



Agenda

Audit and Standards Committee

Date:	Thursday, 17 January 2019 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	<p>Councillor John Singleton JP (Chairman)</p> <p>Councillor David Donaldson (Vice-Chairman)</p> <p>Councillors Delma Collins, Peter Collins, Paul Hayhurst, Edward Nash, Graeme Neale, Louis Rigby, Roger Small.</p>

	PROCEDURAL ITEMS:	PAGE
1	Declarations of Interest: 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	Confirmation of Minutes: To confirm the minutes, as previously circulated, of the meeting held on 15 November 2018 as a correct record.	1
3	Substitute Members: Details of any substitute members notified in accordance with council procedure rule 22(c).	1
	AUDIT DECISION ITEMS:	
4	KPMG Certification of Claims and Returns – Annual Report 2017/18	3-7
5	Terms of Reference – Audit and Standards Committee	8-24
6	Constitution Amendments – Remote Access to Meetings	25-30
7	Internal Audit Interim Report as at 30th November 2018	31-37
	AUDIT INFORMATION ITEMS:	
8	Corporate Governance Action Plan	38-39
9	Mid-Year Update on the Strategic Risk Register	40-44

	STANDARDS ITEMS:	
10	Exclusion of the Public	45
11	EXEMPT ITEM – NOT FOR PUBLICATION Issues Raised with the Monitoring Officer	EXEMPT

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

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<http://fylde.cmis.uk.com/fylde/DocumentsandInformation/PublicDocumentsandInformation.aspx>

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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	AUDIT AND STANDARDS COMMITTEE	17 JANUARY 2018	4
KPMG CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT 2017/18			

PUBLIC ITEM

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

SUMMARY

The report presents the Certification of Claims and Returns - annual report for 2017/18 from KPMG.

RECOMMENDATION

The committee is recommended to:

1. Note the contents of the 'Certification of Claims and Returns - annual report for 2017/18' from KPMG which is attached to this covering report.

SUMMARY OF PREVIOUS DECISIONS

This item is considered each year by the Audit and Standards Committee in respect of the previous financial years grant claims.

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

REPORT

1. The attached report has been prepared by the Council's external auditors for the financial year 2017/18, KPMG. It summarises the results of work carried out by KPMG on the certification of the Council's grant claims and returns relating to 2017/18.

IMPLICATIONS	
Finance	There are no financial implications arising directly from this report
Legal	No implications arising from this report
Community Safety	No implications arising from this report
Human Rights and Equalities	No implications arising from this report
Sustainability and Environmental Impact	No implications arising from this report
Health & Safety and Risk Management	No implications arising from this report

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue Chief Financial Officer	01253 658566	January 2019

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
N/A	N/A	N/A

Attached documents

Appendix 1 - Report of KPMG - Certification of Claims and Returns - annual report for 2017/18



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Private & confidential

Paul O'Donoghue
Chief Finance & Section 151 Officer
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St Annes Road West
Lytham St Annes
FY8 1LW

Contact Harriet Fisher
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10 December 2018

Dear Mr O'Donoghue

Fylde Borough Council - Certification of claims and returns - annual report 2017/18

Public Sector Audit Appointments requires its external auditors to prepare an annual report on the claims and returns certified for each audited body. This letter is our annual report for the certification work we have undertaken for 2017/18.

In 2017/18 we carried out certification work on only one claim or return, the Housing Benefit Subsidy claim. The certified value of the claim was £18.415 million, and we completed our work and certified the claim on 30 November 2018.

Matters arising

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.



KPMG LLP
Fylde Borough Council - Certification of claims and returns - annual report 2017/18
10 December 2018

Our work did not identify any issues or errors and we certified the claim unqualified without amendment.

Consequently we have made no recommendations to the Authority to improve its claims completion process. There were no recommendations made last year and there are no further matters to report to you regarding our certification work.

In our 2016/17 Certification Annual Report we raised no recommendations.

Certification work fees

Public Sector Audit Appointments set an indicative fee for our certification work in 2017/18 of £8,034. Our actual fee was the same as the indicative fee, and this compares to the 2016/17 fee for this claim of £8,708.

Yours sincerely

A handwritten signature in blue ink that reads 'Amanda Latham'.

Amanda Latham



KPMG LLP
Fylde Borough Council - Certification of claims and returns - annual report 2017/18
10 December 2018

This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public 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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Amanda Latham, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to andrew.sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF SHARED INTERNAL AUDIT	AUDIT AND STANDARDS COMMITTEE	17 JANUARY 2019	5
TERMS OF REFERENCE – AUDIT AND STANDARDS COMMITTEE			

PUBLIC ITEM

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

SUMMARY

The report summarises the results of an assessment carried out to compare the Council's current arrangements with the guidance issued by CIPFA "Audit Committees - Practical Guidance for Local Authorities and Police 2018" to ensure that the Committee continues to operate in accordance with best practice.

RECOMMENDATIONS

That the Committee:

1. Considers and adopts the revised Terms of Reference;
2. Accepts the proposals in relation to developing members' skills and knowledge.

SUMMARY OF PREVIOUS DECISIONS

Not applicable

CORPORATE PRIORITIES

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

BACKGROUND

1. The purpose of the Audit & Standards Committee is to provide those charged with governance, independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
2. CIPFA have recently issued Audit Committees – Practical Guidance for Local Authorities and Police 2018 which sets out the functions, operations, roles and responsibilities of audit committees and represents best practice.

REVISED TERMS OF REFERENCE

3. The latest guidance incorporates a suggested terms of reference for audit committees. Internal Audit have carried out an assessment of the new requirements and although they are more detailed and prescriptive, particularly in relation to Internal Audit, it was found that the Audit and Standards Committee is already largely operating in line with the model contained within the guidance. Details of the assessment are shown at **Appendix A**.
4. Where any gaps have been identified, the assessment contains details any planned action to be taken to address these gaps.
5. Included within the current terms of reference are some specific requirements for Fylde Borough Council in relation to the regulatory framework and the arrangements of the committee and these will remain unchanged.
6. The suggested terms of reference has been presented to the Constitution Working Group, who had no objections to the proposals. The standards aspects of the remit of the committee will remain unchanged.

KNOWLEDGE AND SKILLS OF THE COMMITTEE

7. CIPFA'S guidance acknowledges that there is a range of knowledge and experience that members can bring to the Committee to enable it to perform effectively. It emphasises that there are core areas of knowledge that are beneficial for all Committee members to have.
8. To ensure that members of the Audit & Standards Committee are fully equipped to meet the requirements of the revised Terms of Reference, a development day has been arranged for June 2019. The training will be delivered by Diana Melville who authored the 2018 edition of the CIPFA Audit Committee guidance. Full details of the training are shown at **Appendix B**.
9. Also contained within the guidance, is a Knowledge and Skills framework, which allows members to carry out a self-assessment and this is shown at **Appendix C**.
10. It is the intention to issue this self-assessment to all members of the committee following the training. The results will be collated by Internal Audit and shared with the Chair of the Audit and Standards Committee and will be used to inform the Member Development Programme in 2019/20 and beyond.

