

MEMBERS INTERESTS 2012

A Member with a disclosable pecuniary interest in any matter considered at a meeting must disclose the interest to the meeting at which they are present, except where it has been entered on the Register.

A Member with a non pecuniary or pecuniary interest in any business of the Council must disclose the existence and nature of that interest at commencement of consideration or when the interest becomes apparent.

Where sensitive information relating to an interest is not registered in the register, you must indicate that you have an interest, but need not disclose the sensitive information.

Please tick relevant boxes

Notes

	General		
1.	I have a disclosable pecuniary interest.	<input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 below</i>
2.	I have a non-pecuniary interest.	<input type="checkbox"/>	<i>You may speak and vote</i>
3.	I have a pecuniary interest because it affects my financial position or the financial position of a connected person or, a body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest or it relates to the determining of any approval consent, licence, permission or registration in relation to me or a connected person or, a body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest	<input type="checkbox"/> <input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i> <i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i>
4.	I have a disclosable pecuniary interest (Dispensation 16/7/12) or a pecuniary interest but it relates to the functions of my Council in respect of: (i) Housing where I am a tenant of the Council, and those functions do not relate particularly to my tenancy or lease. (ii) school meals, or school transport and travelling expenses where I am a parent or guardian of a child in full time education, or are a parent governor of a school, and it does not relate particularly to the school which the child attends. (iii) Statutory sick pay where I am in receipt or entitled to receipt of such pay. (iv) An allowance, payment or indemnity given to Members (v) Any ceremonial honour given to Members (vi) Setting Council tax or a precept under the LGFA 1992	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i> <i>You may speak and vote</i>
5.	A Standards Committee dispensation applies (relevant lines in the budget – Dispensation 20/2/13 – 19/2/17)	<input type="checkbox"/>	<i>See the terms of the dispensation</i>
6.	I have a pecuniary interest in the business but I can attend to make representations, answer questions or give evidence as the public are also allowed to attend the meeting for the same purpose	<input type="checkbox"/>	<i>You may speak but must leave the room once you have finished and cannot vote</i>

'disclosable pecuniary interest' (DPI) means an interest of a description specified below which is your interest, your spouse's or civil partner's or the interest of somebody who you are living with as a husband or wife, or as if you were civil partners and you are aware that that other person has the interest.

Interest

Prescribed description

Employment, office, trade, profession or vocation

Any employment, office, trade, profession or vocation carried on for profit or gain.

Sponsorship

Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.

	This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

"body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest; "director" includes a member of the committee of management of an industrial and provident society;

"land" excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income; "M" means a member of a relevant authority;

"member" includes a co-opted member; "relevant authority" means the authority of which M is a member;

"relevant period" means the period of 12 months ending with the day on which M gives notice to the Monitoring Officer of a DPI;

"relevant person" means M or M's spouse or civil partner, a person with whom M is living as husband or wife or a person with whom M is living as if they were civil partners;

"securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

'non pecuniary interest' means interests falling within the following descriptions:

- 10.1(1)(i) Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) Any body (a) exercising functions of a public nature; (b) directed to charitable purposes; or (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management;
- (iii) Any easement, servitude, interest or right in or over land which does not carry with it a right for you (alone or jointly with another) to occupy the land or to receive income.
- 10.2(2) A decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a connected person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision.

'a connected person' means

- (a) a member of your family or any person with whom you have a close association, or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph 10.1(1)(i) or (ii).

'body exercising functions of a public nature' means

Regional and local development agencies, other government agencies, other Councils, public health bodies, council-owned companies exercising public functions, arms length management organisations carrying out housing functions on behalf of your authority, school governing bodies.

A Member with a personal interest who has made an executive decision in relation to that matter must ensure any written statement of that decision records the existence and nature of that interest.

NB Section 21(13) of the LGA 2000 overrides any Code provisions to oblige an executive member to attend an overview and scrutiny meeting to answer questions.

AUDIT AND GOVERNANCE COMMITTEE

HELD: 25 MARCH 2014

Start: 7.00pm

Finish: 8.30pm

PRESENT:

Councillors: Pope (Chairman)
Forshaw (Vice Chairman)

Baldock	Greenall
Dereli	Pendleton
Gagen	Savage
Griffiths	Westley

Officers: Borough Treasurer (Mr M Taylor)
Borough Solicitor (Mr T Broderick)
Transformation Manager (Mr S Walsh)
Audit Manager (Mr M Coysh)
Assistant Member Services Manager (Mrs J Denning)

In attendance: Mr J Unsworth, Revenues and Benefits, One Connect Ltd
Mr G Small, Engagement Manager, Grant Thornton (External Audit)

35. APOLOGIES

Apologies for absence were received on behalf of Councillor G Hodson and Ms K Murray (Grant Thornton).

36. MEMBERSHIP OF THE COMMITTEE

In accordance with Council Procedure Rule 4, the Committee noted the termination of membership of Councillors Grant and Jones and the appointment of Councillors Griffiths and Baldock for this meeting only, giving effect to the wishes of the Political Groups.

37. DECLARATIONS OF INTEREST

Councillors Dereli and Westley declared a personal interest in agenda item 5 'Grant Thornton Certification Work Report 2012/13', agenda item 6 'Grant Thornton – Audit Plan' and agenda item 7 'Grant Thornton Update Report and Audit Commission Fraud Briefing' arising from their membership of Lancashire County Council and Councillor Savage indicated that she would leave the room if there was anything directly referring to her employment with Lancashire County Council and the potential for a pecuniary or disclosable pecuniary interest in those items.

38. MINUTES

RESOLVED That the minutes of the last meeting of the Committee held on 28 January 2014 be approved as a correct record and signed by the Chairman.

39. GRANT THORNTON CERTIFICATION WORK REPORT 2012/13

Consideration was given to the report of the Borough Treasurer which introduced the reports of the External Auditors Grant Thornton, as circulated and contained on pages 355 to 370 of the Book of Reports which set out details of the External Auditor's findings from their certification of 2012/13 claims and returns.

Mr J Unsworth, Revenues and Benefits, One Connect Ltd gave a presentation to members in order to address the issues raised at the previous meeting in relation to Revenues and Benefits activity, in particular:

- (i) The current position in relation to:
 - Audit Outputs for 2013-14
 - Local Authority Error Trends 2006/7 to 2013/14
 - Current Performance Status
- (ii) The 2014-15 Work Programme in relation to service delivery and audit function:
 - Objectives
 - Actions

Comments and questions were raised in respect of the following:

- Acceptable error levels
- System migration
- Training
- The number of affected clients
- Welfare reform and Universal Credit implications
- Turnaround times for applications
- Cross cutting work between the Council and One Connect Ltd in relation to financial assistance.

RESOLVED That the presentation from One Connect Ltd and the findings by the External Auditor's, Grant Thornton, be noted.

40. GRANT THORNTON - AUDIT PLAN

Consideration was given to the report of the Borough Treasurer, as contained on pages 371 to 386 of the Book of Reports, which detailed the External Auditor's Audit Plan of the Council's 2013/14 financial statements.

RESOLVED That the report be noted.

41. GRANT THORNTON UPDATE REPORT AND AUDIT COMMISSION FRAUD BRIEFING

Consideration was given to the report of the Borough Treasurer, as contained on pages 387 to 424 of the Book of Reports, which detailed the External Auditor's update report and outlined progress regarding the delivery of their responsibilities against their audit plan.

Comments and questions were raised in respect of the following:

- Reference to “79% of Councils anticipate Tipping Point soon” and what impact future cuts will have on the provision of statutory duties
- Social Housing Fraud cases
- Future topics for training

The Chairman asked that Members e-mail the Borough Treasurer with suggestions for future training.

RESOLVED That the report be noted.

42. LOCAL CODE OF GOVERNANCE

Consideration was given to the report of the Borough Treasurer, as contained on pages 425 to 436 of the Book of Reports, which detailed the results of the annual review of the Council’s Local Code of Governance.

RESOLVED That the Local Code of Governance for 2014/15, attached as Appendix 1 to the report, be approved.

43. INTERNAL AUDIT ACTIVITIES - QUARTERLY UPDATE

Consideration was given to the report of the Borough Treasurer, as contained on pages 437 to 442 of the Book of Reports, which advised on progress against the 2013/14 Internal Audit Plan.

RESOLVED That the progress in the year to date be noted.

44. INTERNAL AUDIT PLAN 2014/15

Consideration was given to the report of the Borough Treasurer, as contained on pages 443 to 446 of the Book of Reports, which provided details on the background to the preparation of the 2014/15 Internal Audit Plan and presented it for approval.

RESOLVED That the Internal Audit Plan, attached as an Appendix to the report, be approved.

45. REGULATION OF INVESTIGATORY POWERS ACT QUARTERLY MONITORING OF USE OF POWERS

In relation to the quarterly monitoring of activity under the Regulation of Investigatory Powers Act 2000 (RIPA) it was reported that there was no relevant activity to bring to the attention of the Committee.

RESOLVED That the update be noted.

46. WORK PROGRAMME

Consideration was given to the Committee’s programme of work as set down at page 447 of the Book of Reports.

RESOLVED

That the Work Programme be approved and proposals for future training sessions be forwarded to the Borough Treasurer.

.....
CHAIRMAN



AGENDA ITEM: 5

AUDIT AND GOVERNANCE COMMITTEE:

26 June 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

**Contact for further information: Marc Taylor (Extn. 5092)
(E-mail: marc.taylor@westlancs.gov.uk)**

SUBJECT: GRANT THORNTON FINANCIAL RESILIENCE REPORT

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To receive details of our External Auditor's findings from their review of the Council's arrangements for securing financial resilience.

2.0 RECOMMENDATION

- 2.1 That the findings be considered and that any questions be raised with the Grant Thornton representatives who will be attending the meeting.

3.0 BACKGROUND

- 3.1 Each year our External Auditors (Grant Thornton) provide a Value for Money conclusion on whether the Council has proper arrangements in place for securing economy, efficiency and effectiveness in our use of resources. This includes a review to determine if the Council has proper arrangements in place for securing financial resilience. This review considers whether there are robust financial

systems and processes in place to manage financial risks and opportunities, and to secure a stable financial position for the foreseeable future.

4.0 FINDINGS

4.1 Details of the external auditor's findings are included in their report in the appendix. Some of the key messages from this report include:

- The Council has performed consistently well across all themes and across all categories within the themes
- The Council is performing well compared against other Lancashire Councils and against District Councils in general

4.2 Consequently the report provides a positive assessment of the Council's arrangements for securing financial resilience.

4.3 The agenda papers have been printed in black and white, which may make some of the charts in the appendix difficult to read. However the online version of the report in COINS is in colour and shows the results more clearly.

5.0 RISK ASSESSMENT

5.1 The work that our External Auditors undertake is an integral part of the Council's internal control framework and provides assurance to Members that the Council is operating effectively.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have a direct impact on members of the public, employees, elected members and/or stakeholders. Therefore no equality impact assessment is required.

Appendix

Grant Thornton – Benchmarking your arrangements for securing Financial Resilience

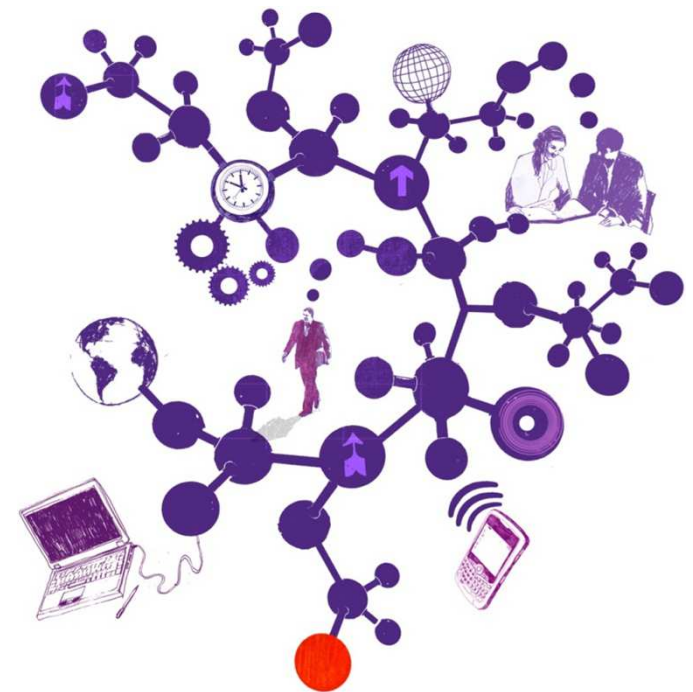


Benchmarking your arrangements for securing Financial Resilience – West Lancashire Borough Council

28 March 2014

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E karen.l.murray@uk.gt.com

Gerard Small
Manager
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E ged.w.small@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Introduction

1 Introduction **Page 3**

2 Your financial resilience performance **Page 4**

3 How do you compare for 2012-13? **Page 5**

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Your financial resilience history

Value for Money conclusion

Our work supporting our Value for Money (VfM) conclusion, as part of the statutory external audit, includes a review to determine if Councils have proper arrangements in place for securing financial resilience.

In so doing we consider whether Councils have robust financial systems and processes in place to manage their financial risks and opportunities, and to secure a stable financial position that enables them to continue to operate for the foreseeable future

The definition of foreseeable future for the purposes of these financial resilience reviews is 12 months from the date of our reports to clients.

Benchmarking for West Lancashire Borough Council

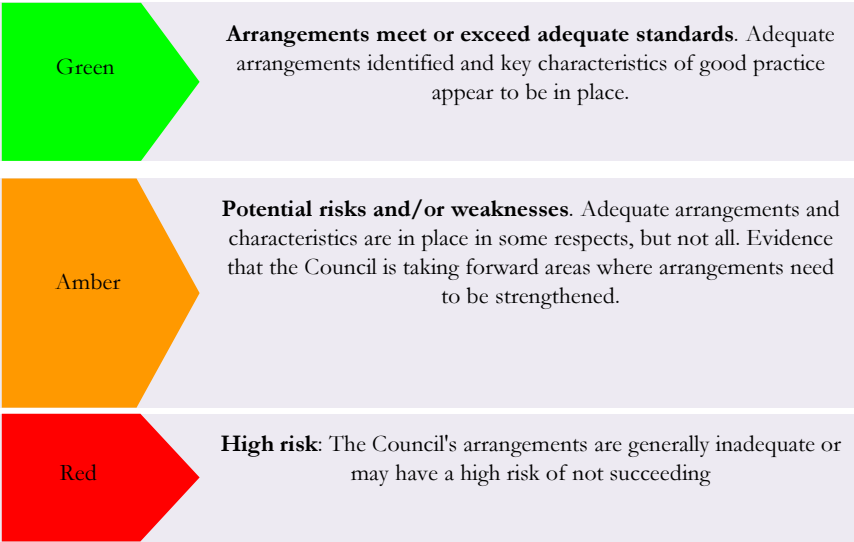
This benchmarking pack should be considered alongside our Financial Resilience report which we reported to Audit Committee on 24 September 2013, and in the light of the issue of our national report on financial resilience in the sector "*2016 tipping point? Challenging the current?*".

The benchmarking compares the Council with the total population of over 130 councils and also with sub-populations as follows:

- Lancashire Councils only;
- District Council type only.

Our Financial Resilience Ratings

We use a red/amber/green (RAG) rating with the following definitions



How did you perform?

What is the picture for 2012-13?

We have reviewed:

- key indicators of financial performance;
- strategic financial planning;
- financial governance; and
- financial control.

This shows that West Lancashire Borough Council has performed consistently well across all themes and across all categories within the themes.

Within these thematic areas we have looked at 22 different categories and the graph below shows your performance in these categories. To the left are the overall ratings for the four themes, and to the right are the 22 categories.



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How do you compare?

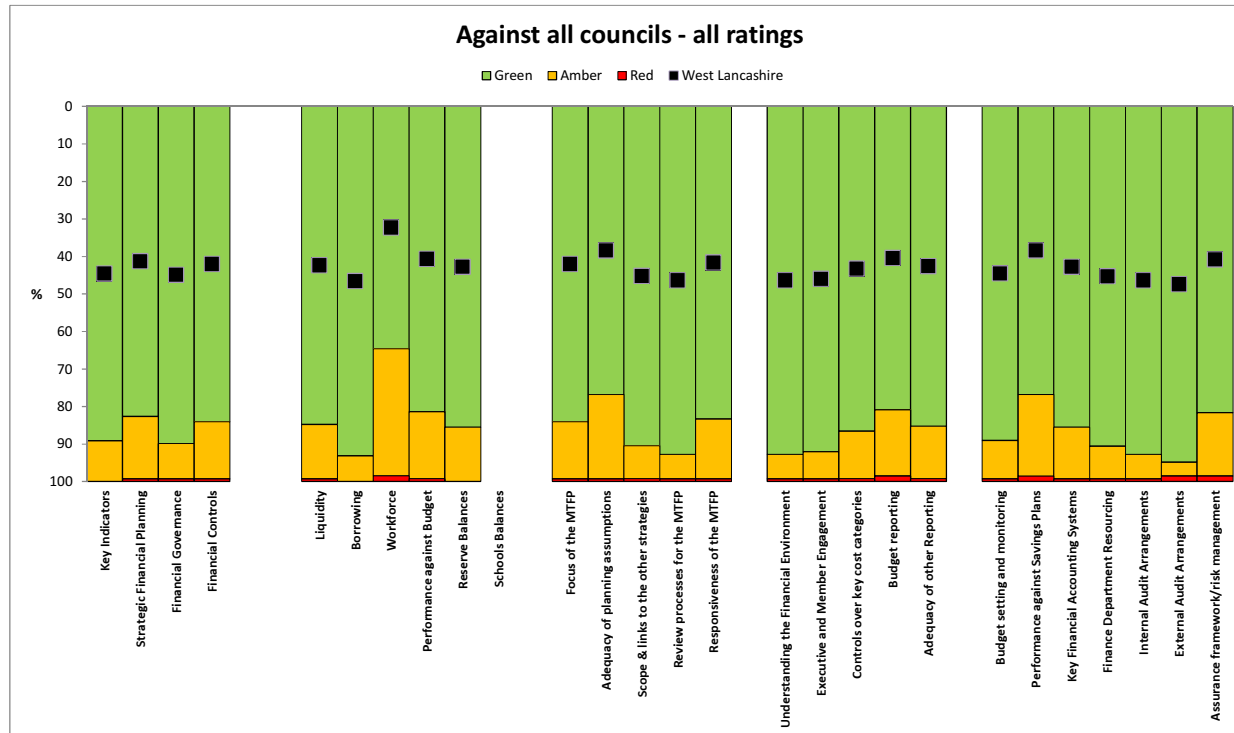
DRAFT

Benchmarking against all Councils

The graph below shows how the Council performs against the results for all Councils in 2012-13. Your scores are plotted as the black squares overlying the population performance: the colour that your black square lies in indicates the level you achieved.

You can draw the following conclusions about the population

Across all Councils the area of Workforce was the one most commonly rated as Amber. Only for Borrowing and Reserves Balances are there no Councils rated red. This could be seen as a combination of working under the Prudential Code together with a cautious approach to the use of reserves in a time of uncertainty.



How do you compare?

