



Kim Webber B.Sc. M.Sc.
Chief Executive
52 Derby Street
Ormskirk
West Lancashire
L39 2DF

Friday 18 May 2018

TO: COUNCILLORS P COTTERILL, R PENDLETON, T ALDRIDGE, C DERELI, N HENNESSY, A PRITCHARD, C WYNN AND 4 CONSERVATIVE MEMBERS

Dear Councillor,

A meeting of the **AUDIT & GOVERNANCE COMMITTEE** will be held in the **CABINET/COMMITTEE ROOM - 52 DERBY STREET, ORMSKIRK L39 2DF** on **TUESDAY, 29 MAY 2018 at 6.30 PM** at which your attendance is requested.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Kim Webber', written over a horizontal line.

Kim Webber
Chief Executive

AGENDA
(Open to the Public)

- 1. APOLOGIES**
- 2. MEMBERSHIP OF THE COMMITTEE**

To be apprised of any changes to the membership of the Committee in accordance with Council Procedure Rule 4.

- | | | |
|------------|--|---------|
| 3. | DECLARATIONS OF INTEREST | 1 - 2 |
| | <p>If a Member requires advice on Declarations of Interest, he/she is advised to contact the Borough Solicitor in advance of the meeting. (For the assistance of members a checklist for use in considering their position on any particular item is included at the end of this agenda sheet).</p> | |
| 4. | PUBLIC SPEAKING | 3 - 6 |
| | <p>Residents of West Lancashire on giving notice, may address the meeting to make representations on any item on the agenda except where the public and press are to be excluded during consideration of the item. The deadline for submission is 10.00am on Friday 25 May 2018.</p> | |
| 5. | MINUTES | 7 - 10 |
| | <p>To receive as a correct record the minutes of the meeting held on 27 March 2018.</p> | |
| 6. | GRANT THORNTON REPORTS | 11 - 16 |
| | <p>To consider the report of the Borough Treasurer.
(Appendix 1 – To Follow)</p> | |
| 7. | INTERNAL AUDIT ANNUAL REPORT 2017-18 | 17 - 22 |
| | <p>To consider the report of the Borough Treasurer.</p> | |
| 8. | INTERNAL AUDIT ACTIVITY - QUARTERLY UPDATE | 23 - 32 |
| | <p>To consider the report of the Borough Treasurer.</p> | |
| 9. | ANNUAL GOVERNANCE STATEMENT | 33 - 40 |
| | <p>To consider the report of the Borough Treasurer.</p> | |
| 10. | STATEMENT OF ACCOUNTS | 41 - 42 |
| | <p>To consider the report of the Borough Treasurer.</p> | |
| 11. | RIPA ACT MONITORING OF USE OF POWERS | |
| | <p>Improved monitoring of activity under the Regulation of Investigatory Powers Act 2000 (RIPA) introduced by the relevant Code of Practice, recommends that Members receive reports from Officers at least quarterly on RIPA activity.
There is no relevant activity to report since the last meeting of the Committee.</p> | |

12. **ANTI-FRAUD AND CORRUPTION ACTIVITIES** 43 - 62
To consider the report of the Borough Treasurer.
13. **WORK PROGRAMME** 63 - 64
To consider the future Work Programme of the Committee.

We can provide this document, upon request, on audiotape, in large print, in Braille and in other languages.

FIRE EVACUATION PROCEDURE: Please see attached sheet.
MOBILE PHONES: These should be switched off or to 'silent' at all meetings.

For further information, please contact:-
Jill Ryan on 01695 585017
Or email jill.ryan@westlancs.gov.uk

**FIRE EVACUATION PROCEDURE FOR:
COUNCIL MEETINGS WHERE OFFICERS ARE PRESENT
(52 DERBY STREET, ORMSKIRK)**

PERSON IN CHARGE: Most Senior Officer Present
ZONE WARDEN: Member Services Officer / Lawyer
DOOR WARDEN(S) Usher / Caretaker

IF YOU DISCOVER A FIRE

1. Operate the nearest **FIRE CALL POINT** by breaking the glass.
2. Attack the fire with the extinguishers provided only if you have been trained and it is safe to do so. **Do not** take risks.

ON HEARING THE FIRE ALARM

1. Leave the building via the **NEAREST SAFE EXIT**. **Do not stop** to collect personal belongings.
2. Proceed to the **ASSEMBLY POINT** on the car park and report your presence to the **PERSON IN CHARGE**.
3. **Do NOT** return to the premises until authorised to do so by the **PERSON IN CHARGE**.

NOTES:

Officers are required to direct all visitors regarding these procedures i.e. exit routes and place of assembly.

The only persons not required to report to the Assembly Point are the Door Wardens.

CHECKLIST FOR PERSON IN CHARGE

1. Advise other interested parties present that you are the person in charge in the event of an evacuation.
2. Make yourself familiar with the location of the fire escape routes and inform any interested parties of the escape routes.
3. Make yourself familiar with the location of the assembly point and inform any interested parties of that location.
4. Make yourself familiar with the location of the fire alarm and detection control panel.
5. Ensure that the zone warden and door wardens are aware of their roles and responsibilities.
6. Arrange for a register of attendance to be completed (if considered appropriate / practicable).

IN THE EVENT OF A FIRE, OR THE FIRE ALARM BEING SOUNDED

1. Ensure that the room in which the meeting is being held is cleared of all persons.
2. Evacuate via the nearest safe Fire Exit and proceed to the **ASSEMBLY POINT** in the car park.
3. Delegate a person at the **ASSEMBLY POINT** who will proceed to **HOME CARE LINK** in order to ensure that a back-up call is made to the **FIRE BRIGADE**.
4. Delegate another person to ensure that **DOOR WARDENS** have been posted outside the relevant Fire Exit Doors.

5. Ensure that the **ZONE WARDEN** has reported to you on the results of his checks, **i.e.** that the rooms in use have been cleared of all persons.
6. If an Attendance Register has been taken, take a **ROLL CALL**.
7. Report the results of these checks to the Fire and Rescue Service on arrival and inform them of the location of the **FIRE ALARM CONTROL PANEL**.
8. Authorise return to the building only when it is cleared to do so by the **FIRE AND RESCUE SERVICE OFFICER IN CHARGE**. Inform the **DOOR WARDENS** to allow re-entry to the building.

NOTE:

The Fire Alarm system will automatically call the Fire Brigade. The purpose of the 999 back-up call is to meet a requirement of the Fire Precautions Act to supplement the automatic call.

CHECKLIST FOR ZONE WARDEN

1. Carry out a physical check of the rooms being used for the meeting, including adjacent toilets, kitchen.
2. Ensure that **ALL PERSONS**, both officers and members of the public are made aware of the **FIRE ALERT**.
3. Ensure that **ALL PERSONS** evacuate **IMMEDIATELY**, in accordance with the **FIRE EVACUATION PROCEDURE**.
4. Proceed to the **ASSEMBLY POINT** and report to the **PERSON IN CHARGE** that the rooms within your control have been cleared.
5. Assist the **PERSON IN CHARGE** to discharge their duties.

It is desirable that the **ZONE WARDEN** should be an **OFFICER** who is normally based in this building and is familiar with the layout of the rooms to be checked.

INSTRUCTIONS FOR DOOR WARDENS

1. Stand outside the **FIRE EXIT DOOR(S)**
2. Keep the **FIRE EXIT DOOR SHUT**.
3. Ensure that **NO PERSON**, whether staff or public enters the building until **YOU** are told by the **PERSON IN CHARGE** that it is safe to do so.
4. If anyone attempts to enter the premises, report this to the **PERSON IN CHARGE**.
5. Do not leave the door **UNATTENDED**.