IMPLICATIONS	
Finance	The cost of the training can be met through existing budgets and consequently there are no financial implications arising from this report.
Legal	None arising from this report
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
Dawn Highton	Dawn.highton@fylde.gov.uk	17 th December 2018

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
CIPFA Audit Committee – Practical Guidance for Local Authorities and Police 2018	2018	Internal Audit Office

Attached documents

Appendix A – Terms of Reference Assessment

Appendix B – CIPFA Audit Committee Development Day programme

Appendix C – Knowledge and skills self-assessment

Audit and Standards Committee – Terms of Reference Assessment					Appendix A
Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
Statement of Purpose	Statement of Purpose				
<p>The function of the Audit and Standards Committee is to provide an independent and high-level resource to support good governance and strong public financial management.</p> <p>The purpose of the committee in relation to audit is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it also makes an important contribution to ensuring that effective assurance arrangements are in place.</p> <p><i>The purpose of the committee in relation to standards is to promote and maintain the highest ethical standards and conduct by councillors. The committee is responsible for operating a locally based system for initial assessment of complaints that a member may have breached the Code of Conduct.</i></p>	<p>1. Our Audit & Standards Committee is a key component of Fylde Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. 2. The purpose of our Audit & Standards Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Fylde Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place</p>				Consider amending the Statement of Purpose
Governance Risk and Control					
Overseeing the council's arrangements for corporate governance and agreeing necessary action to ensure compliance with best practice.	3. To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider local code of governance.	Compliant	Reports on the governance arrangements are considered by the Audit & Standards Committee. Probity policies presented to Committee	<p>Sept 17 – Code of Corporate Governance</p> <p>Sep 17 Counter Fraud Policy Review</p>	

Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
Ensuring that the authority's assurance statements, in particular the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it and demonstrate how governance supports the achievements of the authority's objectives	4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.	Compliant	Annual Governance Statement presented to committee prior to approval on an annual basis.	July 18 / Sept 17 Statement of Accounts & AGS	
Monitoring arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption	5. To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements	Compliant	Reports presented by External Audit provide a Value for Money opinion on an annual basis. Value for Money considered within Internal Audit reviews and reported on an exception basis.	July 18 / ISA 260 report including Value For Money opinion	
	6. To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.	Compliant	Reports presented to Committee throughout the year. Reports presented to committee, including Internal Audit Annual Report, Effectiveness of Internal Audit , Corporate Risk Register Report, Annual Governance Statement report & Corporate Improvement Plan	July 18 / Jan 18 Strategic Risk Register Sept 18 / Nov 17 Corporate Governance Action Plan June 17 Internal Audit Annual Report Jan 17 Review of the effectiveness of the Audit & Standards Committee	

Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
Considering the effectiveness of the authority's risk management arrangements and the control environment	7. To monitor the effective development and operation of risk management in the council.	Compliant	A&SC approved RM Strategy. Risk based Internal Audit Plan and reviews. Corporate risks presented to and considered by Committee.	June 17 Risk Management Strategy July 18 / Jan 18 Strategic Risk Register	
Reviewing the risk profile of the authority and assurances that action is being taken on risk-related issues, including partnerships with other organisations	8. To monitor progress in addressing risk relating issues reported to the committee	Compliant	Corporate Risk Register includes planned action to further mitigate risk. Risk based internal audit findings and implementation of agreed actions reported to committee.	July 18 / Jan 18 Strategic Risk Register June 17 Risk Action Plan updates June 17 Internal Audit Annual Report	
	9. To consider reports on the effectiveness of internal control and monitor the implementation of agreed actions.	Compliant	Internal Audit Annual Report and Progress reports include opinions of the effectiveness of internal control and the status of agreed actions	June 17 Internal Audit Annual Report Jan 18 / Nov 17 / Sept 17 Internal Audit Progress Report	
Monitoring arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption	10. To review the assessment of fraud risks and potential harm to the council from fraud and corruption.	Compliant	Probity policies presented to Committee	Sep 17 Counter Fraud Policy Review	

Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
Monitoring council policies on Whistleblowing and the Anti-Fraud and Corruption Policy and Strategy and the council's complaint process.	11. To monitor the counter- fraud strategy, actions and resources.	Partial compliance	Probity policies presented to Committee Summary of Special Investigations and Counter Fraud Work included within Annual Audit Report	June 17 Internal Audit Annual Report	Annual Fraud Report & Business Plan - June 19
Reviewing the risk profile of the authority and assurances that action is being taken on risk-related issues, including partnerships with other organisations	12. To review the governance and assurance arrangements for significant partnerships or collaborations.	New requirement for 2018			To be incorporated with Annual Governance Statement review
Internal Audit					
In relation to the authority's internal audit function: Overseeing its independence, objectivity, performance and professionalism Supporting the effectiveness of the internal audit process Promoting the effective use of internal audit within the assurance framework	13. To approve the Internal Audit Charter	Compliant	Internal Audit Charter approved by the Audit & Standards Committee	Sept 16 – Internal Audit Charter update	
	14. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.	Not applicable	In house service delivered		
Approving (but not directing) internal audit's strategy, plan and performance	15. To approve the risk based internal audit plan including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.	Compliant	Internal Audit plan presented to and approved by committee annually.	March 17 Internal Audit Plan Sept 18 – Internal Audit Plan	

Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
	16. To approve significant interim changes to the risk based internal audit plan and resource requirements.	Compliant	Significant changes are reported to committee.	March 18 – Internal Audit Interim Report	
	17. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.	Compliant	Internal Audit plan presented to and approved by committee annually & includes resource requirements	March 17 Internal Audit Plan	
	18. To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.	Compliant	Included within Internal Audit Charter	Sept 16 – Internal Audit Charter update	
Considering reports dealing with the management and performance of internal audit	<p>19. To consider reports from the head of internal audit of internal audit's performance during the year, including the performance of external provider of internal audit services. These will include:</p> <ul style="list-style-type: none"> a) Updates on the work of internal audit including key findings of issues of concern and action in hand as a result of internal audit work. b) Regular reports on the results of the Quality Assurance and Improvement Programme. c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement. 	Compliant	<p>Annual and progress reports presented to the Audit & Standards Committee</p> <p>The committee is advised that the Internal Audit service is compliant with the Public Sector Internal Audit Standards & Local Government Application Note.</p>	<p>June 17 Annual Report including QAIP update.</p> <p>March 18 – Internal Audit Interim Report</p> <p>Sept 17 Effectiveness of Internal Audit</p> <p>March 17 – PSIAS Peer Review report</p>	

Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
Considering the Chief Internal Auditor's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.	<p>20. To consider the head of internal audit annual report:</p> <ul style="list-style-type: none"> a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions. b) The opinion of the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing in Annual Governance Statement 	Compliant	Annual report & opinion presented to the Audit & Standards Committee.	June 17 Annual Report including QAIP update.	
Considering summaries of specific internal audit reports as requested	21. To consider summaries of specific internal audit reports as requested.	Compliant	Interim and annual reports include the assurance ratings of reviews undertaken	<p>June 17 Annual Report</p> <p>March 18 – Internal Audit Interim Report</p>	
Considering a report from the Chief Internal Auditor on agreed recommendations not implemented within a reasonable timescale	22. To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.	Compliant	Non implementation of agreed actions included within annual and progress reports.	<p>June 17 Annual Report</p> <p>March 18 – Internal Audit Interim Report</p> <p>Sep 17 Follow up of Internal Actions</p>	

Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
	23. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.	Compliant	Key members of the Audit & Standards Committee participated within the external quality assessment	Mar 17 Peer Review Report	
	24. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.	Compliant	Effectiveness of Internal Audit reported annually	Sept 17 Effectiveness of Internal Audit	
Receiving other reports from the Chief Internal Auditor who may report directly to the Chairman of the Committee if deemed necessary	25. To provide free and unfettered access to the Audit & Standards Committee chair for the head of internal audit including the opportunity for a private meeting with the committee.	Compliant	Arrangements incorporated within the Internal Audit Charter	Sept 16 – Internal Audit Charter update	
External Audit					
Under current legislation to appoint the council's external auditor	26. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.	Compliant	Reports to committee on PSAA process	Jan 18 – Appointment of External Audit	
Considering the external auditor's annual letter, relevant reports and the report to those charged with governance.	27. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance	Compliant	External Audit attend and present reports to committee throughout the year.	Nov 17 Annual Audit Letter July 18 – Report to those charged with Governance ISA 260 report	

Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
Considering specific reports as agreed with the external auditor. Receiving other reports from the external auditor who may report directly to the Chairman of the Committee if deemed necessary Meeting the external auditor and Chief Internal Auditor in private if deemed necessary	28 .To consider specific reports as agreed with the external auditor.	Compliant	Reports presented to committee.	Jan 18 – certification letter	
Commenting on the scope and depth of external audit work and ensuring it gives value for money.	29. To comment on the scope and depth of external audit work and to ensure it gives value for money.	Compliant	Reports presented to committee.	Mar 18 – External Audit Plan July 18 – Report to those charged with Governance ISA 260 report	
Commissioning work from internal and external audit	30. To commission work from internal and external audit	Compliant	As & when required.		
Supporting effective relationships between external and internal audit, inspection agencies and relevant bodies, and that the value of the audit process is actively promoted Considering the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or internal control	31. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.	Compliant	Liaison meetings held with External Audit / Blackpool Council Internal Audit Service		
Financial Reporting					
Reviewing and approving the Annual Statement of Accounts. Specifically, considering whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council	32. To review the Annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council	Compliant	Reports presented to Committee	July 18 – Approval of the Accounts and AGS	

Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
Considering external auditor's opinion to those charged with governance on the financial statements and reports to members, and monitoring management action in response to issues raised by external audit	33. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.	Compliant	Annual Statement of Accounts presented to committee annually.	July 18 – Approval of the Accounts and AGS	
Accountability arrangements					
	34. To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.	New requirement			To be introduced from 2019 onwards
	35. To report to full council on a regular basis on the committee's performance in relation to the terms of reference and effectiveness of the committee in meeting its purpose	New requirement			To be introduced from 2019 onwards
	36. To publish an annual report on the work of the committee	New requirement			To be introduced from 2019 onwards
Fylde Council Specific requirements					
Maintaining an overview of the council's constitution in particular the Contracts Procedure Rules, Financial Regulations and Codes of Conduct	To remain unchanged				
Advising the Council on changes to the Constitution	To remain unchanged				
Reviewing any issue referred to it by the Chief Executive or a Director, or any council body	To remain unchanged				
Considering governance, risk or control matters at the request of other committees or statutory officers	To remain unchanged				

Current Terms of Reference	Suggested Terms of Reference	Status	Details	Evidence	Further Actions
Considering the council's compliance with its own and other published standards and controls	To remain unchanged				
Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice	To remain unchanged				

CIPFA Better Governance Forum

Audit Committee Development Day

5 June 2019, Location TBC

9.30 – 10.00	Coffee and Registration
10.00 – 10.15	Introductions and workshop overview Diana Melville, Governance Advisor
10.10 – 10.50	The Role and Purpose of the Audit Committee This session will explain how the audit committee works with other parts of a local authority's governance structure, key relationships and accountability.
10.50 – 11.30	Achieving the Right Balance This session will focus on achieving the right focus for audit committees including: <ul style="list-style-type: none"> • Committee membership • Role of the chair • Delegated decision making • Maintaining a strategic focus
11.30 – 11.50	Break
11.50 – 12.40	Key Areas of Responsibility (1) A review of the governance, audit, risk and control areas that come within the terms of reference of the committee. This session will highlight the key responsibilities of the committee and reference sources. <ul style="list-style-type: none"> • Governance • Financial Reporting • Value for money • Partnerships and collaborative arrangements
12.40 – 13.40	Lunch

13.40 – 15.00	Key Areas of Responsibility (2) The afternoon will continue our review of the key areas of responsibility <ul style="list-style-type: none"> • Internal audit • External audit • Risk Management • Counter Fraud • Ethical governance
15.00 – 15.15	Break
15.15 – 16.00	Workshop Discussion – <i>Topic to be confirmed</i> <i>We would suggest building in a discussion session at some point of the agenda, options could be:</i> <ul style="list-style-type: none"> • <i>Reviewing examples of annual governance statements</i> • <i>Discussion over knowledge and skills</i> • <i>Review of a risk register</i>
16.00	Close

The facilitator for this event will be Diana Melville, Governance Advisor

We reserve the right to alter the timing or content of sessions where circumstances require.