DRAFT

Benchmarking against Lancashire Councils only

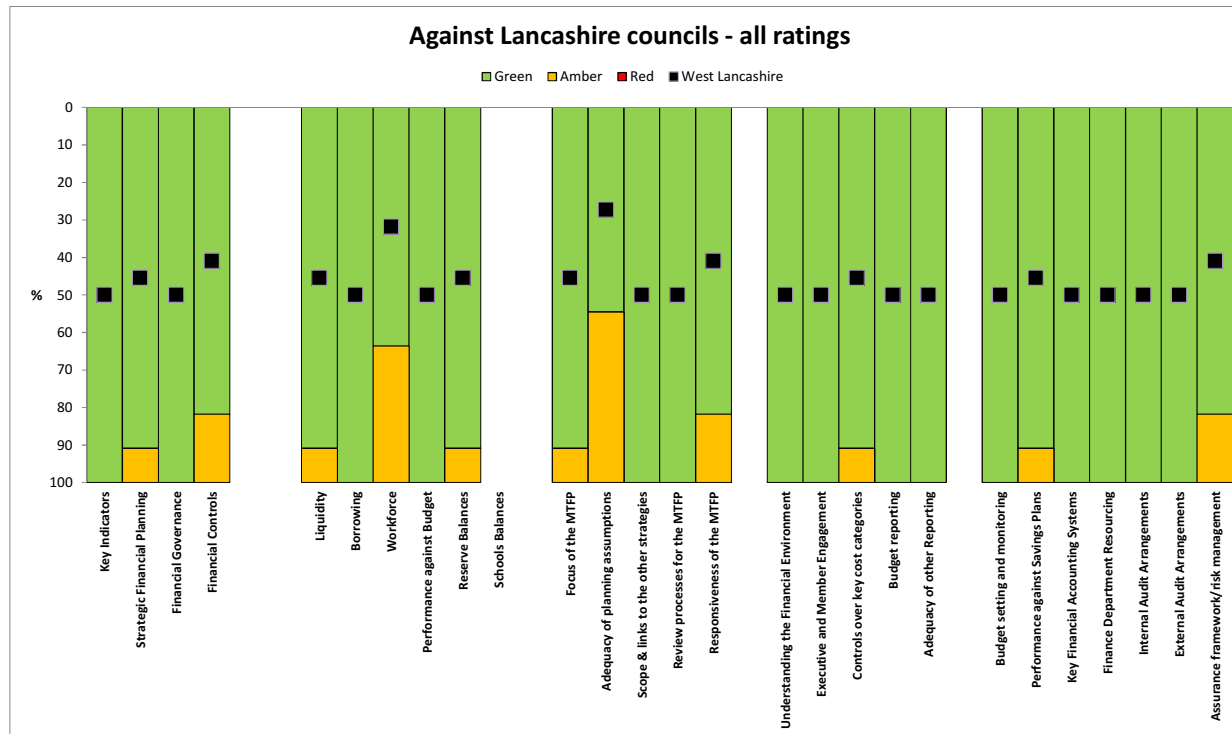
The graph below shows how you perform against the results for the Lancashire councils that we audit.

You can draw the following conclusions about this new population:

Across Lancashire most Councils had good arrangements but Workforce and the Adequacy of Planning Assumptions, were the areas most commonly rated as amber.

You can draw the following conclusions about your performance:

West Lancashire Borough Council is performing well among what appears to be a strong group of Councils.



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How do you compare?

DRAFT

Benchmarking against District Council type only

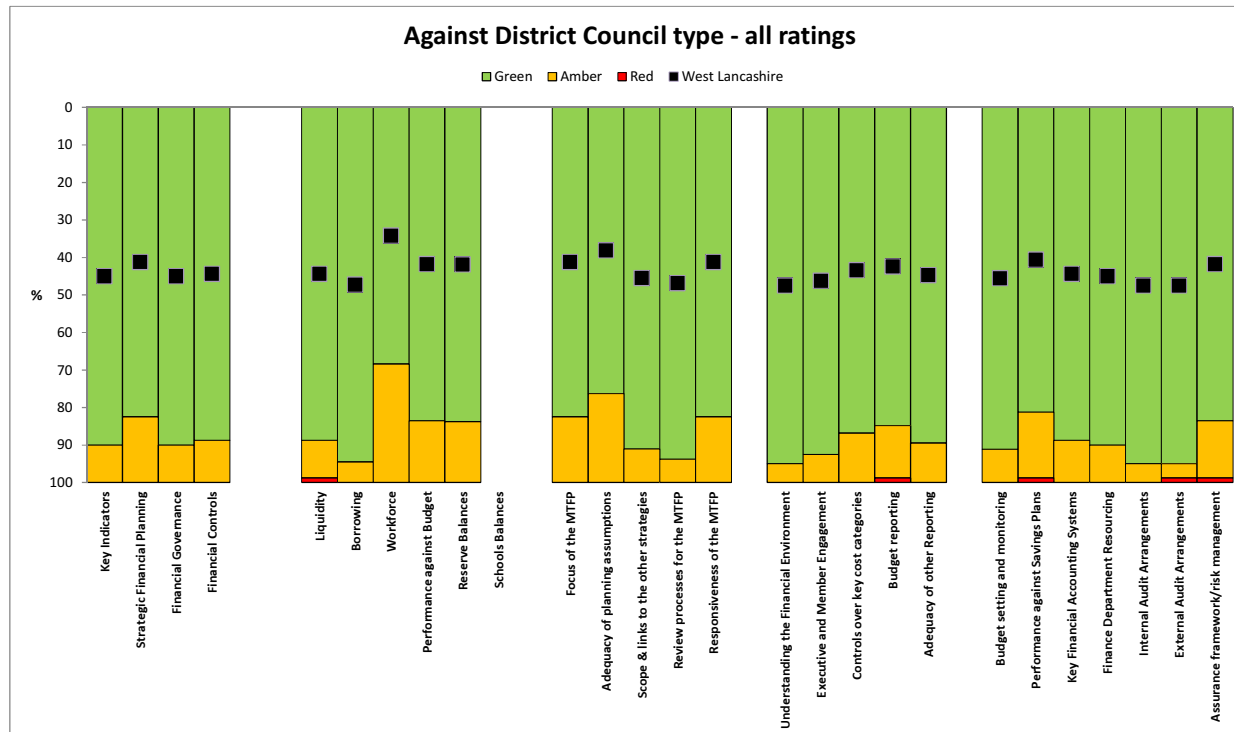
The graph below shows how you perform against the results for our District Council clients.

You can draw the following conclusions about this new population.

Generally District Councils see a wider range of results, with more rated amber across all themes and a number rated red. The next slide contrasts this position with that of County Councils

You can draw the following conclusions about your performance:

West Lancashire is performing well in comparison with District Councils generally.



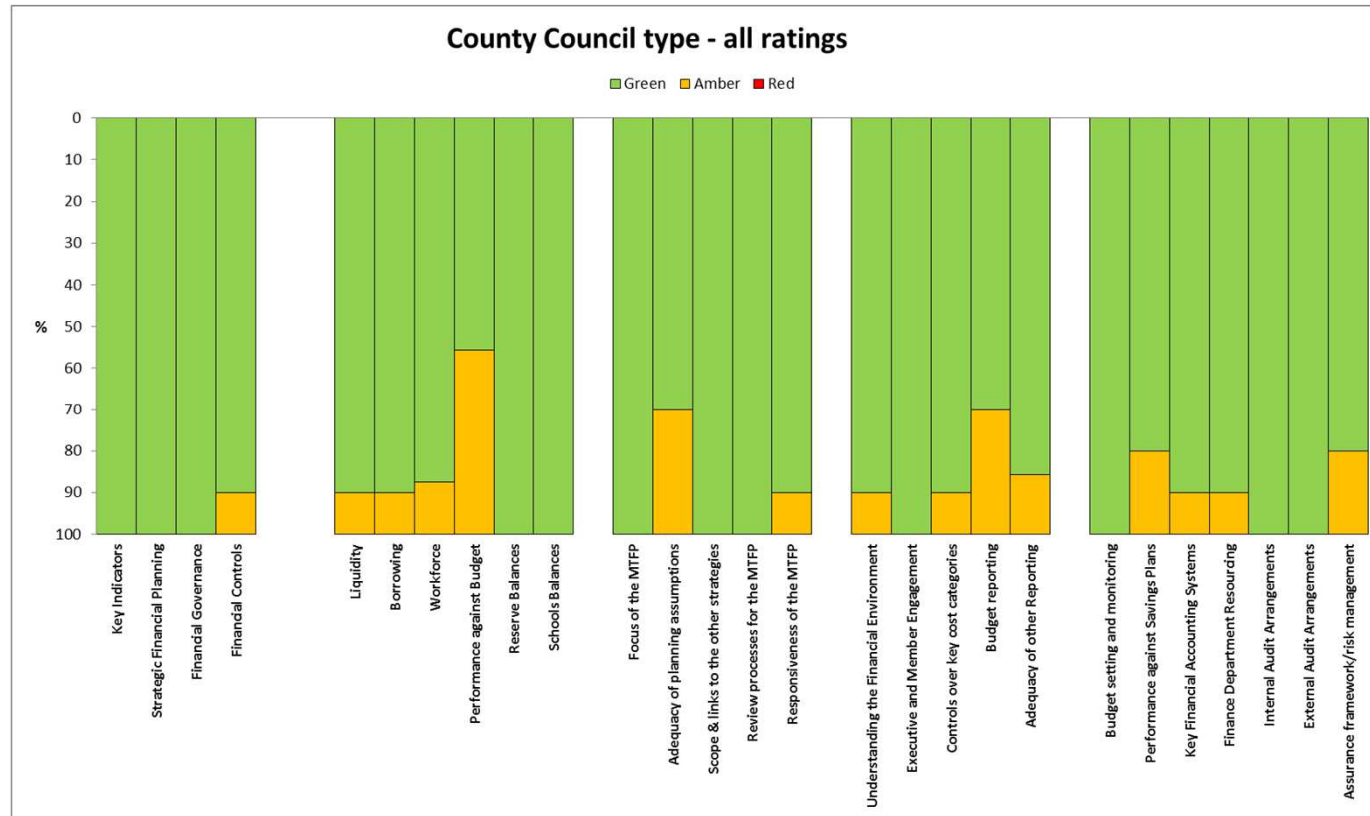
How is it for others?

DRAFT

Benchmarking other tiers of Local Government

The graph below shows the same distribution for County Councils.

Note that fewer Councils are amber rated and none are red rated. This may reflect greater resources available to upper tier councils. The notable exception is performance within budget where far more are rated amber.



How do you compare?

DRAFT

Benchmarking comparing the different client types

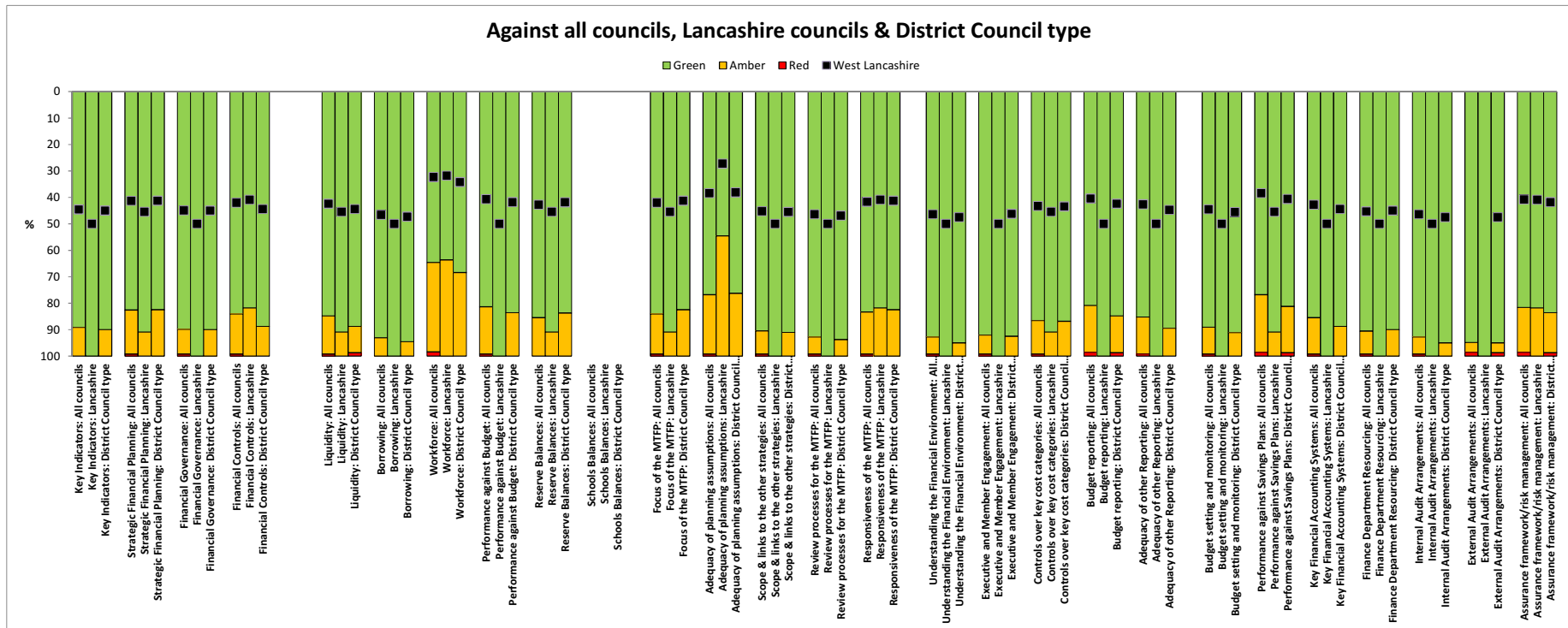
The graph below summarises slides 5, 6 and 7 in a single chart

Overall message

This report needs to be read in the context that our financial resilience reviews fell in the second year of the four-year SR10 period, where some of the potential risks and challenges over the medium term may have yet to materialise for the Council and the wider sector.

West Lancashire Borough Council will maintain its financial resilience if there is clarity over:

- The time-frame for financial planning
- The robustness of the assumptions underlying its forecasts during that timeframe
- The risks and uncertainties that affect those assumptions the potential value of those risk.





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AGENDA ITEM: 6

AUDIT AND GOVERNANCE COMMITTEE:

26 June 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

**Contact for further information: Marc Taylor (Extn. 5092)
(E-mail: marc.taylor@westlancs.gov.uk)**

SUBJECT: GRANT THORNTON UPDATE REPORT

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To receive an update from our External Auditors on a range of different matters.

2.0 RECOMMENDATION

2.1 That the update report be considered and that any questions be raised with the Grant Thornton representatives who will be attending the meeting.

3.0 BACKGROUND

3.1 Our external auditors have asked for the document contained in the appendix to be included on the agenda for this meeting so that Members may give the issues contained within it due consideration.

4.0 UPDATE REPORT

4.1 The Grant Thornton update report sets out their progress in delivering their responsibilities against their audit plan as well as a summary of emerging national issues and developments and a number of challenge questions which Members may wish to consider.

- 4.2 Representatives of Grant Thornton will present this report at the Committee meeting and will be able to answer any questions that Members may have on its contents.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 RISK ASSESSMENT

- 6.1 The work that our External Auditors undertake is an integral part of the Council's control framework and provides assurance to Members that the Council is operating effectively.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix A – Grant Thornton Update Report

Audit and Governance Committee Update West Lancashire Borough Council

Year ended 31 March 2014

5 June 2014

Karen Murray

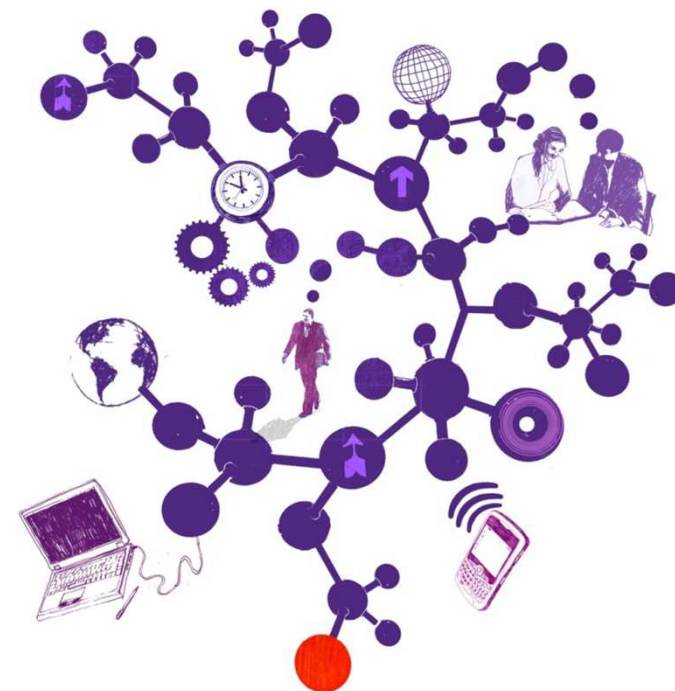
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Working in tandem, local government governance review 2014, our third annual review, assessing local authority governance, highlighting areas for improvement and posing questions to help assess the strength of current arrangements
- 2016 tipping point? Challenging the current, summary findings from our third year of financial health checks of English local authorities
- Local Government Pension Schemes Governance Review, a review of current practice, best case examples and useful questions to assess governance strengths

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Gerard Small Audit Manager T 0161 214 6372 M 07880 456 170 ged.w.small@uk.gt.com

Progress at 5 June

Work	Planned date	Complete?	Comments
<p>2013-14 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2013-14 financial statements.</p>	25 March 2014	Complete	The Audit Plan set out the audit risks and how we shall obtain assurance over those risk to give our opinion.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion.(See page 7) 	26 March to 17 April 2014	Complete	<p>We have updated our review of the Council's control environment.</p> <p>We have updated our evaluation of the design of the Council's financial systems and confirmed that they are designed effectively, we have also confirmed this with walk through tests of the Housing rents, Housing Benefits and Creditor Payments. We have liaised with colleagues to confirm that the Payroll system operated through Wigan MBC has been reviewed and tested. We can confirm that we have not identified any matter to be brought to your attention in your role as those charged with governance.</p> <p>We have not completed walk through testing of Property, Plant and Equipment transactions. This is because the most significant financial entries are required only at the year end; this is the usual position for Councils.</p>

GWS1

Slide 5

GWS1 should this be PPE rather than capital?

Yes it should.

Ged W Small, 10/06/2014

Progress at 5 June

Work	Planned date	Complete?	Comments
Interim accounts audit (continued)			However, we have discussed with the Borough Treasurer how the Council is proposing to deal with the re-valuation of groups and classes of assets in line with CIPFA guidance. We have not identified any risk material misstatement.
2013-14 final accounts audit Including: <ul style="list-style-type: none">• audit of the 2013-14 financial statements• proposed opinion on the Council's accounts• proposed Value for Money conclusion.	4 August to 5 September 2014 (provisional)	In progress	The final accounts stage will focus on substantive testing of individually material balances and transactions, and on the financial reporting disclosures

Progress at 5 June

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2013/14 VfM conclusion comprises:</p> <ul style="list-style-type: none"> • An update of our risk assessment from last year • A refresh of the performance data included in the financial resilience report 	<p>Concurrent with interim and final accounts audit work</p>	<p>In Progress</p>	<p>We have updated the risk assessment through:</p> <ul style="list-style-type: none"> • review of the Council's performance reports • review of the Audit Commission VFM profiles of the Council with comparison against other Councils of a similar size; • review of budget planning and reporting; and • discussions with management . <p>We have not identified any other local risks that we need to consider further at this stage.</p> <p>We will continue to monitor the Council's performance, including reviewing the outturn position and updating our assessment against the latest available data before we reach our final conclusion in September. The refresh of the financial performance data will be prepared alongside the final accounts audit.</p>

Emerging issues and developments

pages 9- 11 Accounts Issues

pages 12-13 Local Government Guidance

page 14 Grant Thornton- Thought Leadership

Understanding your accounts – member guidance

Accounting and audit issues

Guide to local authority accounts

Local authority audit committee members are not expected to be financial experts, but they are responsible for approving and issuing the authority's financial statements. However, local authority financial statements are complex and can be difficult to understand. We have prepared a guide for members to use as part of their review of the financial statements. It explains the key features of the primary statements and notes that make up a set of financial statements. It also includes key challenge questions to help members assess whether the financial statements show a true and fair view of their authority's financial performance and financial position.

The guide considers the :

- explanatory foreword – which should include an explanation of key events and their effect on the financial statements
- annual governance statement – providing a clear sense of the risks facing the authority and the controls in place to manage them
- movement in reserves statement – showing the authority's net worth and spending power
- comprehensive income and expenditure statement – reporting on the year's financial performance and whether operations resulted in surplus or deficit
- balance sheet – a 'snapshot' of the authority's financial position at 31st March; and
- other statements and additional disclosures

Supporting this guide we have produced two further documents to support members in discharging their responsibilities

- helping local authorities prepare clear and concise financial statements
- approving the minimum revenue provision

Copies of these are available from your engagement lead and audit manager

Challenge question

Have members referred to this guidance?

Accounts – our top issues

Accounting and audit issues

Top issues for the 2013/14 closedown

Based on the queries we have received from practitioners and auditors, here is a list of the top issues to consider for the 2013/14 closedown.

