



FYLDE BOROUGH COUNCIL



## Meeting Agenda

**Audit Committee**  
**Town Hall, Lytham St Annes**  
**27 September 2007, 7:00 pm**

# AUDIT COMMITTEE

## MEMBERSHIP

CHAIRMAN - Councillor John Singleton \*  
VICE-CHAIRMAN – Councillor Keith Hyde \*

### Councillors

John Coombes	Simon Renwick
Paul Rigby	Kathleen Harper
Paul Hayhurst	Elizabeth Oades
Louis Rigby	

\* Subject to Council approval.

Contact: Tracy Scholes, St. Annes (01253) 658521, Email:  
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## **CORPORATE OBJECTIVES**

The Council's investment and activities are focused on achieving our five key objectives which aim to :

- Conserve, protect and enhance the quality of the Fylde natural and built environment
- Work with partners to help maintain safe communities in which individuals and businesses can thrive
- Stimulate strong economic prosperity and regeneration within a diverse and vibrant economic environment
- Improve access to good quality local housing and promote the health and wellbeing and equality of opportunity of all people in the Borough
- Ensure we are an efficient and effective council.

## **CORE VALUES**

In striving to achieve these objectives we have adopted a number of key values which underpin everything we do :

- Provide equal access to services whether you live in town, village or countryside,
- Provide effective leadership for the community,
- Value our staff and create a 'can do' culture,
- Work effectively through partnerships,
- Strive to achieve 'more with less'.



## A G E N D A

### PART I - MATTERS DELEGATED TO COMMITTEE

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1. <b>DECLARATIONS OF INTEREST:</b> <i>In accordance with the Council's Code of Conduct, members are reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.</i>	4
2. <b>CONFIRMATION OF MINUTES:</b> <i>To confirm as a correct record the minutes of the Audit Committee held on 26 July 2007. As attached at the end of the agenda.</i>	4
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**Personal interests**

8.—(1) You have a personal interest in any business of your authority where either—

(a) it relates to or is likely to affect—

- (i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) any body—
  - (aa) exercising functions of a public nature;
  - (bb) directed to charitable purposes; or
  - (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or in a position of general control or management;

- (i) any employment or business carried on by you;
  - (ii) any person or body who employs or has appointed you;
  - (iii) any person or body, other than a relevant authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;
  - (iv) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);
  - (v) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi);
  - (vi) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;
  - (vii) any land in your authority's area in which you have a beneficial interest;
  - (viii) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;
  - (xi) any land in the authority's area for which you have a licence (alone or jointly with others) to occupy for 28 days or longer; or
- (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision;

(2) In sub-paragraph (1)(b), a relevant person is—

- (a) a member of your family or any person with whom you have a close association; or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph (1)(a)(i) or (ii).

**Disclosure of personal interests**

9.—(1) Subject to sub-paragraphs (2) to (7), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.

- (2) Where you have a personal interest in any business of your authority which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
- (3) Where you have a personal interest in any business of the authority of the type mentioned in paragraph 8(1)(a)(viii), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.

- (5) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest, but need not disclose the sensitive information to the meeting.
- (6) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (7) In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000(d).

**Prejudicial interest generally**

- 10.—**(1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the authority where that business—
- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
  - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
  - (c) relates to the functions of your authority in respect of—
    - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
    - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
    - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
    - (iv) an allowance, payment or indemnity given to members;
    - (v) any ceremonial honour given to members; and
    - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

**Prejudicial interests arising in relation to overview and scrutiny committees**

- 11.—** You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where—
- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
  - (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

**Effect of prejudicial interests on participation**

- 12.—**(1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your authority—
- (a) you must withdraw from the room or chamber where a meeting considering the business is being held—
    - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
    - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;
 unless you have obtained a dispensation from your authority's standards committee;
  - (b) you must not exercise executive functions in relation to that business; and
  - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of your authority, you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
DEMOCRATIC SERVICES AND MEMBER SUPPORT	AUDIT COMMITTEE	27 SEPTEMBER 2007	4

## ANNUAL GOVERNANCE REPORT

### Public Item

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

### Summary

The Audit Committee will be in attendance at the meeting to report on its annual governance report. The report will be published week commencing 24 September and will be circulated to Audit Committee members prior to the meeting.

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
DEMOCRATIC SERVICES AND MEMBER SUPPORT	AUDIT COMMITTEE	27 SEPTEMBER 2007	5

## FYLDE BOROUGH COUNCIL – IT RISK ASSESSMENT

### Public Item

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

### Summary

The Audit Commission is requested to present its performance summary report of IT Risk Assessment.

### Recommendation

1. That the recommendations of the Audit Commission be considered and agreed.

### Cabinet Portfolio

The item falls within the following Cabinet portfolio:  
Corporate Performance and Development

Councillor Susan Fazackerley

IMPLICATIONS	
Finance	
Legal	
Community Safety	
Human Rights and Equalities	

Sustainability	
Health & Safety and Risk Management	

Report Author	Tel	Date	Doc ID
Christopher Kitchin	(01253) 658491	17 September 2007	

List of Background Papers		
Name of document	Date	Where available for inspection
Document name		Council office or website address

**Attached documents**

1. IT Risk Assessment

# **IT Risk Assessment**

**Fylde Borough Council**

**Audit 2006/07**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **Status of our reports**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

### **Copies of this report**

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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## Introduction

- 1 The Audit Commission is required to undertake work to ensure compliance with the International Standards for Auditing UK and Ireland (ISA+ or ISA (UK&I)). These standards require us to obtain an understanding of the organisation, including its internal controls, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error.
- 2 ISA (UK&I) 315 in particular requires us to gain an understanding of the IT environment and the impact this has on the information systems used for financial reporting. These include general controls over data centres, network operations, system software acquisition, change and maintenance, access security and application system acquisition, development and maintenance.