Audit & Standards Committee Knowledge & Skills Self-Assessment

Assessment scores:

N/A = not applicable

1 = hardly ever/ poor

3 = most of the time/ satisfactory

2 = occasionally/ inadequate

4 = all of the time/ good

	N/A	1	2	3	4
Core Areas of Knowledge & Skills					
1. Organisational knowledge					
Members have an overview of the governance structures of the authority and decision making process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Members have knowledge of the organisational objectives and major functions of the authority.					
2. Governance Committee role and functions					
Members have an understanding of the committee's role and place within the governance structures. Members are familiar with the committee's terms of reference and accountability arrangements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Members have knowledge of the purpose and role of the Governance Committee.					
3. Governance					
Members have knowledge of the six principles of the CIPFA/Solace Good Governance Framework and the requirements of the Annual Governance Statement (AGS).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Members have knowledge of the local code of governance.					
4. Internal Audit					
Members are aware of the key principles of the Public Sector Internal Audit Standards and the Local Government Application Note.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Members have knowledge of the arrangements for the delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled.					
5. Financial management and accounting					
Members have an awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. Members have an understanding of good financial management principles and knowledge of how the organisation meets the requirements of the role of the Chief Financial Officer, as required by the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. External Audit					
Members have knowledge of the role and functions of the external auditor and who currently undertakes this role. Members have knowledge of the key reports and assurances that external audit will provide.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Members know about the arrangements for the appointment of auditors and quality monitoring undertaken.					
7. Risk management					
Members have an understanding of the principles of risk management, including linkage to good governance and decision making. Members have knowledge of the risk management policy and strategy of the organisation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	N/A	1	2	3	4
Core Areas of Knowledge & Skills					
Members have an understanding of risk governance arrangements, including the role of members and the Governance Committee.					
8. Counter-fraud					
Members have an understanding of the main areas of fraud risk the organisation is exposed to. Members have knowledge of the principles of good fraud risk management practice and knowledge of the organisation's arrangements for tackling fraud.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Values of good governance					
Members have knowledge of the seven Principles of Public Life. Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff and knowledge of the whistleblowing arrangements in the authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Treasury Management					
Members are aware of the assessment tool for reviewing the arrangements "Effective Scrutiny of Treasury Management"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The key areas of knowledge are: regulatory requirements; treasury risks; the organisation's treasury management strategy; the organisation's policies and procedures in relation to treasury management.					
11. Strategic thinking & understanding of materiality					
Members are able to focus on material issues and overall position rather than being side tracked by detail.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Questioning and constructive challenge					
Members are able to frame questions that draw relevant facts and explanations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Members are challenging performance and seeking explanations while avoiding hostility or grandstanding.					
13. Focus on improvement					
Members ensure there is a clear plan of action and allocation of responsibility.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Ability to balance practicality against theory					
Members are able to understand the practical implications of recommendations to understand how they might work in practice.					
15. Clear Communications skills and focus on the needs of users					
Members support the use of plain English in communications, avoiding jargon and acronyms etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Objectivity					
Members evaluate information on the basis of evidence presented and avoiding bias or subjectivity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MONITORING OFFICER	AUDIT AND STANDARDS COMMITTEE	17 JANUARY 2019	6
CONSTITUTION AMENDMENTS – REMOTE ACCESS TO MEETINGS			

PUBLIC ITEM

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

SUMMARY

This report brings forward a piece of work undertaken by the Constitution Review Working Group with respect to remote access attendance at meetings. The Working Group has considered amendments to the Council Procedure Rules to allow access by such means, and has put forward wording to the Audit and Standards Committee (ASC), at its meeting held on 15 November 2018, for review. Following this meeting the ASC commended an amendment to the procedure rules to allow remote access to the council for approval.

Work undertaken by the Member Development Steering Group to pilot technology to allow access in this manner has run in parallel to the work of the Constitution Review Working Group. The Member Development Steering Group undertook this review as a part of its remit to promote member wellbeing.

The technology has been tested through a number of differing means including the attendance of Councillor Mark Bamforth at meetings of the Member Development Steering Group (latterly as a member of the Group), attendance at Learning Hours and a trial attendance at meetings of the Environmental, Health and Housing Committee. The culmination of this work resulted in the Finance and Democracy Committee, at its meeting on 26 November, signing off the technology for official use, subject to two suggested amendments to the Procedure Rule. These are outlined in the main body of the report.

The progress of this matter was considered by the council at its meeting on 10th December and the progress made on the remote access arrangements was noted, with a further report being sought at the Council meeting on 11th February as to whether the ASC supports its original recommendations with respect to proposed changes to the Council procedure Rules, as set out at Appendix A, and supports the proposal tabled by the Finance and Democracy Committee at Appendix 2.

The ASC will also wish to give consideration to the amendment proposed by Councillor Clayton at the 10th December Council meeting, which was subsequently withdrawn, on the understanding it would be considered by the ASC in the following terms:

Councillor Alan Clayton proposed an amendment, seconded by Councillor Roger Lloyd, to add to paragraph 2.1, of the proposed changes, to read “(a) Subject to 2.3 and 2.4, the chairman may make arrangements to allow (as far as the law permits) a member (‘M’) to participate remotely in a meeting of the council including any committee(s) of which that Councillor is a member, if the following circumstances apply.”

RECOMMENDATION

That the ASC is invited to consider, and make recommendations to Council on 11 February 2019 about whether it supports its initial recommendations as set out in Appendix 1 or the Procedure Rule set out in Appendix 2 as now proposed by the Finance and Democracy Committee, or alternatively the proposal made by Councillor Clayton.

SUMMARY OF PREVIOUS DECISIONS

Member Development Steering Group Notes - 2017/2018

Council - 3 April 2017

Finance and Democracy Committee - 19 June 2017, 19 March and 26 November 2018

Audit and Standards Committee - 15 November 2018

Finance and Democracy Committee - 26 November 2018

Council – 10 December 2018

CORPORATE PRIORITIES

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

REPORT

THE PROPOSED NEW PROCEDURE RULE

1. For some time, the Member Development Steering Group (MDSG) has been piloting technological solutions to allow members who are unable to attend formal meetings to participate in them by remote access. The MDSG undertook this review as a part of its remit to promote member wellbeing.
2. The technology has been tested through a number of differing means including the attendance of Councillor Mark Bamforth at meetings of the MDSG (latterly as a member of the Group), attendance at Learning Hours and a trial attendance at meetings of the Environmental, Health and Housing Committee. MDSG is satisfied that the technological solutions are now sufficiently robust and reliable to allow them to be used in formal meetings of the authority.
3. A councillor who is not physically present at a meeting at of a council or committee in England is not considered in law as attending the meeting, even where they participate by remote access. This means that they cannot validly vote at the meeting, cannot be counted towards the quorum, and would be counted as not having attended it for the purposes of the 'six-month rule'¹. These limitations are statutory or common law rules, which cannot be changed by the council. However, this does not preclude a member attending a meeting by remote access means, although it should be noted that any attendance of a councillor at a committee meeting by remote access must be limited to participating in discussions and debates.
4. The proposed new procedure rule would therefore allow the chairman of a meeting to make arrangements, in the circumstances set out in the rule, for a member to participate in a meeting by remote access, to the extent permitted by the law.

