



Agenda

Audit and Standards Committee

Date:	Thursday, 21 September 2017 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, Roger Lloyd, Edward Nash, Graeme Neale, 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 20 July 2017 as a correct record.	1
3	Substitute Members: Details of any substitute members notified in accordance with council procedure rule 24(c).	1
	STANDARDS ITEMS:	
4	Issues Raised with the Monitoring Officer (INFORMATION ITEM)	3 - 4
	AUDIT DECISION ITEMS:	
5	Code of Corporate Governance	5 - 42
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9	Regulation of Investigatory Powers Act 2000: Authorisations	89
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The code of conduct for members can be found in the council's constitution at
<http://fylde.cmis.uk.com/fylde/DocumentsandInformation/PublicDocumentsandInformation.aspx>

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INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MONITORING OFFICER	AUDIT AND STANDARDS COMMITTEE	21 SEPTEMBER 2017	4
ISSUES RAISED WITH THE MONITORING OFFICER			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

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

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

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

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

SOURCE OF INFORMATION

The Monitoring Officer.

INFORMATION

The table below shows the nature of the allegations made in the complaints since last reported to the Audit and Standards Committee on 15 June 2017. Complainants do not need to specify a relevant part of the code where they believe a breach has occurred (and indeed some of these complaints relate to differing codes dependant on when the complaint originates). For the purpose of the table below, the Monitoring Officer has made a judgement and grouped them accordingly.

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

BOROUGH MATTERS	
Failure to treat others with respect	2
Bringing the authority into disrepute	1
Interests	0

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

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

FURTHER INFORMATION

Contact Tracy Morrison, Monitoring Officer Tel: 01253 658521

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	AUDIT AND STANDARDS COMMITTEE	21 SEPTEMBER 2017	5
CODE OF CORPORATE GOVERNANCE			

PUBLIC ITEM

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

SUMMARY

The council's present Code of Corporate Governance was adopted in 2016. Changes to national guidance have made it appropriate to revisit and review the existing code. The report presents a revised code to the committee for consideration and adoption.

RECOMMENDATION

To adopt the updated Code of Corporate Governance in place of the existing code.

SUMMARY OF PREVIOUS DECISIONS

Audit Committee, 3 April 2008: To approve the local code of governance as a framework to work towards and seek an updated report at the next meeting of the committee.

Audit Committee, 17 June 2008: To approve the local code of corporate governance.

Audit & Standards Committee 16 June 2016: Adopted an updated code of corporate governance in place of the existing code.

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 CIPFA/SOLACE FRAMEWORK

1. The council's present Code of Corporate Governance was adopted in June 2016. The code was adopted in conformity with guidance contained in "Good Governance in Local Government: A Framework", issued by the Chartered Institute of Finance and Accountancy and the Society of Local Authority Chief Executives.
2. The Framework urged councils to develop and maintain an up-to-date local code of governance consistent with the core principles set out in the guidance. This included making arrangements for ensuring ongoing application and effectiveness of the local code, reviewing governance arrangements against the Framework and preparing governance statements each year to report publicly on how they comply with their own codes including how effective their governance arrangements are.

THE UPDATED CODE

3. An entirely new edition of the Framework was published last year. The new Framework is intended to '*ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities*'¹. It seeks to position '*the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures*'². It highlights sustainability – the responsibility to take account of the impact of current decisions and actions on future generations - and the links between governance and public financial management.
4. In the light of the new Framework, it is now appropriate to review the council's Code of Corporate Governance. The officer Corporate Governance Group, consisting of the Director of Resources, Chief Financial Officer, Head of Governance and Chief Internal Auditor have undertaken a review of the existing code. A proposed revised code is attached. The existing code can be downloaded from [here](#). Members are asked to approve the changes by adopting the revised code.

IMPLICATIONS	
Finance	There are no financial implications arising directly from this report. However the Code of Corporate Governance is a key component of the council's commitment to sound financial management.
Legal	The preparation of a code of governance and an annual governance statement complying with the CIPFA/SOLACE guidance is effectively a legal requirement under the Accounts and Audit (England) Regulations 2011.
Community Safety	None relating directly to this report
Human Rights and Equalities	None relating directly to this report
Sustainability and Environmental Impact	None relating directly to this report
Health & Safety and Risk Management	Good risk management is crucial to proper corporate governance, as the code and the CIPFA/SOLACE guidance makes clear.

LEAD AUTHOR	CONTACT DETAILS	DATE
Ian Curtis	01253 658506	July 2017

¹ Framework, paragraph 1.2

² Framework, paragraph 1.3

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Delivering Good Governance in Local Government: Framework	2016	Town Hall, St Annes
Delivering Good Governance in Local Government: Guidance Note for English Authorities	2016	Town Hall, St Annes
Fylde Council Code of Corporate Governance	2016	https://fylde.cmis.uk.com/fylde/DocumentsandInformation.aspx

Attached documents

1. Proposed revised Code of Corporate Governance



Code of Corporate Governance

Document Record

Release: Version 3

Date:

Author: Ian Curtis

Ownership: Resources Directorate

Document History

This code replaces the previous Code of Corporate Governance.

Document Location

A copy of the policy is available on the Fylde Council web site.

The original master copy is stored on the network drive belonging to the Head of Governance.

Revision History

Date of next revision:

Revision Date	Previous version number	Previous revision date	Summary of changes
27/3/16	1	3/4/08 (Adoption of version 1)	Changes to reflect changes to national guidance and to the council's systems of managerial and political governance
XXXX	2	16 June 2016 (adoption of version 2)	Changes to reflect the 2016 edition of CIPFA's "Delivering Good Governance in Local

			Government Framework”
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Approvals

This policy requires the following approvals:

Audit and Standards Committee (obtained XXXXX)

Distribution

This code requires each head of service to review arrangements within his or her own service for securing proper corporate governance and sign an assurance statement. Additionally, the Leader of the Council and Chief Executive are required to sign an Annual Governance Statement, whose content will need to be informed by the assurance statement of each head of service.

1. WHAT IS GOVERNANCE AND THE LOCAL CODE?

- 1.1 For Fylde Council, governance comprises the arrangements put in place to ensure that the Council defines and achieves its intended outcomes for stakeholders. To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.
- 1.2 This local code sets out the arrangements that comprise Fylde's system of governance, the principles of good governance that it has adopted and the procedures that are in place to review whether the council is delivering good governance and to improve governance.

2. WHAT ARE THE PRINCIPLES OF GOOD GOVERNANCE?

- 2.1 The principles of good governance are set out in the publication "Delivering Good Governance in Local Government: Framework" (2016), published by CIPFA and SOLACE. This local Code shows how Fylde Council will comply with the CIPFA SOLACE Framework.
- 2.2 The Framework sets out seven core principles of good governance. The core principles are:
 - A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - B Ensuring openness and comprehensive stakeholder involvement
 - C Defining outcomes in terms of sustainable economic, social and environmental benefits
 - D Determining the interventions necessary to optimise the achievement of the intended outcomes
 - E Developing the entity's capacity including the capability of its leadership and the individuals within it
 - F Managing risks and performance through robust internal control and strong public financial management
 - G Implementing good practices in transparency, reporting and audit to deliver effective accountability
- 2.3 Each core principle divides into a number of sub-principles. The following paragraphs set out the behaviours and actions that demonstrate how Fylde Council will comply with each sub-principle:

3. WHAT ARE FYLDE COUNCIL'S GOVERNANCE ARRANGEMENTS?

- 3.1 The Council's investment and activities are focused on achieving our corporate priorities, which are:
- Value for money: Spending public money in the most efficient way to achieve excellent services
 - Clean and green: Delivering services that customers expect of an excellent council
 - A vibrant economy
 - A great place to live: Making sure that Fylde continues to be one of the most desirable places to live
 - A great place to visit: Promoting Fylde as a great destination to visit
- 3.2 Fylde's decision-making structures are set out in the council's [constitution](#) and other protocols and procedures:
- 3.3 The following tables identify the structures, protocols and procedures by which Fylde Council demonstrates its compliance with the core and supporting principles of its Code of Corporate Governance, along with examples of the evidence associated with them.

A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law		
Supporting principles	Behaviours and actions that demonstrate good governance	Evidenced in practice at Fylde Council by:
Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	<ul style="list-style-type: none"> • Code of Conduct for Members • Code of Conduct for Officers • Induction for Officers and Members • Member Development Process • Staff Appraisal Process • Competency Framework
	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).	<ul style="list-style-type: none"> • Communication of shared values to members, staff, residents and partners • Corporate Plan • Audit & Standards Committee • Chairmanship of council meetings
	Leading by example and	<ul style="list-style-type: none"> • Declarations of interests in meetings

	using the above standard operating principles or values as a framework for decision making and other actions.	<ul style="list-style-type: none"> • Conduct at meetings • Audit & Standards Committee • Independent persons • Monitoring Officer role
	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that effectively.	<ul style="list-style-type: none"> • Council's constitution • Anti-fraud Policy • Register of staff interests • Register of gifts and hospitality • Whistleblowing Policy • Complaints policies • Recorded declaration of interests at meetings • Corporate Governance Group
Demonstrating strong commitment to ethical values	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	<ul style="list-style-type: none"> • Audit & Standards Committee • Council's Constitution • Internal Audit Charter • Corporate Governance Group
	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.	<ul style="list-style-type: none"> • Competency Framework • Code of Conduct for Members • Code of Conduct for Officers
	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.	<ul style="list-style-type: none"> • Procurement rules • Contract Procedure Rules • HR arrangements and rules
	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.	<ul style="list-style-type: none"> • Partnership Protocol • Contract Procedure rules • Guide to Buying for the Council
Respecting the rule of law	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.	<ul style="list-style-type: none"> • Constitution • Schemes of delegation • Monitoring Officer role and protocol • Transparency code
	Creating the conditions to ensure that the statutory officers, other key post holders, and members are able to fulfil their responsibilities in accordance with legislative and regulatory	<ul style="list-style-type: none"> • Constitution • Job description/person specifications • Terms of reference for Committees • Democratic services • Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government

	requirements.	<ul style="list-style-type: none"> • Compliance with Public Sector Internal Audit Standards
	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.	<ul style="list-style-type: none"> • Reports to Committees include legal implications • Open data website
	Dealing with breaches of legal and regulatory provisions effectively	<ul style="list-style-type: none"> • Monitoring Officer Protocol • Disciplinary policy • Standards framework • Independent persons • Chief Officer Employment Committee
	Ensuring corruption and misuse of power are dealt with effectively.	<ul style="list-style-type: none"> • Audit & Standards Committee • Anti-fraud and Corruption policy • Whistleblowing policy • Anti-Bribery policy
B- Ensuring openness and stakeholder involvement		
Supporting principles	Behaviours and actions that demonstrate good governance	Evidenced in practice at Fylde Council by:
Openness	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.	<ul style="list-style-type: none"> • Publication Scheme/Compliance with the Local Government Transparency Code 2015 • Opportunity for public speaking provided in Committee Meetings • Published Committee agendas, papers and minutes • Variety of communication channels available; Customer Service Centres, Online Reporting and Forms, Social Media and Customer Call Centres • Pay policy statement • Authority's website • Corporate Plan • Financial Statements • Commitment to freedom of information
	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If this is not the case, a justification for the reasoning for keeping a decision confidential should be provided.	<ul style="list-style-type: none"> • Published Committee agendas, papers and minutes including decisions • Committee report format • Infrequent and exceptional use of exempt information procedures
	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about	<ul style="list-style-type: none"> • Decision making (Constitution Article 11) • Committee report format • Published Committee agendas, papers and minutes including decisions

	criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.	<ul style="list-style-type: none"> Published calendar of meetings Guide to Good Report Writing
	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/course of action.	<ul style="list-style-type: none"> Consultation Strategy Publication of current and past consultations www.fylde.gov.uk/resident/consultation/ Pre-budget consultation strategy Consultation on HR Issues/processes
Engaging comprehensively with institutional stakeholders	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.	<ul style="list-style-type: none"> Partnership Protocol Consultation Strategy
	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.	<ul style="list-style-type: none"> Partnership Protocol
	Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.	<ul style="list-style-type: none"> Partnership Protocol Commissioning Plans Documented partnership arrangements; Service Level Agreements, Memorandums of Understanding, Terms of Reference etc.
Engaging with individual citizens and service users effectively	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	<ul style="list-style-type: none"> Consultation Strategy Equality Analysis (e.g. Working Age Council Tax Support Scheme Equality Assessment) Reputation Management Group
	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.	<ul style="list-style-type: none"> Communication Strategy Draft Digital Transformation Strategy
	Encouraging, collecting and evaluating the views and experiences of communities,	<ul style="list-style-type: none"> Consultation Strategy Rollout of new website District/Parish Liaison Committee

	citizens, service users and organisations of different backgrounds including reference to future needs.	<ul style="list-style-type: none"> Residents' survey
	Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.	<ul style="list-style-type: none"> Consultation Strategy Published Consultation results
	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.	<ul style="list-style-type: none"> Consultation Strategy Published Committee agendas, papers and minutes including decision record Residents' survey
	Taking account of the impact of decisions on future generations of tax payers and service users.	<ul style="list-style-type: none"> Consultation Strategy Sustainability assessment of relevant reports
C – Defining outcomes in terms of sustainable economic, social and environmental benefits		
Supporting principles	Behaviours and actions that demonstrate good governance	Evidenced in practice at Fylde Council by:
Defining outcomes	Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions.	<ul style="list-style-type: none"> Corporate Plan Medium Term Financial Strategy Annual Budget
	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.	<ul style="list-style-type: none"> Corporate Plan Service/Team Plans
	Delivering defined outcomes on a sustainable basis within the resources that will be available.	<ul style="list-style-type: none"> Quarterly Performance Reporting Sustainable Procurement Policy Annual budget
	Identifying and managing risks to the achievement of outcomes.	<ul style="list-style-type: none"> Quarterly Performance Reporting Risk Management Strategy and Policy Strategic Risk Management Group Audit reports and action plans Medium Term Financial Strategy
	Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.	<ul style="list-style-type: none"> Corporate Plan Communication Strategy Open data website External Audit - VFM Conclusion Complaints procedure