1. Do your accounts tell the overall story of your authority's financial performance and financial position? Are they clear, concise and easy to follow? Is detailed information on the most important information easy to find? Have duplicated text, non-material notes and zero entries been removed?
2. Are your accounts internally consistent? In particular, does the movement in reserves statement agree to the detailed notes?
3. Is your programme of revaluations is sufficiently up to date to ensure that the carrying value of property, plant and equipment does not differ materially from the fair value at 31 March 2014?
4. Have you accounted for provisions in accordance with IAS 37?
 - i. Have you considered provisions for business rates, equal pay and restoration and aftercare of landfill sites?
 - ii. Are your provisions the best estimate of the liability (rather than a prudent estimate or an amount that is convenient for budget purposes)?
 - iii. Is there a robust evidence based methodology to support the estimate?
 - iv. Are there any instances in which a provision has not been made because a reliable estimate cannot be made? If so, Is their robust evidence to support the judgement that a reliable estimate is not possible? Has a contingent liability been disclosed?
5. Have you addressed the new accounting requirements in 2013/14 for the presentation of IAS 19 pension costs and have comparatives been restated?
6. Have you agreed a detailed closedown plan with your auditors? Does this include:
 - i. how to deal with known major issues?
 - ii. a protocol for dealing with new issues as they arise?
 - iii. a date for a post-implementation review?

Accounts – CIPFA bulletin

Accounting and audit issues

LAAP Bulletin 98: Closure of the 2013/14 accounts and related matters

In March, CIPFA's Local Authority Accounting Panel issued [LAAP Bulletin 98](#). The bulletin provides further guidance and clarification to complement CIPFA's 2013/14 Guidance Notes for Practitioners and focuses on those areas that are expected to be significant for most authorities. Topics include:

- non-domestic rates – provision for appeals against the rateable value of business properties
- component accounting
- accounting for pension interest costs in relation to current service cost and pension administration costs

With regard to future accounting periods, the Bulletin also provides an update on issues affecting 2014/15 and on the measurement of transport infrastructure assets in 2016/17.

Challenge question

Has your Borough Treasurer reviewed the guidance and assessed the potential impact for your financial statements?

Not to be rubbished, £464 million potential savings

Local government guidance

Audit Commission VFM Profiles

Using data from the VFM Profile, <http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/> the Audit Commission issued a briefing on 27 March 2014, concluding that up to £464 million could be saved overall, if councils spending the most brought down their spending to the average for their authority type and waste responsibilities.

The Audit Commission Chairman, Jeremy Newman said: "It's good news that local authorities have reduced their spending on household waste by £46 million over the past four years and have reduced levels of waste sent to landfill. Councils have achieved these important improvements by working with local people and exercising choice about what works best in their own circumstances."

In the context of considering the hierarchy of waste management options - preventing the creation of waste, preparing waste for re-use, recycling, recovery and disposal to landfill - the Audit Commission Chairman also said

"in 2012/13 local authorities spent a fifth of their total expenditure on the most desirable option for household waste management: minimisation and recycling. They spent the other four-fifths on the collection and disposal of waste – the least desirable options. Councils have the power to influence and encourage residents to do the right thing and they control the levels of spending on the range of waste management options available to them. Their choices ultimately affect how well the environment is protected and the quality of waste services residents receive"

Challenge questions

Has the Council used the Audit Commission briefing paper to consider how their:

- overall spending on household waste management has changed over time?
- spending is divided between waste minimisation, recycling or disposal of waste, and how this has changed over time?;
- spending on different components of waste management compares with authorities that have similar or better performance?

Assessing the costs and benefits of local partnerships

Local government guidance

The government published its cost benefit analysis guidance for local partnerships on 2 April 2014.

Developed as part of the Greater Manchester 'whole place' Community Budget pilot, it was the first Treasury-approved assessment of the costs and benefits of joining-up and reforming public services in local areas.

The framework was developed by New Economy, the economic strategy unit of the Greater Manchester Combined Authority. John Holden, acting director of economic strategy at the agency, led the team that devised the methodology. He said

"this model provides a framework to start thinking about more holistic projects that deliver long-term outcomes but also produce short-term cashability [savings]"

The guidance sets out a standard process to determine the benefit of reforms, based on the unit cost of services, their impact and the savings that result. In providing Treasury backing for the cost benefit analysis framework – it has been included in Whitehall's Green Book for policy appraisal and evaluation – it has been added to the government's assessment process for the latest £320m round of the Transformation Challenge Award, which provides funding to councils to implement reforms.

Challenge question

Has the Council considered the applicability of the government's cost benefit analysis guidance in considering the cost-benefits of local service delivery options?

Working in tandem – Local Government Governance Review 2014

Grant Thornton

Local Government Governance Review

This report: <http://www.grant-thornton.co.uk/en/Publications/2014/Local-Government-Governance-Review-2014/> is our third annual review into local authority governance. It aims to assist managers and elected members of councils and fire and rescue authorities to assess the strength of their governance arrangements and to prepare for the challenges ahead.

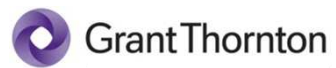
Drawing on a detailed review of the 2012/13 annual governance statements and explanatory forewords of 150 English councils and fire and rescue authorities, as well as responses from 80 senior council officers and members, the report focuses on three particular aspects of governance:

- risk leadership: setting a tone from the top which encourages innovation as well as managing potential pitfalls
- partnerships and alternative delivery models: implementing governance arrangements for new service delivery models that achieve accountability without stifling innovation
- public communication: engaging with stakeholders to inform and assure them about service performance, financial affairs and governance arrangements.

Alongside the research findings, the report also highlights examples of good practice and poses a number of questions for management and members, to help them assess the strength of their current governance arrangements.

Challenge questions

- Our report includes a number of case studies summarising good practice in risk leadership, partnerships and alternative delivery models and public communication. Has the Council reviewed these case studies and assessed whether it is meeting good practice in these areas?
- Our report includes key questions for members to ask officers on risk management and alternative delivery models. Are these issues being considered and responded to by officers?



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AGENDA ITEM: 7

AUDIT AND GOVERNANCE COMMITTEE:

26 June 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

**Contact for further information: Mr M.Coysh (Extn. 2603)
(E-mail: mike.coysh@westlancs.gov.uk)**

SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2013-14

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To present the 2013-14 Internal Audit Annual Report.

2.0 RECOMMENDATION

2.1 That members consider the Internal Audit Annual Report for 2013-14.

3.0 BACKGROUND

3.1 The work reported on was carried out in accordance with the United Kingdom Public Sector Internal Audit Standards. These require the Audit Manager to deliver an annual opinion and report. Consideration of the report is included in this Committee's Terms of Reference.

3.2 The report identifies any issues which the Audit Manager considers relevant to Member's consideration of the Annual Governance Statement which is presented elsewhere on this agenda.

4.0 SUMMARY OF FINDINGS

4.1 The Internal Audit Annual Report attached as an appendix to this report concludes that West Lancashire Borough Council's risk management systems and framework of governance and control are adequate and effective.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

6.1 All the activity referred to in this report is covered by existing budget provisions.

7.0 RISK ASSESSMENT

7.1 This Annual Report is a key element of assurance to this Committee that risks are being properly managed to increase the likelihood that the Council will achieve its overall objectives.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

1. INTERNAL AUDIT ANNUAL REPORT 2013-14.

West Lancashire Borough
Council Internal Audit Service



Annual Report for the year ended
31st March 2014

1.0 INTRODUCTION

- 1.1 The Council is required by the Accounts and Audit Regulations to maintain an internal audit of its accounting records and system of internal control in accordance with proper practices.
- 1.2 For 2013/14 proper practices were established by the Chartered Institute of Public Finance and Accountancy and defined in the Public Sector Internal Audit Standards.
- 1.3 Internal audit provide independent, objective assurance on the effectiveness of the system of control the Council has in place to achieve its objectives. The Standards require the Audit Manager to deliver an annual opinion and report.
- 1.4 The assignments set out in the Internal Audit Plan approved by this Committee are the primary source of assurance on which that opinion is based.
- 1.5 The 2013/14 Internal Audit Plan was substantially completed in the year and sufficient coverage was achieved to enable me to provide an opinion on the control environment.
- 1.6 This report summarises key areas of internal audit activity during 2013-14 and identifies any issues relevant to the overall adequacy and effectiveness of the Council's framework of governance, risk management and control

2.0 INTERNAL AUDIT ASSURANCE ACTIVITY 2013-14

2.1 Treasury Management

Controls were operating effectively. Investments were found to have been made in compliance with the Treasury Management Policy, transactions were adequately documented and reconciled regularly.

2.2 Icon Cash and Income Collection systems

Controls were operating effectively. Daily reconciliations were taking place between ICON cash receipting and the Council Tax, NNDR and Benefits systems.

2.3 Reconciliations

- 2.4 Internal Audit previously reported to Audit and Governance Committee that reconciliations of the Council Tax and NNDR systems to the General Ledger were inadequate following a change of revenues and benefits software. It was recommended that revised procedures should be introduced and the Borough Treasurer has continued to pursue this action point. A solution has now been

implemented and will be reviewed as part of 2014/15 audits of revenues and benefits.

2.5 Council Tax

Controls were operating effectively. The council tax system calculation and billing routines were found to be effective and exemptions applied were adequately supported by appropriate documentation. Adequate records were available to verify account balances on the system. It was noted that changes to procedures relating to single person discounts had affected existing controls in this area. An exercise is underway to review all single person discounts currently in effect after which procedures will be reviewed. Internal audit will continue to monitor developments in this area.

2.6 NNDR

Controls were operating effectively and testing confirmed that NNDR liabilities are correctly calculated and accurately recorded by the system. Improvements to procedures for establishing liability in relation to certain classes of business activity are being actively explored.

2.7 Debtors

Controls on the debtors system were operating effectively. Some minor administrative issues were identified in the services commissioning debtors accounts not relating directly to the operation of the debtors system itself.

2.8 Creditors

Controls on purchasing and payments were operating effectively. Expenditure had been properly authorised in accordance with the Council's purchasing rules. Control has improved following a review of authorisation procedures and the issue of revised purchasing guidance. Procedures relating to purchase orders could be further improved and will be the subject of further review.

2.9 Market

Controls were operating effectively. Recommendations were made in relation to improvements to documentary evidence retained on account files.

2.10 Payroll

2.11 Payroll services for the majority of the Council's staff are provided through a contract with Wigan MBC. The system was the subject of a high level review in 2012/13 when first implemented. A more in depth review has been carried out this year mainly concentrating on controls on the exchange of instructions for variations to pay between West Lancashire and the payroll provider. This is achieved through a "Virtual Private Network". As this is a new system

adjustments are still being made post implementation and areas have been identified where controls will be further developed.

2.12 Benefits

Controls on the system were found to be operating effectively however there are issues with assessments. The administration of benefits has undergone significant change over the last two years including new rules on entitlements to Housing Benefit, the introduction of new software and the replacement of Council Tax Benefits with the Localised Council Tax Support Scheme. Internal and external audit work has identified an increase in the volume of assessment errors over this period which has been reported to Members. An improvement plan drawn up to address the issue has been presented to Members by the B.T.L.S. Director of Revenues and Benefits. The position will be kept under review while the improvement plan is being implemented.

2.13 Private Sector Housing

Controls were found to be operating in accordance with current Council Policy in relation to the administration of grant expenditure, homelessness and enforcement activity. Policy is to be reviewed in a number of areas to ensure it remains consistent with the Council's changing housing priorities.

2.14 Furnished Tenancies

Although the residual risks are not significant, controls on the administration of the service were found to be weakened by procedures reliance on key staff. An action plan was agreed with management to secure improvements to controls.

2.15 Matrix

Controls were found to be operating effectively in relation to the Matrix agency system. Improvements to the operation of the scheme were evident in user services as it is assimilated into day to day procedures following an initial period of bedding in.

2.16 Performance indicators

Procedures were found to be operating effectively in the areas examined and no significant errors were found in the calculations of the indicators that were reviewed.

2.17 Complaints system.

Controls were operating effectively. Actions were agreed in relation to improving uniformity of processes across different service areas. These are intended to improve communication with customers, make handling of complaints more consistent and improve opportunities for the Council to learn from complaints corporately.

2.18 Time recording system

The new time recording system implemented at Derby Street was examined and found to incorporate improved controls compared to the previous system.

2.19 Risk management

Risks are being effectively managed. The corporate system is not applied identically in every service but a "one size fits all" solution could result in wasteful activity in areas where risks are readily manageable by simple means. The operation of the system is scheduled for discussion at the next meeting of the Risk Management Group.

2.20 Corporate Health and Safety

Controls were operating effectively and improvements had been made in both form and content to the Health and Safety Gateway to tailor it to the needs of managers and staff.

2.21 Rents / QL system

The housing management system used for rents is also used to manage other housing activity. While the system for administering rents is well documented, recent audit work has identified issues with the administration of other functions in the wider system which may have implications for effective system maintenance. These are currently being explored with housing staff.

2.22 Human Resources

Internal audit have continued to collaborate closely with human resources on measures to improve controls on systems relating to the management of staff corporately.

2.23 Council Stock Maintenance

Maintenance and improvement of the Council's housing stock has undergone change partly as a result of changes to housing finance but also to personnel. Controls on procedures for identifying, commissioning and controlling works are satisfactory but have been subject to recent revisions with further changes planned. As controls have been amended further work is required in the area including evaluation of budgetary controls.

2.24 Accounting controls

Work has been undertaken in relation to a change of system for former tenant recharges. No major issues have been identified arising from the transfer but further work will be required as associated working procedures are developed to mesh with the new system.

2.25 Contract Audit

Internal audit continue to monitor the operation of Contract Procedure Rules and supporting processes to ensure that they support the delivery of value for money from goods and services procured. Further Improvements in procurement practices have been secured in the year.

2.26 ICT

Internal audit have been involved in reviewing changes to information governance arrangements required by increased sharing of data with partner organisations / contractors. This has included assessment of controls on third party software and the effectiveness of third party applications as well as input to revision of the ICT and Data Security Policy.

2.27 Data protection / SIRO arrangements

Internal audit are represented on the Data Protection Working Group, informing its work through review of the implementation of practical arrangements to secure data security. Improvements to procedures have continued to be made corporately and at service level.

2.28 Anti-fraud activity

The section is involved in a variety of anti-fraud, bribery and corruption activity. While these fall outside planned formal assurance activity they may inform consideration of controls. No significant control issues were identified during this year's anti-fraud work, key components of which are reported on below.

3.0 COUNTER-FRAUD WORK

3.1 Money laundering

Time is included in the Audit Plan for the Audit Manager's role of Money Laundering Reporting Officer. No incidents of money laundering were disclosed during the year.

3.2 National Fraud Initiative

The Council is required to take part in the National Anti Fraud Initiative. This exercise compares data from a variety of public bodies every two years and where the results appear inconsistent the originating bodies are notified. Internal audit co-ordinate this activity corporately and the most recent exercise has resulted in investigation of a number of matches leading to recovery of over £32,000.

3.3 Investigations

In addition to planned anti-fraud activity, internal audit have a role in the investigation of potential fraud, responding to items referred to it in accordance with established procedures. In 2013/14 internal audit were involved in one referral which was progressed to formal investigation stage.

4.0 MANAGEMENT RESPONSES TO INTERNAL AUDIT REPORTS

4.1 During the year recommendations for improvements to controls in various systems have been made by internal audit and agreed by Management. Responses from auditees have been satisfactory and recommendations have been implemented within reasonable timescales.

5.0 ANNUAL GOVERNANCE STATEMENT

5.1 Internal audit work supports the production of the Annual Governance Statement presented elsewhere on this agenda and time is included in the plan for a review of audit findings and other sources of assurance to inform its preparation and review of the final draft of the document before publication.

5.2 Taking into account the annual review of West Lancashire Borough Council's internal controls, as outlined in its Local Code of Governance, there are no issues arising from Internal Audit's work in year 2013/14 which require disclosure in the Annual Governance Statement in addition to those already contained in it.

6.0 OVERALL OPINION

6.1 The Internal Audit Plan was prepared without any limitations on scope and has been substantially completed. No issues were identified during the course of the audit work in 2013/14 that would be likely to have a material effect on the Council's Financial Statements.

6.2 No system of control can eliminate all risk of failure to achieve policies, aims and objectives and this statement is intended to provide reasonable assurance that there is an on-going process for identifying, evaluating and managing key risks. These risks are reflected in the audit plan and subject to separate reports during the course of the year.

6.3 Based on the work which internal audit have carried out and taking into account other sources of assurance available to me, such as the Council's external auditor's Annual Audit and Inspection Letter I conclude that West Lancashire Borough Council's risk management systems are adequate and

operating effectively and can provide assurance that overall there is a sound system of internal control in place.

M.A.Coysh
Internal Audit Manager
West Lancashire Borough Council



AGENDA ITEM: 8

AUDIT AND GOVERNANCE COMMITTEE:

26 June 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

**Contact for further information: Mr M.Coysh (Extn. 2603)
(E-mail: mike.coysh@westlancs.gov.uk)**

SUBJECT: INTERNAL AUDIT ACTIVITIES – QUARTERLY UPDATE

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To advise of progress against the 2014/15 Internal Audit Plan.

2.0 RECOMMENDATION

2.1 That Members note progress in the year to date.

3.0 BACKGROUND

3.1 Members approved the 2014/15 Internal Audit Plan in March. The Internal Audit Manager brings written reports to each meeting of this Committee to update on progress against the plan.

3.2 This report covers activity against the plan up until early June. The work contained in this report will inform the overall opinion in the Internal Audit Annual Report issued at the year-end.

4.0 INTERNAL AUDIT ACTIVITY TO DATE

4.1 A report summarising progress to date is attached and the Internal Audit Manager will attend the meeting to address any questions Members may have.

4.2 Progress against the plan to date is satisfactory with 19% of audits in progress compared to 14% for the same period in the previous year.

4.3 No significant issues have arisen from Internal Audit's work in the first quarter that would merit being drawn specifically to the attention of the Committee.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

6.1 All the activity referred to in this report is covered by existing budget provisions.

7.0 RISK ASSESSMENT

7.1 This report summarises progress against Internal Audit's work programme to date. Internal Audit's work is a key source of assurance to this Committee that risks to the Council's objectives are being properly managed.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

1. INTERNAL AUDIT QUARTERLY ACTIVITY UPDATE.

Commentary

Due to publication requirements this report is compiled in early June and the Audit Manager will update members verbally on further progress as at the date of the meeting.

The service is now operating at the reduced establishment level approved as part of the Major Service Review process. The Audit Plan for the year has been drawn up taking into account this reduced level of resources.

5 of the 26 items on the original plan are currently in progress. This is approximately 19% and compares with 14% for the same period in 2013/14.

Action Points Outstanding

Reconciliations

Previous updates reported that reconciliations of the Council Tax and NNDR systems to the General Ledger were inadequate. It was recommended that robust reconciliation procedures should be put in place and the Borough Treasurer has continued to pursue this action point. A solution has now been implemented and will be reviewed as part of 2014/15 audits of revenues and benefits.

Benefits processing

An increase in the volume of errors in benefit processing was brought to the attention of this Committee in previous internal audit updates. BTLS's Director of Revenues and Benefits attended the last meeting to report on proposals to improve performance in this area. This year's internal audit work on benefits which will assess progress in this area has now commenced.

Delays to work on Revenues and Benefits

It has previously been reported here that there had been significant difficulties in obtaining adequate responses to enquiries in key areas of internal audit work in revenues and benefits. I can now report that the generally co-operative and open approach currently adopted by the contractor has improved the quality and speed of responses dramatically and if sustained will enhance the level of assurance which can be given to this Committee in relation to revenues and benefits in future.

Future reports

From the commencement of this financial year there will be changes to the format of these quarterly reports to this Committee. In addition to the regular review of progress against the plan the results of the work completed will be regularly reported on. These summaries will outline the work carried out, key issues arising from it (together with management's responses where appropriate) and an assessment of the level of assurance provided. This will record the assurance provided to this committee through the year and building towards an Annual Report which will then take a more summary form.

Other matters arising

There are no other matters arising from internal audit work in the year to date requiring comment at this time.

