22 completed questionnaires about compliance with corporate policies and other governance matters within their service areas. The questionnaire responses indicate that all five of the service areas were in substantial compliance with corporate policies and the principles of good governance during the year.

### **Other governance matters**

During the year, the council's interaction with government agencies has continued to be significant, as the government has delegated several initiatives aimed at responding to the pandemic to local government. The council's relationship with government has continued to be objective and professional.



Council services are delivered by trained and experienced people. 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. Clearly the year has been another challenging year in terms of business interruption and new responsibilities balanced against delivering core services. This has been challenging for the council as a small district, and in turn, for its 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 regular reporting was instigated during the year on the service reporting on the outcomes of its work to elected members. The Corporate Fraud Team also joined meetings of the Corporate Governance Group during the year, and has delivered a fraud awareness training refresh for managers.

The council is committed to openness and transparency. It published a suite of transparency resources on its website, including collections of material required to be published by government regulation and guidance. Additionally, the council maintains a comprehensive and fully searchable index of agendas and decision records from for committee meetings from 2005 onwards. During the year 2021/22, the council received 418 information requests (made under either the Freedom of Information Act 2000 or the Environmental Information Regulations 2004) and responded to approximately 93% of them within the statutory deadline.

The council takes its data protection responsibilities seriously. Its data protection officer has complete operational independence in data protection matters and is one of the council's most senior officers. There is a standing item on the corporate management team regarding information governance.

During the year, seven personal data breaches were reported to the data protection officer. Of these, six were judged to not involve a risk to the rights and freedoms of data subjects. 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**

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, 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 within this statement.

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. This is evaluated each year by each Head of Service completing a self-assessment against these procedures. The Corporate Governance Group reviews these statements made by the respective Service Heads taken together with external assurance sources such as the external auditor's Annual Audit Letter and its ISA 260 report to those charged with governance...

During 2021/22, the Audit and Standards Committee kept under review how issues identified in the previous annual governance statement had been resolved. Any outstanding actions have translated into this year's action plan although delivery has been good on governance improvements despite resources being diverted elsewhere to respond to the pandemic.

The review of effectiveness is also informed by the Head of Internal Audit's opinion, and by comments made by the external auditors and other review agencies and inspectorates.

The Strategic Risk Management Group has continued to meet during the year to review achievement of control measures in relation to strategic risks identified. The Audit and Standards Committee has also been kept abreast of strategic risk issues and their management.

We have considered 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 in the priorities on page 3 of this statement.



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Date: July / 2022

Review Date: July / 2023

## INFORMATION NOTE

### Corporate Governance Action Plan Update

Area Requiring Action	Senior Responsible Officer	Progress update	Status	Completion Date
As a result of a recommended action by the Planning Advisory Service (PSA) Provide briefings on the Complaints Procedure and provide conflict resolution and customer care training for officers involved in complaint handling	Alex Scrivens (Corporate Team)	<p>This work has now been completed. A new online complaints reporting procedure has been developed to make the stages of complaint handling more intuitive.</p> <p>A corporate training module has been developed for staff which incorporates complaints handling. It is about to be launched with a completion date set for 31<sup>st</sup> January 2022</p>	<b>Completed</b>	31 <sup>st</sup> January 2022

<b>As a result of a recommendation by PAS consider a targeted Planning Peer Review by the Planning Advisory Service</b>	Mark Evans (Planning)	This action has been discussed with the Leadership Board and is now scheduled to take place within 2022/23	On-going	TBD
<b>GDPR – updating of key policies &amp; procedures, provision of support &amp; awareness raising to assist managers in meeting their compliance obligations</b>	Ian Curtis (DPO) and Ben McCabe (Deputy DPO)	<p>Three key policies have been updated within the last two years, i.e.:</p> <p>Data Retention Policy: August 2021</p> <p>Data Assurance Policy: September 2020</p> <p>Information Governance Framework: January 2020</p> <p>Support and awareness raising is ongoing. This is a continuing commitment to maintain awareness levels.</p>	<p>Completed</p> <p>On-going</p>	31 March 2022
<b>Core Competencies Review ‘Fylde 2024’ initiative</b>	Corporate Team	Core competencies reviewed and to be re-presented to corporate management team for discussion and adoption.	To be carried forward	31 March 2022