Agenda Item 3

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		Notes
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 20/09/16) 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 20/09/16 – 19/09/20)	<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

Employment, office, trade, profession or vocation

Sponsorship

Prescribed description

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

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.

PUBLIC SPEAKING – PROTOCOL

(For meetings of Cabinet, Overview & Scrutiny Committees, Audit & Governance Committee and Standards Committee)

1.0 Public Speaking

- 1.1 Residents of West Lancashire may, on giving notice, address any of the above meetings to make representations on any item on the agenda for those meetings, except where the public and press are to be excluded from the meeting during consideration of the item.
- 1.2 The form attached as an Appendix to this Protocol should be used for submitting requests.

2.0 Deadline for submission

- 2.1 The prescribed form should be received by Member Services by 10.00 am on the Friday of the week preceding the meeting. This can be submitted by e-mail to member.services@westlancs.gov.uk or by sending to:

Member Services
West Lancashire Borough Council
52 Derby Street
Ormskirk
West Lancashire
L39 2DF

- 2.2 Completed forms will be collated by Member Services and circulated via e-mail to relevant Members and officers and published on the Council website via Modgov. Only the name of the resident and details of the issue to be raised will be published.
- 2.3 Groups of persons with similar views should elect a spokesperson to speak on their behalf to avoid undue repetition of similar points. Spokespersons should identify in writing on whose behalf they are speaking.

3.0 Scope

- 3.1 Any matters raised must be relevant to an item on the agenda for the meeting.
- 3.2 The Borough Solicitor may reject a submission if it:
- (i) is defamatory, frivolous or offensive;
 - (ii) is substantially the same as representations which have already been submitted at a previous meeting; or
 - (iii) discloses or requires the disclosure of confidential or exempt information.

4.0 Number of items

- 4.1 A maximum of one form per resident will be accepted for each Agenda Item.
- 4.2 There will be a maximum of 10 speakers per meeting. Where there are more than 10 forms submitted by residents, the Borough Solicitor will prioritise the list of those allowed to speak. This will be considered having regard to all relevant matters including:
 - a. The order in which forms were received.
 - b. If one resident has asked to speak on a number of items, priority will be given to other residents who also wish to speak
 - c. Whether a request has been submitted in relation to the same issue.
- 4.3 All submissions will be circulated to Members of the relevant body and officers for information, although no amendments will be made to the list of speakers once it has been compiled (regardless of withdrawal of a request to speak).

5.0 At the Meeting

- 5.1 Speakers will be shown to their seats. At the commencement of consideration of each agenda item the Leader/Chairman will invite members of the public to make their representations. Residents will have up to 3 minutes to address the meeting. The address must reflect the issue included on the prescribed form submitted in advance.
- 5.2 Members may discuss what the speaker has said along with all other information, when all public speakers on that item have finished and will then make a decision. Speakers should not circulate any supporting documentation at the meeting and should not enter into a debate with Councillors.
- 5.4 If residents feel nervous or uncomfortable speaking in public, then they can ask someone else to do it for them. They can also bring an interpreter if they need one. They should be aware there may be others speaking as well.
- 5.5 Speakers may leave the meeting at any time, taking care not to disturb the meeting.

(Please see attached form.)



REQUEST FOR PUBLIC SPEAKING AT MEETINGS

MEETING & DATE

NAME

ADDRESS

.....

Post Code

PHONE

Email

Please indicate if you will be in attendance at the meeting

<p>YES/NO*</p> <p>*delete as applicable</p>
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Note: This page will not be published.

(P.T.O.)

Agenda Item 5

AUDIT & GOVERNANCE COMMITTEE

HELD: Tuesday, 27 March 2018

Start: 6.30 P.M.

Finish: 7.30 P.M.

PRESENT:

Councillor: P Cotterill (Chairman)
R Pendleton (Vice-Chair)

Councillors: T Aldridge T Blane
J Gordon J Mee
C Wynn D Westley

Officers: Borough Solicitor (Mr T Broderick)
Audit Manager (Mr M Coysh)
Member Services/Civic Support Officer (Mrs J A Ryan)

In attendance: Georgia Jones (Grant Thornton)

37 APOLOGIES

Apologies for absence were received on behalf of Councillors Hennessy and I. Davis.

38 MEMBERSHIP OF THE COMMITTEE

In accordance with Council Procedure Rule 4, the Committee noted the termination of Councillor Pope and the appointment of Councillor D. Westley for this meeting only, thereby giving effect to the wishes of the Political Groups.

39 DECLARATIONS OF INTEREST

There were no declarations of interest.

40 PUBLIC SPEAKING

There were no items under this heading.

41 MINUTES

RESOLVED: That the minutes of the meeting held on the 30 January 2018 be approved as a correct record and signed by the Chairman.

42 GRANT THORNTON - PROGRESS REPORT AND SECTOR UPDATE

Consideration was given to the report of the Borough Treasurer as circulated and contained on pages 351 to 367 of the Book of Reports the purpose of which was to receive a Progress Report and Sector Update from Grant Thornton (External Auditors).

The Chairman invited Georgia Smith from Grant Thornton to present the Progress Report and Sector Update.

Comments and questions were raised in respect of the following issues:-

- Alternative form of Local Taxation
- Sustainability issues and the position of the National Audit Office

RESOLVED: That the Progress Report and Sector Update be noted.

43 **INTERNAL AUDIT ACTIVITIES - QUARTERLY UPDATE**

Consideration was given to the report of the report of the Borough Treasurer as circulated and contained on pages 369 to 372 of the Book of Reports which advised of progress against the 2017/18 Internal Audit Plan.

The Audit Manager reported that 83% of the items on the plan were in progress compared to 81% for the same period in the previous year.

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

44 **PROPERTY SERVICES - ARRANGEMENTS RELATING TO THE ENGAGEMENT OF A CONTRACTOR**

Consideration was given to the report of the Borough Treasurer as contained on pages 373 to 381 of the Book of Reports which advised members of matters relevant to an oversight of the Council's framework of control arising from an internal audit examination of Property Services arrangements with a contractor.

Comments and questions were raised in respect of the following:-

- The procedure for the paying of sub-contractors
- Concern regarding the failure to comply with procurement procedures
- Implementation of suitable procedures to make sure incidents like this are not repeated
- Tendering processes and action plans were discussed

RESOLVED: (A) That the actions agreed by management to strengthen controls on procurement payments, accountability, transparency and custody of documents following internal audit's examination of property services use of a contractor be noted.

(B) That a further report be brought back to Audit and Governance Committee to further update on the position,

45 INTERNAL AUDIT PLAN 2018/19

Consideration was given to the report of the Borough Treasurer as contained on pages 383 to 387 of the Book of Reports which provided information in relation to the Internal Audit Plan for 2018/19.

RESOLVED: That the Internal Audit Plan (Appendix 1 to the report) be approved to take effect from 1 April 2018.

46 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) the Borough Solicitor reported that there was no relevant activity to bring to the attention of the Committee.

RESOLVED: That the report be noted.

47 WORK PROGRAMME

Consideration was given to the Committee's Work Programme as set out at page 389 of the Book of Reports.

RESOLVED: That the Work Programme be noted.

CHAIRMAN



AUDIT AND GOVERNANCE COMMITTEE:

29 May 2018

Report of: Borough Treasurer

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

SUBJECT: GRANT THORNTON REPORTS

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

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

2.0 RECOMMENDATION

2.1 That the Progress Report and the Planned Audit Fee letter 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 documents contained in the appendices to be included on the agenda for this meeting so that Members may give them due consideration.

4.0 GRANT THORNTON REPORTS

4.1 The Grant Thornton Progress Report sets out their progress in delivering their responsibilities against their audit plan as well as a range of other matters, while the Audit Fee letter provides details on the audit fee and works that are planned to take place for 2018/19.