## Background

- 3 The IT Risk Assessment (ITRA) is the methodology used to document our understanding of the IT environment at an organisation wide level. The primary objective of the assessment is to determine whether we can seek to rely upon the IT control environment and therefore gain assurance that the IT or automated controls will operate as intended for the period under audit.

## Audit approach

- 4 An interview was held with the IT Manager and internal documents provided by Fylde Borough Council were reviewed.

## Overall conclusion

- 5 Whilst areas of the central IT Control environment are adequate, the overall level of control could be improved by taking action on the recommendations in this report.

## Main conclusions

### Inaccurate data processing

- 6 All the major application systems in the council are third party systems and are supported by the suppliers. In house application development is kept to a minimum and this reduces the risk of inaccurate data processing.

- 7 There are no corporate guidelines on testing systems when they are upgraded or replaced and no formal internal sign off procedures, project management is primarily left to the suppliers, although a version of Prince 2 is used within the authority and groups of users are set up to implement new software. More assurance would be given if testing procedures followed formal guidance and were documented.

***Recommendation***

*R1 Produce corporate guidelines for application system testing, document the testing and formalise sign off of systems installation and updates.*

**Unauthorised access**

- 8 IT team members have two logons, one for normal day-to-day use and one for administration purposes which includes access to all systems. No audit trails are monitored by senior management and there is no written policy on access for IT staff. This leaves open the possibility of fraud or error by IT staff going undetected, and there being no way of identifying the actions that were taken.
- 9 IT Team do not, generally have System Administration access to end-user systems the exception is the old FMS system which was replaced in November 2006, however the Purchasing module has continued in use longer.

***Recommendation***

*R2 Develop a policy for the retention and checking of audit trails.*

- 10 Suppliers who need access to maintain systems dial in. This is controlled by changing the password after each session, but this is a manual process and is not documented. If passwords are not changed, there is the opportunity for unauthorised access to take place.
- 11 There is one modem for dial in which is switched off when not in use although this does rely on staff remembering to do so. If the modem is left switched on it is possible that unauthorised persons could gain access to the systems.

***Recommendation***

*R3 Review the procedures for dial in and improve security.*

- 12 There is a Firewall in place (Watchguard) which produces a log which is monitored regularly and is kept for six months. No incidents of attempted hacking have been discovered. Fylde uses iCritical for email, spam and virus checking and have network support from Lancashire County Council which is governed by an SLA. This should provide a reliable backup to staff at Fylde when network problems arise.
- 13 There has been a recent change of operating systems and Windows 2003 password management is now in place, changes are forced every 30 days, lock out occurs after three failed attempts. There is a forced rotation of at least 13 passwords. This is adequate password management and users are given appropriate guidance on selecting passwords.

### **Fraudulent or accidental manipulation of data**

- 14 Requests for changes are recorded on Request Tracker, the Helpdesk software which is in use. Changes have to be submitted on a form signed by an appropriate manager and submitted to the computer manager who determines if the change fits in with plans. Senior managers are not involved in these decisions on a regular basis which could result in changes being made which do not fit in with the corporate plan.

<b><i>Recommendation</i></b>
<i>R4 Senior Management Group should consider and authorise significant changes on a regular basis to ensure they fit in with the Authority's priorities and aims.</i>

### **Lack of proper management**

- 15 Nightly and weekly back ups of data are taken and stored offsite in a building approximately 200 yards away from the computer room. In the event of the area being cordoned off by the emergency services, it is possible that both the computer room and the tapes could be inaccessible.

<b><i>Recommendation</i></b>
<i>R5 Offsite copies of data should be kept in a locked, fireproof container, in a building at least half a mile from the computer room.</i>

- 16 A questionnaire has been sent to service areas to obtain information on service priorities in order to create a Business Continuity Plan, and work is in progress to develop a plan with Wyre Borough Council and Lancashire County Council. This needs to be completed as soon as possible, as, at the moment the authority is vulnerable in the event of a disaster.

**Recommendation**

*R6 Complete the development of a Disaster Recovery Plan and test it as soon as possible.*

- 17 There are 6.5 posts in the IT service to support 280 PC's and 30 servers, though there is currently a process of rationalising the servers, as a number are running legacy processes which are being reviewed or consolidated. The .5 post is an admin function. There were 2 vacancies, one of which has now been lost as a post, and one of which has been vacant for a year. With a small IT service it is essential that vacancies are filled as soon as possible in order to avoid a reduction in service and the possibility of error while staff are covering for a vacant post.

**Recommendation**

*R7 Ensure that vacant posts within the IT service are filled with the minimum delay.*

- 18 Users have to make a business case for the acquisition of new systems, and they have to be considered within the Invest to Save bid. Currently IT are not always invited to be involved in the early stages of planning for a new system which can result in systems not complying with current ICT Policies.
- 19 Council Tax, NNDR and Benefits are outsourced to Blackpool Council who manage the servers, this includes backups and operating system administration. Blackpool also manages the Payroll system, timesheets are sent and all data input and processing is carried out by Blackpool Council staff.

## Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
5	R1 Produce corporate guidelines for application system testing, document the testing and formalise sign off of systems installation and updates.	3	Departmental Managers	N/A	Individual system administrators are responsible for determining the appropriate level of application testing. Resources in IT are not available to do this.	N/A
			IT Manager		The development of guidelines for system installation and updates will be developed for the IT team. This will include a procedure for planning and sign off.	July 2008
5	R2 Develop a policy for the retention and checking of audit trails.	3	IT Manager		A policy will be developed regarding the retention and checking of audit trails.	July 2008
5	R3 Review the procedures for dial in and improve security.	3	IT Team	Yes	A review of the dial-in procedure will be included in the IT Team's 2008/09 service plan.	July 2008

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R4 Senior Management Group should consider and authorise significant changes on a regular basis to ensure they fit in with the Authority's priorities and aims.	3	N/A	No	Senior managers are consulted on the IT Strategy and Computer Use/Security Policy. Departmental managers sign off all requests for change originated within their Unit/Teams. The IT Manager checks that the requested changes conform to the necessary policies and strategies.	N/A
6	R5 Offsite copies of data should be kept in a locked, fireproof container, in a building at least half a mile from the computer room.	3	IT Manager	Yes	All backup tapes are taken offsite at the earliest opportunity (when the appropriate member of staff arrives in work or the backup finishes – whichever is the earlier). Provision of a secure container will be investigated. There is currently no Council property more than half a mile from the Town Hall that would be deemed secure enough to store the backup tapes. Alternative locations/ methods of ensuring that the backups are stored an acceptable distance from the main site will be looked at as part of the Disaster Recovery Plan which is currently being developed.	January 2008

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R6 Complete the development of a Disaster Recovery Plan and test it as soon as possible.	3	IT Manager	Yes	A Disaster Recovery Plan for IT is currently being developed and will be finalised in the near future subject to the availability of adequate resources.	January 2008
					All possible elements of the Disaster Recovery Plan will be tested as soon as possible, subject to the availability of adequate resources.	August 2008
7	R7 Ensure that vacant posts within the IT service are filled with the minimum delay.	3	IT Manager		<p>The post in question has now been filled. Since this report another vacancy has arisen which has been advertised and an offer was made to a candidate. The offer was eventually turned-down by the candidate.</p> <p>Contract staff have been employed for a short period of time to cover for this vacancy and a decision on how to proceed will be made in the near future.</p>	Ongoing

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
FINANCE	AUDIT COMMITTEE	27 SEPT 2007	6

## STATEMENT OF ACCOUNTS

### Public/Exempt item

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

### Summary

This report provides a review of the Accountancy Section and the production of the Statement of Accounts.

### Recommendations.

1. That the offer of appointment to two internal candidates within the Accountancy Section be noted.
2. That members note the ongoing discussions with Wyre about extending partnership working in Finance.
3. That members recommend to the Cabinet the appointment of an interim accountant for a period of 8 months at an approximate total cost of £50,000. (£32,000 in the current year and £18,000 next year)
4. That members seek a further update and review on the position in the Accountancy Section in six months time.

### Executive Portfolio

The item falls within the following portfolio:

Cllr P Rigby

Continued....

## Report

1 At the June meeting the Audit Committee requested 'That a further review of the Accountancy Section be carried out in September as part of a review of the closedown process to the Audit Committee'.

2 The June report to the committee noted that over the last three years the statutory deadline for the approval of the statement of accounts has been brought forward from the 30<sup>th</sup> September to the 30<sup>th</sup> June to provide for a more streamlined reporting process. The first year for the new deadline of June 30<sup>th</sup> was in 2006 which the Council successfully achieved. However it was noted that the due date would not be met in the current year due to

- the implementation of new financial management systems
- recent high staff-turnover rates
- recent long-term senior staff absence

3 A new meeting of the Audit Committee was set for 26<sup>th</sup> July to approve the accounts. Although the deadline was met it was not without difficulty and the approved accounts did not include the cashflow statement which was subsequently completed and included in the audited accounts. As in previous years there was too much reliance on one individual and although there was some improvement in the working papers there is still the need to improve to meet the requirements of the Audit Commission.

4 Despite the difficulties highlighted above it needs to be recognised that the staff within the Accountancy Section worked extremely hard to cover absences and staff departures to produce the statement of accounts and keep the section running on reduced staffing levels. This involved regular Saturday overtime working during the summer months which is still continuing until the work is up to date.

5 The departure of the Executive Finance Manager has provided an early opportunity to further partnership working with Wyre Council and this avenue is currently being explored. A verbal update of progress will be provided at the meeting.

6 The recruitment process to replace the Accountant who left in June and the additional post approved by Cabinet was not successful as the calibre of the applicants was not of the standard required. Rather than look to increase the salary it was felt that there were some internal candidates who showed good promise and who could potentially be trained up. These candidates have the perceived advantage of having close roots to the area and are more likely to remain with the Authority for a number of years. Interviews for these posts have just been held and two offers of appointments made.

7 The salary levels offered by the Authority are currently being reviewed to ensure that they remain competitive. Although the recent job evaluation process ensured comparability across Fylde Council it does not take into account pay scales in other Local Authorities and the need to remain competitive with them if current staff are to be retained, and future recruitment campaigns are to be successful.

8 Because of the problems identified in June, and highlighted above, in closing the accounts there is still a need for interim support to get the Accountancy Section up to date with the need also to provide an additional differential rating budget, and to respond to increased requirements under the Use of Resources element of the CPA process. To recruit a candidate for 8 months would cost approximately £50,000. The eight month

period would take the Council through the budget process and also next years accounts closedown. There is an interim candidate who has done temporary accountancy work for the Council before including some work on differential taxation and closing the accounts and who has a good range of relevant experience. This would also provide the additional resource before and during the closedown process to mentor and train the other accountants and to set up templates and improve the standard of working papers.

9 Once the new system is fully operational, work is up to date and the requirements of CPA have been incorporated into everyday work procedures there will be a need to further review the capacity of the Accountancy Section in the light of the new operational requirements and the work being undertaken with Wyre Council to further partnership working in Finance.