Sustainable economic, social and environmental benefits	Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decision about service provision.	<ul style="list-style-type: none"> • Corporate Plan • Medium Term Financial Strategy • Capital Programme • Annual Budget • Reports to Committees include environmental impact implications • Risk Assessment Strategy
	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.	<ul style="list-style-type: none"> • Corporate Plan • Medium Term Financial Strategy • Sustainable Procurement Policy • Risk Management Strategy and Policy • Strategic Risk Management Group
	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.	<ul style="list-style-type: none"> • Risk Management Strategy and Policy • Strategic Risk Management Group • Corporate Plan • Medium Term Financial Strategy • Pre-budget consultation strategy
	Ensuring fair access to services.	<ul style="list-style-type: none"> • Equality and Diversity Policy
D – Determining the interventions necessary to optimise the achievement of the intended outcome		
Supporting principles	Behaviours and actions that demonstrate good governance	Evidenced in practice at Fylde Council by:
Determining interventions	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.	<ul style="list-style-type: none"> • Project Management • Published Committee agendas, papers and minutes including decisions • Risk Management Strategy and Policy • Committee report format • Guide to Good Report Writing
	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.	<ul style="list-style-type: none"> • Corporate Plan • Consultation Strategy • Medium Term Financial Strategy • Pre-budget consultation strategy • Opportunity for public speaking provided in Committee Meetings
Planning interventions	Establishing and implementing robust	<ul style="list-style-type: none"> • Calendar of Committee Meetings

	planning and control cycles that cover strategic and operational plans, priorities and targets	<ul style="list-style-type: none"> • Project Management • Performance management framework • Medium term financial strategy
	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.	<ul style="list-style-type: none"> • Consultation Strategy • Project Management • Quarterly meetings with external auditors • District/Parish Liaison Group
	Considering and monitoring risks facing each partner when working collaboratively, including shared risks.	<ul style="list-style-type: none"> • Risk Management Strategy and Policy • Partnership Protocol
	Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances	<ul style="list-style-type: none"> • Chief Executive as driver of change • Flexible working
	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.	<ul style="list-style-type: none"> • Quarterly Performance Reports • Corporate performance management systems
	Ensuring capacity exists to generate the information required to review service quality regularly	<ul style="list-style-type: none"> • Management team • Internal Audit • Corporate performance and Improvement Team
	Preparing budgets in accordance with objectives, strategies and the medium term financial plan	<ul style="list-style-type: none"> • Corporate Plan • Medium Term Financial Strategy • Capital Programme • Annual Budget • Quarterly Performance Reports
	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.	<ul style="list-style-type: none"> • Project Management • Corporate Plan • Medium Term Financial Strategy • Capital Programme • Annual Budget • Quarterly Performance Reports
Optimising achievement of intended outcomes	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	<ul style="list-style-type: none"> • Corporate Plan • Medium Term Financial Strategy • Capital Programme • Annual Budget
	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.	<ul style="list-style-type: none"> • Pre-budget consultation strategy • Medium Term Financial Strategy • Annual Budget • Budget right-sizing

	Ensuring the medium term financial strategy sets the context for ongoing decision on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Annual Budget • Quarterly Performance Reports
	Ensuring the achievement of “social value” through service planning and commissioning.	<ul style="list-style-type: none"> • Procurement Strategy • Sustainable Procurement Strategy • Partnership work with registered providers of social housing
E – Developing the entity’s capacity, including the capacity of its leadership and the individuals within it		
Supporting principles	Behaviours and actions that demonstrate good governance	Evidenced in practice at Fylde Council by:
Developing the entity’s capacity	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	<ul style="list-style-type: none"> • Quarterly Performance Reports
	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.	<ul style="list-style-type: none"> • Internal audit reports • External audit reports • Time Lean process • Asset Management Group • Performance management software • Peer reviews
	Recognising the benefits of partnerships and collaborative working where added value can be achieved.	<ul style="list-style-type: none"> • Partnership Protocol • Shared services
	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.	<ul style="list-style-type: none"> • Competency Framework • Staff Appraisals
Developing the capacity of the entity’s leadership and other individuals	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.	<ul style="list-style-type: none"> • Constitution • Job description/person specification • Protocol on Member/Officer Relations • Members’ Code of Conduct • Officers’ Code of Conduct • Leadership meetings
	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the	<ul style="list-style-type: none"> • Constitution

	collective decision making of the governing body.	
	<p>Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a clear structure and provide a balance for each other's authority. Members are mainly responsible for the political direction and leadership of the Authority; the determination of strategies, policies and plans; and major decisions (including almost all Key Decisions) to implement those strategies, policies and plans. Officers are responsible for day to day managerial and operational decisions in line with those strategies, policies and plans.</p>	<ul style="list-style-type: none"> • Constitution
	<p>Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risk by:-</p> <ul style="list-style-type: none"> • Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged. • Ensuring members and offices have the appropriate skills, knowledge resources and support to fulfil their roles and 	<ul style="list-style-type: none"> • Induction for Members • Staff Induction • Staff Appraisal • Competency Framework • Member development framework • Vocational Qualifications policy • i-Pool training

	<p>responsibilities and ensuring that they are able to update their knowledge on a continuing basis.</p> <ul style="list-style-type: none"> Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external. 	
	Ensuring that there are structures in place to encourage public participation.	<ul style="list-style-type: none"> Consultation Strategy Opportunity for public speaking provided in Committee Meetings
	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.	<ul style="list-style-type: none"> Member development framework
	Holding staff to account through regular performance reviews which take account of training or development needs.	<ul style="list-style-type: none"> Staff appraisal Personal development process
	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.	<ul style="list-style-type: none"> Wellness at Work Sessions Health and Safety regime Occupational Health Operational Risk Management Respecting People at Work Framework Work life Balance through Flexible Working Policy Job Share Policy
F – Managing risks and performance through robust internal control and strong public financial management		
Supporting principles	Behaviours and actions that demonstrate good governance	Evidenced in practice at Fylde Council by:
Managing risk	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.	<ul style="list-style-type: none"> Risk management Strategy and Policy Committee report format
	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.	<ul style="list-style-type: none"> Risk management strategy and policy Reports to Audit and Standards Committee Annual Governance Statement
	Ensuring that responsibilities	<ul style="list-style-type: none"> Risk management Strategy and Policy

	for managing individual risks are clearly allocated.	<ul style="list-style-type: none"> • Strategic risk register • Service risk registers
Managing performance	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	<ul style="list-style-type: none"> • Quarterly Performance Reports • Internal Audit reports
	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.	<ul style="list-style-type: none"> • Risk management strategy and policy • Committee report format • Project Management
	Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.	<ul style="list-style-type: none"> • Procedural Standing Orders for Council and Committees • Published Committee agendas, papers and minutes • Member training and development • Opportunity for public speaking provided in Committee Meetings •
	Providing members and senior management with regular reports on service delivery plans on progress towards outcome achievement.	<ul style="list-style-type: none"> • Quarterly Performance Reports • Calendar of Committee Meetings • Committee report format and clearance procedure
	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).	<ul style="list-style-type: none"> • Financial Procedure Rules • Contract Procedure Rules
Robust internal control	Aligning the risk management strategy and policies on internal control with achieving objectives.	<ul style="list-style-type: none"> • Risk management strategy and policy
	Evaluating and monitoring risk management and internal control on a regular basis.	<ul style="list-style-type: none"> • Risk management strategy and policy • Reports to Audit and Standards Committee
	Ensuring effective counter fraud and anti-corruption arrangements are in place.	<ul style="list-style-type: none"> • Anti-Fraud and Corruption Strategy • Whistleblowing Policy • Anti-Bribery Policy • Anti-Money Laundering Policy • Reports to Audit and Standards Committee
	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	<ul style="list-style-type: none"> • Annual Governance Statement • Maintaining and resourcing an effective internal audit function • Reports to Audit and Standards Committee

	<p>Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment That its recommendations are listened to and acted upon. 	<ul style="list-style-type: none"> Terms of reference of Audit and Standards Committee Annual effectiveness review of Audit and Standards Committee
Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.	<ul style="list-style-type: none"> Information Governance Assurance policy Data Retention policy Data Assurance policy Information Asset Register
	Ensuring effective arrangements are in place and operating effectively, when sharing data with other bodies.	<ul style="list-style-type: none"> Data sharing protocol
	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	<ul style="list-style-type: none"> Data Assurance Policy Annual Audit plan
Strong public financial management	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.	<ul style="list-style-type: none"> Corporate Plan Medium Term Financial Strategy Budget monitoring arrangements Quarterly Performance Reports
	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.	<ul style="list-style-type: none"> Medium Term Financial Strategy Budget monitoring arrangements Quarterly Performance Reports –
G – Implementing good practices in transparency, reporting and audit to deliver effective accountability		
Supporting principles	Behaviours and actions that demonstrate good governance	Evidenced in practice at Fylde Council by:

Implementing good practice in transparency.	Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	<ul style="list-style-type: none"> • Committee report format • Published Committee agendas, papers and minutes including decisions • Open data website
	Striking a balance between providing the right amounts of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.	<ul style="list-style-type: none"> • Compliance with the Local Government Transparency Code 2015 • Open data website • Committee report format
Implementing good practices in reporting	Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.	<ul style="list-style-type: none"> • Annual financial statements • Annual Governance Statement • External Audit reports • Quarterly performance reports
	Ensuring members and senior management own the results reported.	<ul style="list-style-type: none"> • Annual Governance Statement • Reports to Audit and Standards • Committee • Published Committee agendas, papers and minutes including decisions
	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).	<ul style="list-style-type: none"> • Annual Governance Statement
	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.	<ul style="list-style-type: none"> • Annual Governance Statement
	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.	<ul style="list-style-type: none"> • Publication of financial statements in line with best practice guidance
Assurance and effective accountability	Ensuring that recommendations for corrective action made by	<ul style="list-style-type: none"> • External Audit reports • Reports to Audit and Standards • Committee

	external audit are acted upon.	
	Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.	<ul style="list-style-type: none"> • Internal Audit annual report • Reports to Audit and Standards Committee • Self/external assessment of the Internal Audit function against the best practice guidance; "Public Sector Internal Audit Standards" • Internal Audit Charter
	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.	<ul style="list-style-type: none"> • Assurance gathering process for the Annual Governance Statement • Reports to the Audit and Governance Committee
	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.	<ul style="list-style-type: none"> • Annual Governance Statement
	Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.	<ul style="list-style-type: none"> • Partnership Protocol

4. HOW DOES FYLDE COUNCIL REVIEW ITS GOVERNANCE?

- 4.1 As required by the CIPFA SOLACE Framework, the Council prepares an annual governance statement in order to report publicly on the extent to which it complies with its own code of governance, consistent with the principles set out in the Framework.
- 4.2 The Corporate Governance Group has responsibility for overseeing a detailed self-assessment of compliance with the above core principles and sub-principles, which informs the annual governance statement. Much of the required evidence is taken from the following key systems and processes:
- Strategic and business planning;
 - Communication;
 - Performance management;
 - Risk management;
 - Value for money;
 - Probity;
 - Financial strategy;
 - Financial standing;

- Financial management;
- Asset management.