4.2 Representatives of Grant Thornton will introduce and explain these documents at the Committee meeting and will be able to answer any questions that Members may have on their contents.

5.0 SUSTAINABILITY IMPLICATIONS

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

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 1 - Grant Thornton Progress Report (To Follow)

Appendix 2 - Grant Thornton Planned Audit Fee Letter

Marc Taylor
Borough Treasurer
West Lancashire Borough Council
52 Derby Street
Ormskirk
L39 2DF

Grant Thornton UK LLP
4Hardman Square
Spinningfields
Manchester
M3 3EB

T +44 (0)161 953 6900

www.grant-thornton.co.uk

23 March 2018

Dear Marc

Planned audit fee for 2018/19

The Local Audit and Accountability Act 2014 (the Act) provides the framework for local public audit. Public Sector Audit Appointments Ltd (PSAA) has been specified as an appointing person under the Act and the Local Authority (Appointing Person) Regulations 2015 and has the power to make auditor appointments for audits of opted- in local government bodies from 2018/19.

For opted- in bodies PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 all grant work, including housing benefit certification, now falls outside the PSAA contract, as PSAA no longer has the power to make appointments for assurance on grant claims and returns. Any assurance engagements will therefore be subject to separate engagements agreed between the grant-paying body, the Council and ourselves and separate fees agreed with the Council.

Scale fee

PSAA published the 2018/19 scale fees for opted-in bodies in March 2018, following a consultation process. Individual scale fees have been reduced by 23 percent from the fees applicable for 2017/18. Further details are set out on the [PSAA website](#). The Council's scale fee for 2018/19 has been set by PSAA at £33,684.

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes'.

The audit planning process for 2018/19, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

There are no changes to the overall work programme for audits of local government audited bodies for 2018/19. Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors. Audits of the accounts for 2018/19 will be undertaken under this Code. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its latest guidance for auditors on value for money work in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2018	8,421
December 2018	8,421
March 2019	8,421
June 2019	8,421
Total	33,684

Outline audit timetable

We will undertake our audit planning and interim audit procedures in January – February 2019. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in June to July 2019 and work on the whole of government accounts return in July 2019.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	January – February 2019	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June – July 2019	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	June – July 2019	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July 2019	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	August 2019	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2018/19 are:

	Name	Phone Number	E-mail
Engagement Lead	Andrew Smith	0161 953 6900	andrew.j.smith@uk.gt.com
Engagement Manager	Georgia Jones	0161 214 6383	georgia.s.jones@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Sarah Howard, our Public Sector Assurance regional lead partner, via sarah.howard@uk.gt.com.

Yours sincerely

Andrew Smith

Engagement Lead

For Grant Thornton UK LLP



AUDIT AND GOVERNANCE COMMITTEE:

29 May 2018

Report of: Borough Treasurer

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

SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2017-18

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To present the 2017-18 Internal Audit Annual Report for consideration.

2.0 RECOMMENDATION

2.1 That the Internal Audit Annual Report for 2017-18 be noted.

3.0 BACKGROUND

3.1 The United Kingdom Public Sector Internal Audit Standards 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 matters which the Audit Manager considers relevant to Member's consideration of the Annual Governance Statement and Statement of Accounts presented elsewhere on this agenda.

4.0 SUMMARY OF FINDINGS

4.1 The Internal Audit Annual 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.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

6.1 All 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

Appendix - Internal Audit Annual Report 2017-18.

INTERNAL AUDIT SERVICE ANNUAL REPORT 2017-18

1.0 INTRODUCTION

- 1.1 The Council is required by the Accounts and Audit Regulations 2015 to undertake an effective internal audit of its risk management, control and governance processes, taking into account public sector auditing standards or guidance.
- 1.2 For 2017/18 those standards were defined in the Public Sector Internal Audit Standards (PSIAS).
- 1.3 The PSIAS require the Audit Manager to deliver an annual internal audit opinion that can be used to inform the Council's Annual Governance Statement.
- 1.4 The work streams set out in the Internal Audit Plan approved by this Committee are the primary source of assurance upon which that opinion is based.
- 1.5 This report summarises any matters relevant to the Annual Governance Statement identified during internal audit activity in 2017-18 and presents the annual internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

2.0 CONFORMANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS

- 2.1 A report was brought to this Committee setting out the requirements of the Public Sector Internal Audit Standards (PSIAS) adopted from April 2013.
- 2.2 Since the introduction of the PSIAS internal audit has kept its systems and procedures under review to ensure that it operates in accordance with the standards.
- 2.3 Our own internal assessment of compliance with the standards based on the "Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note" published by the Chartered Institute of Public Finance and Accountancy (CIPFA) did not identify any areas of non-conformance.
- 2.4 In 2017/18 the section underwent an external review of our conformance with the PSIAS but the results of this are yet to be confirmed.

3.0 INTERNAL AUDIT ACTIVITY 2017-18

- 3.1 The 2017-18 Internal Audit Plan was prepared using a risk based approach taking into account the Council's objectives and considering known local and national influences on risks to their achievement. It was approved by this Committee in March 2017.
- 3.2 The 2017/18 Internal Audit Plan set out 24 work-streams. Performance against the plan, summaries of internal audit activity and the level of assurance it provides are reported to this Committee in detail on a quarterly basis.
- 3.3 The 2017/18 financial year has seen the implementation of a new structure for the section which resulted in savings. A full complement of staff in accordance with the new establishment has been in place from June 2017 onwards.
- 3.4 Progress against the annual risk based Internal Audit Plan is reported quarterly to this committee and those reports set out the work undertaken during the year to support the opinion in this report.
- 3.5 Sufficient audit coverage has been achieved in the year to enable me to provide an opinion on the control environment.
- 3.6 Assurance work undertaken in the year confirmed that the Council has appropriate controls in place to manage significant risks to its operations as reflected in the substantial assurance ratings given in the majority of the areas examined.
- 3.7 Non-assurance work is activity undertaken by internal audit not primarily designed to provide assurance. An example is the National Fraud Initiative which the Council is required to participate in. Such work may still provide useful evidence of the effectiveness of controls in operation and work completed in these areas during the year did not disclose any evidence of significant areas of weakness in controls.
- 3.8 In addition to planned activity, internal audit have a role in investigation of potential fraud and irregularity, responding to items referred to it in accordance with established procedures. No referrals during the year disclosed evidence of significant areas of weakness in controls.

4.0 MANAGEMENT RESPONSES TO INTERNAL AUDIT REPORTS

- 4.1 During the year improvements to controls in various systems have been agreed between internal audit and management.
- 4.2 Responses from auditees have been satisfactory and recommendations have been implemented as agreed in reasonable timescales.

- 4.3 Two issues have been specifically raised with this Committee by the Audit Manager during the year, electronic management of records and the process for the engagement, management and monitoring of a contractor in property services. Management have agreed action plans which adequately address both of these issues and until such time as these are implemented completely progress against them will be reported regularly to this committee.

5.0 ANNUAL GOVERNANCE STATEMENT

- 5.1 Internal audit work supports the production of the Annual Governance Statement presented elsewhere on this agenda. There were no issues arising from Internal Audit's work in 2017/18 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. No issues were identified during the course of the audit work in 2017/18 that would be likely to have a material effect on the Council's Financial Statements.
- 6.2 Based on the work which internal audit have carried out and taking into account other sources of assurance available, such as the Council's external auditor's Annual Audit Letter it is my opinion that West Lancashire Borough Council has in place a sound overall framework of governance and effective risk management and control systems.

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



AUDIT AND GOVERNANCE COMMITTEE:

29 May 2018

Report of: Borough Treasurer

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

SUBJECT: INTERNAL AUDIT ACTIVITY – QUARTERLY UPDATE

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To advise of progress against the 2018/19 Internal Audit Plan.