DEVELOPMENT OF THE PROPOSAL

5. Once MDSG was satisfied that participation by remote access was practicable, the Constitution Review Working Group (CRWG) considered amendments to the Council Procedure Rules to facilitate and govern its use. CRWG put forward wording for a new procedure rule for discussion by ASC. ASC endorsed the proposed new rule at its meeting held on 15 November.
6. Finance and Democracy Committee ('FDC') deliberated the proposed rule at its meeting on 25 November and proposed certain changes to its wording. The new rule as settled by ASC is set out in appendix 1 at the end of this report, with the rule incorporating the changes recommended by FDC set out at appendix 2. The changes recommended by FDC would result in the following differences from the proposal as it originally stood:

¹ Section 85 of the Local Government Act 1972. The effect of the rule is that a member automatically ceases to be a member of the council if they fail to attend council meetings, or a committee of which they are a member, for a period of six months or more, unless their absence is due to a reason approved by the council.

- Remote access would be available only at council meetings, but not meetings of committees; and
 - Only a member who had received a 'dispensation' from the 'six-month rule'², could take advantage of the provision.
7. Since ASC has within its terms of reference the remit to consider constitutional changes and recommend them to council, council referred the matter back to the ASC for further deliberation giving it the opportunity to consider the changes recommended by FDC, and those suggested by Councillor Clayton, Vice-Chairman of the Member Development Steering Group, as set out below:
- Councillor Alan Clayton proposed an amendment, seconded by Councillor Roger Lloyd, to add to paragraph 2.1, of the proposed changes, to read "(a) Subject to 2.3 and 2.4, the chairman may make arrangements to allow (as far as the law permits) a member ('M') to participate remotely in a meeting of the council including any committee(s) of which that Councillor is a member, if the following circumstances apply." Appendix Three sets out the perceived intention of this suggestion would read in full.
8. Members should also be aware Councillor Mark Bamforth has indicated that he would wish to take advantage of the opportunity to attend council meetings remotely as soon as practicable.

IMPLICATIONS	
Finance	Enabling remote access requires specialist equipment and support from the IT Team. To date it has been possible to contain the cost of this from existing approved budgets. However, if demand for remote access were to grow exponentially an increased staffing resource within the IT Team may be required in the future.
Legal	The legal implications are covered within the body of the report.
Community Safety	No direct implications
Human Rights and Equalities	The Public Sector Equality duty set out in section 149 of the Equality Act 2010 applies to the council. This means that the council must, in the exercise of their functions, have due regard to the need to eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act, advance equality of opportunity between people who share a protected characteristic and those who do not, and foster good relations between people who share a protected characteristic and those who do not. While it is not clear whether the Public Sector Equality Duty applies to member participation in council and committee meetings (because holding council and committee meetings could be characterised being part of the council's administrative machinery for making decisions rather than being a function of the council), the council is acting in line with the duty in developing its proposals for remote access.
Sustainability and Environmental Impact	No direct implications
Health & Safety and Risk Management	No direct implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Manning	01253 658521	17 th December 2018

² See note 1 above. A 'dispensation' means the approval of a reason for absence for the purposes of section 85.

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Council Minutes	3/4/17	https://fylde.cmis.uk.com/fylde/Committees.aspx
Finance and Democracy Minutes	19/06/17 and 19/03/18	https://fylde.cmis.uk.com/fylde/Committees.aspx
MDSG notes	2017/2018	Democratic Services Section
Audit and Standards Minutes	19/11/18	https://fylde.cmis.uk.com/fylde/Committees.aspx
Finance and Democracy Minutes	26/11/18	https://fylde.cmis.uk.com/fylde/Committees.aspx
Council Minutes	10/12/18	https://fylde.cmis.uk.com/fylde/Committees.aspx

Attached Documents

Appendix 1 - The new rule as settled by Audit and Standards Committee on 15 November 2018

Appendix 2 - Changes recommended by Finance and Democracy Committee on 26 November 2018

Appendix 3 - Councillor Alan Claytons' proposed an amendment at Council on 10 December 2018

Appendix One

2 REMOTE ATTENDANCE:

2.1 Arrangements for remote attendance

(a) Subject to 2.3 and 2.4, the chairman may make arrangements to allow (as far as the law permits) a member ('M') to participate in a meeting remotely if the following circumstances apply.

- (i) M has notified the Director of Resources in writing no later than one week before the meeting of their wish to participate remotely; and
- (ii) M reasonably believes that it would be detrimental to their physical or mental wellbeing to attend the meeting in person.

(b) Any arrangements must ensure so far as possible that any person attending the meeting is able to hear M's contributions as easily as those of members attending in person.

2.2 Substitutes

M may be represented by a substitute under rule 22 or 23 but not by remote access means.

2.3 Exempt and confidential items

M may not participate remotely in any part of a meeting in which the public have been excluded under section 100A of the Local Government Act 1972.

2.4 Maximum number of members participating remotely

The maximum number of members who may participate remotely in a council meeting is 2.

Appendix Two

2 REMOTE ATTENDANCE:

2.1 Arrangements for remote attendance

(a) Subject to 2.3 and 2.4, the chairman may make arrangements to allow (as far as the law permits) a member ('M') to participate in a meeting of the council remotely if the following circumstances apply.

- (i) M has notified the Director of Resources in writing no later than one week before the meeting of their wish to participate remotely;
- (ii) The council has approved a reason for M's failure to attend meetings of the authority pursuant to section 85(1) of the Local Government Act 1972; and
- (iii) M reasonably believes that it would be detrimental to their physical or mental wellbeing to attend the meeting in person.

(b) Any arrangements must ensure so far as possible that any person attending the meeting is able to hear M's contributions as easily as those of members attending in person.

2.2 Substitutes

M may be represented by a substitute under rule 22 or 23 but not by remote access means.

2.3 Exempt and confidential items

M may not participate remotely in any part of a meeting in which the public have been excluded under section 100A of the Local Government Act 1972.

2.4 Maximum number of members participating remotely

The maximum number of members who may participate remotely in a council meeting is 2.

Appendix Three

2 REMOTE ATTENDANCE:

2.1 Arrangements for remote attendance

(a) Subject to 2.3 and 2.4, the chairman may make arrangements to allow (as far as the law permits) a member ('M') to participate in a meeting of the council including any committee (s) of which that Councillor is a member, if the following circumstances apply

- (i) M has notified the Director of Resources in writing no later than one week before the meeting of their wish to participate remotely; and
- (ii) M reasonably believes that it would be detrimental to their physical or mental wellbeing to attend the meeting in person.

(b) Any arrangements must ensure so far as possible that any person attending the meeting is able to hear M's contributions as easily as those of members attending in person.

2.2 Substitutes

M may be represented by a substitute under rule 22 or 23 but not by remote access means.

2.3 Exempt and confidential items

M may not participate remotely in any part of a meeting in which the public have been excluded under section 100A of the Local Government Act 1972.