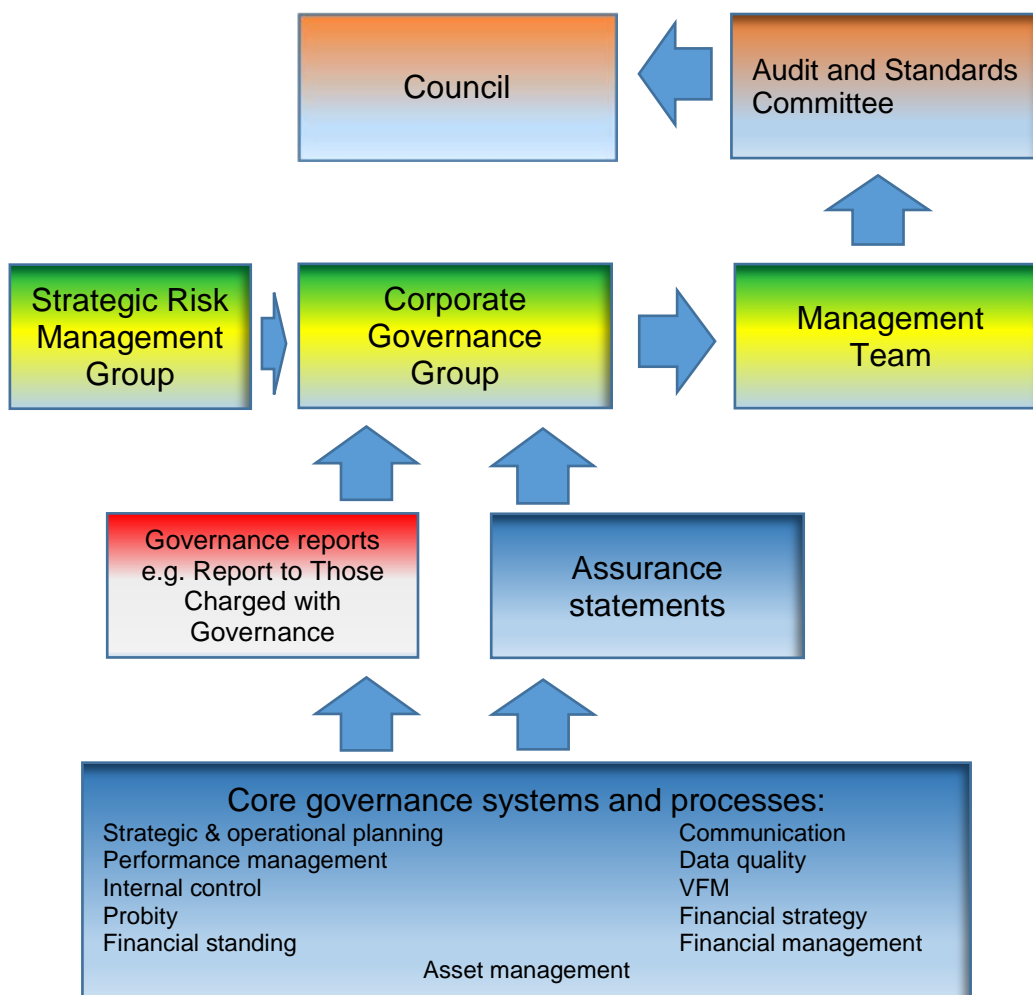
4.3 The key officers involved of the group are:

- Director of Resources (Monitoring Officer)
- Chief Financial Officer (Section 151 Officer)
- Head of Governance
- Chief Internal Auditor

4.4 The Director of Resources has corporate responsibility for governance including oversight of compliance with the CIPFA SOLACE Framework and the process leading to the publication of the Annual Governance Statement.

4.5 Any significant non-compliance issues identified in the self-assessment process are disclosed within the Annual Governance Statement and fed into the service planning process. This means that they are subjected to systematic monitoring which in turn ensures their resolution.

- 4.6 The Annual Governance Statement is also reported to the Management Team and is submitted to Audit and Standards Committee for approval. In addition, the Audit and Standards Committee has responsibility for oversight and scrutiny of governance matters written into its terms of reference. The overall reporting system for corporate governance is shown below. This also indicates that the Corporate Governance Group acts as a conduit for any governance issues identified through external audit and inspection reports.



5. ANNUAL GOVERNANCE STATEMENT

- 5.1 The Council Annual Governance Statement includes the following information:
- an acknowledgement of responsibility internal financial control
 - an indication of the level of assurance that a system of internal financial control can provide
 - a brief description of the main features of the system of internal financial control including controls relating to group activities where the activities are significant

- d. a brief description of the role of internal audit and the management and reporting arrangements for internal audit
 - e. Details of any other reviews informing the assessment of the effectiveness and operation of internal financial control undertaken during the year
 - f. A concise explanation of any identified significant weaknesses in the system of internal financial control, together with the actions undertaken or planned to address these
 - g. A specific statement on whether the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government; Framework; and, where they do not, an explanation of how they deliver the same impact.
- 5.2 The annual governance statement covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure:
 - the authority's policies are implemented in practice
 - high-quality services are delivered efficiently and effectively
 - the authority's values and ethical standards are met
 - laws and regulations are complied with
 - required processes are adhered to
 - performance statements and other published information are accurate and reliable
 - human, financial and other resources are managed efficiently and effectively
- 5.3 It therefore covers performance issues – good governance promotes good service but poor service performance reflects a failure of governance. Consequently, approval and ownership of the governance statement should be at a corporate level and should be confirmed by the most senior officer (chief executive or equivalent) and the most senior member (leader or equivalent) signing the statement on behalf of the authority.
- 5.4 The Leader and Chief Executive therefore sign the Annual Governance Statement on behalf of Fylde Council.
- 5.5 The Annual Governance Statement will be approved by the Audit and Standards Committee by the end of June each year and published with the financial statements so that the publication timetable for the financial statements drives the governance statement approval timetable.

6. ASSURANCE STATEMENTS

- 6.1 As Section 5 above indicates, those signing the Annual Governance Statement will seek assurances that the views of the statutory officers have been taken into account, and they have in turn sought the views of auditors (internal & external) and other inspectorates as to the adequacy and effectiveness of the Council's system of governance.
- 6.2 However in reviewing and approving the Annual Governance Statement, members will also require assurances on the effectiveness of the governance framework from managers across the Council, as it is they who are charged with embedding corporate governance systems within their service areas.
- 6.3 The Council has therefore adopted a system of Assurance Statements (Appendix 1) which are compiled on an annual basis and approved by directors to coincide with the production of the Annual Governance Statement. These require service managers to review the operation of a wide range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues.
- 6.4 The Corporate Governance Group is then charged with analysing the completed Assurance Statements to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues. Any significant non-compliance issues emerging from the Directorate Statements will be included in the Annual Governance Statement.

APPENDIX 1

GOVERNANCE ASSURANCE STATEMENT

Fylde Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this responsibility, members and senior officers are responsible for establishing a sound system of governance.

As a service manager, I have responsibility to enforce the system of governance within my service area to ensure that it supports the achievement of the service's and therefore the Council's objectives.

When discharging my responsibility for reviewing the effectiveness of the system of governance operating within the service area, I have taken into account the following:

- The adequacy and effectiveness of management review processes;
- Outcomes from risk assessments;
- Relevant self-assessments of key service areas within the directorate;
- Relevant internal audit reports
- Outcomes from reviews by other bodies including external and statutory inspectorates and the external auditors.

I am satisfied that the attached pro-forma accurately describes the operation within my directorate of the various elements of the system of governance as set out during the financial year to 31 March 201x. I am satisfied that the system of governance as so described was overall operating effectively within my service area during that time and continues to do so.

Where the pro-forma indicates that an appropriate element of governance is not present or is not fully embedded, I propose to address those matters with a view to making them fully effective.

Signed:

Date:

Service manager for:

Element of governance			
1. Strategic planning			
1.1	A service plan for 201x/1x was prepared and managed according to corporate guidance		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
1.2	The Council's project management guidance has been applied to all the service area's key projects, including capital developments		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
1.3	All partnering arrangements have been managed in accordance with the council's arrangements for partnership working		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
2. Communication			
2.1	The service area has established feedback mechanisms to ensure that the views of service users, partners and stakeholders are taken into account		
Fully embedded	Partially operative	Not operative	Not applicable

Further information:			
2.2	The corporate team briefing process is operating effectively within the service area		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
2.3	Arrangements are in place to ensure that all employees are responsive to complaints received and comply with the Council's complaints procedures		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
3. Performance and people management			
3.1	The service has monitored progress against its service plan on a quarterly basis		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
3.2	The corporate staff appraisal system has operated effectively		

	during the year		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
3.3	Staff personal development plans are up-to-date		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
3.4	Corporate absence management procedures are adhered to		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
3.5	The service has complied with corporate policies for staff recruitment		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			

3.6	All employees comply with the Flexible Working Hours Policy (Flexitime scheme) where applicable		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
3.7	All employees have been made aware of their general responsibilities under equalities legislation		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
3.8	All employees have clearly defined job descriptions		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
4. Data quality			
4.1	The service has effective procedures for the calculation and collection of any service performance indicators		
Fully embedded	Partially operative	Not operative	Not applicable

Further information:			
5. Internal control			
5.1	Key controls over systems and procedural arrangements are in place to ensure that the council is safeguarded from error or irregularity.		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
5.2	All employees are aware of documented procedures and guidance notes where they exist to support the provision of the service.		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
5.3	Agreed recommendations by relevant inspectorates, auditors and other review agencies have been implemented within the agreed timescales		
Fully embedded	Partially operative	Not operative	Not applicable

Further information:			
6. Risk management			
6.1	An annual Directorate Operational Risk Register is compiled which complies with the requirements of the Council's Risk Management Strategy.		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
6.2	Joint risk registers have been compiled for key partnerships		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
6.3	There are up-to-date business continuity plans in place for the service, where appropriate		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
6.4	Corporate health & safety policies and procedures are being complied with		

Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
7. Value for money			
7.1	The service achieves value for money in its use of resources		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
7.2	All procurement has complied with the councils contract procedure rules and any procurement policy		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
8. Probity			
8.1	All employees have access to the Council's Constitution which sets out the basic rules governing the conduct of business and the expected behaviour of individuals.		
Fully embedded	Partially operative	Not operative	Not applicable

Further information:			
8.2	All employees are made aware of their obligations under the Officers' Code of Conduct, and are believed to be in compliance.		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
8.3	All employees are aware of the Council's zero tolerance to fraud approach and comply with the Anti-Fraud and corruption policy.		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
8.4	All suspected cases of fraud or financial impropriety are reported promptly to Internal Audit		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
8.5	All employees are aware of and have access to the Council's Whistleblowing policy		

Fully embedded	Partially operative	Fully embedded	Partially operative
Further information:			
9. Financial management			
9.1	The service regularly monitors its budget		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
9.2	Purchase orders have been raised for all items of expenditure where appropriate		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
9.3	All income is collected and expenditure is processed in accordance with corporate systems and control arrangements		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			

10. Asset Management			
10.1	Asset registers or inventories have been compiled and maintained in accordance with corporate procedures		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
11. Information management			
11.1	Computer systems and data are kept secure		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
11.2	All employees are made aware of their obligations under the council's Computer Use Policy, and are believed to be in compliance		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
11.3	All employees have been made aware of their general responsibilities under the data protection and freedom of information legislation, and are believed to be in compliance		
Fully embedded	Partially operative	Not operative	Not applicable

Further information:			
11.4	The service complies with the council's Information Asset Governance Policy		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			
11.5	An Information Asset Owner and Information Asset Administrator has been identified for each information asset for which the service is responsible		
Fully embedded	Partially operative	Not operative	Not applicable
Further information:			

Notes to the governance assurance statement

The Council is required to publish an Annual Governance Statement alongside its financial statements which must be signed by the Leader and, Chief Executive on behalf of the council. This Statement must include any significant areas of weakness and action plans to address such weaknesses.

The requirements of the Council with regard to governance are set out in guidance published by CIPFA and SOLACE and the Corporate Governance Group are charged with conducting a detailed self-assessment of the extent to which the Council complies with this guidance.