2.0 RECOMMENDATION

2.1 That Members note progress in the year to date.

3.0 BACKGROUND

3.1 This Committee approved the 2018/19 Internal Audit Plan and the Internal Audit Manager brings written updates on progress against it to each meeting of this Committee.

3.2 This report summarises progress to date and provides an update on outturn against the 2017/18 Internal Audit Plan. This work informs the overall opinion in the Internal Audit Annual Report presented elsewhere on this agenda.

4.0 INTERNAL AUDIT ACTIVITY TO DATE

4.1 An appendix summarising progress to date and any significant issues arising is attached and the Internal Audit Manager will attend the meeting to present the report should Members have any questions.

4.2 It should be noted that this year the dates of this Committee have been changed to accommodate the new accounts closedown timetable and reported figures cover the period to mid-May whereas in previous years the update was on progress as at mid-June.

4.3 This year has also seen an increase in work streams with 31 included in the annual plan compared to 24 in 2017/18.

4.4 Progress against the plan to date is satisfactory with 16% of audits in progress, similar to the position reported in 2017/18 when it was 17%.

5.0 SUSTAINABILITY IMPLICATIONS

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

6.1 The financial and resource implications arising from activity identified in this report are included in 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 achievement of 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 Update.

INTERNAL AUDIT QUARTERLY UPDATE

1.0 Summary of Progress against the 2018/19 plan.

Progress against the plan to date is satisfactory with 16% of audits commenced, similar to the position reported in 2017/18 when it was 17%.

Title	Position
General Data Protection Regulations	Work not commenced
Contract and Procurement	Work in progress
Off Street Parking	Work not commenced
Main Accounting	Work not commenced
Treasury Management	Work not commenced
Payroll	Work not commenced
Property Management	Work not commenced
Service Now	Work not commenced
Home Care Link	Work in progress
Business Rates	Work not commenced
Sustainable Organisational Review	Work not commenced
Anti-fraud review	Work in progress
Insurance	Work not commenced
Risk Management	Work not commenced
Sheltered housing	Work not commenced
Housing Rents	Work not commenced
Performance indicators	Work in progress
ICT	Work not commenced
Benefits	Work not commenced
Creditors	Work not commenced
Debtors	Work not commenced
Cashiers - Income Management	Work not commenced
Council Tax	Work not commenced
Right to Buy Sales	Work not commenced
Caretaking	Work not commenced
Homefinder	Work not commenced
Commercial waste	Work not commenced
Civic bulky collections	Work not commenced
National Fraud Initiative	Work in progress
Annual Governance Statement	Work not commenced
Money Laundering Reporting Officer	Work not commenced
Summary	
Work complete	0
Work in progress	5
Work not commenced	26
Total	31

2.0 Assurance rating system

- 2.1 This report records the levels of assurance provided by Internal Audit's work. The following categories are used to record the level of assurance.

Full assurance: there is a sound system of internal control designed to secure objectives and controls are being consistently applied.

Substantial assurance: there is a generally sound system of internal control in place designed to secure objectives and controls are generally being applied consistently. Some weaknesses in the design or operation of the controls put the achievement of particular objectives at risk.

Limited assurance: weaknesses in design or inconsistent application of controls put the achievement of objectives at risk.

No assurance: weak controls or significant non-compliance with controls could result (or have resulted) in failure to achieve objectives.

- 2.2 No system of internal control can eliminate every possible risk and increasing the level of control in a system frequently increases costs. Balancing risk appropriately against the costs of control is management's responsibility.
- 2.3 Internal Audit's role is to evaluate and improve the effectiveness of risk management and control processes.
- 2.4 It is important to recognise that the scope of the work in each area examined defines the limits of the assurance which can be provided and to give context to the assurance provided work is summarised in the reports set out below.

3.0 Assurance reports:

3.1 Council Tax

BTLS Revenues and Benefits Service administer council tax on behalf of the Council. They are responsible for delivery of all aspects of its day to day administration from billing through to collection and recovery.

3.1.1 Objectives

To examine systems, procedures and records relating to the billing and collection of Council Tax. To test a sample of 60 accounts to confirm bills are correct, transactions have been processed and recorded accurately and daily reconciliation is performed in accordance with approved procedures. That Discounts and exemptions are supported by corresponding documentary evidence and refunds and write offs are made in line with Financial Regulations and the Scheme of Delegation.

3.1.2 Observations

The review concluded that there are appropriate controls in place for the collection of council tax. The individual accounts examined had transactions processed and recorded correctly. Some minor issues were identified to management and addressed at the time of the review.

3.1.3 Assurance

This Internal Audit work provides **substantial assurance** that appropriate procedures are in place for the administration of council tax and that the Northgate system is operating effectively in this area.

3.2 Business Rates

Non-domestic rates (business rates) are administered and collected by BTLS Revenues and Benefits Service through the Northgate system.

Changes to pooling arrangements nationally are increasing the significance of business rates collected to the Council.

3.2.1 Objectives

Review the effectiveness of processes for maintaining the property database and records of liable parties by testing 60 accounts selected at random from the VOA website and ensuring that the liability was calculated correctly and that any reliefs and exemptions have been applied correctly.

To identify the method of data collection and calculation for performance indicator BTLS R3 and confirm the accuracy of the figure

To review the latest reconciliation for NDR- Northgate system / Icon Cash Receipting System / General Ledger

3.2.2 Observations

All the accounts tested had liability calculated correctly.

Reliefs granted were supported by appropriate evidence.

Processes supporting the production of performance indicator BTLS R3 operate effectively.

Routines for reconciliation of the Northgate system to ICON and the General ledger are operating satisfactorily.

There were only two accounts included in the sample with exemptions applied. These were both supported by evidence obtained at the time of application. There was no evidence of subsequent review of continuing eligibility

One account not in the sample was reviewed due to its links to an account within the sample and was found to have had an exemption applied in 2010 for which supporting evidence could not be located on the system.

Following discussions with BTLS and the client service it has been agreed that Internal Audit will carry out a targeted review of exemptions as part of in the 2018/19 audit.

3.2.3 Assurance

This Internal Audit work provides **substantial** assurance that the procedures in place to maintain records of property and liable parties, calculate and report Performance Indicator BTLS R3 and to reconcile the NNDR system to feeder systems and the General Ledger operate as intended.

4.0 **Update on 2017/18 planned work.**

There were 24 work streams identified in the 2017/18 Internal Audit Plan.

4 of these related to non-assurance work not intended to result in a report

5 items from the plan were not completed in the year as follows:

- Homelessness – planned work carried out in the year with no significant issues identified to date however the report cannot be finalised until further work is completed in 2018/19 to examine changes implemented to reflect new legislation.
- Rent and Money advice – to run in conjunction with the above.
- Leisure – This item was included at the request of the then Director of Leisure and Wellbeing Services and had not been utilised prior to the introduction of the new management structure.
- Performance Indicators – This covers a wide range of systems used to produce performance indicators corporately. The work identified some issues which will be explored further as part of the planned 2018/19 work.
- Customer Services – as implementation of a new system did not take place in the year the planned work could not take place. It has been included in the 2018/19 plan (under the title Service Now).

The remaining 15 items on the plan will all result in Substantial (or better) assurance reports to this committee.

5.0 Other matters of note.

5.1 Update in relation to Property Services engagement of a contractor.

A report was brought to the last meeting summarising issues identified during an audit examination of Property Services arrangements for the engagement of a contractor and the management of the subsequent contract. Members requested to be kept up to date with progress against the actions planned to address the issues identified.

