



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

Friday, 17 May 2019

**TO: COUNCILLORS C COOPER, N PRYCE-ROBERTS, T BLANE, C DERELI,
J GORDON, J MEE, M NIXON, P O'NEILL, E POPE,
A PRITCHARD AND I RIGBY**

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, 28 MAY 2019** at **6.30 PM** at which your attendance is requested.

Yours faithfully

A handwritten signature in black ink, appearing to read '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 24 May 2019.</p> | |
| 5. | MINUTES | 7 - 10 |
| | <p>To receive as a correct record the minutes of the meeting held on the 21 January 2019.</p> | |
| 6. | GRANT THORNTON - PROGRESS UPDATE | |
| | <p>To consider the report of the Borough Treasurer.
<i>(Report to follow).</i></p> | |
| 7. | GRANT THORNTON - CERTIFICATION LETTER | |
| | <p>To consider the report of the Borough Treasurer.
<i>(Report to follow).</i></p> | |
| 8. | ANNUAL GOVERNANCE STATEMENT | 11 - 18 |
| | <p>To consider the report of the Borough Treasurer.</p> | |
| 9. | STATEMENT OF ACCOUNTS | 19 - 20 |
| | <p>To consider the report of the Borough Treasurer.</p> | |
| 10. | INTERNAL AUDIT ANNUAL REPORT | 21 - 30 |
| | <p>To consider the report of the Borough Treasurer.</p> | |
| 11. | INTERNAL AUDIT ACTIVITIES - QUARTERLY UPDATE | 31 - 46 |
| | <p>To consider the report of the Borough Treasurer.</p> | |
| 12. | INTERNAL AUDIT STRATEGY AND AUDIT PLAN 2019/20 | 47 - 58 |
| | <p>To consider the report of the Borough Treasurer.</p> | |

13. RIPA ACT REGULAR MONITORING OF USE OF POWERS

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 regularly from Officers on RIPA Activity.

There is no relevant activity to report since the last meeting of the Committee.

14. ELECTRONIC RECORDS STORAGE AND MANAGEMENT 59 - 64

To consider the report of the Borough Solicitor.

15. WORK PROGRAMME 65 - 66

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:-
Kirsty Breakell on 01695 577177 EXT 5679
Or email kirsty.breakell@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**.

	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

YES/NO*

*delete as applicable

Note: This page will not be published.

(P.T.O.)

Agenda Item 5

AUDIT & GOVERNANCE COMMITTEE

HELD: Tuesday, 29 January 2019

Start: 6.30 p.m.

Finish: 7.34 p.m.

PRESENT:

Councillor: P Cotterill (Chairman)

Councillors: T Aldridge
R Cooper
C Dereli
N Hennessy
J Witter

T Blane
N Delaney
J Gordon
J Mee

Officers: Borough Solicitor - Mr T Broderick
Borough Treasurer – Mr M Taylor
Member Services/Civic Officer – Mrs J A Ryan

In attendance: Georgia Jones (Grant Thornton)

36 APOLOGIES

There were no apologies received.

37 MEMBERSHIP OF THE COMMITTEE

In accordance with Council Procedure Rule 4, the Committee noted the termination of Councillors Wynn and Pope and the appointments of Councillors Delaney and Mrs Witter respectively for this meeting only, thereby giving effect to the wishes of the Political Groups.

38 DECLARATIONS OF INTEREST

There were no Declarations of Interest received.

39 PUBLIC SPEAKING

There were no items under this heading.

40 MINUTES

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

41 GRANT THORNTON - PROGRESS UPDATE

Consideration was given to the report of the Borough Treasurer as circulated and contained on pages 379 to 385 of the Book of Reports the purpose of which was to receive an update from the Council's External Auditors Grant Thornton on a range of different matters.

The Chairman invited Georgia Jones from Grant Thornton to present the Progress Report to the Committee.

RESOLVED: That the Grant Thornton Progress Report be noted.

42 GRANT THORNTON - AUDIT PLAN

Consideration was given to the report of the Borough Treasurer as circulated and contained on pages 387 to 403 of the Book of Reports the purpose of which was to receive a report from the Council's External Auditors which set out their plan for the audit of the Council's 2018/19 financial statements and consideration of value for money issues.

The Chairman invited Georgia Jones from Grant Thornton to present the Audit Plan report.

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

- Value for money arrangements in respect of the Housing Revenue Account (HRA)
- Introduction of new software
- External Audit Fees and delivery of the work on time
- Early closure dates for publication of local government accounts, and whether this could subject the Council to penalty fees

RESOLVED: That the report be noted and that the Audit Plan be approved.