In addition to the corporate self-assessment, assurance is also sought from service managers, as it is they who are responsible for implementing the respective governance systems and procedures within their service areas.

The Council has therefore introduced assurance statements, which need to be compiled on an annual basis to coincide with the production of the Annual Governance Statement. These require service managers to review the operation of a range of governance elements within their service areas and indicate whether there are any significant non-compliance issues.

The Corporate Governance Group will analyse the completed assurance statements to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues. Any significant non-compliance issues emerging from the assurance statements will be included in the Annual Governance Statement itself.

Elements of governance

The assurance statement sets out eleven strands of governance, each of which is sub-divided into separate elements. Each element relates to a specific governance related procedure or measure which should normally be in place within service areas. These are requirements laid down in a range of corporate policies and also form the basis of the annual review of governance by the Audit Commission.

How to use complete the assurance statements

Please complete the relevant part of the form for **every** element of governance by ticking the box below it. What goes in the “Further Information” box depends on what you have ticked.

If you have ticked against:

Fully embedded	Use the box to provide information in support of your claim to have embedded the element in your directorate. This may include a reference to further documentation provided by you with the form, or readily available to those who may validate the form.
Partially operative	Use the box to provide information in support of your claim that the element is partially operating in your directorate (see above), and to set out the steps you will take to try to

	fully embed the element within the next year. These steps should feed into your service plan.
Not operative	Use the box to set out the steps you will take to try to introduce and embed the element within your directorate during the next year. These steps should feed into your service plan
Not applicable	Use the box to say why you believe this element is not applicable within your directorate.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT AND STANDARDS COMMITTEE	21 SEPTEMBER 2017	6
REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT			

PUBLIC ITEM

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

SUMMARY

The report presents the findings of the annual self-assessment exercise undertaken by the Head of Internal Audit in relation to the conformance of internal audit with the Public Sector Internal Audit Standards (PSIAS). The self-assessment compared existing arrangements with those specified in the PSIAS.

RECOMMENDATIONS

1. The Committee notes the findings of the review on the effectiveness of internal audit and confirms the conclusion that there is full conformance with the Public Sector Internal Audit Standards.
2. The Committee notes the progress in implementing enhancements to internal audit arrangements outlined in the Improvement Plan adopted following the external assessment of internal audit in December 2016.

SUMMARY OF PREVIOUS DECISIONS

A report to the March 2017 Audit and Standards Committee advised that the external assessment of internal audit had concluded that Fylde Council conformed to the requirements of the Public Sector Internal Audit Standards. The Improvement action plan in relation to a number of minor observations and advisory points arising from the assessment was also presented.

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

Introduction

1. Internal Audit's Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of the service that Internal Audit:
 - Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards (PSIAS), Definition of Internal Auditing and Code of Ethics;
 - Operates in an efficient and effective manner;
 - Is adding value and continually improving internal audit operations
2. The Head of Internal Audit (HIA) is ultimately responsible for the QAIP, which covers all types of Internal Audit activities. The QAIP must include both internal and external assessments.
3. Internal assessments are both ongoing and periodic, while external assessments must be undertaken at least once every five years. The first external assessment of internal audit took place in December 2016.

Internal Assessment

Ongoing Reviews

4. The arrangements for ongoing assessments are unchanged. The reviews are conducted through:
 - **Supervision of engagements** - all audit engagements are supervised by the HIA to ensure that objectives are achieved and quality is maintained
 - **Documented review of working papers** - the HIA/Senior Auditor review all working papers for each engagement and appropriate evidence of supervision is documented and retained
 - **Audit policies and procedures used for each engagement** - standard audit policies and procedures are applied to ensure compliance with applicable planning, fieldwork and reporting standards
 - **Feedback from customer surveys on individual engagements** - all auditees were asked for their views on the work of the Internal Audit Service as part of the regular satisfaction surveys that are issued at the conclusion of each audit. There was generally a consistent response that effectiveness was good, or better
 - **Analysis of key performance indicators** - a suite of performance indicators for Internal Audit has been established to measure Internal Audit's effectiveness and efficiency
 - **All draft and final reports and recommendations are reviewed** - all reports and action plans are reviewed and approved by the HIA

Periodic Reviews

5. Periodic assessments are designed to assess conformance with Internal Audit's Charter, the PSIAS, Definition of Internal Auditing, the Code of Ethics, and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. As previously reported to the committee, periodic assessments will be conducted through:
 - **Annual self-assessment of conformance with the PSIAS** - The Head of Internal Audit has assessed the effectiveness of Internal Audit using the recommended checklist contained within CIPFA's Local Government Application Note (attached at Appendix A). A small number of minor amendments were included when the PSIAS were re-issued in March 2017 and these are highlighted in the checklist in yellow. Where the wording of the evidential commentary has been amended to reflect current practice, this is highlighted in blue. One area of minor non-conformance and two of partial conformance have been identified but no actions are available to address these. The slight divergence from the standards is inconsequential. Therefore the internal audit service remains compliant with the PSIAS. These areas are set out in a self-assessment document for reference (attached at Appendix B). There is no improvement action plan for 2017/18 arising from this exercise.

- **Review of internal audit key performance indicators by the HIA on a quarterly basis** - the quarterly review of key performance indicators has been maintained and the outturn for 2016/17 was reported to the June meeting of the Audit and Standards Committee. There were no significant matters to take into account.
- **Half-yearly activity and performance reporting to the Audit and Standards Committee and senior management** – the HIA presents an interim and annual report on internal audit activity and performance to the Audit and Standards Committee. The last annual report was presented to June 2017 meeting.

External Assessment

6. External assessments appraise and express an opinion about Internal Audit's conformance with the PSIAS, Definition of Internal Auditing and Code of Ethics and include recommendations for improvement, as appropriate.
7. An external assessment must be conducted every 5 years by a qualified, independent assessor from outside the Council. The assessment may be in the form of a full external assessment, or a self-assessment with independent external validation.
8. In January 2015 the former Audit Committee approved the approach whereby periodic external assessments of Internal Audit will take the form of a self-assessment subsequently validated by suitably qualified individuals or teams from members of the Lancashire District Councils Audit Group on a reciprocal basis across a 5 year cycle.
9. Fylde's external peer review by two Lancashire Heads of Audit took place in December 2016. The review team concluded that Fylde Council's internal audit service conformed to the requirements of the PSIAS.

Reporting

10. Results of internal assessments are reported to the Audit and Standards Committee on an annual basis. Similarly, external assessment results are reported to the Committee and senior management at the earliest opportunity following receipt of the external assessor's report. The report of the external assessment was presented to the March 2017 meeting of the Audit and Standards Committee.
11. Both internal and external assessment reports will be accompanied by a written action plan, where appropriate, in response to any findings contained in the report. The action plan arising from the external assessment contains some minor observations suggesting how internal audit could continue to improve the service delivered (attached at Appendix C).
12. The Head of Internal Audit will implement appropriate follow-up actions to ensure that recommendations made in the report and the action plans developed are implemented within a reasonable timeframe. Outcomes will be reported to the Audit and Standards Committee.

IMPLICATIONS	
Finance	<p>The Accounts and Audit Regulations 2015 require the Council to ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.</p> <p>The report also contributes towards the production of the Annual Governance Statement published each year, which explains the processes and procedures in place to enable the Council to carry out its functions effectively.</p>
Legal	No specific implications
Community Safety	No specific implications
Human Rights and Equalities	No specific implications
Sustainability and Environmental Impact	No specific implications
Health & Safety and Risk Management	No specific implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Savile Sykes	saviles@fylde.gov.uk 01253 658413	21 September 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Public Sector Internal Audit Standards Applying the IIA International Standards to the UK Public Sector	2017	PSIAS March 2017 Document

Attached Documents

Appendix A	PSIAS Checklist 2017
Appendix B	Annual Self-Assessment of Conformance 2017
Appendix C	QAIP Improvement Action Plan 2017

**CHECKLIST FOR ASSESSING CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS AND THE LOCAL GOVERNMENT
APPLICATION NOTE**

Ref	Conformance with the Standard	Y	P	N	Evidence
1	Definition of Internal Auditing				
	Using evidence gained from assessing conformance with other Standards, is the internal audit activity: a) Independent? b) Objective?	✓			<p>The Audit Manager reports to senior management and the Audit & Standards Committee. An Audit Charter is in place that sets out Internal Audit's independence. Internal Audit has no executive responsibilities, thus protecting its independence of reporting and action.</p> <p>Objectivity is one of the four fundamental principles listed in the Internal Audit Charter and Code of Ethics. To achieve this all reports are reviewed by the HIA prior to issue to ensure that the auditor has remained objective and provided a balanced view.</p>
	Using evidence gained from assessing conformance with other Standards, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	✓			<p>There is a risk-based annual audit plan in place. The IA Procedure Manual provides guidance to auditors. Standard methodology in place for determining the ranking of risk issues and audit reports. A standardised reporting format used. The audit work undertaken supports an annual audit opinion on the effectiveness of risk management, control and governance processes.</p>

Ref	Conformance with the Standard	Y	P	N	Evidence
2	Code of Ethics				
	<p>Integrity</p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors:</p> <p>a) Perform their work with honesty, diligence and responsibility?</p> <p>b) Observe the law and make disclosures expected by the law and the profession?</p> <p>c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of internal auditing or to the organisation?</p> <p>d) Respect and contribute to the legitimate and ethical objectives of the organisation?</p>	✓			Internal auditors are bound by their ethical and professional standards. All work undertaken within the section undertaken in conformance with the Audit Charter and the Code of Ethics and subject to review by the HIA. Staff are assessed through the performance appraisal process and feedback on work undertaken is sought from management. Responsibilities and duties are set out in detailed job descriptions.
	<p>Objectivity</p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by not:</p> <p>a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment?</p> <p>b) Accepting anything that may impair or be presumed to impair their professional judgement?</p> <p>c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review?</p>	✓			Internal auditors must comply with Audit Charter / Code of Ethics. Auditors complete an annual declarations of interests.
	<p>Confidentiality</p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>a) Acting prudently when using information acquired in the course of their duties and protecting that information?</p> <p>b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation?</p>	✓			Internal auditors understand the requirement for confidentiality when using information in the course of their duties and the need to protect that information. This requirement is set out in both the IA Procedure Manual and Code of Ethics, and all auditors are aware of this.

Ref	Conformance with the Standard	Y	P	N	Evidence
	<p>Competency</p> <p>Using evidence gained from assessing conformance with other Standards, do internal auditors display objectivity by:</p> <p>a) Only carrying out services for which they have the necessary knowledge, skills and experience?</p> <p>b) Performing services in accordance with the PSIAS?</p> <p>c) Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes?</p>	✓			The Code of Ethics requires that internal auditors should apply the knowledge, skills and experience needed in the performance of internal auditing services, seeking additional advice and support where necessary to ensure work is carried out competently. Training needs are assessed annually through the performance appraisal process.
	Do internal auditors have regard to the Standards of Public Life's Seven Principles of Public Life?	✓			The Standards of Public Life are incorporated into the Code of Ethics and a copy is permanently displayed in the audit office. All audit staff are aware of and have regard for them.
	Standards				
3	Attribute Standards				
3.1	1000 Purpose, Authority and Responsibility				
	<p>Does the internal audit charter include a formal definition of:</p> <p>a) the purpose</p> <p>b) the authority, and</p> <p>c) the responsibility of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?</p>	✓			The Internal Audit Charter includes an up-to-date definition in accordance with the PSIAS and includes the purpose, authority and responsibilities of internal audit together with its independence, role and rights of access.
	<p>Does the internal audit charter define the terms 'board' and 'senior management', for the purposes of the internal audit activity?</p> <p>Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.</p>	✓			The Internal Audit Charter defines the 'board' as the Audit & Standards Committee and 'Senior Management' as the Management Team

Ref	Conformance with the Standard	Y	P	N	Evidence
AN	Does the internal audit charter also:	✓			The Internal Audit Charter reflects all the requirements of the Standards
	a) Set out the internal audit activity's position within the organisation?				
	b) Establish the CAE's functional reporting relationship with the board?				
	c) Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively?				
LGAN	d) Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit?				
	e) Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities? f) Define the scope of internal audit activities?				
LGAN	g) Recognise that internal audit's remit extends to the entire control environment of the organisation?				
LGAN	h) Identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the Accounts and Audit (England) Regulations 2011?				
LGAN	i) Establish the organisational independence of internal audit?				
	j) Cover the arrangements for appropriate resourcing?				
	k) Define the role of internal audit in any fraud-related work?				
LGAN	l) Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, to be notified of all suspected or detected fraud, corruption or impropriety?				
	m) Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities?				
	n) Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation? o) Define the nature of consulting services?				
	p) Recognise the mandatory nature of the PSIAS?				