Internal Audit First Quarter Activity Update

Title	Position
Benefits	Work in progress
Contract Audit	Work in progress
Performance Monitoring System	Work in progress
Community Safety (CCTV)	Work in progress
National Fraud Initiative	Work in progress

Summary	
Work complete	0
Work in progress	5
Work not yet commenced	21
Total	26

Conclusion

Given the reduction in internal audit's establishment this year the Internal Audit Manager will monitor progress closely and report the position to this Committee in the remainder of this year's updates. Progress against the 2014/15 plan to date has been maintained at satisfactory levels and it is anticipated that internal audit coverage will be maintained at levels which will enable an adequate assessment of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.



AGENDA ITEM: 9

AUDIT & GOVERNANCE COMMITTEE: 26 June 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director People and Places

Contact for further information: Marc Taylor (Extn. 5092)
(E-mail: marc.taylor@westlancs.gov.uk)

SUBJECT: ANNUAL GOVERNANCE STATEMENT 2013/2014

Borough wide interest

1.0 PURPOSE OF THE REPORT

1.1 To consider the Council's Annual Governance Statement for 2013/14

2.0 RECOMMENDATION

2.1 That the Annual Governance Statement 2013/2014 be approved and commended to the Leader and Managing Directors for signature.

3.0 BACKGROUND

3.1 The Accounts and Audit Regulations 2011 require the Council to publish an Annual Governance Statement with its financial reports. The CIPFA / SOLACE Framework provides guidance on the proper practices to be followed to fulfil this requirement and Officers have followed this approach in producing the Annual Governance Statement.

3.2 An Application Note was issued by CIPFA in March 2010, outlining requirements for the Statement in relation to their document 'Statement on the Role of the Chief Financial Officer in Local Government (2010)' and the Governance Statement has also been produced in line with this guidance.

3.3 The terms of reference of this Committee include responsibility for approving the Annual Governance Statement and commending it for signature by the Leader and Managing Directors.

4.0 CURRENT POSITION

- 4.1 The Council has a track record of demonstrating solid financial and governance arrangements.
- 4.2 The Annual Governance Statement provides a summary of the Council's internal control environment and a review of its effectiveness. This year's Statement confirms that the framework is adequate and that good progress has been made in addressing the significant governance issues identified in last year's statement.
- 4.3 The Authority has consistently received positive feedback from its external auditors on its arrangements for internal control, and the most recent Annual Audit and Inspection letter has concluded the same.
- 4.4 In the Annual Audit Report, elsewhere on this agenda, the Council's Internal Audit Manager has summarised the findings from Internal Audit activity over the year and these findings are incorporated into the Annual Governance Statement.
- 4.5 All Heads of Service and senior Managers have considered and signed a Certificate on Internal Control to confirm that governance arrangements and internal controls have not been compromised during the past year in their areas of responsibility. As it is Managers who are charged with embedding governance systems in their areas, this is an integral part of the annual review process.
- 4.6 Only one area was commented on in the certification process which was the improved record keeping and monitoring of the vehicle maintenance contractor, implemented in Autumn 2013, within the Street Scene service as a result of inspections in relation to the Council's vehicle operator licence. The work in this area was completed by the year end.
- 4.7 However the Council cannot afford to be complacent and a number of current governance issues are identified in the Statement that will need to be monitored closely in the forthcoming months. This includes the financial challenges facing the Council (as well as all other local authorities), managing sickness and improving the accuracy of benefit processing.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 All the activity referred to in this report is covered by existing budget provisions.

7.0 RISK ASSESSMENT

7.1 Failure to publish an Annual Governance Statement with the Statement of Accounts would breach one of the Council's statutory obligations.

Background Documents

The following background documents (as defined in Section 100D (5) of the Local Government Act 1972) have been relied on to a material extent in preparing this Report.

- CIPFA Solace 'Delivering Good Governance in Local Government: a Framework' 2007
- CIPFA Solace 'Application Note to Delivering Good Governance in Local Government: a Framework' 2010

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix 1 – West Lancashire Borough Council's Annual Governance Statement 2013/14

WEST LANCASHIRE BOROUGH COUNCIL

2013/14 ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

To discharge this overall responsibility, the Council must have in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2011, in relation to the production of an Annual Governance Statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled and the mechanisms through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at West Lancashire Borough Council for the year ended 31 March 2014 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

The Council has in place a comprehensive governance framework designed to regulate, monitor and control its various activities in its pursuit of its vision and objectives.

The key elements of the framework include:

The principal statutory obligations and functions of the Authority are identified in the Constitution and reflected in the Budget and Policy Framework which is approved by Council.

The Council reviews its vision and priorities regularly. A statement of the current vision, values and priorities is available in a number of formats and, together with a number of other documents referred to in this Annual Governance Statement, can be viewed online on the Council's [website](#).

The Council's Business Plan sets out how it will deal with the very difficult financial challenges facing all local authorities as a result of government decisions on grant funding reductions and the challenging economic climate. It also contains details of the priority delivery projects that are designed to drive forward progress against priorities.

The Council's Covalent Performance Management System is used to monitor achievement of the Council's objectives and progress against priority delivery projects. Information from this system is presented to Management and Members on a regular basis and there is a Data Quality protocol in place to ensure the accuracy of this information.

The innovative Joint Managing Director structure continues to provide high quality management for the Council.

The Council has a number of core customer service standards which apply to all customers and staff. These corporate customer care standards provide a clear commitment of our desire to provide a high quality of customer service. They include response times for letters and emails, telephone calls, complaints, visits to our offices, visits to customer's homes and out of hours emergencies. They cover targets and the attitude and behaviour of staff and customers.

The Council has in place Codes of Conduct which set out the standards of behaviour expected of all members and officers. These are provided to all members and officers on appointment and are also available on the Council's website. The Council also has a Standards Committee whose role is to promote and maintain high standards of conduct.

A corporate Equality and Diversity steering group is in place which meets periodically to ensure the Council complies with its duties under Equality legislation.

The Council's Constitution clearly sets out the respective roles and responsibilities of the Council, its Executive and Overview and Scrutiny functions, and delegations to Committees, Portfolio holders and Chief Officers as well as those functions which, by Statute, are to be exercised by a designated "Proper Officer".

As part of the Constitution the Council has agreed a Protocol on Member/Officer Relations and Conventions for the Management of Council Business.

The Council's professionally qualified Chief Finance Officer (the Borough Treasurer) is responsible for the proper administration of its financial affairs. The Officer attends Council, Cabinet and Directorate Service Head meetings and has a direct reporting line to the Joint Managing Directors. Financial advice is provided for all the key decisions that are made.

A Medium Term Financial Forecast and Treasury Management Strategy, which fully assesses the potential financial risks to the Authority, are in place and are reviewed regularly. Standing orders and financial regulations, that detail the Authority's financial management arrangements, are also maintained and reviewed and updated periodically.

The Council has a comprehensive Risk Management process in place which is fully embedded throughout the Authority and forms an integral part of the management process. This includes a dedicated resource committed to this area of work to ensure consistency and compliance throughout the Authority. In addition all reports to Council and Cabinet have a risk assessment section.

The Council's Audit and Governance Committee undertakes the core functions of an audit committee as identified in CIPFA's publication *Audit Committees – Practical Guidance for Local Authorities*. The Committee receives regular reports on governance issues from both officers and the Council's external auditors.

The Council's Monitoring Officer Protocol sets out how the Council deals with issues of concern including legality, probity, vires and constitutional issues.

The Council is committed to the highest possible standards of openness, probity and accountability and has in place a formal Complaints Procedure, Anti-Money Laundering Policy, Whistleblowing Code and Anti-Fraud, Bribery and Corruption Policy. The Council has a zero tolerance policy towards fraud and corruption. The Council's Whistleblowing Code provides the opportunity for anyone to report their concerns confidentially and enable them to be investigated properly.

In accordance with best practice the Council has in place Senior Information Risk Owners arrangements. The arrangements ensure suitable allocation of responsibilities for information systems through a network led by the Borough Solicitor.

Recruitment Procedures are in place to ensure the appointment of appropriately skilled employees. An induction process is also in place for employees along with guidance for Managers on how to induct new employees into their teams. Ongoing training needs are identified through a Development Appraisal Scheme.

The Council is committed to consulting local people and a 'Your Views' section is available on the Council's website dedicated to engaging the public.

The Council has in place a Protocol which sets out how the essential elements of local governance, accountability and transparency will be maintained within any proposed arrangements for service delivery through partnerships.

FINANCIAL MANAGEMENT ARRANGEMENTS

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).

REVIEW OF EFFECTIVENESS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

West Lancashire Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Heads of Service and Managers within the Authority who have responsibility for the development and maintenance of the governance environment, by the Head of Internal Audit's annual report, and also by the work undertaken by the External Auditors and other review agencies and inspectorates.

The Council is ultimately responsible for maintaining an up to date governance framework which is chiefly contained in its Constitution and is made up of its standing orders, financial regulations and scheme of delegation together with various associated policies and procedures.

Our most recent Annual Audit Letter from Grant Thornton concluded that the Council has effective arrangements in place for internal control.

As part of the procedure for producing this statement, the Council's Heads of Service and Senior Managers are required to review whether there are any significant control or governance issues that require addressing. In the Street Scene Service improved record keeping and monitoring of the vehicle maintenance contractor was implemented in Autumn 2013 as a result of inspections in relation to the Council's vehicle operator licence and this work was completed by the year end.

The Borough Treasurer, who has overall responsibility for the Authority's financial framework, has not identified any significant governance or internal control issues in relation to financial matters. In carrying out a continuous audit of the Council's business, the Internal Audit Section review the effectiveness of key elements of the Council's governance arrangements and report to the Audit and Governance Committee accordingly. The Internal Audit Manager's Annual Report for 2013/14 does not identify any serious deficiencies in the Council's internal control mechanisms.

The Audit and Governance Committee are charged with monitoring Contract Procedure Rules, Financial Regulations and other provisions of the Constitution. This Committee also considers how well the Council has complied with its own and other published standards and controls in so far as these contribute to the adequacy of its framework of internal control.

We have been advised on the implications of the review of the effectiveness of the governance framework by the Audit and Governance Committee, and plans to address development issues and ensure continuous improvement of the system are in place.

PROGRESS ON ISSUES IDENTIFIED IN THE LAST ANNUAL GOVERNANCE STATEMENT

FINANCIAL CHALLENGES AND THE BUSINESS PLAN

Due to robust financial monitoring and management the Council has achieved a favourable budget variance for 2013-14 and has also set a balanced budget for 2014-15. Consequently the Council is taking appropriate action to secure a stable financial position and this position has been confirmed in our latest Annual Audit letter.

DATA PROTECTION

Steady progress has been made in implementing the Data Protection action plan during the course of the year and in further developing our procedures and processes to minimise risks. Consequently, the Borough Solicitor (who is the Council's Senior Information Risk Owner) has concluded that our arrangements demonstrate a satisfactory level of compliance having regard to best practice requirements. There are also arrangements in place, such as a data protection working group and a network of responsible officers within services, which will ensure the continued development of the data protection framework. Further assurance will also be sought from LCC/BTLS (who provide our Revenues, Benefits and IT services) on the data protection measures they have in place

REVENUES AND BENEFITS

The implementation of a new IT system providing an integrated platform across the Revenues and Benefits service is complete. The system is calculating and recording customer transactions accurately and greater integration has improved the efficiency of the service. The on-going operation of the system does not present any significant governance issues.

CURRENT SIGNIFICANT GOVERNANCE ISSUES

FINANCIAL CHALLENGES AND THE BUSINESS PLAN

The Council currently has a healthy financial position and is on course to achieve its business plan target of 30% savings by the end of the four year period 2011-2015. However, looking to the future further significant savings will need to be made to ensure a balanced budget position is achieved over the medium term. The next business plan covering the period 2015-2018 is currently being developed and will set out how these savings will be achieved. This savings programme may create significant risks in the governance framework that will need to continue to be managed and reviewed effectively.

SICKNESS

Over the last 12 months the Council's sickness level has been above target and would appear to be higher than a significant number of other Lancashire districts. Benchmarking with other authorities, and tackling sickness levels will be a priority task moving forward and a number of new measures will be added to the existing sickness management framework including additional resources to support managers in improving performance.

BENEFITS PROCESSING

From 2012 the Benefits service underwent a period of significant change including new rules on entitlements to Housing Benefit, the introduction of new software, and the replacement of Council Tax Benefits with a Localised Council Tax Support Scheme. Internal and external audit work identified an increase in the volume of errors over this period which was reported to Members. An improvement plan drawn up to address this issue has been presented to the Audit and Governance Committee by the BTLS Director of Revenues and Benefits, and performance will be closely monitored to ensure that the plan is successfully implemented.

We propose to monitor the above issues over the coming year and to take steps to maintain and develop our governance arrangements.

SIGNED: Date

LEADER

SIGNED: Date

MANAGING DIRECTOR (PEOPLE AND PLACES)

.

SIGNED: Date

MANAGING DIRECTOR (TRANSFORMATION)

On behalf of West Lancashire Borough Council



AGENDA ITEM: 10

AUDIT AND GOVERNANCE COMMITTEE:

26 June 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

**Contact for further information: Marc Taylor (Extn. 5092)
(E-mail: marc.taylor@westlancs.gov.uk)**

SUBJECT: STATEMENT OF ACCOUNTS

Borough wide interest

1.0 PURPOSE OF THE REPORT

1.1 To provide details on the preparation of the Statement of Accounts for the year ended 31st March 2014.

2.0 RECOMMENDATIONS

2.1 That this report be noted.

2.2 That a further report to approve the audited statement of accounts be produced for the next meeting of the Committee.

3.0 BACKGROUND

3.1 It is part of the terms of reference of this Committee that it will approve the Council's Statement of Accounts by the 30th September each year.

4.0 AUDIT PROCESS

- 4.1 The Accounts and Audit Regulations 2011 require that by the 30th June each year that the Council's Chief Finance Officer must sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position and performance of the body for that year. At the time of writing this report, the accounts are being reviewed and verified, and are on course to be produced by the due date. Once the accounts are finalised it is intended that they will be published on the Council's website and a link sent to all Council Members, with paper copies being made available on request. I will also provide a presentation on the key issues from the Statement in the training session immediately prior to the Committee meeting.
- 4.2 Over the course of the summer our external auditors – Grant Thornton – will conduct an audit of the accounts. The summer period will also provide Members with the opportunity to scrutinise the accounts in detail and request any additional information or raise any issues.
- 4.3 Regulations require that our external auditors report on their findings from the audit directly to Members before the end of September. This report will be presented to the next meeting of the Audit and Governance Committee, and at that time the Committee will be asked to approve the audited accounts.

5.0 SUSTAINABILITY IMPLICATIONS / COMMUNITY STRATEGY

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 RISK ASSESSMENT

- 6.1 The formal reporting of the Council's financial performance and position is part of the overall control framework that is designed to minimise the financial risks facing the Council.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

None



AGENDA ITEM: 11

AUDIT & GOVERNANCE COMMITTEE: 26 June 2014

CABINET: 16 September 2014

Report of: Borough Treasurer

Relevant Managing Director: Managing Director (People and Places)

Contact for further information: Ms J Ashcroft (Extn. 2606)
(E-mail: julie.ashcroft@westlancs.gov.uk)

SUBJECT: FINANCIAL REGULATIONS

Borough wide interest

1.0 PURPOSE OF THE REPORT

1.1 To consider the revision and updating of the Council's Financial Regulations within the Constitution.

2.0 RECOMMENDATION

2.1 That the updated set of Financial Regulations attached at Appendix 1 be endorsed and the document reissued to all staff.

3.0 BACKGROUND

3.1 It is a statutory and regulatory requirement for Councils to have Financial Regulations and Procedures in place that set out the financial arrangements for managing the organisation.

3.2 The Council's Financial Regulations were last updated in 2011, and the changes made at that time included shortening and streamlining the document, bringing it up to date, and ensuring compliance with best practice.

3.3 The new format has been received well by officers and management and the indication is that it has worked well in practice.

4.0 CURRENT REVIEW

4.1 In line with the Council's commitment to regularly review its key documents and procedures, a review of Financial Regulations has been undertaken and Appendix 1 provides proposed revisions.

4.2 The Budget and Policy Framework, which forms part of the Constitution, was also reviewed as part of this process but no changes were deemed necessary to this document at this time.

- 4.3 The proposed amendments to Financial Regulations largely relate to changes across the Authority since 2011. For example, a new corporate Purchase Order exemption list has been devised and reference is made to this in the 'Ordering and paying for work, goods and services' section. Similarly, a new Payment Requisition form has been devised, with greater controls on authorisation routines, and the same section now makes reference to this also.
- 4.4 There have been changes to Payroll procedures since the partnership with Wigan Council and BTLS and the section on 'Payments to Employees and Members' has been altered to reflect this approach.
- 4.5 A new HRA business plan was introduced in March 2012, which was a fundamental change in the financing of the housing service, and this is reflected in the regulations with a new section included for it within 'Financial Planning'.
- 4.6 Further enhancements and alterations have been made across the document, for example more emphasis on ensuring compliance with data protection and any other updated legislation.
- 4.7 Following this review, the document is now deemed to be accurate and up to date. It is intended that once Members have endorsed the new version of the Regulations, that the Constitution will be updated accordingly and all Members and staff notified of the changes to the Regulations.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 All the activity referred to in this report is covered by existing budget provisions.

7.0 RISK ASSESSMENT

- 7.1 The maintenance of an up to date set of Financial Regulations is necessary to demonstrate compliance with the Council's statutory and regulatory duties, to ensure that the Council is well managed financially and that all relevant staff are aware of their specific financial responsibilities.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix 1 – Revised Financial Regulations

FINANCIAL REGULATIONS

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SECTION A - FINANCIAL MANAGEMENT AND STANDARDS

1.0 INTRODUCTION

1.1 Financial management covers all the financial responsibilities and accountabilities involved in running the Council. Members and Officers have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by setting out clear standards to work to and ensuring that controls are in place to promote compliance with them.

2.0 FINANCIAL MANAGEMENT STANDARDS

2.1 The key controls for financial management standards are their promotion throughout the Council and a monitoring system to review compliance with them.

2.2 Council, Cabinet and Committees have a role to play in the financial management of the Council as set out in the Constitution. In addition, the respective roles and responsibilities of Officers are also set out in the Constitution, in the Proper Officer Provisions and Scheme of Delegation.

2.3 The Chief Finance Officer (CFO) is responsible for:

- complying with the statutory duties set out in section 151 and 114 of the Local Government Act 1972
- the proper administration of the Council's financial affairs and ensuring that proper professional practices are maintained
- setting financial management standards and monitoring their compliance
- advising on the corporate financial position and on the key strategic controls necessary to secure sound financial management
- providing financial information and advice to enable accurate and timely monitoring and reporting
- reporting potentially unlawful entries, actions and expenditure

2.4 Heads of Service are responsible for:

- ensuring that Cabinet members are advised of the financial implications of all proposals and that the financial implications have been agreed with the CFO
- consulting with the CFO and seeking the necessary Committee approvals before any commitments are made that are liable to affect the Council's finances materially
- promoting and monitoring adherence in their Services to financial standards prescribed by the CFO

3.0 ACCOUNTING POLICIES

3.1 The Chief Finance Officer is responsible for selecting suitable accounting policies and ensuring they are applied consistently in accordance with proper professional practice. These accounting policies will be reviewed and published with the annual financial statements.

3.2 Heads of Service are responsible for promoting and ensuring adherence to these accounting policies and guidelines.

4.0 **MANAGEMENT OF EXPENDITURE AND INCOME**

4.1 The management of expenditure and income is a key control in ensuring that the Council's budget is adhered to and that limited resources are used in the most efficient, economic and effective way. Effective management ensures that once budgets have been approved, resources allocated are used for their intended purposes and are properly accounted for.

4.2 The Chief Finance Officer is responsible for the overall framework of budgetary management and control and has specific duties relating to write-offs, virement, contingency sums and treatment of year end balances.