2.4 Maximum number of members participating remotely

The maximum number of members who may participate remotely in a council meeting is 2.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
SHARED HEAD OF INTERNAL AUDIT	AUDIT AND STANDARDS COMMITTEE	17 JANUARY 2019	7
INTERNAL AUDIT INTERIM REPORT AS AT 30TH NOVEMBER 2018			

PUBLIC ITEM

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

SUMMARY

The report summarises the work undertaken in respect of the Internal Audit 6 Month Plan 2018/19 for the period October 2018 to November 2018 and reviews finalised from the 2017/18 Internal Audit Plan. The report also provides members with the current position of agreed actions arising from Internal Audit work.

RECOMMENDATION

That the Committee note the report.

SUMMARY OF PREVIOUS DECISIONS

None

CORPORATE PRIORITIES

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

BACKGROUND

This is the first progress report for 2018/19 Internal Audit Plan (6 month) and covers the period between 1st October 2018 and 30th November 2018. In addition, the report includes details of any work undertaken from the 2017/18 Internal Audit Plan which has not yet been reported to Committee.

INTERNAL AUDIT PLAN 2018/19

Appendix 1 provides a “snapshot” of the overall progress made in relation to the 2018/19 Internal Audit Plan, indicating which audits have been completed and their assurance rating, those that are in progress and those that have yet to start. Appendix 1 also shows the time planned and actually spent on individual audits.

The table below highlights the work undertaken during the period together with any control issues identified, where applicable;

Audit Area	Assurance Rating	Comments
National Fraud Initiative	Not applicable	Internal Audit co-ordinated the Council's input to the 2018/19 main exercise and is making preparations for the Council Tax Single Person Discount / Electoral Register exercise later this year.
Safeguarding	Moderate	<p>The Council has a statutory duty to make arrangements to ensure that functions are discharged with regard to the need to safeguard and promote the welfare of children.</p> <p>Our work has established that the Council, largely has sufficient arrangements in place and that other sources of assurance are operating effectively. The Council has a recently revised Policy and the results of a Safeguarding survey confirmed that office based staff awareness of the Policy and the process to report a safeguarding concern is good.</p> <p>One role of a district council is to ensure that all staff and volunteers are aware of the Safeguarding Policy and that they feel that they have sufficient knowledge in order to be able to recognise signs of abuse or neglect. It is these areas where the current arrangements could be strengthened.</p>
Coastal Defence Project	Not applicable	We are a member of the project team to provide advice and guidance on governance, control and risk.

INTERNAL AUDIT PLAN 2017/18

There have also been a number of reviews finalised from the 2017/18 Internal Audit Plan and details of these are provided below.

Audit Area	Assurance Rating	Comments
Business Rates (FCAT)	Full	<p>Testing was performed on a quarterly basis to ensure the effectiveness of specific key financial internal controls.</p> <p>No control issues were found.</p>
Council Tax (FCAT)	Full	<p>Testing was performed on a quarterly basis to ensure the effectiveness of specific key financial internal controls.</p> <p>No control issues were found.</p>
Audit Area	Assurance Rating	Comments
Housing Benefit (FCAT)	Full	<p>Testing was performed on a quarterly basis to ensure the effectiveness of specific key financial internal controls.</p> <p>No control issues were found.</p>
Business Rates	Moderate	<p>This was a joint review with Blackpool Council's Internal Audit Team where we were able to provide assurance over the effectiveness of:</p> <ul style="list-style-type: none"> ▪ Policies and decisions in relation to empty properties, recovery action and the funding of the enterprise zone; and

		<ul style="list-style-type: none"> The relationship with the Valuation Office Agency and the appeals process. <p>No control issues were found.</p>
Council Tax Collection	Moderate	<p>This was also a joint review where Blackpool and Fylde's council tax in-year and five-year collection rate performance was benchmarked and analysed against CIPFA's nearest neighbour group of local authorities, taking into account a number of factors such as the introduction of Council Tax Reduction which replaced Council Tax Benefit.</p> <p>The audit resulted in management agreeing to the following improvements:</p> <ul style="list-style-type: none"> Explore further the good practices identified at other councils that were demonstrating good levels of council tax collection rates; To continue to undertake a similar analysis performed by the auditors on annual basis to ensure collection rate levels were consistent with comparable authorities and to take action to make further improvements where necessary.
Housing Benefit Risk Based Verification (joint review with Blackpool Council)	Not applicable	<p>This was also a joint review which assessed whether the change to a Risk Based Verification (RBV) approach to administering and assessing new housing benefit claims was achieving value for money in line with any anticipated savings whilst making improvements in detecting the possibility of fraud and error in claims at the earliest opportunity. At the conclusion of the audit management decided that they would stop using RBV and reinstate the previous arrangement where full verification is sought for all claims regardless of any risk potentially attached to a claim. Therefore, there were no recommendations arising from the review.</p>
Audit Area	Assurance Rating	Comments
Treasury Management	Full	<p>This was a key financial system review which examined the compliance and effectiveness of the Council's Treasury Management Policy in relation to the CIPFA Code of Practice and Cross-Sectoral Guidance for Treasury Management.</p> <p>No control issues were found.</p>
Community Project Funds	Not applicable	<p>This audit reviewed the adequacy and effectiveness of the controls in place in relation to the grant funding available.</p> <p>A sound system of internal control was found to be operating and there were no recommendations arising from the review.</p>
Disabled Facilities Grants	Substantial	<p>Whilst it was identified that there are sound arrangements in place in relation to the knowledge and experience of the team and supervisory checks, areas to be strengthened were identified which included:</p> <ul style="list-style-type: none"> Strengthening the procedures for the retention and disposal of data. Reviewing access requirements for CIVICA to strengthen data security.

Car Parking (reported to A&S Committee March 2018)	Substantial	<p>This review focussed on the adequacy and effectiveness of the controls in place in relation to:</p> <ul style="list-style-type: none"> ▪ Income collection ▪ Penalty Charge Notices ▪ Permits ▪ Other Contracts ▪ Fraud & Corruption ▪ IT System Access & Security. <p>Several recommended improvements were agreed with management to strengthen the internal control environment which have all been implemented in full.</p>
Information Governance (reported to A&S Committee March 2018)	Limited	<p>This was a risk based audit which reviewed the adequacy and effectiveness of the controls in place in relation to:</p> <ul style="list-style-type: none"> ▪ Governance ▪ Data Protection ▪ Training and Awareness ▪ Freedom of Information Requests ▪ IT Security. <p>A number of recommended improvements were agreed with management to strengthen the internal control environment, of which the majority have now been implemented in full.</p>

INTERNAL CONTROL SYSTEM

For both the 2017/18 and the 2018/19 Internal Audit Plans, in total 10 reviews have been finalised and the following assurance ratings have been awarded:

Assurance Rating	Definition	Number of reviews
Full	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives.	4
Substantial	While there is basically a sound system of control, there are some minor weaknesses, which may put some of the system objectives at risk.	2
Moderate	While there is basically a sound system of control, there are some more significant/serious weaknesses, which may put some of the system objectives at risk.	3
Limited/None	There are significant weaknesses in key areas in the systems of control, which put the system objectives at risk and leaves the system open to significant error or abuse	1

For all the reviews completed to date, management have accepted all the findings and the agreed actions in these reports will be followed up and reported on at future meetings of this committee.