<b>Implications</b>	
Finance	Costs to be financed from existing budgetary provision
Legal	None directly arising.
Community Safety	None directly arising
Human Rights and Equalities	None directly arising
Sustainability	None directly arising
Health & Safety and Risk Management	None directly arising

Report Author	Tel	Date	Doc. ID
Brian White	(01253) 658566	September 2007	Accountancy

LIST OF BACKGROUND PAPERS		
NAME OF DOCUMENT	DATE	WHERE AVAILABLE FOR INSPECTION
Accountancy	September 2007	Finance Section, Town Hall, St Annes

**Attached documents**

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT COMMITTEE	27/09/07	7

## INTERNAL AUDIT INTERIM REPORT 2007/08

### Public Item

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

### Summary

The report summarises the work undertaken by internal audit from April 2007 to September 2007 and performance information for the same period.

The report links principally to the Corporate Objective - "Deliver high quality services".

### Recommendation

It is recommended that:

The Internal Audit Interim Report is considered and appropriate comments made.

### Cabinet Portfolio

The item falls within the following Cabinet portfolio:  
Finance & Efficiency (Councillor Paul Rigby)

## **Report**

### **1. Background**

The main purpose of this report is to provide the committee with the opportunity to review the service provided to the Council during the first half of the audit year.

### **2. Assurance on Internal Control**

2.1 In the period from 1<sup>st</sup> April to 15<sup>th</sup> September 2007 ten (10) final reports have been completed and action plans agreed. Copies of the reports and action plans are placed in the Members Room on the completion of each review.

2.2 In the Action Plans arising from audit work we categorise recommendations as high, medium or low priority. High indicates a significant control weakness that may lead to material loss, exposure to fraud or failure to meet regulatory requirements. Medium suggests a less important vulnerability not fundamental to system integrity. Low priorities relate to good practice or enhancements to procedures.

2.3 We also measure the overall adequacy and effectiveness of internal control in a system on a five-point scale where a score of 5 means the system is performing particularly well and 1 that the level of control is unacceptable. A score of 4 reflects a system with satisfactory controls and scores of 3 and 2 reflect increasing degrees of the need to improve control.

2.4 Table One shows the category of recommendations identified for each audit completed, together with the assurance rating for the system reviewed.

**Table One: Reports, Risk & Assurance**

<b>Audit Area</b>	<b>High Risks</b>	<b>Medium Risks</b>	<b>Low Risks</b>	<b>Assurance Rating</b>
Treasury Management	2	5	13	2.7
Vehicle & Plant	-	8	6	3.1
Sundry Debtors (Civica) 06/07	-	3	2	3.1
Benefit Fraud	-	-	-	4.5
Payroll Exceptions Review <sup>1</sup>	2	5	7	-
IT Audit – Networks <sup>2</sup>	3	2	3	-
Grounds Maintenance Contract <sup>1</sup>	-	-	-	-
Swimming Pools	2	9	2	1.9
Stocks & Stores (Lowther Pavilion)	-	3	2	2.4
Council Tax	1	3	1	4.3
Business Rates	1	2	1	4.3
<b>Total</b>	<b>11</b>	<b>40</b>	<b>37</b>	<b>3.3</b>

<sup>1</sup> Non-Assurance Review

<sup>2</sup> Review performed by LCC

2.5 For those systems reviewed by Internal Audit in the first half of 2007/08 the average assurance score was 3.3 on the scale of 1 to 5. This indicates that the framework of control is adequate but some controls are not operating effectively. The average score to date shows no change over last year.

2.6 There were nine important internal control weaknesses brought to the attention of the Section 151 Officer during the first half of the year. Dates for remedial actions to be in place have been agreed with management for all of them.

2.7 Table Two sets out the issues, the responsible executive managers and the agreed dates for resolution.

**Table Two: High Priority Risks Identified**

<b>Risk</b>	<b>Executive Manager</b>	<b>Resolution Date</b>
Failure to reconcile investment transactions to financial records	Finance	Oct 07
Inadequate internal control in the execution of investments	Finance	Sep 07
Inadequate supervisory and management checks in relation to payroll transactions	Corporate Policy	May 07
Weakness in the IT network architecture	Corporate Policy	Mar 08
Business continuity plans not yet finalised	Democratic Services	Jan 08
Failure to risk assess the physical and environmental security of IT facilities	Corporate Policy	Dec 07
Weakness in the supervisory regime for swimming pools	Community & Cultural	Oct 07
Failure to agree a Service Level Agreement with YMCA for St Annes Pool administration	Community & Cultural	Apr 08
Failure to agree a Service Level Agreement with Blackpool Council for Pericles system operations (CTax/NNDR)	Finance	Sep 07

2.8 At the present time arrangements to improve the supervisory and management checks in relation to payroll transactions have partly been implemented. The remaining issues have not reached the agreed date for resolution.

### 3. Follow-Up Work

3.1 Follow-up reviews are performed to appraise management of post audit actions and provide assurance that audit recommendations have been implemented. Six (6) follow-up reviews have been completed to 15 September.

3.2 Table Three shows the total number of agreed recommendations that were implemented by managers

**Table Three: Agreed Recommendations Implemented**

<b>Audit Area</b>	<b>R e c o m m e n d a t i o n s</b>		
	<b>Total Agreed</b>	<b>Number Implemented</b>	<b>% Implemented</b>
Purchasing Cards	9	3	33%
Petty Cash & Floats	8	8	100%
BVPI Outturn Audit	7	7	100%
Annual Leave	5	5	100%
Business Rates	7	5	71%

Council Tax	7	5	71%
<hr/>			
Total	43	33	77%

3.3 The overall implementation rate to 15 September has improved from 63% during 2006/07 to 77%. Hopefully this trend will be maintained throughout the remainder of the current year.

#### 4 Special Investigations

4.1 During the year to the 15<sup>th</sup> September the audit team undertook four special investigations into allegations of fraud and corruption. One of these was the result of information provided by a whistleblower.