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the chief audit executive (CAE) periodically review the internal audit charter and present it to senior management and the board for approval?	✓			Last reviewed in November 2016. Any updates required, other than amendments that reflect organisational changes, will be presented to Management Team and the Audit & Standards Committee for approval.
	Does the CAE attend audit committee meetings?	✓			Attendance at all meetings except any exclusively devoted to annual accounts (usually one such meeting per year).
	Does the CAE contribute to audit committee agendas?	✓			Contributes to the Forward Work Programme and the Audit & Standards Committee agenda.
3.2	1100 Independence and Objectivity				
	Does the CAE have direct and unrestricted access to senior management and the board?	✓			HIA has unrestricted access to all members of Management Team and regularly reports to the Section 151 Officer. Head of Internal Audit has freedom to report independently and impartially in his own name to all officers and members and particularly the Audit & Standards Committee.
	Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?	✓			Access rights and reporting lines are specified in the Internal Audit Charter. HIA can contact Chief Executive and Chair of the Audit & Standards Committee at any time. There is also the opportunity for the HIA to meet privately with the Chair of the Audit & Standards Committee.
	Are threats to objectivity identified and managed at the following levels: a) Individual auditor? b) Engagement? c) Functional? d) Organisation?	✓			Audit staff complete declaration of interests annually. Moreover, Internal Audit has no non-audit responsibilities, thus protecting its independence and objectivity. The HIA acts as liaison for the Council's corporate fraud service, but the service is externally managed.

Ref	Conformance with the Standard	Y	P	N	Evidence
	1110 Organisational Independence				
	Does the CAE report to an organisational level equal or higher to the corporate management team?	✓			The Head of Internal Audit reports to the Head of Governance, who is a member of the corporate Management Team. In addition, the HIA has unrestricted reporting access to all Directors and Management Team itself. Internal audit activity is organisationally independent in both its planning and operation.
LGAN	Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	✓			See above.
LGAN	Have reporting and management arrangements been put in place that preserve the CAE's independence and objectivity? This is of particular importance when the CAE is line managed by another officer of the authority.	✓			Access rights and reporting lines are specified in the Internal Audit Charter and the HIA can contact the Chief Executive and/or Section 151 Officer at any time.
LGAN	Does the CAE's position in the management structure: a) Reflect the influence he or she has on the control environment? b) Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? c) Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	✓			Audit plans are agreed with Management Team and Audit & Standards Committee. Audit reports, including action plans, are issued to the relevant Director/Service Head.
	Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent? The following examples can be used by the CAE when assessing the organisational independence of the internal audit activity: The board: a) approves the internal audit charter b) approves the risk-based audit plan c) approves the internal audit budget and resource plan d) receives communications from the CAE on the activity's performance (in relation to the plan, for example) e) approves decisions relating to the appointment and removal of the CAE f) seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations.	✓ ✓ ✓ ✓ ✓ ✓	 x ✓		HIA confirms to the Audit & Standards Committee annually that internal audit activity is independent in the HIA's annual report. a) Audit & Standards Committee b) Management Team and Audit & Standards Committee c) Full Council d) Audit & Standards Committee e) Audit & Standards Committee f) Audit & Standards Committee The approval of the budget is the responsibility of the Council however, resource plans are approved by the Audit and Standards Committee as part of the internal audit annual planning process. No action possible.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?	✓			The Chief Executive contributes feedback to the HIA's annual staff appraisal.
	Is feedback sought from the chair of the audit committee for the CAE's performance appraisal?	✓			Feedback from the Chair of the Audit & Standards Committee is sought and provided as part of the HIA's staff appraisal process.
	1111 Direct Interaction with the Board				
	Does the CAE communicate and interact directly with the board?	✓			HIA reports directly to the Audit & Standards Committee
	1112 Chief Audit Executive Roles beyond Internal Auditing				
	If asked to undertake any additional role/responsibilities outside internal auditing has the chief audit executive highlighted any potential or perceived impairment of independence or objectivity to the Board?	✓			HIA undertakes no roles outside internal auditing but this would happen if the situation arose.
	1120 Individual Objectivity				
	Do internal auditors have an impartial, unbiased attitude?	✓			Auditors are expected to deploy impartial and effective professional judgement. Feedback questionnaires sent after each audit are used to monitor the auditors' approach.
	Do internal auditors avoid any conflict of interest, whether apparent or actual?	✓			Auditors report any potential conflict to HIA, and the HIA to the Chief Financial Officer.
	1130 Impairment to Independence or Objectivity				
	If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?	✓			None has arisen.
	Have internal auditors assessed specific operations for which they have been responsible within the previous year?	✓			Internal audit has no non-audit operational responsibilities with the limited exception of the fraud Collaboration Agreement, which is externally managed.
	If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?	✓			HIA does not have any direct operational responsibility.

Ref	Conformance with the Standard	Y	P	N	Evidence
	If assurance services are provided where internal audit has previously performed consulting services, is any impairment in objectivity or impairment to individual objectivity managed when assigning resources?	✓			This has not arisen but this would be the approach adopted.
LGAN	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?		✓		The team is not large enough to allow this. However, all audit work is subject to independent review by HIA.
LGAN	Have internal auditors declared interests in accordance with organisational requirements?	✓			Auditors sign declarations of interest forms annually.
LGAN	Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?	✓			None offered or accepted. Online declaration process available.
LGAN	Have any instances been discovered where an internal auditor has used information obtained during the course of duties for personal gain?			✓	There have been no such instances. NB: 'No' is the answer that achieves conformance with the standard.
LGAN	Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	✓			Auditors sign declaration of interest forms annually.
LGAN	Have internal auditors complied with the Bribery Act 2010?	✓			The Council has an Anti-Bribery Policy that reflects the requirements of the Bribery Act 2010. Internal auditors have received a copy of the policy and are fully aware of its terms and requirements.
	If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?	✓			No impairment of independence has arisen in any event.
	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	✓			Any significant changes to the approved audit plan must be reported to the Audit & Standards Committee for endorsement.

Ref	Conformance with the Standard	Y	P	N	Evidence
3.3	1200 Proficiency and Due Professional Care				
	1210 Proficiency				
	Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent?	✓			CIPFA
	Is the CAE suitably experienced?	✓			HIA since 1981.
LGAN	Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?	✓			HIA fully responsible for recruitment.
LGAN	Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes?	✓			Job descriptions and person specifications in place.
	Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?	✓			Auditor competencies assessed by annual staff appraisals. Computer audit skills have been bought-in externally. In addition, the HIA is a member of the Lancashire Districts Audit Group for knowledge sharing. TIS online (CIPFA 's online information resource) available for advisory backup.
	Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?	✓			Internal Audit buys in additional resources where there is a perceived skills gap.
	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	✓			Internal Audit is aware of fraud risks and the role of internal audit, particularly in the prevention of fraud. IA also has the benefit of advice from Preston City Council Fraud Manager as part of the Collaboration Agreement.
	Do internal auditors have sufficient knowledge of key information technology risks and controls?	✓			Computer audit skills were bought-in from LCC until 2017 and used to formulate an IT audit work plan on the basis of risk; currently Fylde is a member of a group of Lancashire authorities, headed by LCC, tendering for the provision of ICT services.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	✓			Internal audit co-operates with Blackpool Council in the use of data analysis to focus assurance testing work in relation to shared financial systems.
	1220 Due Professional Care				
	Do internal auditors exercise due professional care by considering the: a) Extent of work needed to achieve the engagement's objectives? b) Relative complexity, materiality or significance of matters to which assurance procedures are applied? c) Adequacy and effectiveness of governance, risk management and control processes? d) Probability of significant errors, fraud, or non-compliance? e) Cost of assurance in relation to potential benefits?	✓			Overall consideration takes place as part of the annual planning cycle. Analysis of these factors is undertaken planning stage of every assignment. Risks (including fraud risk) are considered when scoping and undertaking the audit. Audit work is reviewed and time spent on engagements recorded and monitored. If additional work is required the SA will agree this with the HIA subject to an assessment of cost/benefits.
	Do internal auditors exercise due professional care during a consulting engagement by considering the: a) Needs and expectations of clients, including the nature, timing and communication of engagement results? b) Relative complexity and extent of work needed to achieve the engagement's objectives? c) Cost of the consulting engagement in relation to potential benefits?	✓			All these matters are discussed with the client at the scoping meeting when the terms of reference are agreed.
	1230 Continuing Professional Development				
LGAN	Has the CAE defined the skills and competencies for each level of auditor?	✓			Defined in the person specification for each position.
LGAN	Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	✓			Annual staff appraisal process.
	Do internal auditors undertake a programme of continuing professional development?	✓			Each auditor is responsible for their own CPD where appropriate to meet the requirements of their professional body.
	Do internal auditors maintain a record of their professional development and training activities?	✓			Maintained by each individual.

Ref	Conformance with the Standard	Y	P	N	Evidence
3.4	1300 Quality Assurance and Improvement Programme				
	Has the CAE developed a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	✓			A QAIP has been developed to demonstrate conformance with the Definition of Internal Auditing, the Code of Ethics and the PSIAS.
	Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?	✓			The QAIP identifies opportunities for improvement based on the assessment of the efficiency and effectiveness of internal audit activity.
	Does the CAE maintain the QAIP?	✓			The HIA maintains the QAIP
	Does the board have oversight of the QAIP?	✓			The Audit & Standards Committee receives the QAIP and monitors its implementation.
LGAN	If the organisation is a 'larger relevant body' in England, does it conduct a review of the effectiveness of its internal audit at least annually, in accordance with the Accounts and Audit (England) Regulations 2011 section 6(3)?	✓			A review of the system of internal control is conducted by the HIA annually and presented to the Audit & Standards Committee in accordance with the PSIAS checklist. (Note the Accounts and Audit (England) Regulations 2011 section 6(3) have been revoked)
	1310 Requirements of the Quality Assurance and Improvement Programme				
	Does the QAIP include both internal and external assessments?	✓			An external review of the effectiveness of the internal audit function forms part of the QAIP and was carried out in December 2016 within the time frame established by the PSIAS (at least once every five years). This took the form of a self-assessment subsequently validated by suitably qualified individuals from members of the Lancashire District Councils Audit Group. This will be repeated on a reciprocal basis across a 5 year cycle.