The updated plan is attached and the Audit Manager will be in attendance at the meeting to brief the Committee on the current position

Action Plan

	<u>Issue</u>	<u>Action</u>	<u>Responsible</u>	<u>Timescale</u>
1.	Lack of adequate documentation of the procurement process.	Since the procurement process referred to in this report the Council has implemented an e-procurement system. The system records all steps in procurement exercises administered through it. Its use is now mandatory for all contracts over £50,000 under the Council's current Contracts Procedure Rules.	Procurement Executive	Complete
2.	Failure to comply with Contracts Procedure Rules and Financial Regulations and to record transactions adequately.	Non-compliance cannot be corrected retrospectively. Further training will be provided for staff in property services on the requirements of Contract Procedure Rules, Financial Regulations and in relation to transaction processing to clarify requirements for clearing invoices and to ensure that staff understand the conditions for exceptions to established creditor payment procedures.	Director of Housing and Inclusion	Ongoing
3.	Failure to seek authority to make changes to financial systems.	All staff to be reminded that changes should not be made to financial systems without consultation with internal audit (and where necessary the approval of the Borough Treasurer)	Borough Treasurer	Complete
4.	Absence of a signed agreement governing the arrangement.	Non-compliance cannot be corrected retrospectively. Internal Audit will carry out a review comparing property services expenditure over the threshold at which a contract is required to agreements held by legal services to evidence levels of compliance in other contracts.	Internal Audit Manager	Ongoing

5.	Non-compliance with Council's Document retention requirements.	A corporate programme of review and cataloguing of records is in progress. It has been agreed that Property Services will be included early in the programme to ensure appropriate document retention criteria are developed and implemented.	Information Asset Owners in consultation with Data Access and Storage Governance Project Officer	In progress
6.	Establish transparency and accountability in payment procedures adopted.	All officers authorising payments to be instructed that no invoices including "premium payments" to third parties are to be authorised and any presented for payment are to be referred immediately to the Internal Audit Manager	Borough Treasurer	Complete
7.	Issues relating to transparency and accountability due to alternative payment procedure adopted.	Internal Audit to carry out a programme of checks to identify whether this practice has been employed on any other existing contracts in property services.	Internal Audit Manager	Complete
8.	To establish that there are no other unauthorised amendments to established creditor payment procedures in use.	Examination by internal audit of payments made by property services through creditors (including the D100 process) to ensure these comply with corporate requirements.	Internal Audit Manager	Complete

5.2 Update on Management of Electronic Records

The Council's Annual Governance Statement approved by this Committee identified the management of electronic records as a significant governance issue for the Council in the light of the volume of information currently held on systems. It also made reference to the development of an action plan to improve governance in this area.

The current position has been updated in the notes to the current Annual Governance Statement elsewhere on this agenda

Monitoring of the key risks associated with the project will continue through the Council's regular risk assessment process.

5.3 Update on review of conformance with Public Sector Internal Audit Standards (PSIAS)

There is a requirement for internal audit's conformance with the PSIAS to be externally assessed every five years. In February 2017 Council agreed budget provision to commission an assessment from an organisation providing such services on a commercial basis.

The Chartered Institute of Public Finance and Accountancy was engaged as the assessor to carry out the work.

The fieldwork for the review is now complete and the results of the assessment will be reported back to the July meeting of this Committee.

6.0 Conclusion

- 6.1 The new internal audit structure is proving capable of satisfying the Council's duty under the Accounts and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and the service is in a position to be able to deliver adequate coverage in relation to the 2018/19 plan.



AUDIT & GOVERNANCE COMMITTEE: 29 May 2018

Report of: Borough Treasurer

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

SUBJECT: ANNUAL GOVERNANCE STATEMENT

Borough wide interest

1.0 PURPOSE OF THE REPORT

1.1 To consider the Council's Annual Governance Statement.

2.0 RECOMMENDATION

2.1 That the Annual Governance Statement 2017/2018, set out in Appendix 1, be approved and commended to the Leader and Chief Executive for signature.

3.0 BACKGROUND

3.1 The Accounts and Audit Regulations require the Council to publish an Annual Governance Statement with its financial reports.

3.2 The terms of reference of this Committee include responsibility for approving the Annual Governance Statement and commending it for signature by the Leader and Chief Executive.

4.0 CURRENT POSITION

4.1 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 it is working effectively. This continues the Council's track record of demonstrating solid financial and governance arrangements.

- 4.2 The main governance issue that has been identified relates to the financial challenges facing local authorities as a result of reductions in government grant funding. This risk is included on the Council's Key Risk Register and the primary mechanism for addressing it will be the Sustainable Organisation Review Project, which has been the subject of reports to Cabinet and Council.
- 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 Letter has concluded the same. In the Annual Internal 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.
- 4.4 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.

5.0 SUSTAINABILITY IMPLICATIONS

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

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

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 – West Lancashire Borough Council 2017/18 Annual Governance Statement

WEST LANCASHIRE BOROUGH COUNCIL

2017/18 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, and this statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations, 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 Council is directed and controlled and the mechanisms through which it accounts to, engages with and leads the community. It enables the Council 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 2018 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](#). There is also a Council Plan in place that contains details of the priority delivery projects that are designed to drive forward progress against priorities.

The Council's Pentana 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.

The Council has a number of corporate service standards which apply to all customers and staff. These care standards provide a clear commitment of our desire to provide a high quality of customer service, for example in terms of response times for letters and emails. 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.

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". Committee meetings are open to the public, except where personal or confidential matters may be disclosed.

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

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 Corporate Management Team meetings and has a direct reporting line to the Chief Executive. Financial advice is provided for all the key decisions that are made.

A Medium Term Financial Forecast and Treasury Management Strategy, which assesses the potential financial risks to the Council, are in place and are reviewed regularly. Standing orders and financial regulations, that detail the Council'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 organisation 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 Council. 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 has an objective and professional relationship with its external auditors and statutory inspectors, together with other agencies such as the Local Government Association.

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 Owner 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. The Council is committed to working in partnership with public, private and voluntary sector organisations where this will enhance its ability to achieve its identified aims.

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 (2016).

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 Senior Managers within the Council 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. No significant issues have been identified in this year's review.

The Borough Treasurer, who has overall responsibility for the Council'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 2017/18 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

Due to robust financial monitoring and management the Council has achieved a favourable budget variance for 2017/18 and has set a balanced budget for 2018/19. Consequently, the Council is taking appropriate action to ensure a stable financial standing over the medium term and this position has been confirmed in our latest Annual Audit letter.

ELECTRONIC RECORDS

The Council is continuing to review and improve its management of electronic records in light of the large volumes of information currently held on its systems as identified as a significant issue in last year's Statement. This is being overseen by an officer working group, with the assistance of a dedicated officer resource (as authorised by Council) and monitored through reports to the Audit and Governance Committee. An action plan is in place and being implemented to improve governance arrangements to ensure continuing compliance with the relevant regulatory requirements and good practice including adherence to the Corporate Retention and Disposal Schedule. Relevant risk assessments are in place.

CURRENT SIGNIFICANT GOVERNANCE ISSUES

FUTURE FINANCIAL CHALLENGES

Further significant savings and additional income generation will be required to ensure a balanced budget position is achieved in the period to 2020/21. This budget gap will primarily be addressed through the Council's Sustainable Organisation Review Project. Implementing this income and savings programme may create significant risks in the governance framework that will need to continue to be managed and reviewed effectively.

GENERAL DATA PROTECTION REGULATION

This Regulation, which is scheduled to come into force on 25th May 2018 and which is to be supplemented by additional legislation, yet to be enacted, presents significant challenges. While it is not relevant to the period covered by this Statement, it is appropriate to register here the work to address this commenced during the year and will continue into 2018-19. An action plan and additional resources are in place and being proactively managed towards implementation.