43 RISK MANAGEMENT FRAMEWORK AND POLICY UPDATE

Consideration was given to the report of the Borough Treasurer as set out on pages 405 to 417 of the Book of Reports which set out details of the operation of the Risk Management Framework over the last twelve months and recommended changes to the current Risk Management Policy.

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

- When training on Risk Management would be undertaken – this is scheduled for October/November
- In relation to the Risk Management Policy a Member asked that the time of year when the Policy was reviewed could be added in the Policy and when the Working Group meets.
- It was noted that there was a typo on page 411 of the report, the second bullet point should say "ambitious" for West Lancashire and not "ambitions".

RESOLVED: (A) That the continuing effective operation of the Risk Management Framework and the comments above be noted.

- (B) That the proposed amendments to the Risk Management Policy as set out in the appendix be endorsed for approval by Cabinet incorporating the additional amendments as noted above.

44 INTERNAL AUDIT ACTIVITIES - QUARTERLY UPDATE

Consideration was given to the report of the Borough Treasurer as circulated and contained on pages 419 to 424 of the Book of Reports which advised of progress against the 2018/19 Internal Audit Plan.

The Borough Treasurer reported 64% of the items on the plan were in progress compared to 62% for the same period in the previous year and outlined the key reasons for this position.

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

- The number of Council house sales sold privately in the past 12 months.
- The planned Treasury Management and Main Accounting audits.

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

45 PROPERTY SERVICES - ARRANGEMENTS RELATING TO THE ENGAGEMENT OF A CONTRACTOR

Consideration was given to the report of the Borough Treasurer as contained on pages 425 to 440 of the Book of Reports which set out details of the issues arising from an internal audit examination of Property Services arrangements with a contractor.

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

- The new procedures and management now in place
- Tendering exercises
- VAT issues

RESOLVED: (A) That progress against the action plan be noted.

- (B) That a follow up audit of Property Services procurement is undertaken during 2019/20 to confirm that the new arrangements are working effectively.

46 RIPA ACT REGULAR 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 441 of the Book of Reports.

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

- Members requested the training session to be longer and the possibility of Audit and Governance Committee starting at 7.00pm.
- A training session was requested on Social Value.

RESOLVED: (A) That the Work Programme be noted.

(B) That a training session on Social Value take place in October 2019.

.....
- CHAIRMAN -



AGENDA ITEM:

AUDIT & GOVERNANCE COMMITTEE: 28 May 2019

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 2018/2019, 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 primarily 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, and the results of this review are due to be reported to Council in July.
- 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 2018/19 Annual Governance Statement

WEST LANCASHIRE BOROUGH COUNCIL

2018/19 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 Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

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

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

The governance framework has been in place at West Lancashire Borough Council for the year ended 31 March 2019 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 key 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 key 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 with 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.

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 2018/19 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 2018/19 and has set a balanced budget for 2019/20. 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.

GENERAL DATA PROTECTION REGULATION

The General Data Protection Regulation and Data Protection Act 2018 requirements work is largely completed following a detailed action plan and additional resources, which has further improved performance in regard to the handling of personal data and in reducing and regularising storage of data more generally.

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 2021/22. 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.

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



AGENDA ITEM:

AUDIT AND GOVERNANCE COMMITTEE:

28 May 2019

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 2019.

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. Government regulations require a draft statement of accounts to be produced by the end of May each year and the audited statement to be 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



AGENDA ITEM:

AUDIT AND GOVERNANCE COMMITTEE:

28 May 2019

Report of: Borough Treasurer

**Contact for further information: Mrs J Pendleton (Extn. 2603)
(E-mail: Jacqueline.Pendleton@westlancs.gov.uk)**

SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2018-19

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To present the 2018-19 Internal Audit Annual Report for consideration.

2.0 RECOMMENDATION

2.1 That the Internal Audit Annual Report for 2018-19 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 Internal Audit Manager considers relevant to Member's consideration of the Annual Governance Statement and Statement of Accounts.

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 Satisfactory.

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 2018-19.



INTERNAL AUDIT SERVICE ANNUAL REPORT 2018-2019

**Jacqui Pendleton
Internal Audit Manager
West Lancashire Borough Council
May 2019**

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1. **Executive Summary**

- 1.1 The Internal Audit Manager is obliged, under the Public Sector Internal Audit Standards (PSIAS), to provide an annual report summarising the work undertaken by internal audit during the financial year just closed, and to provide an overall opinion on West Lancashire Borough Council's internal control environment.
- 1.2 In respect of 2018/19, 22 assurance audits were completed, 17 of which recorded an audit opinion and a further 5 non assurance audits which have been taken into account. The overall audit opinions given in the assurance audit reports can be summarised as:

Assurance Opinion	Assessment of Internal Control	Number
Full Assurance	There is a sound system of internal control designed to secure objectives and controls are being consistently applied.	0
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 weakness in the design or operation of the controls put the achievement of particular objectives at risk.	14
Limited Assurance	Weaknesses in design or inconsistent application of controls put the achievement of objectives at risk.	3
No Assurance	Weak controls or significant non-compliance with controls could result (or have resulted) in failure to achieve objectives.	0

- 1.3 Based upon the work undertaken by Internal Audit in respect of 2018/19, the opinion of the Internal Audit Manager on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is **Satisfactory**.