4.2 In one case the employee under investigation admitted the allegation and resigned. A further case resulted in disciplinary action against the employee concerned. The two remaining cases are ongoing - one is awaiting the commencement of disciplinary proceedings while the other remains at the investigation phase.

4.3 Table Three summarises the results of the various special investigations during April to mid-September compared with the outturn for the previous year.

**Table Eight: Results of Special Investigations**

Outcome	Number	Number
	2006- 07	2007 (Apr-Sep)
Disciplinary action	1	1
Employee Resigned prior to conclusion	-	1
No evidence to support allegation	2	-
Inconclusive evidence	2	-
Investigation aborted	-	-
Police investigation, inconclusive	2	-
Standards Board referral, no action	1	-
Investigation ongoing	-	2
<hr/>		
Total	8	4

4.4 Altogether a total of 50 days was taken up dealing with reactive fraud work during the period 1<sup>st</sup> April 2007 to the 15<sup>th</sup> September. This compares with a total of 21 days spent on fraud in 2006-07 and 18 days in 2005-06. Clearly the amount of fraud work required is not predictable and its impact on the achievement of the audit plan can be considerable. In the first half of this year the workload has been particularly significant

#### 5 Projects, Consultancy & Advice

5.1 This section summarises the range of services, beyond internal audit's assurance role. Such work is often requested by clients, rather than forming part of the risk-based audit

function. Commonly, they will involve problem-solving issues as an aid to management for the enhancement of their service. The nature and scope of the work may include facilitation, process design, training, and advisory services, but this list is not exhaustive

5.2 In the first half of 2007-08 internal audit has undertaken project work, provided advice or acted in a consultancy capacity in the following areas, which is not an exhaustive list:

- ♦ Statement on Internal Control – manager’s internal control assurance statements were revised, issued, collected and reality checked by internal audit. A draft statement was prepared for approval and agreed with the Section 151 Officer and Management Team. The Statement was adopted by the Audit Committee on 29 June 2007.
- ♦ Code of Corporate Governance – issued corporate governance assurance statements to managers; assisted in completion and reality checked the returned documents. A draft statement was prepared for approval by Management Team, which was finally adopted by the Audit Committee.
- ♦ Performance Management - performed a detailed verification of the information, data and calculations supporting the published BVPI figures in preparation for Audit Commission final review and approval. The input from Internal Audit resulted in a fully accurate publication of performance indicators for the second year.
- ♦ Payroll Exceptions – undertook a review of reported payroll exceptions to highlight potential value of money concerns and to assess whether the current arrangements are fit for purpose and management action appropriate.
- ♦ Grounds Maintenance Contract – carried out a review of the tendering process to ensure the contract procedure rules and other Council regulations were properly followed and that the exercise was conducted with impartiality and probity.
- ♦ Contract Procedure Rules – contributed to the redrafting of the contract regulations as part of a multi-disciplinary team.

## IMPLICATIONS

Finance	The Accounts and Audit Regulations 2003 require the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
Legal	No specific implications
Community Safety	No specific implications
Human Rights and Equalities	No specific implications
Sustainability	No specific implications
Health & Safety and Risk Management	Internal audit work covers key areas of risk and should therefore strengthen the internal control framework.

Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658413	Date of report	

### List of Background Papers

Name of document	Date	Where available for inspection
Interim internal audit report 2007/08		All background papers or copies can be obtained from Savile Sykes – Head of Internal Audit on 01253 658413 or e-mail <a href="mailto:saviles@fylde.gov.uk">saviles@fylde.gov.uk</a>

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
FINANCE	AUDIT COMMITTEE	27/09/07	8

## FOLLOW UP REPORTS 2006-07 (UPDATE)

### Public Item

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

### Summary

At its meeting in June 2007 the committee considered the Internal Audit Annual Report for 2006/07. The Head of Internal Audit was requested to remind managers of the recommendations they had agreed to implement and to provide a further report outlining the number of recommendations still outstanding. This report sets out the current position.

The report links principally to the Corporate Objective - "Deliver high quality services".

### Recommendation

It is recommended that:

The Committee notes the latest position with regard to each of the agreed internal audit recommendations not implemented by management during 2006/07.

### Cabinet Portfolio

The item falls within the following Cabinet portfolio:  
Finance & Efficiency (Councillor Paul Rigby)

## **Report**

### **Background**

1. Internal Audit carries out follow-up reviews to appraise management of post audit actions and to provide assurance that agreed audit recommendations have been implemented. Thirteen (13) follow-up reviews were completed during the financial year 2006/07.
2. The Internal Audit Annual Report for 2006/07 noted that the overall implementation rate had declined from 72% in 2005/06 to 63%. This was in spite of the introduction during the year of an alert to managers when the implementation date had passed for each agreed recommendation and again in advance of the follow-up review.
3. At its meeting in June 2007 the Audit Committee requested the Head of Internal Audit to remind managers of the outstanding high and medium priority recommendations they had agreed to implement and to provide a further report outlining the number of such recommendations still not in place.