On the basis of the work carried out, which has been reviewed by the Audit and Governance Committee, we are satisfied that the Governance Framework is generally effective. We propose over the coming year to address the above matters to further enhance our governance arrangements and to prepare for change. We are satisfied that these actions will address the need for improvements that were identified in our review and will monitor their implementation and operation as part of our next annual review.

SIGNED: Ian Moran
Leader of the Council

SIGNED: Kim Webber
Chief Executive

On behalf of West Lancashire Borough Council



AUDIT AND GOVERNANCE COMMITTEE:

29 May 2018

Report of: Borough Treasurer

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 2018.

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. In previous years the draft statement had to be produced by the end of June and the audited statement approved before the end of September. However due to changes in government regulations the timescales for this work have now been brought forward, so that the draft statement has to be produced by the end of May and the audited statement approved before the end of July.

4.0 CURRENT POSITION

- 4.1 At the time of writing this report, the draft statement of accounts is being reviewed and verified, and is 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.
- 4.2 During June and July, our external auditors – Grant Thornton – will conduct an audit of the accounts. This 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 July. 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

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

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



AUDIT AND GOVERNANCE COMMITTEE:

29 May 2018

Report of: Borough Treasurer

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

SUBJECT: ANTI FRAUD AND CORRUPTION ACTIVITIES

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide a summary of the fraud, bribery and corruption issues facing the Council and the action being taken to deal with them.

2.0 RECOMMENDATIONS

2.1 That the self-assessment of Fraud and Corruption issues as set out in Appendix 1 be noted.

2.2 That the Counter Fraud Plan as set out in Appendix 2 be endorsed.

3.0 BACKGROUND

3.1 The Council has always taken a steadfast approach to tackling fraud and corruption issues. The importance and profile of this issue has increased in recent times though as a result of the difficult financial climate and reductions in Council funding. This has had a double impact because economic distress can increase the incentive to commit fraud, and at the same time controls to prevent and detect fraud have come under pressure as Councils must reduce their costs as a result of funding reductions.

3.2 The types of fraud experienced by local authorities – which include housing tenancy, payroll, procurement, council tax discounts etc - demonstrate the breadth of services potentially affected and the need for all service areas to remain vigilant and respond proactively to new emerging fraud and corruption issues. Fraud can also either be internal to the Council (for example Members

making fraudulent expenses claims, or staff claiming to have qualifications that they do not possess) or external (for example the illegal sub letting of Council housing or claims for payment that are not valid).

- 3.3 In response to this requirement to remain vigilant, the Council's counter fraud, bribery and corruption arrangements are periodically reviewed to ensure that they remain adequate and that they comply with best practice. This report now provides an update on these arrangements.

4.0 CORPORATE APPROACH

- 4.1 The Council's approach follows the three principles detailed in the Counter fraud strategy "Fighting Fraud Locally" developed by Local Government for Local Government:

- Acknowledge – acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response
- Prevent – preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture
- Pursue – punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response

- 4.2 This strategy highlights that no local authority is immune from fraud and that acknowledging this fact is the most important part in developing an appropriate and effective anti-fraud response. Recognising fraud must also incorporate a thorough understanding and knowledge about what the fraud problem is, where it is likely to occur, and the scale of potential losses. This can then enable a robust and proportionate fraud response to be developed.

- 4.3 Current potential 'scams' are also regularly circulated to relevant staff to ensure vigilance concerning bogus claims or transactions. For example, it is well documented that fraudulent companies are regularly targeting local authorities to alter supplier bank account details, so payments are made into the fraudster's bank account rather than the supplier's account. The Creditor's section is made aware of current issues and remains vigilant to this potential fraud.

5.0 REVIEW OF CURRENT ARRANGEMENTS

- 5.1 A fraud self-assessment checklist has been completed and is included in Appendix 1. This shows that in general, Managers feel that there are satisfactory arrangements in place to deal with fraud, bribery and corruption issues and no significant weaknesses have been identified.
- 5.2 Best practice guidance states that Councils should have a Counter Fraud plan in place. This plan should be based on a robust fraud risk assessment focused on areas where there is a high risk of fraud. The latest Counter Fraud plan is set out

in Appendix 2 and summarises the existing work programmes of different service areas. Members are now asked to consider and endorse this Plan.

- 5.3 Taking into account all of these factors it can be concluded that the Council's anti-fraud and corruption arrangements remain appropriate and fit for purpose. However, the Council is not complacent and the position will be kept under review. Managers will do their utmost to ensure that these issues are tackled as effectively as possible within the resources available, and consideration will continue to be given to what further initiatives can be undertaken to ensure that a proactive approach is in place.
- 5.4 It is also intended that the Council's Anti-Fraud, Corruption and Bribery policy will be updated under delegated authority to reflect changes in job titles, structural changes and other minor issues before being re-issued to all staff and Councillors.

6.0 SUSTAINABILITY IMPLICATIONS

- 6.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

7.0 RISK ASSESSMENT

- 7.1 It is important that the Council monitors and reviews its internal control arrangements for preventing fraud and corruption. The measures set out in this report will help to ensure that the Council continues to have an effective anti-fraud, bribery and corruption framework in place.

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 – Fraud Self-Assessment Checklist
Appendix 2 – Counter Fraud Plan

APPENDIX 1 - SELF ASSESSMENT OF ANTI FRAUD AND CORRUPTION ISSUES

General	Yes	No	Comments/ Action
1. Do we have a zero tolerance policy towards fraud?	Yes		<p>There is an Anti-Fraud, Bribery and Corruption policy in place, which is due to be updated and then re-issued to all staff and Members this year. There is also a Counter Fraud Plan in place that sets out actions being taken to maintain our anti fraud culture including reviews of our arrangements. This includes considering new anti-fraud initiatives across the Council on an annual basis.</p> <p>The Anti Fraud, Bribery and Corruption policy at para 4.3 states 'We are committed to the prevention, deterrence and detection of bribery and have zero tolerance towards it'.</p>
2. Do we have the right approach, counter fraud strategies, policies and plans? Have we aligned our strategy with Fighting Fraud Locally?	Yes		<p>Relevant documents that are in place include:</p> <ul style="list-style-type: none"> • Anti Fraud, Bribery and Corruption Policy • Counter Fraud Plan • Whistle Blowing Policy • Anti Money Laundering Policy • Contract Procedure Rules • Financial Regulations • Code of Conduct for Officers • Code of Conduct for Members • Internal Audit Plan

General (continued)	Yes	No	Comments/ Action
3. Do we have dedicated counter-fraud resources?	Yes		Counter fraud work is built into the processes and procedures of all Council activities where required for example in creditors, payments, due diligence work in land and procurement transactions and in payroll. Creditor staff, for example, are aware of the increase in fraudulent attempts to change supplier bank details and divert funds to false accounts. There are also specific resources dedicated to tackling fraud including Internal Audit, time dedicated to the National Fraud Initiative (NFI) scheme, and an Insurance Claims Investigator. ICT systems are protected by firewalls and other measures to prevent, for example, phishing and malware. Given the size of the authority, counter fraud resources are often not teams or full time staff, but represent a core part of the wider role that staff undertake.
4. Do counter-fraud staff review all of the work of our organisation?	Yes		We expect all policies and procedures in place to be adhered to. Our management systems for internal control are designed to prevent and detect fraud and this is an inherent part of the work undertaken by all staff. Examples include member services staff maintaining and reviewing registers of interests as well as the checks carried out on invoice payments by relevant staff.
5. Does a Councillor have portfolio responsibility for fighting fraud across the Council	Yes		This responsibility is allocated to the Finance Portfolio Holder
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	Yes		A periodic review of specific fraud and corruption issues is reported to this Committee, and these areas are also considered as a component part of other reports such as the Annual Governance Statement and Internal Audit reports.