FOLLOW UP OF AGREED ACTIONS

In totality, there were 68 actions emanating Internal Audit's work which should have been implemented by the 30th November 2018. We have been working closely with senior officers to establish the current status of each actions and can now confirm the following:

Total number of actions due to implemented by 30 th November 2018	68
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Number of actions implemented in full	66
Number remaining outstanding	2
Percentage implementation rate (target implementation rate – 90%)	97%

The 2 outstanding actions are categorised as shown in the table below and we will continue to work with managers until they are fully implemented:

Priority Category	Number of actions outstanding
High	0
Medium	2
Low	0

AUDIT DEVELOPMENTS

Review of Internal Audit Processes

In line with the latest Internal Auditing practices, from 2019/20 we are introducing a risk based approach to auditing. This will involve working with managers to compile a risk register / risk and control self-assessment for each significant function / system / process for which they are responsible.

The main objectives of this approach are to encourage greater ownership of risk and control issues within services and to optimise the benefits from the Internal Audit Service.

To facilitate this change in approach, a risk management system - GRACE – (Governance, Risk and Control Evaluation) has been procured and between January and March 2019, will be configured and officers trained in order for the system to be populated from April 2019 onwards.

Audit Planning 2019/20

Internal Audit will shortly commence the process for compiling the Annual Audit Plan for 2019 / 2020. The Plan will be compiled following a risk assessment which considers a range of risk factors, such as items in the Corporate Risk Register, significant changes in staffing, systems and procedures and the length of time since an area was last audited. There will also be consultation with Senior Managers.

If there are any topics which members would like to be included in the next Audit Plan, please inform Dawn Highton on either dawn.highton@fylde.gov.uk or 01253 658413 by **Friday 8th February** and these will be taken into account as part of the overall risk assessment.

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	There are no Health and Safety implications arising from this report. The Audit Plan has been developed using a risk based approach.

LEAD AUTHOR	CONTACT DETAILS	DATE
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Dawn Highton	Dawn.highton@fylde.gov.uk Tel 01253 658413	17 th December 2018
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BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Internal Audit Annual Plan	20/9/18	Internal Audit Office, Town Hall

Attached documents

Appendix 1 – Internal Audit Plan as at 30th November 2018

APPENDIX 1

INTERNAL AUDIT PLAN – Oct 2018 to March 2019

Internal Audit Annual Plan 2018/19 as at 30th November 2018.					
FYLDE COUNCIL	QTR	EST DAYS	ACTUAL DAYS	Balance	Comments
CORPORATE AREAS					
Annual Governance Statement	4	15	0.1	14.9	Due to commence Q4
Anti-Fraud & Corruption	ALL	2	1.6	0.4	On-going
NFI	ALL	13	2.5	10.5	On-going
RESOURCES					
Heath & Environment					
Licensing Administration and Enforcement	4	15	5	10	In progress
Safeguarding	3	15	11.5	3.5	Complete
Customer & ICT					
IT Resilience and Recovery	3	10	1	9	In progress
Finance					
Creditors	4	15	0	15	Due to commence Q4
Income collection	3	15	1.6	13.4	Due to commence Q4
DEVELOPMENT SERVICES					
Parks, Leisure and Cultural Services					
Maintenance and Inspection Regimes: Trees & Playgrounds	3	20	11	9	In progress
Technical Services					
Building Control	3	15	9.7	5.3	In progress
Coastal Defence Project	ALL	5	2.7	2.3	On-going
Planning & Regeneration					
Housing Standards (inc HMO)	4	15	0.6	14.4	Due to commence Q4
GENERAL AREAS					
Post Audit Reviews	ALL	5	2.4	2.6	On-going
Contingency / Irregularities	ALL	5	1	4	On-going
Committee Reporting / Effectiveness Review	ALL	15	6.1	8.9	On-going
FYLDE COUNCIL		180	56.8	123.2	

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	AUDIT AND STANDARDS COMMITTEE	17 JANUARY 2019	8
CORPORATE GOVERNANCE ACTION PLAN			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

At the meeting of the Committee held on 20 September 2018, members requested an update on the outstanding action for this year's Corporate Governance Action Plan with respect to the Council's project management framework.

SOURCE OF INFORMATION

Director of Resources.

INFORMATION

A copy of the Action Plan is shown below and members will note that the expected completion date was the end of November 2018.

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

An update is provided by the Council's Performance and Improvement Manager outlining that a full review of the effectiveness of the Council's Project Management methodology was completed in the autumn. Alterations have been made to existing supporting documentation to further improve the capturing of project management activities, resulting in a consolidated and simplified procedure. This new format has been adopted and is currently being used for a key council project involving the upgrade of existing hardware within the core fleet vehicles with existing Bartec Incab technology. Feedback and results will be realised throughout the project life cycle and as a result, if any further refinements are required, these will be considered by the Council's Management Team during 2019.

This results in the actions identified in the 2018/19 Action Plan now being completed.

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

To update the committee on the outstanding action for this year's Corporate Governance Action Plan.

FURTHER INFORMATION

Tracy Manning (tracy.manning@fylde.gov.uk 01253 65852).

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
OFFICE OF THE CHIEF EXECUTIVE	AUDIT AND STANDARDS COMMITTEE	17 JANUARY 2019	9
MID YEAR UPDATE ON THE STRATEGIC RISK REGISTER			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

This Information item gives a mid-year progress update on the risks contained within the Strategic Risk Register. There are 5 Strategic Risks for the year 2018/19. All of these risks are managed at other committees, the Risk Owners for each risk have provided some narrative explaining the progress/assurance of these risks.

SOURCE OF INFORMATION

Strategic Risk Management Group – Plan Owners for Strategic Risks.

INFORMATION ATTACHED

Risk Register & Narrative Update

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

As per the agreement with the Audit & Standards committee, there will be regular updates on the Risks contained within the Strategic Risk Register.