Ref	Conformance with the Standard	Y	P	N	Evidence
	1311 Internal Assessments				
LGAN	Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	✓			This process is part of the planning process for individual assignments within the limitations of a small audit team. However, an external provider will be used if technical IT skills are required or Preston City for fraud investigation activities.
	Do internal assessments include ongoing monitoring of the internal audit activity such as: a) Routine quality monitoring processes? b) Periodic assessments for evaluating conformance with the PSIAS?	✓			a) All audit work is subject to quality review. b) Annual assessments carried out by HIA.
LGAN	Does ongoing performance monitoring include comprehensive performance targets?	✓			There are comprehensive performance targets for the audit team, which are reported to the Audit & Standards Committee. Where appropriate individual targets may be agreed for internal auditors, both at fortnightly planning meetings or during annual staff appraisals.
LGAN	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	✓			Performance measures and targets were developed following an exercise to canvass the views of stakeholders. Subsequently the former Audit Committee adopted the seven indicators with the highest usefulness ratings from stakeholders and established performance targets.
LGAN	Does the CAE measure, monitor and report on progress against these targets?	✓			Progress against departmental targets reported to Audit & Standards Committee twice yearly.
LGAN	Does ongoing performance monitoring include obtaining stakeholder feedback?	✓			Feedback questionnaires are issued on completion of every audit assignment.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices? Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.	✓			Self Assessments have been carried out annually by the HIA, both against the previous CIPFA standards and the current PSIAS. An external review to ensure compliance with the PSIAS and the Local Government Application Note was carried out in December 2016 and took form of a self-assessment subsequently validated by suitably qualified individuals from members of the Lancashire District Councils Audit Group. This will be repeated on a reciprocal basis across a 5 year cycle.
LGAN	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	✓			Previous external assessment included a review of the annual HIA report, which documents the achievement of the audit plan and its wider aims and objectives. It is anticipated that this will continue.
	1312 External Assessments				
	Has an external assessment been carried out, or is planned to be carried out, at least once every five years?	✓			An external assessment of the internal audit function was carried out in December 2016, which will be repeated within the timescale specified (at least once every five years). See above.
LGAN	Has the CAE considered the pros and cons for the different types of external assessment (i.e. 'full' or self-assessment plus 'independent validation')?	✓			See above for description of external assessment arrangements.
	Will the external assessor confirm conformance with the Code of Ethics and the Standards?	✓			The external assessment of the internal audit function in December 2016 was carried out in accordance with the prevailing arrangements and confirmed conformance with the Standards. Future external assessments will also confirm conformance with the Code of Ethics in addition.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Has the CAE discussed the proposed form of the external assessment and the qualifications and independence of the assessor or assessment team with the board?	✓			The former Audit Committee approved the external assessment would take the form of a peer review with neighbouring authorities. See above for description of external assessment arrangements.
LGAN	Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CEO or the chief executive?	✓			See above for description of external assessment arrangements.
	Has the CAE agreed the scope of the external assessment with the external assessor or assessment team?	✓			Scope of the external assessment was in accordance with the prevailing requirements of the PSIAS.
	Has the assessor or assessment team demonstrated its competence in both areas of professional practice of internal auditing and the external assessment process? Competence can be determined in the following ways: a) experience gained in organisations of similar size b) complexity c) sector (i.e. the public sector) d) industry (i.e. local government), and e) technical experience. Note that if an assessment team is used, competence needs to be demonstrated across the team and not for each individual member.	✓			External assessment will continue to be undertaken by suitably qualified individuals or teams from members of the Lancashire District Councils Audit Group with experience gained in organisations of: a) similar size b) complexity c) sector (i.e. the public sector) d) industry (i.e. local government), and with suitable e) technical experience.
	How has the CAE used his or her professional judgement to decide whether the assessor or assessment team demonstrates sufficient competence to carry out the external assessment?	✓			See above for description of external assessment arrangements.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the assessor or assessment team have any real or apparent conflicts of interest with the organisation? This may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.	✓			See above for description of external assessment arrangements.
	1320 Reporting on the Quality Assurance and Improvement Programme				
	Has the CAE reported the results of the QAIP to senior management and the board? Disclosure should include: a) the scope and frequency of both the internal and external assessments b) the qualifications and independence of the assessor(s) or assessment team including potential conflicts of interest c) conclusions of assessors d) corrective action plans	✓			The results of the QAIP is reported to senior management and presented to the Audit and Standards Committee. Both internal and external assessments have been carried out in accordance with prevailing PSIAS disclosure requirements and this will continue to be the case.
	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	✓			Progress against the improvement plan arising from the QAIP was included in the annual report.
	1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'				
	Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	✓			In 2014 broad conformance to the PSIAS was reported in the HIA annual report. In 2015 it was confirmed that the service complies in all material aspects with the PSIAS. Following the external assessment in 2016, full conformance was reported.
	1322 Disclosure of Non-conformance				
	Has the CAE reported any instances of non-conformance with the PSIAS to the board?	✓			This report shows the current position. Further self assessments will be carried out annually and duly reported to Audit & Standards Committee.
	Has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	✓			There are no significant deviations from the PSIAS that would merit inclusion in the governance statement but any significant deviations would be

					reflected in the governance statement.
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Ref	Conformance with the Standard	Y	P	N	Evidence
4	Performance Standards				
4.1	2000 Managing the Internal Audit Activity				
	Do the results of the internal audit activity's work achieve the purposes and responsibility of the activity, as set out in the internal audit charter?	✓			Evidenced by audit reports and action plans, as reported in the annual report and annual assurance opinion.
	Does the internal audit activity conform with the Definition of Internal Auditing and the Standards	✓			The Internal Audit Charter and the IA Procedure Manual both demonstrate this.
	Do individual internal auditors, who are part of the internal audit activity, demonstrate conformance with the Code of Ethics and the Standards?	✓			Internal auditors are familiar with the Audit Charter and the Code of Ethics and demonstrate conformance.
	Does the internal audit activity add value to the organisation and its stakeholders by a) Providing objective and relevant assurance? b) Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes?	✓			Audit plan is based on the organisation's objectives. Every audit review gives consideration to these areas and audit reports contain recommendations designed to enhance governance, risk management and internal control. Client feedback scores are high.
	2010 Planning				
	Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	✓			The priorities of internal audit are established in the Audit Charter and Strategy, which are reflected in the risk-based plan and refer to the Council's objectives.
	Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?	✓			The risk-based plan is designed to provide evidence needed for annual opinion.
	Does the risk-based plan take into account the organisation's assurance framework?	✓			Sources of assurance are considered during planning. The audit plan takes account of the Annual Governance Statement, strategic risk management group, external audit reports, internal audit reports and any other relevant external/peer reviews. We

					are also seeking to develop a more formalised and extensive assurance framework in conjunction with management.
Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the risk-based plan incorporate or is it linked to a strategic or high level statement of: a) How the internal audit service will be delivered? b) How the internal audit service will be developed in accordance with the internal audit charter? c) How the internal audit service links to organisational objectives and priorities?	✓			a) Documented in the Internal Audit Charter b) Documented in the Internal Audit Strategy c) Development of the IA Service will be identified as part of the annual assessment process. The annual plan is linked to the Council's corporate objectives
	Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	✓			Although this is not documented within the Audit Plan, awareness of national issues is referred to in the Internal Audit Strategy and both local and national issues and risks are considered during the process of developing the plan.
	In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?	✓			Risk management framework assessed by internal audit and thereby relative risk maturity.
	If such a risk management framework does not exist, has the CAE used his or her judgement of risks after input from senior management and the board and evidenced this?	✓			A risk management framework exists.
LGAN	Does the risk-based plan set out the: a) Audit work to be carried out? b) Respective priorities of those pieces of audit work? c) Estimated resources needed for the work?	✓			The detailed plan sets out the audit work to be carried out and the priorities of those pieces of audit work, together with an estimate of resources needed
LGAN	Does the risk-based plan differentiate between audit and other types of work?	✓			All work categorised within the plan.
LGAN	Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?	✓			The plan includes a contingency allowance, and is subject to review throughout the year.

	Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	✓			The plan is subject to review throughout the year, with any significant amendments reported to the Audit & Standards Committee.
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Ref	Conformance with the Standard	Y	P	N	Evidence
	Is the internal audit activity's plan of engagements based on a documented risk assessment?	✓			The planning process is based on a documented annual risk assessment.
	Is the risk assessment used to develop the plan of engagements undertaken at least annually?	✓			See above.
LGAN	In developing the risk-based plan, has the CAE also considered the following: a) Any declarations of interest (for the avoidance for conflicts of interest)? b) The requirement to use specialists, e.g. IT or contract and procurement auditors? c) Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? d) The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	✓			a) Considered in assignment planning. There are currently no known conflicts b) Considered in assignment planning. c) Contingency included in the plan. d) Included in the plan.
	Is the input of senior management and the board considered in the risk assessment process?	✓			Consultation takes place with senior management whilst producing the audit plan. Chair and Vice Chair of Audit & Standards Committee are consulted on risk.
	Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?	✓			During audit planning and in the production of the annual IA report
	Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	✓			All proposed consulting work is considered before it is accepted.
	Are consulting engagements that have been accepted included in the risk-based plan?	✓			Included in the plan and reported to the Audit & Standards Committee.
	2020 Communication and Approval				

	Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?	✓			Reported to Management Team and Audit & Standards Committee.
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Ref	Conformance with the Standard	Y	P	N	Evidence
	Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	✓			Reported to Management Team and Audit & Standards Committee as necessary.
	Has the CAE communicated the impact of any resource limitations to senior management and the board?	✓			Reported to Management Team and Audit & Standards Committee as necessary.
	2030 Resource Management				
	Does the risk-based plan explain how internal audit's resource requirements have been assessed?	✓			Assessment of IA resource requirements is documented in the Internal Audit Charter approved by Audit & Standards Committee.
LGAN	Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise abortive work and time?	✓			All managers are consulted prior to commencement of annual plan. Also discussed in planning meetings and updated throughout the year
LGAN	If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board? This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.	✓			Reported to Management Team and Audit & Standards Committee as necessary.
	2040 Policies and Procedures				
	Has the CAE developed and put into place policies and procedures to guide the internal audit activity?	✓			Internal Audit Charter and IA Procedure Manual in place.
LGAN	Has the CAE established policies and procedures to guide staff in performing their duties in a manner than conforms to the PSIAS? Examples include maintaining an IA Procedure Manual and/or using electronic management systems.	✓			Internal Audit Charter and IA Procedure Manual conform to the PSIAS.
LGAN	Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?	✓			Regular reviews to ensure compliance with new requirements.

Ref	Conformance with the Standard	Y	P	N	Evidence
	2050 Coordination				
	Does the risk-based plan include the approach to using other sources of assurance and any work that may be required to place reliance upon those sources?	✓			Reliance placed on external auditors and regulators. Other sources of assurance considered are risk management arrangements / external audit reports / annual assurance statement / financial reports / internal audit reviews / annual service head assurance certificates.
LGAN	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?		✓		The Internal audit plan has been developed with a knowledge of other sources of assurance, however, no formal mapping exercise is undertaken. The use of assurance mapping to identify all sources of assurance and the extent to which they can be relied upon is in the process of being developed.
	Does the CAE share information and coordinate activities with other internal and external providers of assurance and consulting services?	✓			All IA reports and annual plan shared with external auditors.
LGAN	Does the CAE meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans?	✓			There is liaison and co-operation with external auditors. Annual plans are shared.
	2060 Reporting to Senior Management and the Board				
	Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	✓			Regular reports to Audit & Standards Committee and liaison meetings with Section 151 Officer.
	Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?	✓			The Audit & Standards Committee is informed of all high priority concerns, and of the overall level of assurance assessed for each area reviewed. Audit reports with full details are provided to the responsible Head of Service.

Ref	Conformance with the Standard	Y	P	N	Evidence
	2070 External Service Provider and Organisational Responsibility for Internal Auditing				
	Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	N/A	N/A	N/A	An external IA service provider is not used.
4.2	2100 Nature of Work				
	Does the internal audit activity evaluate and contribute to the improvement of the organisation's governance, risk management and internal control processes?	✓			Overall aim of the internal audit service.
	Does the internal audit activity evaluate and contribute to the improvement of the above using a systematic and disciplined approach and is this evidenced?	✓			Through the completion of the audit plan.
	2110 Governance				
	Does the internal audit activity: a) Promote appropriate ethics and values within the organisation? b) Ensure effective organisational performance management and accountability? c) Communicate risk and control information to appropriate areas of the organisation? d) Coordinate the activities of and communicate information among the board, external and internal auditors and management?	✓			Through the completion of the audit plan and communication of audit findings to management.
	Does the internal audit activity assess and make appropriate recommendations for improving the governance process as part of accomplishing the above objectives?	✓			Through individual assignments and by the input of the HIA to the Corporate Governance Group. IA also specifically reviews corporate governance framework annually.
	Has the internal audit activity evaluated the: a) design b) implementation, and c) effectiveness of the organisation's ethics-related objectives, programmes and activities?	✓			The HIA is a member of Corporate Governance Group which considers these matters. IA reviews Ethical Governance periodically - such a review was last carried out in 2015.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	✓			Information technology governance is included in the audit universe. Various relevant reviews undertaken in conjunction with LCC IT-audit team.
LGAN	Has the CAE considered the proportionality of the amount of work required to assess the ethics and information technology governance of the organisation when developing the risk-based plan?	✓			All competing priorities are considered when finalising the plan.
	2120 Risk Management				
	Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that: a) Organisational objectives support and align with the organisation's mission? b) Significant risks are identified and assessed? c) Appropriate risk responses are selected that align risks with the organisation's risk appetite? d) Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities?	✓			Risk management is included in the audit plan every other year. It is followed up in the subsequent year. The result is an ongoing review of risk management by internal audit.
	Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓			As part of audit planning and the completion of individual audit assignments.
	Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	✓			Corporate fraud team regularly evaluate potential fraud areas in order to target resources. This information forms part of audit planning. In addition, fraud risks are considered when scoping and undertaking individual audit reviews. IA periodically test compliance with counter fraud policies.
	Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	✓			Dependent on the nature of the assignment.
	Are internal auditors alert to other significant risks when undertaking consulting engagements?	✓			Any other risks noted are reported to management.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	✓			Auditors do not take on management responsibility or risk management roles.
	2130 Control				
	Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: a) Achievement of the organisation's strategic objectives? b) Reliability and integrity of financial and operational information? c) Effectiveness and efficiency of operations and programmes? d) Safeguarding of assets? e) Compliance with laws, regulations, policies, procedures and contracts?	✓			As part of audit planning and the completion of individual audit assignments.
	Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	✓			All relevant knowledge is used.
4.3	2200 Engagement Planning				
	Do internal auditors develop and document a plan for each engagement?	✓			A scoping / terms of reference document is developed and agreed for each audit review.
	Does the engagement plan include the engagement's: a) Objectives? b) Scope? c) Timing? d) Resource allocations?	✓			The Client Notification format includes all these as standard.
	Do internal auditors consider the following in planning an engagement, and is this documented: a) The objectives of the activity being reviewed? b) The means by which the activity controls its performance? c) The significant risks to the activity being audited? d) The activity's resources? e) The activity's operations? f) The means by which the potential impact of risk is kept to an acceptable level? g) The adequacy and effectiveness of the activity's governance, risk	✓			These aspects are considered in planning an audit, the extent of consideration of each depends on the area under review and the reason for the review. Details will therefore not always be fully documented for every aspect for every audit, however relevant aspects are considered as part of the preparation for each assignment.