General (continued)	Yes	No	Comments/Action
7. Have we assessed our management of counter-fraud work against good practice?	Yes		The Anti Fraud, Bribery and Corruption Policy has been drawn up to meet best practice requirements. The work of Internal Audit is also conducted in accordance with good practice requirements and relevant professional standards. In addition the Council is represented on a variety of networking and practitioner groups where best practice is identified and shared.
8. Do we raise awareness of fraud risks with: <ul style="list-style-type: none"> • new staff (including agency staff) • existing staff • elected members; and • our contractors? 	Yes		<p>Awareness of key policies (code of conduct, whistleblowing, financial regulations etc) are covered in the induction of new staff. Periodic reminders on relevant policies are also sent to all staff to ensure they remain aware of fraud risks. Specific training is arranged for relevant staff while details on emerging issues (such as the latest scams) are circulated by e-mail.</p> <p>There are effective governance arrangements in place that include Member training and providing up to date guidance and protocols for Members as and when required. All Members must also sign up to the Member Code of Conduct that highlights principles of selflessness, honesty and integrity.</p> <p>There are standard terms and conditions included in purchase orders and in contracts covering fraud, corruption and whistle blowing arrangements.</p>
9. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	Yes		The Council has an extensive network to identify fraud risks and issues. The Council has access to professional support groups such as CIPFA, Lawyers in Local Government and the IIA, with access to online resources. These networks also include the Lancashire Audit Group and the Lancashire Revenues and Benefits Group which includes active participation in Benchmarking/Good Practice sub groups.

General (continued)	Yes	No	Comments/Action
10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	Yes		The Council has protocols in place with organisations to enable information and data to be exchanged where appropriate. This includes sharing information with the Single Fraud Investigation Service (SFIS) in relation to Housing Benefits. The Council also participates in the National Fraud Initiative. This has grown in recent years to include information such as taxi licence applications.
11. Do we identify areas where internal controls may not be performing as intended? How quickly do we then take action?	Yes		Management and Internal Audit consider the effectiveness of internal control systems on an ongoing basis. External Audit and Inspectorate reports may also identify issues. Action plans are then developed to ensure agreed recommendations are implemented in a timely manner, and these will be monitored to ensure that they are completed.
12. Do we maximise the benefit of our participation in the National Fraud Initiative and receive reports on the matches investigated?	Yes		A report on outcomes is produced at the end of each NFI exercise and information on the findings are included in the Internal Audit Annual Report to Audit and Governance.
13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	Yes		Anti-Money Laundering Policy and Guidance and Procedure Notes are endorsed by Audit and Governance Committee and then issued to all staff. The Policy is reviewed on a periodic basis to ensure compliance with best practice which includes consideration of relevant recommendations from Titan/Serious Organised Crime briefings.
14. Do we have effective arrangements for reporting and recording fraud?	Yes		The Anti-Fraud, Bribery and Corruption Policy sets out protocols for reporting and recording fraud.

General (continued)	Yes	No	Comments/Action
15. Do we have effective whistleblowing arrangements? In particular are staff aware of our whistleblowing arrangements, have confidence in the confidentiality of those arrangements and confident that any concerns raised will be addressed?	Yes		There is a Whistleblowing Code in place which is periodically reviewed and updated, and then circulated to all staff and Members to ensure its provisions are well known and understood.
16. Do we have effective fidelity insurance arrangements?	Yes		This issue is covered under our insurance policy, and is seen as relatively low risk as no claims have been made in recent years.
Fighting fraud with reduced resources	Yes	No	Comments / Actions
17. Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud?	Yes		<p>Benefits is a high risk area and staff need to be aware of the risk of fraud, and suspicions on a claim are referred to the SFIS for them to investigate. New initiatives such as the Fraud and Error Reduction Incentive Scheme (FERIS) targeting specific benefit areas such as childcare costs have also been undertaken.</p> <p>New arrangements have been put into place for 2018/19 that will work alongside the Real Time Information (RTI) approach that is already being used to process data that DWP has received from HMRC. The new incentive is known as Verify Earnings and Pensions Service (VEP) Alerts.</p> <p>These new initiatives have been funded by government grants.</p>
Current risks and issues	Yes	No	Comments / Actions
Housing Tenancy			
18. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	Yes		<p>There is a Choice Based Letting policy in place that ensures that social housing is only allocated to those who require it. This is based upon an assessment and prioritises those most in need.</p> <p>Internal Audit have an audit planned for 2018/19 to review the system, controls and procedures in this area.</p>

19. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	Yes		<p>After six weeks a new tenant visit is conducted and the original application is reviewed in more detail. Information is also shared with the rents team on applications. Any significant issues raised by neighbours are followed up by conducting interviews. Any suspected false tenancy applications will be actively pursued.</p> <p>Internal Audit have an audit planned for 2018/19 to review the system, controls and procedures in this area.</p>
Procurement			
20. Are we satisfied our procurement controls are working as intended?	Yes		<p>Payments are always assessed as being a high risk issue and consequently the controls in this area are comprehensive and well documented. Management review the controls on payments on an ongoing basis and they are also subject to an annual review by Internal Audit.</p> <p>Following identification of potential issues relating to a limited number of controls the Internal Audit programme for 2018/19 includes a time allocation for review of their application in practice.</p>
21. Have we reviewed our contract letting procedures in line with best practice?	Yes		<p>The Contract Procedure Rules are regularly reviewed and were last required to be updated in April 2016. Financial Regulations are also reviewed and updated to reflect best practice. Procurement Practice Notes are also produced to address emerging issues and to provide additional guidance.</p>

Recruitment	Yes	No	Comments / Actions
<p>22. Are we satisfied our recruitment procedures achieve the following:</p> <ul style="list-style-type: none"> • Do they prevent us from employing people working under false identities? • Do they confirm employment references effectively? • Do they ensure applicants are eligible to work in the UK? • Do they require agencies supplying us with staff to undertake the checks that we require? 	Yes		<p>There is a standard checklist of evidence that must be verified before a new employee can start working for the Council, including identity, Disclosure Scotland checks, in certain posts Disclosure and Barring Scheme, employee references, and eligibility to work in this country.</p>
Council Tax Discount			
<p>23. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?</p>	Yes		<p>The Council Tax section checks discounts and exemptions when they are first claimed ensuring there is evidence to support the award.</p> <p>An initiative has recently been undertaken to review the eligibility of residents for the Single Person Discount. This review was undertaken on a 'no win no fee' basis, where the costs of the work undertaken was more than covered by the extra income generated from reducing the number of discounts awarded.</p> <p>We have engaged a company to undertake an empty homes review that identifies long-term empty properties which are actually occupied. The cost of this work has been more than covered by the additional New Homes Bonus grant funding that is awarded for bringing empty properties back into use.</p> <p>Council Tax is also subject to annual audit. Data matching work, including NFI, is also undertaken to ensure that this area is effectively controlled.</p>

<ul style="list-style-type: none">• No recourse to public funds			<p>business plan, H&S Policy, Equality policy etc., must also be provided to prove they are a bona fide organisation. A quality health check is also undertaken. Monitoring and evaluation is undertaken by the Funding of Voluntary and Other Organisations Working Group.</p> <p>As part of any housing application from a foreign national their immigration status is confirmed and whether they have recourse to public funds. In addition documentation re dependants e.g. child benefit, birth certificate, passports etc. is obtained. Whilst a number of applications are from foreign nationals the vast majority of these are from workers from EAA states who are currently eligible for social housing. There are very few from countries requiring immigration status checks.</p>
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**WEST LANCASHIRE BOROUGH COUNCIL
COUNTER FRAUD AND CORRUPTION PLAN**

This plan summarises key measures that will be put in place to prevent and detect fraud, bribery and corruption and to take effective action against any attempted or actual fraudulent act, but is not a comprehensive list of all the procedures that are in place.