4.3 Heads of Service are responsible for:

- managing budgets responsibly and prudently
- assigning a Budget Manager for each budget heading who understands their financial responsibilities and ensures that there is adequate provision before any expenditure is incurred
- ensuring that official purchase orders are used to place orders with suppliers and contractors, unless there are exceptional circumstances or the supplier is detailed on the approved exemption list. In cases of exceptional circumstances, e.g. emergency telephone orders, an official purchase order should be raised as soon as practicable after the event to ensure there is a clear audit trail and that the commitment can be recognised for budget monitoring purposes
- ensuring an approved certification process is followed for all expenditure
- ensuring operations achieve financial performance targets
- regular monitoring of income and expenditure to ensure adherence to budgets and identify any fluctuation in income against set targets
- maintenance of effective records for all monies due and instigating effective recovery procedures for non-payment of debts
- regular consultation with assigned Accountants on developing or changing issues throughout the financial year
- taking appropriate corrective action where significant variations from the approved budget are forecast

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5.0 **ACCOUNTING RECORDS AND RETURNS**

5.1 The proper compilation, maintenance and retention of records is one of the ways in which the Council discharges its responsibility for the proper stewardship of public resources.

5.2 The key controls for accounting records and returns are adherence to accounting policies, standards and timetables, the timely and accurate recording of all transactions, material commitments and contracts and other essential accounting information, adequate reconciliation procedures, retention of prime documents and effective back up of records.

- 5.3 The Chief Finance Officer is responsible for determining the accounting procedures and records for the Council.
- 5.4 Heads of Service are responsible for:
- consulting with the CFO before making any changes to accounting records and procedures
 - maintaining adequate records to provide an audit trail from source of income/expenditure through to the accounting statements
 - supplying information required to enable the statement of accounts to be completed
 - separating the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums, from the duty of collecting or paying them
 - ensuring the proper retention of financial records in accordance with the Council's Retention and Disposal schedule

6.0 **ANNUAL STATEMENT OF ACCOUNTS**

- 6.1 The Council has a statutory responsibility to prepare its annual accounts to provide a true and fair view of its operations during the year. These accounts are subject to scrutiny by Members, External Audit and the public. The external audit provides assurance that the accounts are prepared properly and that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.
- 6.2 The Chief Finance Officer is responsible for the proper administration of the Council's financial affairs and the preparation of the statement of accounts in accordance with proper practices. This includes drawing up a timetable for final accounts preparation, the production of supporting working papers and other evidence, reviewing the system of internal control to ensure that it is effective and that financial transactions are lawful and making proper arrangements for the external audit of the accounts.
- 6.3 Heads of Service are responsible for complying with accounting guidance provided by the CFO and supplying information for the statement when required.

SECTION B - FINANCIAL PLANNING

7.0 INTRODUCTION

7.1 Financial planning is the development of effective systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. Preparing a policy framework, comprehensive budgets and robust business and performance plans are the key elements to achieving this. By regular monitoring, the Council can ensure that legal requirements and other relevant government guidelines are met and that variances and spending pressures are identified and dealt with promptly.

8.0 BUDGET AND POLICY FRAMEWORK PROCEDURES RULES

8.1 The Council is responsible for agreeing the Budget and Policy Framework, approving procedures for agreeing variations to approved budgets subject to the delegated virement arrangements, approving plans and strategies forming the policy framework, determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework and setting the level at which the Cabinet may reallocate budget funds from one service to another. The Cabinet is responsible for taking in-year decisions on resources and priorities in order to deliver the budget and policy framework within the financial limits set by the Council.

9.0 THE BUDGET

9.1 The budget is the financial expression of the Council's plans and policies. It must be constructed so as to ensure that resource allocation properly reflects the service plans and priorities of the Council. Budgets are needed so that the Council can plan, authorise, monitor and control the way money is allocated and spent.

FORMAT AND PREPARATION

9.2 The Chief Finance Officer is responsible for advising the Cabinet on the format of the budget and ensuring that a revenue budget and capital programme is prepared on an annual basis. The budget format determines the level of detail to which financial control and management will be exercised and must comply with all legal and relevant accounting requirements. The draft budget will include allocation to different services and projects, proposed taxation levels and contingency funds.

9.3 Heads of Service are responsible for ensuring that budget estimates, reflecting agreed service plans, are submitted to the Cabinet and that these estimates are prepared in line with guidance issued by the CFO.

BUDGET SETTING

9.4 The key controls for budget setting are specific budget approval for all expenditure, consultation with budget managers in the preparation of budgets

for which they will be responsible and a monitoring process to review the effectiveness and operation of budget preparation.

9.5 The Chief Finance Officer is responsible for encouraging best use of resources and value for money and advising on the medium term implications of spending decisions.

| 9.6 ~~Also~~ **The CFO is also responsible for** determining the detailed form of revenue estimates and the methods for their preparation, preparing reports on budget prospects, including resource constraints set by the government, and on the aggregate spending plans of Services, the resources available to fund them and implications for the level of council tax to be levied.

9.7 Heads of Service are responsible for:

- preparing estimates of income and expenditure
- preparing budgets which are consistent with the Council's annual budget cycle and with guidelines issued by the CFO
- integrating financial and budget plans into service planning
- having regard to spending patterns and pressures, legal requirements, policy framework requirements and initiatives already underway when drawing up draft budget requirements

MONITORING AND CONTROL

9.8 Budget management ensures that once the budget has been approved by the Council, resources are used for their intended purposes and properly accounted for. Budgetary control is a continuous process enabling the Council to review and adjust its budget targets during the financial year. Variances can be identified quickly and the Council is less likely to overspend.

9.9 The key controls for managing the revenue budget are the nomination of a budget manager for each cost centre who accepts responsibility and accountability for their budgets and understands their financial responsibilities, ensuring adequate processes are in place to record and account for all income and expenditure and that performance levels of their service are monitored regularly in conjunction with the budget and appropriate action taken where necessary to align service outputs and budgets.

9.10 The Chief Finance Officer is responsible for establishing an appropriate framework of budgetary management and control in line with recommended best practice and providing regular reports to both budget managers and Members on the Council's projected income and expenditure compared with the budget.

9.11 Heads of Service are responsible for:

- ensuring an accountable budget manager is identified for each item of income and expenditure

- managing expenditure within the budget allocated i.e. the planned income and expenditure for a service area or 'cost' centre and ensuring budget heads are not overspent (reflecting ~~how presented~~their presentation in the budget book as detailed in the Budget and Policy Framework Procedure Rules)
- ensuring budgets are managed in accordance with virement rules laid down in the Budget and Policy Framework
- taking appropriate corrective action where significant variations from the approved budget are forecast and alerting the CFO of any problems
- ensuring expenditure is committed only against an approved budget head, with an approved certification process and in compliance with relevant guidance and financial regulations
- ensuring all income and expenditure is properly recorded and accounted for
- ensuring an effective monitoring process is in place to review performance in conjunction with the budget
- seeking advice from the CFO on any new proposals that could create financial commitments in future years, change existing policies or affect services

RESOURCE ALLOCATION

- 9.12 A mismatch often exists between available resources (staff, money, equipment, goods and materials) and required resources. It is imperative that needs are carefully prioritised and that resources are fairly allocated in order to fulfil legal responsibilities.
- 9.13 The key controls for resource allocation are that resources are acquired in accordance with the law ~~and~~ using an approved authorisation process and are used only for the purpose intended with the minimum level of waste, loss or inefficiency, properly accounted for and held securely.
- 9.14 The Chief Finance Officer is responsible for advising on methods available for funding of resources and assisting in the allocation of resources to budget managers.
- 9.15 Heads of Service are responsible for working within budget limits, utilising resources in the most efficient, effective and economic way and identifying opportunities to minimise or eliminate resource requirements without having a detrimental effect on service delivery.

THE HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN

- 9.16 The HRA Business Plan sets out projections on future expenditure and income for the HRA over the next 30 years. This enables key expenditure and resource issues to be considered in the long term timescale that is required when considering the management and maintenance of the Council's housing stock.
- 9.17 The key controls for the HRA Business Plan are an annual review of the forecasts and projections within the plan and the updating of the forecasts and

projections within the plan so that it can influence and inform the Housing budget that will be agreed by Council

9.18 The Chief Finance Officer is responsible for ensuring that the Business Plan is reviewed and updated on an annual basis as part of the budget setting process for consideration by Members.

9.19 The Assistant Director Housing and Regeneration is responsible for:

- preparing estimates of income and expenditure
- integrating financial and business plans into service planning
- having regard to spending patterns and pressures and legal requirements and initiatives already underway when drawing up projections

THE CAPITAL PROGRAMME

9.16-20 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council. Capital assets shape the way services are delivered for the long-term and create financial commitments for the future. There are ~~strict government~~prudential and regulatory controls on the financing capacity of the Council which is why capital expenditure must be carefully prioritised in order to maximise the benefit of scarce resources.

9.17-21 The key controls for capital programmes are Cabinet and Council approval of capital scheme budgets, the development of project plans detailing estimates and targets, ~~targets and~~ accountable officers for individual capital schemes and an effective capital programme monitoring system.

9.18-22 The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by Members, issuing guidance concerning capital schemes and submitting financial monitoring reports to Members on approved programmes.

9.19-23 Heads of Service are responsible for:

- Complying with CFO guidance on capital schemes
- ensuring all capital proposals have undergone a thorough project appraisal
- proceeding with projects only where there is confirmed and adequate provision of resources in the capital programme
- ensuring adequate records are maintained in respect of all capital contracts
- providing information on the progress of capital schemes for inclusion in financial monitoring reports
- ensuring that credit arrangements, including loans and leases, are not entered into without prior approval from the CFO

MAINTENANCE OF RESERVES

9.20-24 The Council must decide the level of ~~general~~ reserves it wishes to maintain before it can decide the level of Council Tax. Reserves are

maintained as a matter of prudence. They enable the Council to provide for unexpected events and thereby protect it from overspending should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

| 9.24-25 The key controls for reserves are maintaining them in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting practices and clearly defining the proposed usage and basis of transactions for each reserve established.

| 9.22-26 The Chief Finance Officer is responsible for maintaining and keeping up to date a reserves policy in line with recommended best practice, advising Members on prudent levels of reserves for the Council and ensuring that resources are only used for the purposes for which they were intended.

| 9.23-27 Heads of Service are responsible for recommending to the CFO the setting up of specific earmarked reserves ~~or provisions and managing their reserves in line with the requirements of the reserves policy~~

10.0 **PERFORMANCE PLANS**

| 10.1 Business and performance plans set out the Council's overall priorities and objectives, planned projects, initiatives and targets, current performance and proposals for further improvement and efficiencies.

- 10.2 The key controls for business and performance plans are that they are produced consistently, on time with accurate, complete and up to date data and with improvement targets that are meaningful, realistic and challenging.
- 10.3 The Chief Finance Officer is responsible for ensuring financial performance information is reported to Members and is available for inclusion in business and performance plans and that effective systems are in place to collect accurate financial information.
- 10.4 Heads of Service are responsible for devising business and performance plans and contributing to the development of initiatives, targets and performance information.

SECTION C - RISK MANAGEMENT & CONTROL OF RESOURCES

11.0 INTRODUCTION

11.1 Robust systems are required for identifying and evaluating all significant operational risks to the Council on an integrated basis. This includes the proactive participation of all those associated with planning and delivering services.

12.0 RISK MANAGEMENT & INSURANCE

12.1 Risk is the chance or possibility of loss, damage or injury or failure to achieve objectives caused by an unwanted or uncertain action or event. By being risk aware the Council is better placed to avoid threats and take advantage of opportunities. A robust risk management system is embedded across the Council to monitor and manage risks and an approved Risk Management Policy and Strategy is in place outlining processes and officer roles and responsibilities.

12.2 The Chief Finance Officer is responsible for promoting the Risk Management Policy and Strategy, reporting on the effectiveness of the risk management system and ensuring adequate insurance cover for all of the Council's activities and employees.

12.3 Heads of Service are responsible for:

- taking responsibility for risk management and adhering to the risk management strategy and policy, including regularly reviewing risks in their service areas
- ensuring that business continuity plans are in place for applicable service areas in case of disasters which could result in significant loss or damage
- notifying the CFO immediately of any loss, liability or damage which may lead to a claim against the Council
- reviewing the annual summary statement of insurance cover and throughout the year notifying the CFO promptly of all new risks, properties, assets or vehicles which require insurance and of any alterations or service changes affecting existing insurances
- consulting the CFO and the Borough Solicitor on the terms of any indemnity which the Council is requested to give
- ensuring that Council employees, or anyone covered by the Council's insurances, do not admit liability or make any offer to pay compensation which may prejudice the assessment of liability in respect of any insurance claim

13.0 INTERNAL CONTROLS

13.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and ensures statutory obligations are met, risks are managed and the Council's assets and interests are safeguarded.

13.2 Robust internal control systems include adequate and effective financial and operational systems and procedures which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and robust information systems.

13.3 ~~Also-They also incorporate~~ effective managerial control systems which include defining policies, setting objectives, monitoring performance and taking appropriate anticipatory and remedial action. Control systems should be regularly reviewed, including review by Internal Audit.

13.4 The Chief Finance Officer is responsible for assisting the Council in putting in place an appropriate control environment and effective internal controls.

13.5 Heads of Service are responsible for:

- ensuring staff have an understanding of the consequences of a lack of control
- managing processes to check that established controls are being adhered to and to evaluate their effectiveness in the achievement of objectives and management of risk
- reviewing existing controls in the light of changes affecting the Council and establishing and implementing new ones in consultation with the CFO
- ensuring internal control systems comply with all applicable statutes and regulations

14.0 **AUDIT REQUIREMENTS**

INTERNAL AUDIT

14.1 Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control and is a statutory requirement for Councils. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

14.2 The key controls for Internal audit are that it is independent in its planning and operation, the Internal Audit Manager has direct access to management and elected Members and internal auditors comply with the ~~CIPFA Code of Practice for Internal Audit in Local Government~~United Kingdom Public Sector Internal Audit Standards.

14.3 The Chief Finance Officer is responsible for ensuring the independence of the internal audit function and that internal auditors have the authority to access ~~Council premises~~, records (including those of third parties), documentation, Council premises and assets and receive information and explanations deemed necessary for any matter under consideration.

14.4 Heads of Service are responsible for:

- ensuring Internal Audit are given access at all reasonable times to premises, personnel and documentation which they consider necessary for the purposes of their work and are provided with any information and explanations requested
- discussing audit reports and implementing agreed actions in line with deadlines detailed in action plans
- ensuring new systems for maintaining financial records or records of assets, or changes to such systems, are discussed and agreed with the Internal Audit Manager before implementation

EXTERNAL AUDIT

- 14.5 All large public sector organisations are subject to external audit. The external auditor has rights of access to all documents and information which are necessary for audit purposes and their objectives are to review and report upon the financial implications of corporate governance arrangements, the financial statements and accounts and ~~certain aspects of value for money arrangements.~~ to manage performance.
- 14.6 The Chief Finance Officer is responsible for ensuring that external auditors are given appropriate access, ensuring effective liaison between External and Internal Audit and advising staff and members on their responsibilities in relation to external audit.
- 14.7 Heads of Service are responsible for ensuring records and systems are up to date and available for inspection and that External Audit are given appropriate access to them.

15.0 PREVENTING FRAUD AND CORRUPTION

- 15.1 The council will not tolerate fraud, corruption, bribery or malpractice in the administration of its responsibilities and to prevent this has an Anti Fraud, Bribery and Corruption Policy and Anti-Money Laundering Policy in place detailing processes and officer roles and responsibilities.
- 15.2 The Chief Finance Officer is responsible for developing, maintaining and promoting both policies and ensuring all irregularities are reported and investigated appropriately.
- 15.3 Heads of Service are responsible for ensuring awareness of and adherence to the policies, instigating action under the Council's disciplinary procedures where necessary and ensuring the registers of external activity and gifts and hospitality is-are up to date in line with the procedure laid down in the Officer Code of Conduct and that all staff under their control report all instances of suspected fraud immediately in accordance with approved procedures.

16.0 STAFFING

- 16.1 In order to provide a good service, the Council must recruit and retain high calibre, knowledgeable and qualified staff in line with its recruitment and selection process.
- 16.2 The key controls for staffing are having an appropriate staffing strategy and policy in place, procedures for forecasting staffing requirements and cost, ensuring staff time is used efficiently and adequate checks are undertaken on staff prior to appointment.
- 16.3 The Chief Finance Officer is responsible for ensuring that budget provision exists for all existing and new employees.
- 16.4 Heads of Service are responsible for providing information to the CFO to ensure appropriate budgets for staffing, ensuring the staffing budget is an adequate forecast of staffing levels and ensuring adequate control over such costs as sickness, overtime, training and temporary staff. Staffing budgets must not be exceeded without due authority and must be managed to enable the agreed level of service to be provided.

17.0 **ASSETS**

- 17.1 The Council holds assets in the form of land, property, vehicles, equipment, furniture, information and other items worth significant sums of money.

SECURITY

- 17.2 It is important that assets are safeguarded and used efficiently in the delivery of services and that there are arrangements for the security of assets and information required for service operations.
- 17.3 The key controls for the security of assets are the maintenance of an up to date asset register, staff awareness of their responsibilities with regard to safeguarding assets, robust information ~~and computer~~ systems and compliance with the Council's ~~computer and internet security policies~~[ICT Security Policy](#).
- 17.4 The Chief Finance Officer is responsible for ensuring that an asset register is maintained for all ~~fixed long term~~ assets with a value in excess of ~~£520,000~~ and assets are valued in accordance with recommended best practice ~~so that this information can be incorporated into the statement of accounts~~.
- 17.5 Heads of Service are responsible for:
- maintaining a database for all significant properties, plant and machinery and moveable assets currently owned or used by the Council
 - ensuring lessees and other prospective occupiers of Council land and buildings are not permitted to take possession until a lease or agreement has been established and the form of lease should be agreed with the CFO and Borough Solicitor where appropriate

- ensuring adherence to building security procedures, the safe custody of all vehicles, equipment, furniture, stock, keys and any other property and reporting any loss or theft immediately to the CFO
- ensuring that no Council asset is subject to personal use by an employee without proper authority
- ensuring that any use of property or establishment by a section other than for direct service delivery should be supported by documentation identifying terms, responsibilities and duration of use
- passing title deeds to the Borough Solicitor.
- ensuring all suspected security incidents are reported appropriately and consulting with the CFO where security is thought to be defective or where it is considered that special security arrangements may be required
- arranging for the valuation of assets for insurance and accounting purposes
- ensuring access to all systems is appropriately restricted, network security procedures are adhered to and that computer usage is in line with the ICT Security Policy
- ensuring that all employees are aware of their personal responsibility with regard to ~~the protection and confidentiality of information~~ data protection legislation and the Council's Data Protection Policy
- maintaining inventories of all items over £100 including item description, location and value and ensuring attractive and portable items are appropriately marked and insured
- undertaking an annual check of inventories and stocks and taking action in relation to surpluses or deficiencies
- investigating and removing from the Council's records discrepancies as required and obtaining appropriate approval to do so where necessary

DISPOSAL

- 17.6 Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and ~~regulations~~ guidance of the Council. Assets should only be disposed of when it is in the best interest of the Council and best price must be obtained for disposals bearing in mind other factors, such as environmental issues. For items of significant value, disposal should be by competitive tender or public auction.
- 17.7 The Chief Finance Officer is responsible for providing guidance on disposals or part exchange of an asset and ensuring appropriate accounting entries are made.
- 17.8 Heads of Service are responsible for seeking advice from the CFO on the disposal of surplus or obsolete materials, stores or equipment where appropriate and ensuring that any income received is properly accounted for. The proposed sale of land, buildings or other significant assets must be discussed with the CFO prior to disposal.

18.0 TREASURY MANAGEMENT

- 18.1 To provide assurances that money is properly managed in a way which balances risk with return the Council has adopted and adheres to the CIPFA

Code of Practice on Treasury Management in the Public Services. As the cornerstones for effective treasury management, the Council has in place an approved Treasury Management Policy Statement and Treasury Management Practices. The statement outlines the policies, objectives and approach to risk management of its treasury management activities and the practices set out the manner in which the Council will seek to achieve those objectives and how it will manage those activities.