### **Current Position**

4. A total of 22 agreed recommendations in the high and medium priority were brought to the attention of managers following the Audit Committee resolution. One is no longer applicable following a change in computer software. Of the remaining 21 a further 11 have now been implemented.
5. This increases the overall annual rate of implementation from 63% to 72% - the same as for 2005/06. The rate of implementation for high and medium recommendations has increased from the originally reported figure of 64% to 80%.
6. The Table below shows the total number of agreed high & medium recommendations that have now been implemented by managers:

#### **2006/07 High & Medium Recommendations Implemented –at 01/09/07**

Audit Area	High Priority		Medium Priority		% Implemented
	Yes	No	Yes	No	
Sundry Debtors 05-06	-	-	4	-	100%
Creditors 05-06	-	-	5	1	83%
Post Opening	-	-	8	-	100%
Payroll	-	1	10	4	71%
Treasury Management	-	1	1	3	20%
Creditors 06-07	-	-	4	1	80%
Sundry Debtors 06-07	-	-	7	-	100%
Land Charges	-	-	4	-	100%
Cash Collection	1	-	3	1	75%
Total	1	2	46	10	80%

7. Improvements have been noted in the percentage of recommendations implemented for all the audits listed with the exception of Treasury Management. The high priority recommendation not addressed for this audit relates to inadequate internal control in the execution of investments.

8. In the case of Payroll, the other area with several outstanding issues, all the points including the high priority recommendation, relate in some way to the lack of service level agreements for the operation of payroll systems. Within the next few months, however, these issues will all be superseded by the new contractual situation of HR.

IMPLICATIONS	
Finance	The Accounts and Audit Regulations 2003 require the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
Legal	No specific implications
Community Safety	No specific implications
Human Rights and Equalities	No specific implications
Sustainability	No specific implications
Health & Safety and Risk Management	Internal audit work covers key areas of risk and should therefore strengthen the internal control framework.

Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658413	Date of report	

List of Background Papers		
Name of document	Date	Where available for inspection
Schedule of Outstanding Actions 2006/07	September 07	All background papers or copies can be obtained from Savile Sykes – Head of Internal Audit on 01253 658413 or e-mail <a href="mailto:saviles@fylde.gov.uk">saviles@fylde.gov.uk</a>

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
CHIEF EXECUTIVE	AUDIT COMMITTEE	27 <sup>TH</sup> SEPTEMBER 2007	9

## USE OF RESOURCES ACTION PLAN UPDATE

### Public Item

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

### Summary

The report provides a progress report against the action plan adopted in response to the 2007 Use of Resources Report.

### Recommendation

1. That the committee notes the progress made against the action plan.

### Report

1. Copies of the 2007/08 Audit & Inspection and Use of Resources Action Plans are attached at Appendices A and B respectively.
2. An updated position statement on each of the Action Plans is attached at Appendices A1 and B1 respectively.

Implications	
Finance	None arising directly from the report.
Legal	None arising directly from the report.
Community Safety	None arising directly from the report.
Human Rights and Equalities	None arising directly from the report.
Sustainability	None arising directly from the report.
Health & Safety and Risk Management	Implementation of the action plan will influence the audit risk classification of the Council.

Report Author	Tel	Date	Doc ID
P Woodward	(01253) 658500	September 2007	H/AuditCommittee/Sept07

List of Background Papers		
Name of document	Date	Where available for inspection
Attached at Appendix A		

**Attached documents**

1. Appendix A - Audit & Inspection Action Plan
2. Appendix A1 - Progress Update on Audit & Inspection Action Plan
3. Appendix B - Use of Resources Action Plan
4. Appendix B1 - Progress Update on Use of Resources Action Plan

REF.	RECOMMENDATION	PROPOSED ACTIONS
1	Ensure robust business cases are routinely prepared to support procurement and joint delivery decisions.	Training on the Project Planning Framework will be provided to all management and supervisory staff during 2007/08. Completion Date – Nov. 07 Lead Officer - DAJ
2	Enhance the use of benchmarking throughout the Council to ensure all service performance is challenged.	Revise the Council's performance management framework in April 2007 to a web-based application (Escendency). Investigate current opportunities for concurrent benchmark data across all BVPI's and report to O & S Committee. Completion Date - Aug. 07 Lead Officer - AO
3	Monitor and address the underlying reasons for the contact centre abandoned calls.	Undertake in-depth review of call centre operations and implement a Response Plan. Completion Date - Sept. 07 Lead Officer - PN
4	Address the recommendations made within the cross cutting piece of work Lancashire Children and Young People action plan.	The recommendations of this report, together with proposed responses, to be presented to Cabinet in May 2007. Completion Date - Jun 07 Lead Officer - PWw
5	Review the final accounts closedown arrangements to ensure that the Council is not overly reliant on one key member of staff.	Provide additional staff resources for the 2006/07 accounts close down arrangements. At the Audit Committee in September we will report on – <ul style="list-style-type: none"> <li>- a review of the success of the closedown arrangements,</li> <li>- the CIPFA '7 stage' evaluation of outside interests.</li> </ul> Completion Date - Sept. 07 Lead Officer - BW

REF.	RECOMMENDATION	PROPOSED ACTIONS
6	Take the necessary action to address the issues highlighted within the Audit Summary Report Action Plan.	Included in 5 above. Completion Date - Sept 07 Lead Officer - BW
7	Build on the strengths identified from the Use of Resources assessment and develop an action plan to focus on those areas required to be in place to achieve the next level.	See separate Use of Resources Action Plan for 2007. Completion Date - Jun. 07 Lead Officer - PWw

<b>Ref.</b>	<b>Action</b>
1	See U of R Action Plan Update – para 2.1
2	See U of R Action Plan Update – para 2.3 & 5.1
3	Complete – Overview and Scrutiny review led to changes being implemented.
4	Complete - ongoing through Fylde LSP
5	Included in agenda of Audit Committee, September 2007
6	Included in Action 5 above
7	Incorporated with the U of R Action Plan