	Main means to achieve effectiveness	Target date	Lead Officer	Further action required
FRAUD REFERRALS & WHISTLEBLOWING				
Improve fraud referral	Circulate Anti-fraud, bribery and corruption policy to all staff and Members	September 2018	BT	
	Circulate Anti Money Laundering Policy and Whistleblowing Code to all staff and Members	September 2018	BT	
	Within contractors and third parties documentation, there is a section 'avoidance of fraud' highlighting the Council's zero tolerance policy towards fraud.	Ongoing	CMT	
	The Councils whistleblowing procedures apply to contractors and their employees. Relevant individual contracts have a section headed 'Whistleblowing' that encourages contractors to come forward with any malpractice concerns.	Ongoing	CMT	
Referrals from other agencies	Through partnership working with other agencies Links and protocols	Annual review	IAM DDHIS	Develop links through the National Fraud Initiative for data matching.

	Main means to achieve effectiveness	Target date	Lead Officer	Further action required
Referrals from members of the public	On our website we have links for members of the public to report suspected housing benefit and council tax fraud.	Ongoing	DDHIS	
FRAUD INVESTIGATION				
External data matching	Timely response to NFI data matches. Compliance with national reporting requirements	Ongoing	IAM	Regular full participation in NFI in accordance with national guidance, and reports returned in accordance with timetable.
Procuring external companies who work on a no fee basis – but take a percentage of the extra income they help to generate	External companies review our data around key areas – Single Person Discount, Empty Homes and Business Rate Valuations and liable properties to ensure that the data is accurate.	Ongoing	DDHIS / BT	Review other areas that these companies can carry out specific reviews ensuring that discounts etc. are not being claimed incorrectly and consider whether it is something that will benefit the council.
Anti-fraud review by Internal Audit.	The 2018/19 Internal Audit Plan includes significant resources to review <ul style="list-style-type: none"> • current fraud risks to the Council's operations • the robustness of measures incorporated into the Council's systems to deter, prevent and detect fraud • fraud risk indicators with the aim of identifying fraudulent activity directed against the Council 	April 2019	IAM	

	Main means to achieve effectiveness	Target date	Lead Officer	Further action required
Allegations of fraud are investigated.	Procedures require all allegations of fraud to be referred to Internal Audit and investigated appropriately.	Every time referred	IAM	
DETERRENCE / PUBLICITY				
Reported publicity	Investigation activity and outcomes, including prosecutions, publicly reported via press releases and website	Ongoing	Relevant Manager	Liaison with Communications and Consultation Unit
Counter-fraud culture	Put updated corporate Counter Fraud plan in place	Ongoing	CMT	Maintain and develop corporate consideration of fraud and corruption issues
PARTNERSHIP WORKING				
Partnerships and links with other external agencies	To undertake joint working	Annual Review	IAM	See referrals from other agencies above but contact with other organisations also established e.g. Action Fraud or National Crime Agency and UK Financial Intelligence Unit for Money Laundering reporting.
Sharing information between the Lancashire District Audit Group.	Regular meetings of the Lancashire audit managers, highlighting any issues or areas of concern that may affect our Council.	Ongoing	IAM	Sharing any issues of concern with the relevant directorate.
FRAUD AWARENESS TRAINING				
Fraud awareness for new staff	Ensure fraud, bribery and corruption details in the induction material for new staff are kept up to date and accurate – ensure that this is part of the staff induction checklist.	Ongoing	BT	

	Main means to achieve effectiveness	Target date	Lead Officer	Further action required
Fraud awareness training for relevant staff	Investigate use of fraud awareness e-learning training material.	Ongoing	BT	Review the fraud prevention and fraud awareness training material that is available via the e-learning portal and tailor the modules to meet local requirements. Review other training material that is also available. Consider whether online tests are appropriate with a pass rate to ensure that the module of e-learning has been read and understood.
KEY ISSUES				
Review of current arrangements to identify areas for improvement	Completion of Fraud and Corruption Self- Assessment Checklist and consideration of Fighting Fraud & Corruption Locally.	Periodic review	CMT	Will require updating if any new issues emerge
Monitoring and review of this action plan	Annual report to Audit and Governance Committee.	Ongoing	BT	
Ensure staff and members are aware of the need to make disclosures of gifts, hospitality and interests.	Members Code of Conduct and the Code of Conduct for Officers are both included in the induction process for new starters. Periodic reminders are sent to staff highlighting the need to disclose any items.	Ongoing	BS / BT	
Payroll controls and Expenses	Procedures in place together with annual internal and external audit review.	Annual review	IAM	Check compliance with and effectiveness of existing procedures
Recruitment procedures	Appropriate counter-fraud checks are already in place.	Regular Review	IAM	Check compliance with and effectiveness of existing procedures

	Main means to achieve effectiveness	Target date	Lead Officer	Further action required
Internal audit evaluate the potential for the occurrence of fraud and how the Council manages fraud risk.	Internal audit review all of the Council's significant activity over time and engagements are planned to provide assessment of the effectiveness of arrangements implemented by management including those to prevent and detect significant error, fraud, or non-compliance. Internal auditors must exercise due professional care by considering the probability of significant errors, fraud, or non-compliance	Annual Review	IAM	
Review of benefit claims using Real Time Information (RTI) from HRMC via DWP	Procedures in place to ensure that action is taken to progress RTI referrals which ensures that claimants get the correct benefits.	Ongoing	DDHIS	
REPORTING				
Audit and Governance Committee	Receive periodic reports on counter-fraud arrangements	Ongoing	BT	Regular reporting of issues to Audit and Governance Committee
Portfolio holder	Receive reports of counter fraud activity as and when required	Ongoing	IAM BT	Periodic reporting

Lead Officers

BT	Borough Treasurer
IAM	Internal Audit Manager
DDHIS	Deputy Director of Housing and Inclusion Services
CMT	Heads of Service
BS	Borough Solicitor

Audit & Governance Committee Work Programme – 29 May 2018

Date	Training (commencing 6.00pm)	Items
24 July 2018		<ol style="list-style-type: none"> 1. Grant Thornton – Progress Update 2. Grant Thornton – Audit Findings Report 3. Approval of Statement of Accounts 4. Internal Audit Activities – Quarterly Update 5. Regulation of Investigatory Powers (RIPA) Act - Annual Setting of the policy and review of use of powers 6. External Quality Assessment of Internal Audit's conformance to the Public Sector Internal Audit Standards 7. Internal Audit Charter 8. Anti-Money Laundering Policy 9. Management of Electronic Records
30 October 2018		<ol style="list-style-type: none"> 1. Grant Thornton – Progress Report 2. Internal Audit Activities – Quarterly Update 3. RIPA Act quarterly monitoring of use of powers 4. Grant Thornton Annual Audit Letter 5. Grant Thornton Certification Letter 6. Local Code of Governance
29 January 2019		<ol style="list-style-type: none"> 1. Grant Thornton – Progress Update 2. Risk Management Framework 3. Internal Audit Activities – Quarterly Update 4. Internal Audit Plan 2018/19 5. RIPA Act quarterly monitoring of use of powers
28 May 2019		<ol style="list-style-type: none"> 1. Grant Thornton – Progress Update 2. Internal Audit Annual report 3. Internal Audit Activities – Quarterly Update 4. Annual Governance Statement 5. Statement of Accounts 6. RIPA Act Quarterly Monitoring of Use of Powers 7. Anti-Fraud Bribery and Corruption Activities