Ref	Conformance with the Standard	Y	P	N	Evidence
	management and control processes compared to a relevant framework or model? h) The opportunities for making significant improvements to the activity's governance, risk management and control processes?				
	Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following: a) Objectives? b) Scope? c) The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)?	N/A	N/A	N/A	No work undertaken outside of the organisation.
	For consulting engagements, have internal auditors established an understanding with the engagement clients about the following: a) Objectives? b) Scope? c) The respective responsibilities of the internal auditors and the client and other client expectations?	✓			Agreed with management at the start of the work.
	For significant consulting engagements, has this understanding been documented?	✓			See above.
	2210 Engagement Objectives				
	Have objectives been agreed for each engagement?	✓			Objectives are agreed.
	Have internal auditors carried out a preliminary risk assessment of the activity under review?	✓			Completed whilst formulating the terms of reference / scope of the audit work. Auditors will review previous audits, risk registers and other intelligence. Input from service management is acquired at the scoping meeting.
	Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?	✓			Where applicable.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Have internal auditors considered the probability of the following, when developing the engagement objectives: a) Significant errors? b) Fraud? c) Non-compliance? d) Any other risks?	✓			When developing the terms of reference.
	Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether objectives and goals have been accomplished?	✓			Management plans and processes track progress against corporate objectives. KPI's included within the audits where applicable.
	If the criteria have been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?	✓			Risk register, documented internal controls and KPIs reviewed where applicable to the area under review and the nature of the assignment.
	If the criteria have been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?	✓			Lack of KPIs and controls reported where applicable.
LGAN	If the value for money criteria have been referred to, has the use of all the organisation's main types of resources been considered; including money, people and assets?	✓			Where referred to. Few value for money assignments completed.
	Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	✓			Objectives agreed with the client.
	Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	✓			Objectives agreed with the client.
	2220 Engagement Scope				
	Is the scope that is established for the engagement sufficient to satisfy the engagement's objectives?	✓			The scope of the audit work is agreed at the start of the audit. If during the audit the scope has to be extended to ensure the objectives of the audit are met, this is agreed with the HIA.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Does the engagement scope include consideration of the following relevant areas of the organisation: a) Systems? b) Records? c) Personnel? d) Premises?	✓			All assignments include consideration of systems. Other aspects considered when appropriate.
	Does the engagement scope include consideration of the following relevant areas under the control of outside parties, where appropriate: a) Systems? b) Records? c) Personnel? d) Premises?	✓			This scenario would apply for activities undertaken for the Council by third parties, such as Blackpool Council where audits would consider these areas.
	Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	✓			This has not occurred. However, should this occur, this process would be followed
	Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting Standards?	✓			This has not occurred. However, should this occur, this process would be followed
	For a consulting engagement, was the scope of the engagement sufficient to address any agreed-upon objectives?	✓			Scope agreed at the start of the audit.
	If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?	✓			This has not occurred. However, should this occur, this process would be followed
	During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?	✓			As normal procedure.
	During consulting engagements, were internal auditors alert to any significant control issues?	✓			As normal procedure.

Ref	Conformance with the Standard	Y	P	N	Evidence
	2230 Engagement Resource Allocation				
	Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of the engagement based on: a) The nature and complexity of each individual engagement? b) Any time constraints? c) The resources available?	✓			Planned at start of the year, then amended with detailed planning where applicable.
	2240 Engagement Work Programme				
	Have internal auditors developed and documented work programmes that achieve the engagement objectives?	✓			Work programmes developed for each engagement.
	Do the engagement work programmes include the following procedures for: a) Identifying information? b) Analysing information? c) Evaluating information? d) Documenting information?	✓			Work programme sets out the objective of each test, the information required, documentation required and the evaluation/analysis required.
	Were work programmes approved prior to implementation for each engagement?	✓			Agreed by HIA and Senior Auditor.
	Were any adjustments required to work programmes approved promptly?	✓			Agreed by HIA and/or Senior Auditor.
4.4	2300 Performing the Engagement				
	Have internal auditors carried out the following in order to achieve each engagement's objectives: a) Identify sufficient information? b) Analyse sufficient information? c) Evaluate sufficient information? d) Document sufficient information?	✓			Working papers reviewed by HIA and/or Senior Auditor. Checks are made to ensure that the objectives of the audit have been achieved and that there is sufficient evidence to support any findings. Additional work may be required or certain matters require further clarification.
	2310 Identifying Information				
	Have internal auditors identified the following in order to achieve each engagement's objectives: a) Sufficient information? b) Reliable information? c) Relevant information? d) Useful information?	✓			Quality assurance reviews of working paper files by HIA and /or Senior Auditor. See above.

Ref	Conformance with the Standard	Y	P	N	Evidence
	2320 Analysis and Evaluation				
	Have internal auditors based their conclusions and engagement results on appropriate analyses and evaluations?	✓			Quality assurance reviews of working paper files by HIA and /or Senior Auditor. See above.
LGAN	Have internal auditors remained alert to the possibility of the following: a) intentional wrongdoing b) errors and omissions c) poor value for money d) failure to comply with management policy, and e) conflicts of interest when performing their individual audits, and has this been documented?	✓			All internal auditors are aware of the need to look for concerns in areas a) to e) in any audit undertaken.
	2330 Documenting Information				
	Have internal auditors documented the relevant information required to support engagement conclusions and results?	✓			Standardised reports are used to document conclusions and findings along with a management action plan.
LGAN	Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?	✓			Quality assurance reviews of working paper files by HIA and /or Senior Auditor.
	Does the CAE control access to engagement records?	✓			Access rights are documented in the IA Procedure Manual.
	Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?	✓			To date this has not occurred. However, should it do so, this process would be followed.
	Has the CAE developed and implemented retention requirements for all types of engagement records?	✓			IA document retention arrangements developed within IA Procedure Manual.
	Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?	✓			Any retention periods agreed are consistent with the Council's Retention Policy and documented in the IA Procedure Manual.
	2340 Engagement Supervision				
	Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	✓			Supervised by HIA and/or Senior Auditor
	Is appropriate evidence of supervision documented and retained for each engagement?	✓			Recorded in the files for each assignment.

Ref	Conformance with the Standard	Y	P	N	Evidence
4.5	2400 Communicating Results				
	Do internal auditors communicate the results of engagements?	✓			Initially at pre-closure meetings if held, then also at closure meeting, draft and final reports.
	2410 Criteria for Communicating				
	Do the communications of engagement results include the following: a) The engagement's objectives? b) The scope of the engagement? c) Applicable conclusions? d) Recommendations and action plans, if appropriate?	✓			Included in reports.
LGAN	Has the internal auditor discussed the contents of the draft final report with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	✓			Standard practice.
LGAN	If recommendations and an action plan have been included, are recommendations prioritised according to risk?	✓			High, medium, low - defined in reports.
LGAN	If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?	✓			Included in final report and action plan.
LGAN	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?	✓			Any recommendations not agreed are detailed in the final report.
LGAN	Do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice, subject to confidentiality requirements?	✓			All material known facts disclosed.
LGAN	Do the final communications of engagement results contain, where appropriate, the internal auditor's opinions and/or conclusions, building up to the annual internal audit opinion on the control environment?	✓			Included in the final report.
	When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?	✓			Prior communication via the closure meeting and draft report. Views considered, but the opinion remains that of the auditors
	When an opinion or conclusion is issued, is it supported by sufficient, reliable, relevant and useful information?	✓			Reports supported by evidence in the file.

	Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	✓			Included in report.
	When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?	✓			To date audit engagement results have not been released to external parties other than the Council's external auditor; KPMG. However, should this occur, this process would be followed
LGAN	If the CAE has been required to provide assurance to other partnership organisations, has he or she also demonstrated that their fundamental responsibility is to the management of the organisation to which they are obliged to provide internal audit services?	✓			This has not occurred. However, should this occur, this process would be followed
	2420 Quality of Communications				
	Are communications: a) Accurate? b) Objective? c) Clear? d) Concise? e) Constructive? f) Complete? g) Timely?	✓			Audit practice aims for all of these, through specified report format, IA Procedure Manual requirements, training and experience, review of files and reports. Closure meetings are also used to agree factual accuracy of the report and findings.
	2421 Errors and Omissions				
	If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	✓			This has not occurred. However, should this occur, this process would be followed.
	2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'				
	Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	✓			In 2014 broad conformance to the PSIAS was reported in the HIA annual report. In 2015 it was confirmed that the service complies in all material aspects with the PSIAS. Following the external assessment in 2016, full conformance was reported.

Ref	Conformance with the Standard	Y	P	N	Evidence
	2431 Engagement Disclosure of Non conformance				
	Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: a) The principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved? b) The reason(s) for non-conformance? c) The impact of non-conformance on the engagement and the engagement results?	✓			No engagements have been identified as not conforming to PSIAS. However, should this occur, this process would be followed.
	2440 Disseminating Results				
	Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	✓			Reports issued to Directors / Heads of Service / Section 151 Officer / relevant managers / external auditors. Confidentiality and exclusions are considered as per the process.
	Has the CAE communicated engagement results to all appropriate parties?	✓			Through closure meetings, draft and final reports.
	Before releasing engagement results to parties outside the organisation, did the CAE: a) Assess the potential risk to the organisation? b) Consult with senior management and/or legal counsel as appropriate? c) Control dissemination by restricting the use of the results?	✓			Confidentiality and exclusions are considered as part of the documented process. To date audit files have not been released to external parties other than the Council's external auditor; KPMG.
	Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	✓			Included in reports and issued to Directors / Corporate Heads.
	2450 Overall Opinion				
	Has the CAE delivered an annual internal audit opinion?	✓			In the IA Annual Report.
	Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?	✓			IA Annual Report includes the opinion concerning the framework of governance, risk management and control.
	Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?	✓			Expectations taken into account, but it remains the audit opinion.

Ref	Conformance with the Standard	Y	P	N	Evidence
	Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information?	✓			Built up from all reports in the year, together with external opinions and other sources of assurance as defined.
	Does the communication identify the following: a) The scope of the opinion, including the time period to which the opinion relates? b) Any scope limitations? c) The consideration of all related projects including the reliance on other assurance providers? d) The risk or control framework or other criteria used as a basis for the overall opinion?	✓			All these are included in the Annual Report.
	Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated?	✓			Reporting Arrangements encompass this requirement, although this has never occurred
	Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?	✓			Used and quoted in the Annual Governance Statement.
LGAN	Does the annual report incorporate the following:	✓			The Annual Internal Audit Report incorporates all of these points.
LGAN	a) The annual internal audit opinion?	✓			
LGAN	b) A summary of the work that supports the opinion?	✓			
	c) A disclosure of any qualifications to the opinion?	✓			
	d) The reasons for any qualifications to the opinion?	✓			
LGAN	e) A disclosure of any impairments or restriction in scope?	✓			
LGAN	f) A comparison or work actually carried out with the work planned?	✓			
	g) A statement on conformance with the PSIAS?	✓			
	h) The results of the QAIP?	✓			
	i) Progress against any improvement plans resulting from the QAIP?	✓			
LGAN	j) A summary of the performance of the internal audit activity against its performance measures and targets?	✓			
LGAN	k) Any other issues that the CAE judges is relevant to the preparation of the governance statement?	✓			

Ref	Conformance with the Standard	Y	P	N	Evidence
4.6	2500 Monitoring Progress				
	Has the CAE established a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action?	✓			Follow-up review of audit recommendations carried out and reported to Audit & Standards Committee.
	Where issues have arisen during the follow-up process, has the CAE considered revising the internal audit opinion?	✓			A follow up report is issued after the follow up review with a revised opinion if necessary.
	Do the results of monitoring management actions inform the risk-based planning of future audit work?	✓			Included in planning for the subsequent year.
	Does the internal audit activity monitor the results of consulting engagements as agreed with the client?	✓			These are tracked in the same way as audit recommendations for any substantial consultancy engagements.
4.7	2600 Communicating the Acceptance of Risks				
	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	✓			This has not occurred but reporting lines facilitate such a procedure if necessary.
	If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	✓			This has not occurred but reporting lines facilitate such a procedure if necessary.