FURTHER INFORMATION

Contact: Gary Marcus, Corporate Support Officer, 01253 658412



Strategic Risk Register 2018/2019

Identified Strategic Risks

Risk	Risks mitigation method	Monitoring Body	Risk Champion
Commercial Appetite	Commercial Strategy	Finance and Democracy Committee	Allan Oldfield, Chief Executive
Sea Defence Project	Managed by a Sea Defence, Project Management Board	Operational Management Committee	Paul Walker, Director of Development
GDPR	GDPR Working Group/Management Team	SRMG & Reports to Audit & Standards Committee	Ian Curtis, Head of Governance
M55 Link Road	Managed by a Project Board chaired by Director of Development	Finance and Democracy Committee	Paul Walker, Director of Development
Digital Transformation	Transformation Strategy	Finance and Democracy Committee	Allan Oldfield, Chief Executive

A six monthly update of the above risk will be reported to Audit and Standards committee. Each Risk Champion is responsible for providing this update. Where an action plan has been developed, an update of the tasks will also be provided to Audit & Standards committee.

Update on the 5 Risks contained within the Strategic Risk Register

Risk	Monitoring Body	Lead Comments
Commercial Appetite	Finance and Democracy Committee	<p><i>The Estates Team have a process in place to review all leases and concessions ensuring maximum value for money, income from existing assets has increased as a result of reviews. Existing income streams have been reviewed with increases above RPI realised from sand winning and new charges added for professional services i.e. leases, legal support etc. Alternative service delivery options are formally considered through an appraisal where there is a market for shared arrangements, arms-length company or contracting out. Profile data is used to inform commercial decisions and to understand local markets and economic activity. The council is linked to the national One Public Estate initiative through the LEP sub group. The council has set up a joint committee, The Economic Prosperity Board, with Blackpool & Wyre to lead the economic development of the Enterprise Zone. The work on town centre strategies has begun with the policies approved in the Local Plan and Neighbourhood Plans which must act as guides to any strategy. The Future High Street Fund will be considered as an option. Whilst the Commercial Strategy was only approved in September 2018 many of the actions had been part of best practice in the current climate to achieve a self-sufficient position by 2020.</i></p> <p>Allan Oldfield, Chief Executive, December 2018</p>
Sea Defence Project	Operational Management Committee	<p><i>The project is to replace the sea defences at Church Scar, Fairhaven and Granny's Bay. A project board made of relevant officers from FBC and the EA together with a member from FBC meets monthly to oversee progress with the contract.</i></p> <p><i>The total Fairhaven and Church Scar Coast Protection scheme cost is £19.83m, being funded by an Environment Agency grant of £19.43m and a contribution from Fylde Council of £0.4m. Work started on site in December 2017 and is progressing well with the replacement hard sea defences at Church Scar now complete with work on the promenade being finalised. Work on the piling of the new defences around Fairhaven Lake stated in September, four months ahead of schedule.</i></p> <p><i>The council has been successful in securing additional funding from the Environment Agency to enable the Granny's Bay hard sea defences to be delivered following completion of the Fairhaven Scheme. A report on this additional work in the sum of £2m was approved by the Operational Management Committee at its meeting in September and Council in October. The Granny's Bay works will tie the two schemes at Fairhaven and Church Scar together, as well as providing local erosion and flood protection. This removing the need for as much emergency maintenance</i></p>

		<p><i>works by the Council following extreme storms at Granny's Bay. With Granny's Bay now included the whole scheme is now currently forecast to be completed by late 2020.</i></p> <p><i>Communication with the public, business owners and local residents is led by the joint venture contractor VBA, who have a comprehensive Customer Engagement Plan for the Scheme in conjunction with Fylde Council and the Environment Agency. VBA operate a Customer Centre at Fairlawn Triangle which is staffed by fully trained Customer Service Coordinators (CSC) at advertised times and feature project visualisations, details of the works programme and literature to describe the benefits of the project. Regular updates and newsletters are circulated to the media and nearby residents/stakeholders which include details of any road or footpath closures proposed. Information is available on the council's website.</i></p> <p><i>A progress information report is on the agenda of every meeting of the Operational Management Committee.</i></p> <p>Paul Walker, Director of Development Services, December 2018</p>
M55 Link Road	Finance & Democracy Committee	<p><i>The project is to accelerate construction of the M55 link road as a single contract ahead of that required to be constructed by the housing developer Kensington Developments Ltd as part of their planning agreement. A project board made of relevant officers from FBC, LCC, Kensington Developments Ltd, members from FBC and LCC, and the MP meets approximately every 6 weeks to oversee progress with the project.</i></p> <p><i>A consultant has been appointed by KDL to design the road (funded through the repayment of s.106 monies) with LCC overseeing and checking this work. The latest scheme estimate is £27.5m with funding of £25.27 confirmed (current £2.23m shortfall in funding). The design of the road is completed with procurement underway. Subject to final approvals from each of the funders and tendered costs coming within budget it is currently estimated that construction will start on site in July 2019. A contract to divert utilities affected by the new road has been let and work is due to start in January 2019.</i></p> <p>Paul Walker, Director of Development Services, December 2018</p>
GDPR	SRMG & Reports to Audit & Standards Committee	<p><i>GDPR came into force on 25 May 2018. The council has put in place measures to meet its requirements including extensive staff and member training, the appointment of an existing officer to the statutory role of Data Protection Officer, introducing a record of personal data breaches, developing a record of processing</i></p>

		<p><i>activity, commencing a continuing compliance review of council systems and operations and reviewing the suite of information governance policies.</i></p> <p><i>Work remains to be done (as it will in most bodies) to ensure that the principles of GDPR are fully embedded in the culture and ethos of the organisation and that this is reflected in its practices with regard to personal data.</i></p> <p>Ian Curtis, Head of Governance, December 2018</p>
Digital Transformation	Finance & Democracy Committee	<p>The Transformation Strategy approved in June 2017 covered a number of areas including digital. The new website is operational and subject to live testing with most online transactions that can be delivered 'end to end' without human intervention in place. The customer service team has reviewed all point of contact procedures to increase efficiency and productivity migrating thousands of contacts to digital platforms.</p> <p>Systems administrators have challenged value for money from main computer systems (some are still in process) resulting in reduced cost or change of supplier / system i.e. website and online form providers have been changed.</p> <p>It should be noted that the key actions mitigating the risk are all in progress with scheduled completion dates in March 2019 or March 2020 in line with the 2016-2020 Transformation Strategy.</p> <p>Allan Oldfield, Chief Executive, December 2018</p>

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	AUDIT AND STANDARDS COMMITTEE	17 JANUARY 2019	10

EXCLUSION OF THE PUBLIC

PUBLIC ITEM

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

RECOMMENDATION

Members are invited to consider passing a resolution concerning the exclusion of the public from the meeting in accordance with the provisions of Section 100(A)(4) of the Local Government Act 1972 on the grounds that the business to be discussed is exempt information as defined under paragraphs 1 and 2 (Information relating to an individual and Information which is likely to reveal the identity of an individual) of Schedule 12A of the Act.