18.2 The Chief Finance Officer is responsible for:

- the execution and administration of treasury management decisions and acting in accordance with the policy statement and practices and the CIPFA Standard of Professional Practice on Treasury Management
- providing Council with reports on treasury management including an Annual Strategy and Plan and a Mid-year review
- providing regular reports to the Audit & Governance committee for effective scrutiny of treasury management strategies and policies
- ensuring the Council's activities comply with the policy statement and practices

18.3 Heads of Service are responsible for;

- following any instructions on banking issued by the CFO, ensuring loans are not made to third parties and that interests are not acquired in companies, ventures or other enterprises without consultation with the CFO and approval of the council
- ensuring all trust funds are operated within relevant legislation and the specific requirement for each trust
- arranging, where funds are held on behalf of third parties, for their secure administration and the maintenance of all detailed records of transactions in consultation with the CFO

SECTION D – SYSTEMS AND PROCEDURES

19.0 INTRODUCTION

19.1 Sound systems and procedures are essential to an effective framework of accountability, governance and control. Various systems and procedures are used across the Council to control its assets. These should be well managed with controls to ensure that transactions are properly processed and errors minimised and detected promptly. The financial management information they contain must also be accurate.

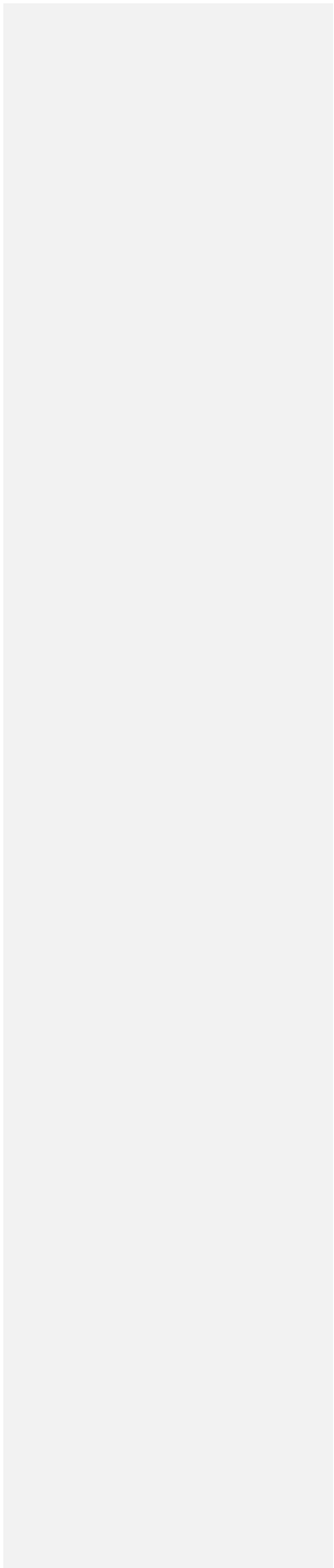
20.0 SYSTEMS AND PROCEDURES

20.1 The key controls for systems and procedures are that robust data exists to enable the Council's priorities, budgets and plans to be formulated, performance is communicated to the appropriate managers on an accurate, complete and timely basis, operating systems and procedures are secure and early warning is provided of deviations from targets, plans and budgets that require management attention.

20.2 The Chief Finance Officer is responsible for ensuring that the council's financial systems are sound and must agree any new financial systems or changes made to existing ones.

20.3 Heads of Service are responsible for:

- ensuring accounting records are properly maintained and held securely and that sound financial processes are in place
- ensuring financial documentation is managed in accordance with the Council's Retention and Disposal Schedule
- ensuring all financial transactions have an adequate audit trail from original document to the accounting records and vice versa
- incorporating appropriate system controls so that input is genuine, complete, accurate, timely and not previously processed, all processing is carried out in an accurate and timely manner and data from the system is complete, accurate and timely ~~in line with the Council's Data Quality Strategy and meets the standards of the Data Quality Protocol~~
- ensuring an appropriate segregation of duties is in place for all systems
- ensuring systems and procedures are documented and staff are well trained in operations
- ensuring business continuity plans are in place for appropriate service areas
- consulting with the CFO and informing Internal Audit before changing systems or introducing new ones
- establishing a scheme framework of delegation identifying officers authorised to act on their behalf in respect of payments, income collection, placing orders and entering into contracts, including variations, and showing the limits of their authority
- supplying and keeping up to date lists of authorised officers, with specimen signatures and delegated limits/roles, to the CFO, ~~Internal Audit~~ and Revenues and Payments, ~~together with any subsequent variations~~



- ensuring staff comply with the ICT ~~documents~~ Security Policy and Anti-Phishing, paying particular attention to back-up procedures, copyright and data protection

21.0 **INCOME**

21.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the income due to the Council is identified, collected, receipted, banked and accounted for properly. Wherever possible, income should be obtained in advance of supplying goods or services to aid cash flow and avoid the time consuming and costly administration of debts.

21.2 The key controls for income are the identification of all income due, effective charging and collection policies, effective recovery action and write off procedures, appropriate retention of income documents and reconciliations of money collected to the Council's financial systems and bank account.

21.3 The Chief Finance Officer is responsible for approving arrangements and procedures for the collection of income and ~~administering~~ the write off of bad debts, including their appropriate accounting treatment and referring large sums write offs over £5,000 to Cabinet for approval, where appropriate, in line with the Scheme of Delegation to Chief Officers.

21.4 Heads of Service are responsible for:

- ensuring there is an appropriate and effective set of procedures, systems and documentation in place for the collection of income
- ensuring bills are correctly calculated and served in a timely manner
- regularly reviewing fees and charges, including VAT requirements, for the supply of goods and services
- complying with the Fees and Charges policy
- ensuring discounts or exemptions are applied correctly and consistently and that any system parameters relating to fees and charges are set correctly in line with agreed levels
- ensuring any refunds and credits are applied correctly and consistently
- ensuring an adequate separation of duties between identifying amounts due and collection and reconciliation
- monitoring income and debt levels, establishing and initiating appropriate recovery procedures for unpaid debt and complying with the Corporate Debt Recovery Policy
- issuing receipts or other ~~appropriate~~ approved documentation for income collected
- ensuring ~~two employees are present during post opening~~ there are appropriate arrangements in place so that any income received by post is properly identified and recorded
- ensuring income collection documentation is managed in accordance with the Council's Retention and Disposal schedule
- ensuring income is paid promptly into the Council's bank account in full, with details recorded on paying-in-slips where required

- ensuring payments are immediately and correctly posted to individual accounts or funds
- ensuring there is regular reconciliation of income collected and deposited with bank statements
- ensuring the CFO is aware of all sums due to the Council
- ~~writing off debts which are deemed to be irrecoverable up to a limit of £5,000, or nominating an officer to be authorised to do so (such officers must be included on the authorised signatories list held by Revenues and Payments and Internal Audit should also be informed in advance of any proposed changes) after consultation with the CFO, or seeking Cabinet approval for write off of debts in excess of the approved limit.~~
- consulting with the CFO on the appropriate process for the write off of any debts over £5,000
- accurate records of all write offs must be retained in line with the Council's Retention and Disposal schedule
- notifying the CFO of outstanding income relating to the previous financial year as soon as possible after 31 March

22.0 **EXPENDITURE**

ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

- 22.1 Public money should be spent with demonstrable probity and in accordance with the Council's policies. All purchasing should seek to achieve and evidence value for money. These regulations should be read in conjunction with the Council's Contracts Procedure Rules, Procurement Practice Notes, Purchasing Rules, Purchasing system instruction manual and Invoice processing instructions
- 22.2 The key controls for ordering and paying for work, goods and services are compliance with the Council's purchasing instructions and contract procedures rules, goods and services ordered, authorised and checked only by appropriate persons, management of transaction and payment documents in line with the Retention and Disposal schedule and accurate recording of expenditure, including VAT, in the accounts. Making payments to the correct person, for the correct amount and only where goods have been received to the correct price, quantity and quality standards are also key controls along with effective processes for the security and integrity of all data.
- 22.3 The Chief Finance Officer is responsible for ensuring that there are sound procedures in place for ordering goods and services and incurring expenditure, approving ~~the form of official orders and associated~~any amendments to the terms and conditions of the Council's official e-purchasing ordering template, making payments from the Council's funds following appropriate authorisation, providing advice on the most economical payment methods and ensuring that a budgetary control system is established which enables commitments to be taken into account in budget monitoring reports.
- 22.4 Heads of Service are responsible for:

- ensuring all staff are aware of their responsibility to declare any links or personal interests they have with purchasers, suppliers and contractors in line with the Officers Code of Conduct
- ensuring that official orders are issued for all work, goods or services to be supplied to the Council at the time commitments are incurred (except for ~~supplies of utilities, periodic payments such as rent or rates, transactions covered by contract or agreement and petty cash purchases~~ the approved exceptions contained on the official Exemption list). All purchase orders are to be raised through the Civica electronic purchasing system in accordance with the Council's purchasing instructions and standard terms and conditions (except for those transactions ~~covered by~~ secured through housing maintenance contracts which may be processed through the housing maintenance order system or other exceptions agreed by the CFO)
- ensuring orders are only used for goods and services provided to the Council. Individuals must not use official orders to obtain goods or services for their private use, nor must personal or private use be made of Council contracts
- ensuring value for money is achieved by obtaining and demonstrating recording competitive prices for goods and services of the appropriate quality in line with CFO guidance and contract procedure rules
- ensuring all procurement complies with contract procedure rules and procurement practice notes
- agreeing with the CFO the financial aspects of a contract where appropriate
- ensuring only those staff they have nominated can raise and authorise orders through the Civica purchasing system and that these names, ~~together with the limits of their authority,~~ are provided to the Purchasing and Land Charges Manager, the CFO and, Revenues and Payments ~~and Internal Audit~~ together with any subsequent variations
- ensuring officers authorising orders are satisfied that goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that contract procedure rules have been complied with
- ensuring there is an adequate separation of duties in the ordering, ~~authorising,~~ receiving, checking and authorisation for payment of goods and services e.g. the authoriser of an invoice is a different officer to the person who authorised the order and who checked the invoice
- ensuring that goods and services are checked on receipt to verify that they are in accordance with the order and where appropriate entered on inventories or stock records
- supplying lists of officers authorised to sign invoices, with specimen signatures ~~and delegated limits,~~ to the CFO, ~~Internal Audit~~ and Revenues and Payments, together with any subsequent variations
- ensuring the treatment of invoices is compliant with the Invoice processing instructions and that VAT is treated correctly
- ensuring payment is only made where a VAT invoice has been received, checked, coded (where appropriate) and certified for payment
- ensuring payments are not made on a photocopied or faxed invoice or statement or other document other than the formal invoice, unless there is an adequately documented reason for doing so. Details of these circumstances should be reported to the Internal Audit Manager

- ensuring Payment Requisition forms are only used in appropriate circumstances, i.e. where payment by invoice is not viable, and that they are signed in accordance with authorised signatory lists
- ensuring all payment records are managed in accordance with the Retention and Disposal schedule
- encouraging suppliers to receive payment by the most economical means. Payments made by direct debit must be supported by documented prior approval from the CFO valid documentation and appropriately authorised
- ensuring that loans, leasing or rental arrangements are not entered into without prior agreement from the CFO
- notifying the CFO of outstanding expenditure relating to the previous financial year as soon as possible after 31 March
- notifying the CFO immediately of any expenditure to be incurred where there is no budgetary provision e.g. as a result of statute/court order

IMPREST ACCOUNTS

- 22.5 Cash imprest accounts are provided to meet minor expenditure. Minor items of expenditure should not exceed the prescribed amounts and the same standard of record keeping should be maintained as for any other type of expenditure.
- 22.6 The Chief Finance Officer is responsible for providing employees with cash imprest accounts, ~~reimbursing when necessary~~ and maintaining a record of these, reimbursing when necessary, prescribing rules for their operation, including classes of expenditure which may not be processed through petty cash, determining petty cash limits and rules to ensure the safe custody and control of these advances.
- 22.7 ~~Service Heads~~Heads of Service are responsible for ensuring employees operating an imprest account record transactions promptly, obtain and retain vouchers to support each payment and where appropriate obtain a VAT ~~invoice~~receipt, hold the imprest securely, reconcile and balance the account at least monthly and provide the CFO with a certificate of the value of the account held at 31 March each year.
- 22.8 Also upon demand be able to produce cash and vouchers to the total value of the imprest amount, never use the float to cash personal cheques or to make personal loans, only pay reimbursements or change into the account and on ceasing to hold an imprest advance, account to the CFO for the amount advanced together with the balance to be paid back in.

HOUSING AND COUNCIL TAX BENEFITS AND COUNCIL TAX SUPPORT

- 22.9 Housing ~~and Council Tax~~ benefits and Council tax support are a significant area of expenditure for the Council and due care and diligence is required in their administration to ensure a secure and efficient service is provided, claimants are paid correctly and cases of fraud are minimised.

22.10 The key controls for ~~the payment of benefits~~this area are robust identification and verification procedures, compliance with current benefit legislation, trained staff and quality control checks, robust anti-fraud procedures and an effective computer system.

22.11 The Chief Finance Officer is responsible for reviewing ~~benefit~~ systems and procedures to ensure sound and effective controls are in place and for ensuring that reconciliations are completed between relevant financial systems.

22.12 The Transformation Manager is responsible for managing the contract with our service provider and for:

- ensuring identity details and circumstances are checked and verified prior to payment of a claim
- ensuring all new staff are adequately trained and that regular refresher sessions are provided for existing staff, particularly on the implementation of new legislation
- ensuring staff are alert to the possibilities of fraudulent claims
- ensuring all payments comply with current benefit legislation and that all tapers, rules and allowances are set correctly within the computer system
- ensuring the correct benefit amount is paid to the correct person
- ensuring benefits are not overpaid
- in consultation with the CFO, ensuring adequate ~~cheque~~ controls are in place on payments and that benefit payments are not duplicated
- ensuring all benefit payments are properly recorded and accounted for
- ensuring records are robust so that the correct subsidy is claimed
- ensuring all documentation and information is retained in line with the Council's Retention and Disposal schedule
- ensuring access to the Benefits and Council Tax systems is restricted, properly password protected and that adequate contingency measures are in place should a system failure occur

PAYMENTS TO EMPLOYEES AND MEMBERS

22.13 Staff costs are ~~the largest~~large item of expenditure for most council services. It is important that payments are accurate, timely, made only when they are due for services to the Council and accord with individual's conditions of employment. All payments should be accurately and completely recorded and accounted for.

22.14 The key controls for payments to employees and Members are compliance with HM Revenues & Customs regulations, compliance with the Retention and Disposal scheme, use of approved properly authorised prime documents to initiate payments and frequent reconciliations of payroll expenditure against approved budgets and control accounts and payroll system data. Also submission of timesheets and claim forms where appropriate, proper authorisation procedures and adherence to starter and leaver procedures and the Council's harmonisation and single status document and contracts of employment.

22.15—The Chief Finance Officer is responsible for ~~ensuring effective payment reviewing~~ systems and procedures to ensure sound and effective controls are in place, completing regular reconciliations of payroll data and monitoring payroll holding accounts. ~~The Transformation Manager is responsible for the secure and reliable payment of all monies due to staff, the accurate and timely administration of all deductions and the local administration of the superannuation scheme.~~

22.16 The Transformation Manager is responsible for managing the Payroll contracts with our service providers and for:

- ensuring the secure and reliable payment of all monies due to staff and Members
- the accurate and timely administration of all deductions including income tax, national insurance and superannuation contributors
- the local administration of the superannuation scheme
- ensuring that the correct amounts are paid to the correct individuals in line with contracts and conditions of employment
- compliance with HM Revenues and Customs regulations and any other legislator/regulatory requirements
- use of approved, properly authorised documents to initiate, amend or terminate payments

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22.~~16~~-17 Heads of Service are responsible for:

- ensuring appointments are made in accordance with Council regulations and the recruitment and selection policy
- notifying Human Resources of appointments, terminations or variations which may affect the pay, pension or contract of employment of an employee or former employee
- certifying travel and subsistence claims and other allowances in accordance with the rules contained in the Harmonisation and Single Status Document
- nominating officers authorised to sign claim forms and timesheets and providing specimen signatures to the CFO, ~~Internal Audit and Revenues and Payments~~ and Human Resources section in advance, together with any subsequent variations
- ~~ensuring adequate and effective systems and procedures are operated so that payroll transactions are processed only through the payroll system, payments are only authorised to bona fide employees and only made where there is a valid entitlement and conditions and contracts of employment are correctly applied~~

seeking advice from the CFO on the payment of self-employed consultants in advance of their appointment

- ensuring payroll documentation is managed in accordance with the Retention and Disposal schedule

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23.0 TAXATION

- 23.1 The Council is responsible for ensuring its tax affairs are in order as penalties for incorrect accounting are severe. It is important that all officers are aware of their role.
- 23.2 The key controls on taxation are that budget managers are kept abreast of tax issues and aware of their record keeping responsibilities, all taxable transactions are identified, properly calculated and accounted for within stipulated timescales and returns are made to the appropriate authorities within stipulated timescales.
- 23.3 The Chief Finance Officer is responsible for the Council's administration of VAT, completing VAT returns for HM Revenues and Customs and ensuring the VAT manual is up to date. The Transformation Manager is responsible, through our service providers, for completing all HM Revenues and Customs returns regarding PAYE and providing details of the ~~Construction Industry Tax Deduction (CITD) scheme~~ Construction Industry Scheme (CIS), receiving tax credits and maintaining tax records.
- 23.4 Heads of Service are responsible for:
- ensuring compliance with the Council's VAT manual and any periodic VAT instructions
 - ensuring the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenues and Customs regulations
 - ensuring contractors fulfil the necessary ~~Construction Industry Tax Deduction~~ CIS requirements
 - ensuring all payments relating to persons arising from their employment by the Council are processed through the payroll system and that tax is deducted from any payments appropriately

SECTION E – EXTERNAL ARRANGEMENTS

24.0 INTRODUCTION

24.1 The Council provides a leadership role for the community and brings together the contributions of various stakeholders. It also actively seeks to promote and improve the economic, social and environmental well-being of its area. In doing so it will comply with all relevant regulatory regimes, for example [E.U.](#) State Aid and competition law requirements.

25.0 PARTNERSHIPS

25.1 Partnerships play a key role in delivering community strategies and contributing to the well-being of the area. They also provide new ways to share risks, access new resources and new and better ways of delivering services. The Council has a comprehensive Protocol for Partnership Arrangements. This outlines officer and partner responsibilities and provides a checklist of all necessary requirements before entering into a partnership, during it and following its cessation.

25.2 The Chief Finance Officer is responsible for advising on effective controls ~~which will~~to ensure that resources are used efficiently and effectively and the key elements of funding a project, ensuring accounting arrangements are satisfactory and promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Council.

25.3 Heads of Service are responsible for:

- adhering to the Protocol for Partnership Arrangements before embarking on any partnership agreement, ensuring a risk management appraisal is undertaken and obtaining appropriate approvals
- ensuring partnerships do not impact adversely on Council services
- providing appropriate information for the statement of accounts
- maintaining all contract documentation in line with Rule 16 of the Council's Contract Procedure Rules
- ensuring partners are aware of their obligations with regards to confidentiality, conflicts of interests, communication and financial and contract responsibilities

26.0 EXTERNAL FUNDING

26.1 External funding is potentially an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with Council objectives and that financial liabilities do not remain with the Council at the end of projects. Some funding is linked to tight specifications and may not be sufficiently flexible to link to the Council's overall plan.

26.2 The key controls for external funding are ensuring conditions of funding and statutory requirements are complied with, responsibilities of the accountable body are clearly understood, funds are acquired only to meet the Council's

priorities and that any match funding requirements are given due consideration prior to entering into agreements and that future revenue budgets reflect these requirements.

26.3 The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the accounts, audit requirements are met and that match funding requirements are considered.

26.4 Heads of Service are responsible for ensuring that appropriate authorisations are obtained, claims for funds are made by the due date, that projects progress in accordance with agreed timescales and that all expenditure is properly incurred and recorded. There should also be clear plans or an exit strategy in place to ensure the Council is not left burdened with unfunded liabilities.

27.0 **WORKING FOR THIRD PARTIES**

27.1 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is intra vires.

27.2 The key controls for working for third parties are ensuring that proposals are costed properly, formal approval processes are adhered to and that contracts are drawn up in accordance with proper practices.