Annual self-assessment of conformance with the PSIAS 2017

NON CONFORMANCE/PARTIAL CONFORMANCE ITEMS 2017/18

Non Conformance Items

Reference	The Standard	Action	By When	Comments
1	Does the Audit and Standards Committee approve: <ul style="list-style-type: none"> the internal audit budget and resource plans decisions relating to the appointment and removal of the Head of Internal Audit 	The approval of the budget is the responsibility of the Council and the appointment / dismissal of the HIA is the responsibility of the Director of Resources.	N/A	No further action possible.

Partial Conformance Items

2	Are assignments for ongoing assurance engagements and other audit responsibilities rotated periodically within the internal audit team?	The team is not large enough to allow this. However, all audit work is subject to independent review by HIA providing a mitigating control.	N/A	Reasonable mitigation in place.
3	Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance?	Basic assurance mapping is currently being carried out to identify sources of assurance.	Mar 18	Progress will be reported to the Audit and Standards Committee

QUALITY AND IMPROVEMENT PROGRAMME - ACTION PLAN 2017/18

Action	Resolution Date	Status Sept 17	Comment
1. In communicating with senior management, internal audit's key skills will be promoted and opportunities for adding greater value actively sought.	March 2018	In progress	Internal audit's key skills have been actively promoted, and where possible opportunities for adding greater value have been pursued where possible
2. An assurance framework will be developed along with management, to encompass the identification of the various sources of assurance for each audit activity.	March 2018	In progress	Basic assurance mapping is currently being carried out to identify sources of assurance, which are documented on a spreadsheet
3. The relevant section of the Internal Audit Strategy will be expanded to more properly reflect the range of developmental opportunities available to and utilised by internal auditors.	March 2018	Completed	The relevant section of the Internal Audit Strategy has been expanded to more properly reflect the range of developmental opportunities available
4. A consistent process for sharing plans with external auditors will be re-established to ensure proper coverage and to minimise duplication of effort.	March 2018	Completed	A process has been developed for sharing plans with external auditors
5. Risks, including those relating to fraud, will be identified at the scoping stage of audit reviews and will be prioritised according to severity. The associated controls will be identified and tested.	March 2018	Completed	Risks, including those relating to fraud, are identified at the scoping of audit reviews and are prioritised according to severity
6. Closer working with the BPR team will be sought to ensure controls are properly incorporated into new process re-design activities.	March 2018	In progress	We have sought closer working with the BPR team
7. The development of service risk registers will be actively sought as part of the development of the risk management framework and to facilitate a risk based approach to audit.	March 2018	In progress	We are working with relevant managers to encourage the development of meaningful service risk registers

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF INTERNAL AUDIT	AUDIT AND STANDARDS COMMITTEE	21 SEPTEMBER 2017	7
FOLLOW UP - IMPLEMENTATION OF ACTIONS			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

At its meeting on 15 June, the Committee considered the Internal Audit Annual Report for 2016-17. One of the matters contained in the report related to the outcome of follow up reviews undertaken during the year and the implementation of agreed actions arising from audit reviews.

The Committee has set a target of 95% for the combined implementation of 'high/medium' priority actions. The classification of recommendations as 'high' or 'medium' priority indicates where management resources might best be applied. The percentage of all 'high/medium' priority actions implemented in 2016-17 was reported to be 73.5%.

It was resolved that the Chair and Vice Chair should meet with the managers responsible for agreed recommendations that had yet to be implemented, together with the Head of Internal Audit.

The information linked to the report provides the current position and indicates the agreed position going forward.

SOURCE OF INFORMATION

Head of Internal Audit

[Minutes of Audit and Standards Committee 15 June 2017](#)

LINK TO INFORMATION

[Follow-Up Actions 2016-17 - Update](#)

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

To update members with respect to the implementation of agreed actions by management and the achievement of the committee's implementation targets.

FURTHER INFORMATION

Contact Savile Sykes savile.sykes@fylde.gov.uk 01253 658413

INFORMATION NOTE

FOLLOW-UP ACTIONS 2016-17 UPDATE

Current Position

- Table One shows the 'high/medium' priority combined implementation rate as reported to the Committee in June when the implementation rate was below the Committee's target of 95%. Five reviews had implemented 100% of agreed actions, while eight reviews were below target:

Table One: High/Medium Recommendations Implemented as at March 2017

Audit Area	High Priority		Medium Priority		% Implemented
	Yes	No	Yes	No	
Waste Management	-	-	5	1	83%
Sundry Debtors	-	-	-	1	0%
Income Collection (Central)	-	-	-	1	0%
IT Service Management	1	-	3	-	100%
Overtyped Mileage Facility	-	-	1	-	100%
Travel and Expenses	-	-	10	1	91%
Attendance Management	-	-	6	1	86%
Corporate Governance 2015	-	-	2	-	100%
Civica Financials Application	-	-	5	-	100%
Business Continuity	6	-	13	4	83%
Fleet Management	-	-	2	8	20%
Income Collection (FMS)	-	-	2	-	100%
Complaints	-	-	5	2	71%
Bereavement Services	-	-	-	3	0%
Total	7	-	54	22	73.5%

2. Since the last meeting of the committee the internal audit team has contacted relevant managers again in light of the committee's decision and in addition, the Chairman held meetings with three managers with implementation rates remaining below the target. Table Two shows the present position:

Table Two: High/Medium Recommendations Implemented as at September 2017

Audit Area	High Priority		Medium Priority		% Implemented
	Yes	No	Yes	No	
Waste Management	-	-	6	-	100%
Sundry Debtors	-	-	-	1 ¹	0%
Income Collection (Central)	-	-	1	-	100%
IT Service Management	1	-	3	-	100%
Overtyped Mileage Facility	-	-	1	-	100%
Travel and Expenses	-	-	11	-	100%
Attendance Management	-	-	7	-	100%
Corporate Governance 2015	-	-	2	-	100%
Civica Financials Application	-	-	5	-	100%
Business Continuity	6	-	13	4 ²	83%
Fleet Management	-	-	2	8	20%
Income Collection (FMS)	-	-	2	-	100%
Complaints	-	-	6	1 ³	86%
Bereavement Services	-	-	2	1	67%
Total	7	-	61	15	81.9%

¹ This action has been carried forward and included in the current action plan for sundry debtors

² One action will not be implemented because of a new approach to business continuity

³ This action cannot be implemented until the new complaints system is rolled out

3. The overall rate of implementation for 'high/medium' priority actions has increased from 73.5% to 81.9% which is still below the Committee's target. However, nine reviews are 100% completed, and from the remaining five reviews one action outstanding for sundry debtors has been carried forward to a current action plan, one from the complaints review cannot be implemented until the new system is rolled out and one of the business continuity actions will not be brought into effect as a result of a new approach.
4. The managers responsible for completing the implementation of actions from the remaining three reviews met with the Chair and the Head of Internal Audit on 25 August and firm dates for implementation of remaining recommendations have been agreed in each case. Revised action plans have been issued.

5. The dates agreed for all actions to implemented for each of the three reviews are set out in Table 3 as follows:

Table Three: Final Date for Implementation of All Recommendations

Audit Area	Date	No. of Actions
Business Continuity	December 2017	3
Fleet Management	November 2017	4
	August 2018	4
Bereavement Services	March 2018	1

6. If the above actions are put in place as envisaged the annual implementation rate for high/medium priority actions will be 96.4%, exceeding the committee's target.
7. This will also have a positive impact on the outturn for all recommendations including low priorities. From a figure of 76.3% reported in June, it now stands at 81.7%. Implementation of the above actions will increase this further to 90.8%. This would also be above the committee's target of 90% for this particular indicator.
8. The progress as these actions are implemented will be monitored and reported to the committee in the Internal Audit Interim and Annual reports.

FURTHER INFORMATION AVAILABLE FROM

Contact: Savile Sykes, Head of Internal Audit, saviles@fylde.gov.uk, 01253 658413.

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT AND STANDARDS COMMITTEE	21 SEPTEMBER 2017	8
COUNTER FRAUD POLICIES REVIEW			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

The Audit and Standards Committee's terms of reference include monitoring the Council's main counter fraud policies, which are defined as the Anti-fraud & Corruption Policy and Strategy, and the Whistleblowing Policy. By implication other counter fraud policies also fall to be reviewed by the committee including the Anti-Money Laundering Policy, Anti-Bribery Policy, Council Tax Reduction Scheme Sanctions Policy and the Forensic Readiness Policy. Together these policies create an integrated approach to tackling fraud.

The various policies have been reviewed and updated where necessary.

SOURCE OF INFORMATION

Head of Internal Audit

LINK TO INFORMATION

[Counter Fraud Policies\Anti-Bribery Policy 2017.doc](#)

[Counter Fraud Policies\Anti-Fraud & Corruption Policy 2017.doc](#)

[Counter Fraud Policies\Anti-Fraud & Corruption Strategy 2017.doc](#)

[Counter Fraud Policies\CTRS-Sanctions-Policy 2017.docx](#)

[Counter Fraud Policies\Forensic Readiness Policy 2017](#)

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

To provide assurance that the suite of counter fraud policies has been reviewed to ensure each policy remains up-to-date and in line with prevailing legislation and current practice.

FURTHER INFORMATION

Contact: Savile Sykes, Head of Internal Audit saviles@fylde.gov.uk 01253 658413

INFORMATION NOTE

COUNTER FRAUD POLICIES REVIEW

1. The Audit and Standards Committee's terms of reference and work plan include monitoring the Council's main counter fraud policies, which are defined as the Anti-fraud & Corruption Policy and Strategy, and the Whistleblowing Policy. By implication, other counter fraud policies also fall to be reviewed by the committee including the Anti-Money Laundering Policy, Anti-Bribery Policy, Council Tax Reduction Scheme Sanctions Policy and the Forensic Readiness Policy.
2. All counter fraud policies were last approved by the committee in 2015. In order to ensure that an effective and up-to-date framework for countering fraud and corruption is maintained a further comprehensive review of all the following policies and strategies has been undertaken:
 - ♦ Anti-fraud and Corruption Policy
 - ♦ Anti-fraud and Corruption Strategy
 - ♦ Anti-Bribery Policy
 - ♦ Council Tax Reduction Scheme Sanctions Policy
 - ♦ Forensic Readiness Policy
3. All the above policies have been refreshed and updated to ensure they remain up-to-date and in line with prevailing legislation and current practice. There are no significant amendments requiring committee approval arising from this review.
4. The Money Laundering Regulations 2017 came into force on 26 June replacing the 2007 regulations. Although the changes are not fundamental they may have an effect on the Council's arrangements as established in the Anti-Money Laundering Policy. Consequently the responsible officer is attending training shortly and will advise on any necessary updates. The Audit and Standards Committee will be consulted as appropriate.
5. The Whistleblowing Policy is now maintained as part of the HR suite of policies. However, the policy was substantially upgraded in September 2016 to reflect both the new corporate arrangements and the Whistleblowing Commission's Code of Practice. In addition, a revised list of prescribed persons or bodies to which a whistleblowing issue may be referred was approved by the Audit and Standards Committee. There have been no further changes since last year.

FURTHER INFORMATION AVAILABLE FROM

Contact: Savile Sykes

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	AUDIT AND STANDARDS COMMITTEE	21 SEPTEMBER 2017	9
REGULATION OF INVESTIGATORY POWERS ACT 2000: AUTHORISATIONS			

PUBLIC ITEM

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

SUMMARY OF INFORMATION

Councillors are obliged to review the use of covert surveillance and covert human intelligence sources by the council at least quarterly. In the quarter to September 2017, there were no authorised operations.

SOURCE OF INFORMATION

Director of Resources

INFORMATION

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

Quarter	Directed surveillance	CHIS	Total	Purpose
15 June 2017 – September 2017	0	0	0	

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

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

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

FURTHER INFORMATION

Contact Ian Curtis on 01253 658506 or at ianc@fylde.gov.uk.