## USE OF RESOURCES ACTION PLAN 2007

## Appendix B

REF.	RECOMMENDATION	PROPOSED ACTIONS
1.1	<p>Ensure that the initial statements approved by the Council incorporate group accounts.</p> <p>Produce an informative explanatory paper providing interpretation of the accounts and highlighting key issues for the benefit of members.</p>	<p>All group accounts incorporated into 2006/07 published statements.</p> <p>Explanatory note on the interpretation of the accounts circulated to Members.</p> <p>Completion Date – October 2007</p> <p>Lead Officer - Executive Manager (Finance)</p>
1.2	<p>Consider publishing summary financial statements after consultation with a range of stakeholders.</p>	<p>Consultation letter sent to potential stakeholders.</p> <p>Summary financial statements produced if feedback indicates demand.</p> <p>Completion Date - October 2007</p> <p>Lead Officer - Executive Manager (Finance)</p>
2.1	<p>Ensure that the Council's Business Plans takes account of sensitivity analysis and expected developments in services.</p> <p>Communicate the key messages from the MTFS to staff and stakeholders.</p> <p>Ensure that there are clear links between budgets and the MTFS, business and activity plans, and risk assessments of material items of income and expenditure.</p> <p>Demonstrate the use of project appraisals, business plans and affordability tests for all significant policy and capital developments.</p>	<p>Service Plan template amended to include current and 3 – 5 year development consideration of material items.</p> <p>MTFS, including sensitivity analysis, reviewed annually and published internally &amp; externally along with key financial information.</p> <p>Completion Date - October 2007</p> <p>Lead Officer - Executive Manager (Finance)</p> <p>Corporate project plans reviewed monthly through Management Team.</p> <p>Project planning training delivered through middle management development programme.</p> <p>Completion Date - November 2007</p> <p>Lead Officer - Executive Manager (Streetscene)</p>

## USE OF RESOURCES ACTION PLAN 2007

## Appendix B

REF.	RECOMMENDATION	PROPOSED ACTIONS
2.2	<p>Produce accurate and meaningful profiled financial monitoring reports for all budget holders within ten working days of the month end.</p> <p>Ensure that budget monitoring can be related to operational activity indicators that are lead indicators of spend.</p>	<p>CIVICA FMS routinely providing monthly reporting data to all Executive Managers.</p> <p>Completion Date - August 2007</p> <p>Lead Officer - Accountancy Services Manager</p>
2.3	<p>Link local performance measures in relation to assets to corporate objectives and report them as a matter of routine.</p> <p>Develop an approach for the coordination of asset management information and its integration with relevant organisational financial information.</p> <p>Communicate the results of performance measurement and benchmarking to stakeholders where relevant.</p>	<p>a) Install the <i>Essendancy</i> PMF software and provide training to asset management staff.</p> <p>b) Asset Review Group to consider relevant asset &amp; financial information to be integrated into performance exception reports.</p> <p>Completion Date – September 2007</p> <p>Lead Officer - Executive Managers :-</p> <p>a) Policy &amp; Performance</p> <p>b) Strategic Planning &amp; Development</p>
3.1	<p>Ensure that there is monitoring information available which evaluates the effectiveness of recovery actions, associated costs, and the costs of not recovering debt promptly for material categories of income.</p>	<p>a) Produce quarterly monitoring reports to management team on the effectiveness of the debt collection arrangements</p> <p>b) Report to members annually on debt recovery performance for material categories of income</p> <p>Completion Date – February 2008</p> <p>Lead Officer - Executive Manager (Finance)</p>

REF.	RECOMMENDATION	PROPOSED ACTIONS
4.1	Demonstrate that risk management is embedded in the Council's corporate business processes. Continue to develop risk management processes to the point where the Council is viewed by other councils as displaying best practice and innovation in this area.	Operational and strategic risk management embedded in service planning and staff PDA frameworks and reflected in the meetings of Management Team. Completion Date – September 2007 Lead Officer - Executive Manager (Democratic & Member Services)
4.2	Demonstrate that the assurance framework is embedded in the Council's corporate business processes.	a) Include the control assurance framework within all Council procedures for strategic and policy reviews; performance management; project management; business case development and strategic partnership b) Add governance and control assurance to the implications grid on committee reports Completion Date – December 2007 Lead Officer - Executive Manager (Finance)
4.3	Be proactive in raising standards of ethical behaviour amongst members and staff, including the provision of ethics training. Improve arrangements for officers to declare pecuniary interests and ensure that such declarations are subject to review by a senior officer.	Ethical training incorporated into the Member Training & Development Programme, the work of the Middle Managers Group and staff PDA system. All relevant officer declarations updated annually. Completion Date – September 2007 Lead Officer - Head of Legal Services

## USE OF RESOURCES ACTION PLAN 2007

## Appendix B

REF.	RECOMMENDATION	PROPOSED ACTIONS
5.1	<p>Ensure that overall, costs and unit costs for key services demonstrate best value compared to other councils providing similar levels and standards of services and allowing for the local context.</p> <p>Demonstrate a sustained track record of investment leading to improved outcomes for users and sustainable efficiency gains. Ensure that new investment is supported by clear targets and timescales for measuring improvement.</p> <p>Demonstrate a track record for effectively addressing areas of unintended high spending and emerging areas of budgetary pressure.</p> <p>Demonstrate that the Council evaluates the outcomes from its capital programme in accordance with objectives, with identifiable improvements in service delivery.</p>	<p>a) VFM awareness programme developed in partnership with Audit Commission and implemented for Mgmt Team &amp; middle managers.</p> <p>b) Spending variations (revenue &amp; capital) monitored via CIVICA through Mgmt Team.</p> <p>c) Capital Programme evaluation routinely undertaken through project planning reviews by Mgmt Team.</p> <hr/> <p>Completion Date – January 2008</p> <hr/> <p>Lead Officer - Executive Manager:-</p> <ul style="list-style-type: none"> <li>a) Policy &amp; Performance</li> <li>b) Finance</li> <li>c) Finance</li> </ul>
5.2	<p>Strengthen the approach to embedding value for money in the Council's culture.</p> <p>Ensure that the Council has clear information on costs and how these compare to others and to the quality of services achieved currently and over time.</p> <p>Demonstrate a strong track record of managing costs alongside quality of services and responding to local needs.</p> <p>Ensure that managers use information to review value for money and report to members.</p> <p>Ensure that the information on costs and the quality of services</p>	<p>a) Routinely review the A C vfm profiles for benchmarking &amp; target setting.</p> <p>b) Update the performance / cost matrix and report on a programme of prioritised vfm self assessments to Mgmt Team and Performance Improvement O &amp; S Committee.</p> <p>c) Ensure completion of Equality Impact Assessments.</p> <p>d) Use customer feedback to assess vfm and targets through the wider use of user satisfaction surveys.</p> <p>e) Explore the prospects for establishing a mentoring arrangement with a top U o R / CPA rated council.</p>