27.3 The Chief Finance Officer is responsible for providing guidance with regard to the financial aspects of third party contracts.

27.4 Heads of Service are responsible for:

- ensuring appropriate approvals are obtained before any obligations are ~~concluded~~entered into to work for third parties
- maintaining a register of all contracts entered into and ensuring all contracts are properly documented
- ensuring appropriate insurance arrangements are made
- ensuring the Council is not put at risk from any bad debts
- ensuring contracts are not subsidised by the Council
- ensuring appropriate expertise exists to undertake the contract
- ensuring contracts do not impact adversely on the Council's services
- providing appropriate information for the statement of accounts



AGENDA ITEM:

AUDIT & GOVERNANCE COMMITTEE: 26 June 2014

STANDARDS COMMITTEE: 18 September 2014

Report of: Borough Treasurer and Borough Solicitor

Relevant Managing Director: Managing Director (People and Places)

**Contact for further information: Ms J Ashcroft (Extn. 2606)
(E-mail: julie.ashcroft@westlancs.gov.uk)**

SUBJECT: OFFICER CODE OF CONDUCT

Borough wide interest

1.0 PURPOSE OF THE REPORT

1.1 To set out a number of proposed revisions to the Council's Officer Code of Conduct within the Constitution.

2.0 RECOMMENDATION

2.1 That the revisions attached at Appendix 1 be endorsed and the document circulated to all staff.

3.0 BACKGROUND

3.1 It is good practice for Local Authorities to have an Officer Code of Conduct in place and the Council has had its own local framework in place for many years.

3.2 The Code is an essential document in ensuring that Officers maintain the high standards required of public officials as well as protecting them from misunderstanding or criticism.

3.3 It is important, therefore, that Members satisfy themselves with the contents of the Code, attached at appendix 1 in tracked changes format, and ensure that it achieves these objectives.

4.0 CURRENT REVIEW

- 4.1 A substantial review of the Code was undertaken in 2011 which was endorsed and approved by Members. The main changes at that time were in response to new legislation relating to Equality and Bribery and Corruption. The review also included updating roles and responsibilities following a major change in the Council's management structure.
- 4.2 In line with the Council's commitment to regularly review its key documents and procedures, a review of the Code has been undertaken to ensure it is still fit for purpose and in line with current legislation. Appendix 1 provides an updated version of the Code including the proposed revisions.
- 4.3 The amendments largely relate to minor changes across the Authority since 2011, and strengthening and clarifying key messages within the document, for example the need for compliance with the data protection act within all officer roles.
- 4.4 Following this review, the document is now deemed to be accurate and up to date. Once the new Code has been approved, the Constitution will be updated accordingly and reissued to all staff.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 All the activity referred to in this report is covered by existing budget provisions.

7.0 RISK ASSESSMENT

- 7.1 Failure to have an accurate and up to date Officer Code of Conduct could potentially place individuals and the Council at risk of reputational and financial damage by not fully setting out the standards required in public life.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

Appendix 1 – Revised Officer Code of Conduct

Officers' Code of Conduct

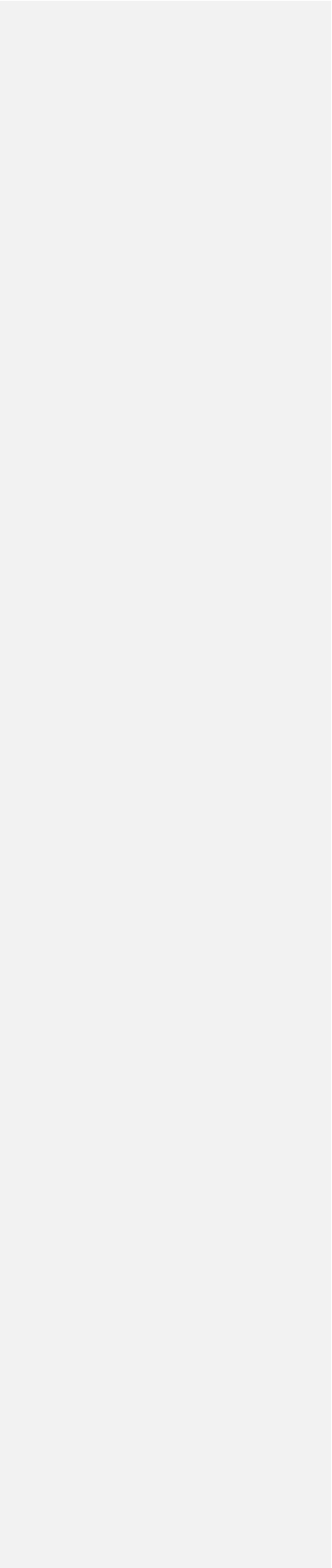
~~The Code of Conduct has been updated to reflect changes in legislation etc and other references in the Notes.~~

~~Under Section 82 of the Local Government Act 2000 the Secretary of State may issue a code of conduct for employees which will automatically apply to all employees of the Council. Consultation on the Model Code was carried out in October 2004 but an order is still awaited.~~

CONTENTS

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 - Form of the Code
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 5. **Appointment and other employment matters**
 6. **Outside commitments**
 7. **Personal Interests**
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INTRODUCTION

The public is entitled to expect the highest standards of conduct from all employees who work for local government. This Code provides guidance to assist employees of West Lancashire Borough Council in their day-to-day work. ~~The Code is produced in the light of the challenges that employees face in a commercially orientated working environment.~~

Status of the Code

The Code has been adopted by the Council and sets out the standards that apply. The aim of the Code is to lay down guidelines for employees which will help establish standards and protect employees from misunderstanding or criticism.

The Code is not intended to prohibit all social involvement with the outside world, nor would it be right to restrict private dealings between employees and any particular person or body. It is, however, important that employees judge the wisdom of their actions not by any comparison with the practices which, no doubt for good reasons, are followed in the private sector, but rather by reference to the traditional public service principles of accountability and responsibility.

The Code cannot cover all cases likely to arise in practice, but the principles certainly do. Ultimately the Council relies on the integrity, common sense and professional judgement of individual employees. You should not hesitate at any time to seek advice from your Head of Service either on the interpretation of the Code, or, when circumstances arise which it does not cover.

Who the Code is aimed at

The Code applies to all employees under a contract of employment with the Council. Inevitably some of the issues covered by the Code will affect senior, managerial and professional employees more than it will others. Activities carried out by employees, acting in the course of their employment, as members of companies or voluntary organisations should also be subject to the standards within the Code.

This Code is designed to help employees maintain the standards required of public officials. You should be aware that actions which are clearly contrary to the Code may provide evidence which could be considered gross misconduct and potentially lead to disciplinary action in accordance with the Council's Disciplinary Policy and Procedure.

Form of the Code

The Code takes the form of a statement of the standard which applies, followed by explanatory notes on that standard. I am pleased to endorse the ~~updated~~ Code. Local Government has for the most parts a very good reputation and West Lancashire has been an exemplar in the way that staff go about their business in a fair, impartial and honest way. This Code of Conduct provides a very clear framework for employees to follow and ensures that we maintain our current high standards.

GILLIAN L. ROWE LL.B Hons

MANAGING DIRECTOR (PEOPLE AND PLACES)

June 2014

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CODE OF CONDUCT

1.0 Standards

- 1.1 Employees are expected to give the highest possible standard of service to the public, and where it is part of their duties, to provide appropriate advice to councillors and fellow employees with impartiality. Employees will be expected, through the local procedure referred to below and without fear of recrimination, to bring to the attention of the appropriate level of management any deficiency in the provision of service. Employees must report any impropriety or breach of procedure using this local procedure, or where appropriate, the Council's Whistleblowing Code at Constitution 17.2.

Notes:

Paragraph 2.1 of Part 2 of the National Scheme of Conditions of Service for Local Government Services Employees says "Employees will maintain conduct of the highest standard such that public confidence in their integrity is sustained."

Similar provisions are incorporated in the national conditions of service of Chief Officers.

Local Procedure

The employee should raise any deficiency in the provision of service with his/her immediate manager. If the circumstances inhibit reference to the immediate manager then an approach should be made to the appropriate senior manager. If the employee is not satisfied with the response then he/she should raise the matter with a more senior manager or relevant Head of Service/Managing Director.

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2.0 Disclosure of Information

- 2.1 It is generally accepted that open government is best as is confirmed in the Freedom of Information Act 2000. The law requires that certain types of information must be available to members, auditors, government departments, service users and the public. The Council itself has decided to be open about some other types of information as set out in the Council's Publication Scheme. Conversely, the Council is committed to keeping confidential matters in relation to staff and customers out of the public domain. It expects all those serving the Council to handle all individuals' personal information in a sensitive and professional manner [and in line with the Council's Data Protection Policy](#). Employees must be aware of which information the Council is not open about, and act accordingly. Details can be found at schedule 1.

- 2.2 Employees should not use any information obtained in the course of their employment for personal gain or benefit, nor should they pass it on to others who might use it in such a way. Official information which has not been made public and is still confidential should not be disclosed to the press or made public without authority. Any particular information received by an employee from a councillor which is personal to that councillor and does not belong to the authority should not be divulged by the employee without the prior approval of that councillor, except where such disclosure is required or sanctioned by the law.

Notes:

No officer shall communicate to the public the proceedings of any committee meeting, etc., nor the content of any document relating to the authority unless required by law or expressly authorised to do so.

Information concerning an officer's private affairs shall not be supplied to any person outside the service of the employing authority unless the consent of such officer is first obtained.

The Local Government Act 1972, Section 100A - 100K provides for public access to the meetings and documents of the Council together with additional information which it is required to publish. Any person having custody of documents to which right of access applies would commit an offence by obstructing that right.

3.0 Political Neutrality

3.1 Employees serve the Council as a whole. It follows that they must serve all councillors and not just those of the controlling group, and must ensure that the individual rights of all councillors are respected.

3.2 Subject to the Council's conventions, employees may also be required to advise political groups. They must do so in ways which do not compromise their political neutrality, see the guidelines attached as schedule 2.

3.3 Employees, whether or not politically restricted, must follow every lawful expressed policy of the Council whilst at work and must not allow their own personal or political opinions to interfere with their work.

Notes:

The Local Government & Housing Act 1989, Part I - contains provisions to stop "twin-tracking" (where a senior local authority employee is also an elected member of another local authority) and to restrict the political activity of senior employees and those operating in politically sensitive areas. Local authority employees holding politically restricted posts are disqualified from membership of any local authority, other than a parish or community council, from being an MP or MEP and are subject to prescribed restrictions on their political activity.

The Local Government Officers (Political Restriction) Regulations 1990 and the Local Government (Politically Restricted Posts) (No.2) Regulations 1990 - cover the posts which are politically restricted. The political restrictions are deemed to be incorporated in the contract of employment of every local authority employee who holds a politically restricted post.

4.0 Relationships

4.1 Councillors

4.1.1 Employees are responsible to the Council through its senior managers. For some, their role is to give advice to councillors and senior managers and all are there to carry out the Council's work. Mutual respect between employees and councillors is essential to good local government. Close personal familiarity between employees and individual councillors can damage the relationship and prove embarrassing to other employees and councillors and should therefore be avoided.

Notes:

Both councillors and officers are servants of the public and they are indispensable to one another. But their responsibilities are distinct. Councillors are responsible to the electorate and serve only so long as their term of office lasts. Officers are responsible to the council. Their job is to give advice to councillors and the council, and to carry out the council's work under the direction and control of the council, their committees and sub-committees and/or Cabinet.

The law and Officer Employment procedure rules lay down the rules for appointment, discipline and dismissal of staff. Councillors must ensure that they observe these scrupulously at all times. Special rules apply to the appointment of assistants to political groups. In all other circumstances, if Councillors are called upon to take part in appointing an officer, the only question they should consider is which candidate would best serve the whole council. They should not let their political or personal preferences influence their judgement. They should not canvass the support of colleagues for any candidate and they should resist any attempt by others to canvass theirs.

Useful reference can be made to the *Protocol on Member/Officer Relations at Constitution 16.2*

4.2 The local community and service users

4.2.1 Employees should always remember their responsibilities to the community they serve and ensure courteous, efficient and impartial service delivery to all groups and individuals within that community as defined by the policies of the Council.

4.3 Contractors

4.3.1 All relationships of a business or private nature with external contractors, or potential contractors, should be declared. Orders and contracts must be awarded on merit, by fair competition against other tenders, and no special favour should be shown to businesses run by, for example, friends, partners or relatives in the tendering process. No part of the local community should be discriminated against.

4.3.2 Employees who engage or supervise contractors or have any other official relationship with contractors and who have previously had or currently have a relationship in a private or domestic capacity with contractors, should declare that relationship.

4.3.3 Declarations arising from 4.3.1 and 4.4-3.2 above should be made under the mechanism set out below.

Notes:

Local Government Act 1972 - Section 117 - pecuniary interests - provides that if an officer knows that a contract in which he has a pecuniary interest whether direct or indirect is before the local authority, he must give notice of his interest to the authority. This does not, of course, apply to a contract with him in his own name because the authority will then know of his interest.

Employees should also abide by the following:-

- “(1) In addition to his duty under section 117 of the 1972 Act if it comes to the knowledge of any officer of the authority that he has a disclosable pecuniary interest in any contract which has been, or is proposed to be, entered into by the authority, or in some other matter which is to be considered by the council or any committee or sub-committee, and which (in either case) is not
- (a) the contract of employment (if any) under which he serves the authority, or
 - (b) the tenancy of a dwelling or domestic garage provided by the authority, he shall as soon as practicable give notice in writing to the proper officer of the fact that he is interested therein.
- (2) For these purposes, a disclosable pecuniary interest is an interest that, if the officer were a member of the council, and if the contract or other matter were to be considered at a meeting of the council at which he were present, he would have to disclose a ~~personal and prejudicial~~[disclosable pecuniary interest or pecuniary interest](#).
- (3) The Managing Directors of the Council shall record in a book to be kept for the purpose, particulars of any notice given by an officer of the council under section 117 of the Local Government Act, 1972, of a pecuniary interest in a contract, and the book shall be open during office hours to the inspection of any member of the council.
- (4) Where an officer submits a report to a meeting on a matter in which he has declared an interest under section 117 of the 1972 Act or paragraph (1), he shall state that such declaration has been made, and give brief details of it, in a separate paragraph at the commencement of the report.
- (5) Where any officer advises orally a meeting of the council, the committee or a sub-committee on a contract, grant, proposed contract or other matter and has declared a pecuniary interest in that matter, whether under the requirements of section 117 of the 1972 Act, or of paragraph (1), he shall remind the meeting orally of that interest.”

The Council's Contract Procedure Rules at Constitution 12 together with EU legislation set out the Council's standards in this area.

Mechanism for Employees to declare any non-financial or financial interest

A Declaration shall be made by giving notice in writing to the Managing Directors of the relationship/interest. The Managing Directors shall, via the Member Services Manager, record it in a book kept for the purpose and the book shall be open during office hours to the inspection of any member of the Council.

N.B. Financial interest includes, for example, shareholdings and offers of future employment

5.0 Appointment and other employment matters

5.1 Employees involved in appointments should ensure that these are made on the basis of merit. It would be unlawful for an employee to make an appointment which was based on anything other than the ability of the candidate to undertake the duties of the post. In order to avoid any possible accusation of bias, employees should not be involved in an appointment where they are related to an applicant, or have a close personal relationship outside work with him or her.

5.2 Similarly, employees should not be involved in decisions relating to discipline or pay for any other employee who is a relative, partner, etc.

Notes:

Every candidate for any appointment under the Council shall, when making an application, disclose ~~in writing to the Managing Directors~~ whether to his knowledge he is related to any member of the authority or to a holder of any senior office under the authority.

Deliberate omission to make such a disclosure will disqualify the candidate, and if the omission is discovered after appointment he should be liable to dismissal. Every member and senior officer of the authority shall similarly disclose to the authority any relationship known to him to exist between himself and a candidate for an appointment of which he is aware. It shall be the duty of the Managing Directors to report to the authority or appropriate committee any such disclosure. ~~made to him.~~

The Officer Employment Procedure Rules at Constitution 13 prescribe the procedure to be followed in respect of the appointment of Chief Officers and their dismissal in the event of misconduct.

See also - *section 7, Local Government and Housing Act 1989* for appointment on merit and the Council's Codes of Practice on Recruitment and Equality in Employment.

6.0 Outside commitments

6.1 Some employees have conditions of service which require them to obtain written consent to take any outside employment. All employees should be clear about their contractual obligations and should not take outside employment which conflicts with the Council's interests.

Notes:

The Council stresses to employees of all grades that they should not undertake outside work if their official duties overlap in some way with their proposed work, if it causes a conflict of interest, if by its nature it will come before the Council or an officer for approval, or if it makes use of material to which the employee has access by virtue of his or her position (e.g. ~~an architect or~~ a planner who draws up plans within his or her own authority for an applicant for planning consent). It is irrelevant whether or not the work is paid.

An officer's off duty hours are his personal concern but he should not subordinate his duty to his private interests or put himself in a position where his duty and his private interests conflict. The employing authority should not attempt to preclude officers from undertaking additional employment, but any such employment must not, in the view of the authority, conflict with or react detrimentally to the authority's interests, or in any way weaken public confidence in the conduct of the authority's business. [Reference should be made to the Council's Working Time Policy in relation to the notification of secondary jobs.](#)

Officers above scale 6 shall devote their whole time service to the work of their council and shall not engage in any other business or take up any other additional appointment without the express consent of the council.

No outside work of any sort should be undertaken in the office and use of facilities e.g. telephones, internet, email or access to typists is forbidden. Employees are also advised that correspondence and incoming telephone calls related to outside work are not allowed.

Procedure for seeking permission

The employee should complete the relevant form for the Managing Directors or relevant Head of Service requesting permission and giving full details of the business to be engaged in, or the additional appointment. The Managing Directors or Head of Service will consider the matter and may ask for further information. He/she will then grant or refuse permission, on the relevant form and pass a copy of the form to the Member Services Manager, who will record it in the Register of External Activity.

6.2 Employees should follow the Council's rules on the ownership of intellectual property or copyright created during their employment, as set out below.
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Notes:**Intellectual property**

Intellectual property is a generic term that includes inventions, creative writings and drawings. If these are created by the employee during the course of employment, then as a general rule, they belong to the employer. However, various acts of parliament cover different types of intellectual property.

The Council will regard intellectual property and copyright created during employment as belonging to it. If an employee wishes to use or benefit from the same, the express consent of the Managing Directors must be sought e.g. writing for a local government journal on matters pertaining to work related issues.

Inventions and patents

Inventions made before 1st June 1978 are the property of the employer if made in the course of that employer's employment. However, the Patents Act 1977 states that after 1st June 1978 inventions are only the property of the employer if, they have been made in the course of the employees normal duties; or they have been made in the course of duties specifically assigned to the employee and where invention might be reasonably expected; or it was made in the course of the employees duties and at the time the employee had (because of the nature of his or her duties and particular responsibilities arising from them) a special obligation to further the interests of the employer.

7.0 Personal Interests

- 7.1 Employees must declare any financial interests which could conflict with the Council's interests.
- 7.2 Employees must declare any non-financial interests they consider could bring about conflict with the Council's interests e.g. kinship; friendship; freemasonry, membership of a society, organisation or trades union; involvement with a school or other organisation receiving grant aid from the authority; membership of a national health service trust board; involvement with an organisation or pressure group which may seek to influence the Council's policies.
- 7.3 Declarations arising from 7.1 and 7.2 above should be made under the mechanism set out in the notes to [4.3 to 4.54.3](#) above.

Notes:

See also paragraph [4.3](#) of this Code in relation to contractors and the notes thereon. These refer to areas other than contracts where pecuniary interests should be disclosed even though there is no statutory requirement.

Remuneration from a person or body which has dealings with the Council is a direct interest. If the remuneration were to be paid by the person or body to a spouse, this would be regarded as direct financial interest.

Employees should carefully consider their positions to avoid conflict of interest where either there is a direct financial interest but no contract, or they or their spouses are receiving remuneration from a person or body which is dealing with the Council.

"Remuneration" includes commission, honoraria, dividends, agency fees and interest as well as salary, wages, or fees.