<b>Actions as a result of Covid-19 to consider the longer-term implications of agile working with a view to re-setting the culture and behaviours of the council</b>	Alex Scrivens (Corporate Team)	The Corporate Team has worked with the HR Service to develop a hybrid working model. This involves structuring work in a different way in terms of communication, hours, and physical locations to enable staff to be as productive as possible no matter where, when or who they work with.	<b>Completed</b>	31 <sup>st</sup> March 2022
<b>Incorporate governance changes agreed by the council as a part of the Local Government Boundary Commission (LGBC) submission within the Constitution for formal approval and complete three-yearly Constitution Review</b>	Tracy Manning (Director of Resources)	<p>The principles of a revised governance framework have been agreed by the council as a part of the submission to the LGBC. These proposals will require incorporation into a revised version of the Constitution in preparedness for implementation post 2023 elections. This work will require to be instigated early in 2022 in readiness. The Constitution three-yearly review will also be incorporated at the same time.</p> <p>Both pieces of work will be taken forward by the Monitoring Officer in consultation with a Constitution Review Working Group which the Audit and Standards Committee will be invited to</p>	<b>Completed</b> (establishment of Working Party)	17 <sup>th</sup> March 2023

		appoint at its 17 March 2023 meeting		
<b>Service Planning</b>	Tracy Manning/ Paul Walker (Service Directors)	Service Plan for the Resources Directorate complete. No Service Plan completed for the Development Services Directorate due to imminent management changes. Note: this action was paused to allow the new management structure to be implemented in order that future Service Planning can follow this model.	Partially completed	Paused
<b>Fraud Awareness</b>	Corporate Fraud Team	To undertake corporate fraud training for council staff to raise awareness for the potential for fraud and the systems in place for elevating and reporting any concerns. It has been agreed with the Fraud Manager that this training will be organised early in the New Year.	<b>Completed</b>	30 <sup>th</sup> January 2022
<b>Health and safety</b>	Corporate Health and Safety Team	A number of departmental audits have taken place.	<b>Completed</b>	31 <sup>st</sup> March 2022
<b>Head of Internal Audit Opinion – Limitation of Scope</b>	Tracy Manning (Director of Resources)	To take action to ensure sufficient internal audit work is undertaken to gain assurance during 2021/22 to issue a full Head of Internal Audit opinion. There is sufficient	<b>Completed</b>	31 <sup>st</sup> March 2022

		evidence to issue a Head of Internal Audit Opinion for 2021/22.			
<b>FURTHER INFORMATION AVAILABLE FROM</b> Contact: Deputy Chief Executive					



## INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF GOVERNANCE	AUDIT AND STANDARDS COMMITTEE	21 JULY 2022	8
<b>REGULATION OF INVESTIGATORY POWERS ACT 2000: AUTHORISATIONS</b>			

### PUBLIC ITEM

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

### SUMMARY OF INFORMATION

Councillors are obliged to review the use of covert surveillance and covert human intelligence sources by the council at least quarterly. In the quarter to July 2022, there were no authorised operations.

### SOURCE OF INFORMATION

Head of Governance

### INFORMATION

1. The Regulation of Investigatory Powers Act 2000 ("RIPA") regulates covert investigations by a number of bodies, including local authorities. It was introduced to ensure that individuals' rights are protected while also ensuring that law enforcement and security agencies have the powers they need to do their job effectively.
2. Fylde Council is therefore included within RIPA framework with regard to the authorisation of both directed surveillance and of the use of covert human intelligence sources.
3. Directed surveillance includes the covert surveillance of an individual in circumstances where private information about that individual may be obtained. A covert human intelligence source ("CHIS") is a person who, pretending to be someone that they are not, builds up a relationship of trust with another person for the purpose of obtaining information as part of an investigation.
4. Directed surveillance or use of a CHIS must be authorised by the chief executive or deputy chief executive and confirmed by a Justice of the Peace. All authorisations are recorded centrally by the Head of Governance.
5. This is the required quarterly report on the use of RIPA. The information in the table below is about authorisations granted by the council during the quarter concerned.

Quarter	Directed surveillance	CHIS	Total	Purpose
17 March 2022 – 21 July 2022	0	0	0	

Figures correct when report published. Officers will verbally update members if the figures have changed by the date of the meeting.

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

Regulations under the Regulation of Investigatory Powers Act 2000 ("RIPA") require councillors to consider a report on the use of RIPA at least quarterly.

### FURTHER INFORMATION

Contact Ian Curtis on 01253 658506 or at [ian.curtis@fylde.gov.uk](mailto:ian.curtis@fylde.gov.uk).