## USE OF RESOURCES ACTION PLAN 2007

## Appendix B

<p>5.2 (cont)</p>	<p>includes information on equity across the whole community. Ensure that all policy proposals have built in cost analyses. Assess and track the impact on users to ensure that costs are not simply cuts without regard to outcomes. Demonstrate a sustained track record of driving improvements in services and value for money through the effective use of targets.</p>	<p>Completion Date –</p> <ul style="list-style-type: none"> <li>a) from July 2007</li> <li>b) September 2007</li> <li>c) January 2008</li> <li>d) January 2008</li> <li>e) October 2007</li> </ul>
		<p>Lead Officer -</p> <ul style="list-style-type: none"> <li>a) Management Team Agendas</li> <li>b) Executive Manager (Policy &amp; Performance)</li> <li>c) Deputy Chief Executive</li> <li>d) Deputy Chief Executive</li> <li>e) Chief Executive</li> </ul>

Ref	Update
1.1	Complete - The Statement of Accounts approved by the Audit Committee included the group accounts The explanatory note is to be incorporated into information published under 1.2 below.
1.2	Consultation complete. Limited interest was expressed but a draft summary note is now in preparation.
2.1	The Medium Term Financial Strategy is currently being updated and will be reported to Cabinet in November. This will include some sensitivity analysis and risk assessment of material items. Project plans are reviewed monthly by Management Team. Project planning training has been scheduled for key staff between November – January.
2.2	Profiled budget monitoring reports have been issued in September and will be produced on an ongoing basis as part of the budget estimates process and beyond.
2.3	The Performance & Efficiency Officer and the Asset Team have integrated the local PI's into Escendency which is now operational. The work requires some fine-tuning and will be complete by the end of September with PI updates produced at the necessary frequency for stakeholders. Escendency has been installed and is populated with the corporate objectives and training is currently being delivered. The Asset Review Group is yet to consider relevant PIs to incorporate in exception reports.
3.1	Completion scheduled – February 2008. Past monitoring reports have incorporated information on debt recovery and further work is being undertaken in this area to meet the completion date.
4.1	Unit Risk Registers have been provided by all Business Units to the Operational Risk Management Group. Progress reports will be provided by Unit Risk Champions on the Unit Risk Register to the December meeting of the ORMG. Employees are requested to produce a copy of a risk assessment for their job as part of their PDA meetings.
4.2	On target for December completion.
4.3	Ethical training is incorporated in the Member Training & Development Programme (e.g. Code of Conduct & the Ethical Framework: Members' learning hour 17/09/07). The remainder of the 2007/08 IDeA capacity building programme includes a one day session with the Standards Committee on the implementation of the ethical governance toolkit. Officer declarations are updated annually. Officer awareness of the ethical framework will be delivered via the Middle Manager's / Professional Officer Group before March '08.

Ref	Update
5.1	<p>The VFM awareness programme has commended using Audit Commission profiles on the council's web site, in service planning, inspection work and reports.</p> <p>Spending variations and the capital programme are routinely reviewed via the budget monitoring process and through quarterly reports to management team and the Cabinet.</p> <p>A report will be taken to the Performance Improvement Committee in November 2007 providing details of the VFM profiles and their application.</p>
5.2	<p>Appropriate training for senior and middle managers on benchmarking and VFM profiles is currently being designed with the Audit Commission. It is also being addressed by the work already undertaken on the council's web site and will be completed in November with the report on performance / cost matrix to committee.</p> <p>Good progress is being made on equality impact assessments across business units.</p> <p>The 'Moving to Excellence' report which sets out an approach to embedding vfm and continuous service improvement has been approved by Cabinet.</p>

## Audit Committee



Date	Thursday 26 July 2007
Venue	Town Hall, Lytham St Annes
Committee members	Keith Hyde (Chairman), John Singleton (Vice-Chairman) Kathleen Harper, Elizabeth Oades
Other Councillors	
Officers	Phillip Woodward, Tracy Scholes, Ian Curtis, Brian White, David Bennett
Others	Peter Buckley (Audit Commission)

### 1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.

### 2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 29 June 2007 as a correct record for signature by the chairman.

### 3. Substitute members

There were no substitute members.

### 4. Statement of Accounts

Mr. White, Executive Manager for Finance presented the Council's Statement of Accounts for approval. In presenting the accounts Mr. White reported that problems around missing the initial deadline for closing the accounts would be addressed and a report made to a future meeting of the Audit Committee.

It was outlined that the accounts were presented in a statutory format to national accounting standards.

Members raised various issues including the Clifton Lytham Housing Association and its cost to the Council in terms of administration and queries around the Business Improvement Grant, officers' emoluments and capital receipts accrued for Ansdell dating back to the sale of the bus company.

Missing figures from the cash flow statement were queried and members were advised that these figures would be finalised within the week.

RESOLVED That the 2006/07 Statement of Accounts as presented by approved.

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