There may be a conflict of interest even where no financial interest or advantage exists or accrues. This covers areas where relationships might be seen to influence judgements and convey the impression of personal motive. A simple example is where a council employee, who acts as an honorary officer of a voluntary association, is also directly involved during the course of his or her employment with claims for grant from the association.

A good test is to ask yourself whether others would think that the interest is of a kind to make it possible that you might be acting from personal motives. Normally ordinary

membership of a national organisation would not need to be declared e.g. National Trust, RSPB, Unison.

8.0 Equality issues

8.1 All employees should ensure that policies relating to equality issues as agreed by the Council are complied with in addition to the requirements of the law. All members of the local community, customers and other employees have a right to be treated with fairness and equity.

Notes:

Please see the Council's current policies on "~~Approach to Equality~~Equality Statement" and "Equality in Employment Policy" which comply with the requirements of the Equality Act 2010, together with the "~~Policy on dealing with complaints of bullying and harassment~~Dignity at Work policy"—available from Human Resources or on the Council's Intranet.

9.0 Separation of roles during tendering

9.1 Employees involved in the tendering process and dealing with contractors should be clear on the separation of client contractor roles within the council. Senior employees who have both a client and contractor responsibility must be aware of the need for accountability and openness.

9.2 Employees in contractor or client units must exercise fairness and impartiality when dealing with all customers, suppliers, other contractors and sub-contractors.

9.3 Employees who are privy to confidential information on tenders or costs for either internal or external contractors should not disclose that information to any unauthorised party or organisation.

9.4 Employees contemplating a management buy out should, as soon as they have formed a definite intent, inform the Managing Directors and withdraw from the contract awarding processes.

9.5 Employees should ensure that no special favour is shown to current or recent former employees or their partners, close relatives or associates in awarding contracts to businesses run by them or employing them in a senior or relevant managerial capacity.

Notes:

The Council's *Contract Procedure Rules and Financial Regulations at Constitution 11 and Constitution 12*, together with EU legislation, set out the council's standards here.

The internal arrangements for the client and contractor functions are designed to resolve any conflict which may arise.

10.0 Corruption and Bribery

10.1 It is an offence to bribe another person i.e. promise or give a financial or other advantage to another person with the intention of inducing that person to perform improperly a function or activity. Likewise, employees are guilty of an offence if they agree to receive or accept a financial or other advantage intending that in consequence a function or activity should be performed improperly

Notes:

Employees should be extremely cautious when, in a private capacity, they use the services of persons or bodies which they know to have dealings with the Council. It may sometimes be difficult to find persons or bodies which are not dealing with an Authority the size of West Lancashire and employees may often have such dealings without knowing of the relationship with the Council.

- (a) Goods or services for private use may be bought from persons or bodies trading with the council, providing the price offered is readily available to the general public either directly or by way of a recognised trading organisation or discount scheme.
- (b) Where, however, an employee has good reason to believe, that an offer of preferential terms, might in fact be a specific inducement in the form of either goods or services, to promote a person's or body's interest, he or she should decline to have such dealings. An employee should not use his or her position with the council to obtain a discount. Purchase of goods and services at discounted rates under a scheme or arrangement which applies to members of trade unions or employees as a whole are excluded from this paragraph.
- (c) Employees should avoid contact with persons or bodies engaged in "pressure selling" where personal inducements are offered in return for orders. The proper action is for the employee concerned to report the matter to the Managing Directors or relevant Head of Service immediately.

To avoid any suggestion of restraint of trade and unfair discrimination against any particular person or body, employees involved should always explain diplomatically the dangers to both parties inherent in such preferential offers.

The procedures by which the Council selects developers or consultants for schemes and for the supply of goods are clearly defined in the Council's Contract Procedure Rules and Financial Regulations at Constitution 11.1 and 12, and are publicly known.

See also paragraph 4.3 of this Code in relation to contractors and paragraph 7 of this code in relation to personal interests and the notes thereon.

Local Government Act 1972 - Section 117(2) - forbids an officer "under cover of his office or employment" to accept "any fee or reward" whatsoever other than proper remuneration.

Under the *Bribery Act 2010* it is an offence for employees to be bribed and consequently perform a function or activity improperly or to bribe another person to perform improperly.

See also paragraph 12 of this Code in relation to hospitality and gifts and the notes thereon and paragraph 13 in relation to sponsorship.

11.0 Use of financial resources

11.1 Employees must ensure that they use public funds entrusted to them in a responsible and lawful manner. They should strive to ensure value to the local community and to avoid legal challenge to the Council.

Notes:

See the Council's *Financial Regulations at Constitution 11.1*. See also the local procedure provided at Paragraph 1.

12.0 Hospitality and Gifts

12.1 Employees should only accept offers of hospitality if there is a genuine need to impart information or represent the Council in the community. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community or where the Council should be seen to be represented. They should be properly authorised and recorded, see the procedures and standards attached at schedule 3.

12.2 When hospitality has to be declined, those making the offer should be courteously but firmly informed of the procedures and standards as set out in schedule 3, operating within the Council.

12.3 When receiving authorised hospitality, employees should be particularly sensitive as to its timing in relation to decisions which the Council may be taking affecting those providing the hospitality.

12.4 Acceptance by employees of hospitality through attendance at relevant conferences and courses is acceptable where it is clear the hospitality is corporate rather than personal, where attendance has been authorised and provided any purchasing decisions are not compromised.

12.5 Employees should not accept significant personal gifts from contractors and outside suppliers, although the Council may wish to allow employees to keep insignificant items of token value such as pens, diaries etc., see schedule 3 as to the principles to be applied here.

Notes:

Contract Procedure Rule 14(iv) provides "The Senior Officer shall be aware of the Bribery Act 2010 which introduces general offences of offering or receiving bribes, a specific offence of bribing a foreign public official and the corporate offence of failing to prevent bribery; and the Council's Anti-Fraud, Bribery and Corruption Strategy.

The following clause shall be inserted in every written Council contract:

'The Council may terminate this contract and recover all its loss if the Contractor, its employees or anyone acting on the Contractor's behalf do any of the following things:

- (a) offer, give or agree to give to anyone any inducement or reward in relation to the improper performance of any function or activity in respect of this or any other Council contract (even if the Contractor does not know what has been done) or
- (b) commit an offence under the Bribery Act 2010 or Section 117(2) of the Local Government Act 1972 or
- (c) commit any fraud in connection with this or any other Council contract whether alone or in conjunction with Council members, contractors or employees. Any clause limiting the Contractor's liability shall not apply to this clause' " "

13.0 Sponsorship - Giving and Receiving

- 13.1** Where an outside organisation wishes to sponsor or is seeking to sponsor a local government activity, whether by invitation, tender, negotiation or voluntarily, the basic conventions concerning acceptance of gifts or hospitality apply. Particular care must be taken when dealing with contractors or potential contractors.
- 13.2** Where the Council wishes to sponsor an event or service neither an employee nor any partner, spouse or relative must benefit from such sponsorship in a direct way without there being full disclosure of any such interest through the mechanism set out in the notes to 4.3 ~~—4.5—~~ above. Similarly, where the Authority through sponsorship, grant aid, financial or other means, gives support in the community, employees should ensure that impartial advice is given and that there is no conflict of interest involved.

14.0 Use of Council Facilities

- 14.1** Employees of the Council are provided with facilities including office equipment, and secretarial services etc., to use in carrying out their official duties only.
- 14.2** The use of computer facilities is governed by the Council's IT Security Policy.
- 14.3** Telephones may be used, on occasions, by employees for private local calls if it is not practicable to make such calls out of office hours. The use of mobile telephones should similarly be restricted and should not be used during working hours for general conversation.
- 14.4** Employees of the Council are generally not entitled to free or concessionary use of Council owned facilities such as sports centre, public halls etc, except where this is specifically required as part of their employment, in order to maintain fitness or competence (e.g. pool attendants) or a specific scheme has been agreed.

15.0 Dress Code

- 15.1** Many employees will come into contact with the public each day and a smart appearance and courteous, helpful manner is essential. Personal hygiene is also an important factor. Certain employees are provided with appropriate clothing or protective equipment to ensure the proper performance of their duties. Other

employees must wear a uniform as a condition of employment e.g. Customer Services. [Additional guidance on dress code is available on the Council's intranet](#)

SCHEDULE 1 (Paragraph 2.1)

INFORMATION THE COUNCIL IS OR IS NOT OPEN ABOUT

In certain circumstances employees may have a legal or professional duty to disclose information to a third party (e.g. in the course of legal proceedings).

In addition, the following should be taken into account:-

- (a) Information should not be released to the media by individual employees except where they have been appointed or authorised for a specific purpose.
- (b) Information which is confidential should not be disclosed to third parties except in response to a formal request from (i) an approved source e.g. [Inland RevenueHM Revenues and Customs](#), Departments for Work and Pensions or (ii) Bank Managers or Building Society Managers (where authorised)
- (c) Employees are not encouraged, when acting in a private capacity, to comment publicly on the Council's policies or a specific decision. However, in circumstances where employees find it necessary to make public comment, they are expected to exercise prudence, discretion and to properly recognise the fact that the Council is their employer. It is recognised that there will be grounds for such comment in exceptional cases e.g.
 - (i) recognised trade union officials issuing statements on behalf of their trade union, commenting on a matter relating to the Council.
 - (ii) statements made by staff acting as officials of bodies such as parish councils or community associations.
- (d) Advance knowledge of any impending council decision, particularly those relating to investment decisions or proposed developments, should not be used to further private interest.
- (e) All employees should be circumspect in what is said outside the office about matters going on inside it.

Note 1. The requirements of the Data Protection and Freedom of Information Acts should be taken into account in respect of the above and advice sought from [the appropriate officerDP Link Officers, IAOs or the SIRO as required](#).

2. Please do not hesitate to seek advice in this area, either from the Managing Directors, relevant Head of Service or Legal Services should issues of confidentiality arise.

Please also see Constitution 6 Access to Information Procedure Rules.

SCHEDULE 2
(Paragraph 3.2)

**GUIDELINES ON THE CIRCUMSTANCES IN WHICH EMPLOYEES MAY ADVISE
POLITICAL GROUPS AND WHETHER SUCH ADVICE IS CONFIDENTIAL TO THAT
GROUP**

1. Please see paragraphs 3 and 5 of the Convention for the Management of Council Business at Constitution 18.
2. Advice to all Council members must be even handed. If the advice of officers is sought by and offered to a particular group on the Council, consideration must be given as to whether or not similar facilities should be afforded to other groups of members.

SCHEDULE 3
(Clauses 12 and 13)

PROCEDURES FOR AUTHORISING AND RECORDING ACCEPTED OFFERS OF HOSPITALITY AND GIFTS, AND STANDARDS AND PRINCIPLES IN RESPECT OF THE SAME

1.0 Hospitality

1.1 A reasonable amount of hospitality is a normal part of the courtesies of public life creating contacts that can aid the Council's interests. However, it is important that attendance at any event or activity does not create an appearance of improper influence thus undermining public confidence.

1.2 Where hospitality is offered to employees as official representatives of the Council, it will normally be authorised where it appears appropriate and reasonable to accept. However, when hospitality is offered to individual employees, special caution is needed where the host is seeking to do business with the Council or to obtain a decision from it. Whether to accept an offer or not is often a question of judgement and the following checklist should help Officers to decide:

- Is the donor or event significant in the community or in the Council's area?
- Are you expected to attend because of your position in the community or Council?
- Will the event be attended by others of a similar position?
- What is the motivation behind the invitation?
- Would acceptance of the invitation be in any way inappropriate ~~of or~~ place you under pressure in relation to any current or future issue involving the Council?
- Could you justify your attendance to the Council, press or public?
- Does the extent of the hospitality seem reasonable and appropriate and do you feel comfortable with the decision?

The following examples of acceptable and unacceptable hospitality are intended to give general advice only and must not be construed as being exhaustive.

1.3 Acceptable Hospitality

- (a) An invitation to a society, institute or other dinner or function, related to local government, where the employee represents the Council or attends by virtue of his or her professional position.
- (b) An invitation to a trade fair or similar event where there is a general invitation to customers.
- (c) Drinks and food provided in the course of normal business, for example lunch at a Contractor's expense during a meeting or event.

1.4 Unacceptable Hospitality

- (a) The offer of a free or subsidised holiday
- (b) The offer of free or subsidised hotel accommodation, theatre tickets or tickets for a sporting event.
- (c) The offer of free or subsidised use of a flat or hotel suite.
- (d) The offer of free or subsidised membership of clubs e.g. leisure club, golf club etc.

1.5 It is generally more acceptable to join in hospitality offered to a group, than to accept something unique to an individual. When a particular person or body has a matter currently in issue with the Council (e.g. an arbitration arising from a contract or a development proposal) an offer of hospitality should clearly be refused even if, in normal times, it would be acceptable.

2.0 Gifts

2.1 There are two considerations when gifts are offered: the nature of the gift in terms of value; and, the motivation of the giver. Most organisations, as part of their normal commercial activity, distribute gifts which range from the promotional e.g. calendars, diaries, etc., to the more expensive e.g. wines and spirits. The more expensive gifts are obviously distributed where they will have the greater specific impact. All this is often commonplace and acceptable conduct in the private sector, but the requirements of the public sector are very different.

2.2 Employees should refuse any personal gift offered to them by any person or body who has or seeks dealings with the Council. The exceptions to this are:-

- (a) modest promotional material of low value such as calendars and diaries which are, in many cases, unsolicited and simply delivered by post. Even here, however, employees should use judgement and more expensive commercial items should be refused or returned.
- (b) small gifts of a token value, given on the conclusion of a courtesy visit to a factory or other premises, of a sort normally given by that person or body.
- (c) a small gift of token value, where refusal would cause needless offence and the giver is not currently seeking a decision or business from the Council, but merely wishes to express thanks for advice, help or co-operation received.

2.3 When a gift has to be refused and/or returned this should be done with tact and courtesy so as not to cause offence.

2.4 It is sometimes acceptable to the giver, for a gift which in other circumstances would be refused as in 2.3 above, to be donated instead to charity. An arrangement of this sort should only be made with the approval of the Managing Directors or relevant Head of Service.

3.0 Register of Accepted Offers of Hospitality and Gifts

- 3.1 All offers of hospitality which an employee decides to accept; other than hospitality of a nominal value only (e.g. an offer of a drink following a site visit or an invitation to a working lunch of a modest standard provided to allow the parties to discuss business) or hospitality arising as part of an authorised conference or course; should be reported to the Managing Directors or relevant Head of Service, in writing, on the relevant form, with the employees detailed comments as to why it would be appropriate to accept the same. The Managing Directors or Head of Service will then make a decision whether or not to authorise acceptance of the offer in line with the standards set out above and endorse the form accordingly. If acceptance is authorised the employee should forward the form to the Member Services Manager so that the same can be recorded in the Register of hospitality and gifts.
- 3.2 The Managing Directors or relevant Head of Service and the Member Services Manager should be advised of all gifts accepted in accordance with the principles referred to above, other than those of modest promotional material of low value such as calendars and diaries, by completing the relevant form, so that the details can be included in the Register.



AGENDA ITEM: 13

**AUDIT AND GOVERNANCE
COMMITTEE: 26 JUNE 2014**

Report of: Borough Solicitor

Relevant Managing Director: Managing Director (People and Places)

**Contact for further information: Mr T P Broderick (Ext 5001)
(E-mail: terry.broderick@westlancs.gov.uk)**

**SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT – QUARTERLY
MONITORING OF USE OF POWERS**

Borough Wide Interest

1.0 PURPOSE OF THE REPORT

1.1 To monitor on a quarterly basis the use of the Regulation of Investigatory Powers Act 2000 (RIPA) to ensure it is being used consistently with the Council's Policy.

2.0 RECOMMENDATIONS

2.1 That the Council's RIPA activity be noted.

3.0 BACKGROUND

3.1 The Council employ a number of investigative techniques including surveillance, which assist its regulatory functions. Relevant areas of activity can include investigation by Internal Audit, Benefits Fraud Team, Environmental Health, Housing, Licensing, CCTV Services and the MAPs Team. Some activities must be undertaken in accordance with the Regulation of Investigatory Powers Act 2000 ("RIPA"). RIPA, its subordinate legislation and Codes of Practice prescribe the type of activities permitted and the procedures required to monitor RIPA activity within the Council. As reported previously, this is now supplemented by monitoring through this Committee.

3.2 In accordance with the current Scheme of Delegation the Joint Managing Directors and Heads of Service consider whether or not to grant authorisations for surveillance activity. In practice under the Policy this is restricted to the Joint Managing Directors, the Assistant Director (Community Services) and the Assistant Director (Housing and Regeneration). In the case of the authorisation

of communications data (i.e. relating to material, such as subscriber and billing records obtained from telecommunications service providers, but not the content of the communication) the authorisation must be from the Joint Managing Directors and via the externally approved specially trained officer (SPOC).

- 3.3 The Council's approved RIPA Guide is made available on the Council's Intranet and is a working document to assist investigating and co-ordinating officers within the Council. The Guide stresses that grantors must believe the authorised activity is (1) necessary for preventing and detecting crime (the criminal offence which is sought to be prevented or detected is to be punishable, whether on summary conviction or on indictment, by a maximum term of at least six months' imprisonment, or would constitute an offence involving the sale of tobacco and alcohol to underage children) and (2) is proportionate to what is sought to be achieved in carrying out the surveillance activity. If it fails either test, authorisations should not be granted.
- 3.4 The Code requires that Councillors should consider use of RIPA on at least a quarterly basis to ensure that it is being used consistently with the Council's Policy and that the Policy remains fit for purpose. It continues that Councillors should not, however, be involved in making decisions on specific authorisations. It is stressed that the involvement of elected members is not to extend to operational decision making or stipulate in detail how the Council discharges the procedure. The Government's position is that there should be no possibility of political interference in law enforcement operations.

4.0 MONITORING OF RIPA ACTIVITY

- 4.1 In the last quarter no covert surveillance has been authorised.
- 4.2 The Senior Responsible Officer proactively seeks to ensure that the use of covert surveillance in this authority is well regulated. Applications for authorisation to use covert surveillance must be rejected when the Authorising Officer is not satisfied that the surveillance is necessary or proportionate and legal advice should be sought by Authorising Officers in appropriate cases.
- 4.3 Amongst other matters, a RIPA guidance note is circulated within the Council at regular intervals.

5.0 THE RIPA POLICY

- 5.1 The RIPA Guide is annually approved by Cabinet; it is important to ensure the use of RIPA is consistent with the Council's policy.

6.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 6.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

7.0 FINANCE AND RESOURCE IMPLICATIONS

7.1 There are no additional significant financial and resource implications arising from this report.

8.0 RISK ASSESSMENT

8.1 The Council could be in breach of the relevant legislation if it does not follow the procedures set out in the RIPA Orders and Codes. This could result in the inadmissibility of evidence and the possibility of breaches of the Human Rights Act 1990.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this report.

Equality Impact Assessment

This will be considered in relation to any particular authorisation.

Appendix

None

Audit & Governance Committee Work Programme – 26 June 2014

Date	Training (commencing 6.30pm)	Items
23 September 2014	Data Protection	<ol style="list-style-type: none">1. Grant Thornton – Audit Plan Findings Report2. Internal Audit Activities – Quarterly Update3. Approval of Statement of Accounts4. Regulation of Investigatory Powers Act Annual and Quarterly monitoring of Use of Powers5. Annual Review - Anti-Fraud, Bribery and Corruption Policy6. Treasury Management
27 January 2015	TBC	<ol style="list-style-type: none">1. Risk management Framework2. Internal Audit Activities – Quarterly Update3. Regulation of Investigatory Powers Act quarterly monitoring of use of powers4. Grant Thornton Annual Audit Letter
24 March 2015	TBC	<ol style="list-style-type: none">1. Grant Thornton Report – Claims and Returns2. Local Code of Governance3. Internal Audit Activities – Quarterly Update4. Internal Audit Plan 2015/165. Regulation of Investigatory Powers Act quarterly monitoring of use of powers6. Grant Thornton – Audit Plan
June 2015	TBC	<ol style="list-style-type: none">1. Internal Audit Activities – Annual report2. Internal Audit Activities – Quarterly Update3. Annual Governance Statement4. Statement of Accounts5. Regulation of Investigatory Powers Act Annual and Quarterly Monitoring of Use of Powers