2. Introduction

- 2.1 In accordance with the Accounts and Audit Regulations 2015, the Council must ensure that it provides adequate and effective internal audit arrangements in respect of its accounting records and systems of internal control, and that it conducts an annual review of the effectiveness of these. In addition, these arrangements must be delivered in accordance with the Public Sector Internal Audit Standards (PSIAS), revised in January 2017, and Local Government Application Notes (LGAN), which came into effect on 1 April 2013 and 1 February 2019.
- 2.2 The work carried out by the Internal Audit Service involves reviewing and reporting on the control environment established by management to:
- Determine and monitor the achievement of the Council's objectives
 - Identify, assess and appropriately manage the risks to achieving the Council's objectives
 - Facilitate policy and decision making
 - Ensure economical, effective and efficient use of resources
 - Ensure compliance with established policies, procedures, laws and regulations
 - Safeguard the Authority's assets and special interests.
- 2.3 It is a requirement of the PSIAS that "the Head of Internal Audit provides an annual report to those charged with governance, which should include an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control".
- 2.4 The work streams set out in the Internal Audit Plan 2018/19, approved by this committee on 28th March 2018 are a primary source of assurance upon which the Internal Audit Manager's opinion is based.
- 2.5 In arriving at this opinion, this report sets out:
- A summary of the Internal Audit work undertaken during 2018/19;
 - A summary of the developments within Internal Audit during the year;
 - The Internal Audit Managers opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control in 2018/19;

3. Internal Audit Activity 2018/19

- 3.1 The Internal Audit Service has not had an Internal Audit Manager in post for seven months of the current financial year, however, a new Internal Audit Manager was appointed in March 2019. The Internal Audit Service now has a full complement of 3.6 FTE staff.
- 3.2 The 2018/19 Internal Audit Plan was compiled by the previous Internal Audit Manager 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 on 28th March 2018.
- 3.3 The 2018/19 Internal Audit Plan set out 31 work streams. An additional audit review was included which was initially planned to be undertaken during 2017/18 but deferred until 2018/19, resulting in 32 work streams in total for the year.
- 3.4 Performance against the plan, summaries of internal audit activity and the level of assurance it provides are reported to this committee on a quarterly basis.
- 3.5 Sufficient audit coverage has been achieved during 2018/19 to enable me to provide an opinion on the control environment.
- 3.6 Assurance work carried out during the year has confirmed that in the main the Council has appropriate controls in place to manage significant risks in its operations. This is demonstrated by 14 audit reviews that were concluded with a substantial assurance opinion. In the three reviews which had limited assurance opinions, Internal Auditors continue to work closely with departments to ensure that recommendations are implemented as per agreed timescales and follow up audit reviews will be undertaken during 2019/20.
- 3.7 Non-assurance work is activity undertaken by internal audit are 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 Internal Audit Developments

- 4.1 The Internal Audit Team have reviewed and developed new working practices, including new formats of working papers which will promote efficiencies and a new format Internal Audit report.
- 4.2 All Internal Audit reviews will be subject to a follow up review no later than 6 months following the issue of the final Internal Audit Report. This is to be implemented immediately.
- 4.3 A customer satisfaction survey is in development and this will be provided to each auditee once the final Internal Audit Report has been issued.
- 4.4 A suite of Internal Audit Service Performance Indicators have been developed and will be introduced from 1st June 2019. The proposed Performance Indicators are detailed below for information. Results from these Performance Indicators will be reported to this committee as part of the quarterly progress report.

Performance Indicators:

Performance Indicator	Target
1. Completion of the audit plan	90% of planned audits completed to draft report stage by end of plan review period (31 May 2020)
2. % recommendations confirmed fully implemented at time of formal follow up	Priority 1 – 100% Priority 2 – 80% Priority 3 – 75%
3. Timely production of draft report	80% of draft reports issued within 4 weeks of end of fieldwork
4. Timely agreement and issue of the final report	80% of final reports (including agreed management action plan) issued within 5 weeks of draft report
5. Customer satisfaction	Through key question customer satisfaction surveys – target 90% satisfaction of Very Good, Good or Satisfactory rating

5 Annual Governance Statement

- 5.1 Internal Audit work supports the production of the Annual Governance Statement. There were no issues arising from Internal Audit's work in 2018/19 which are deemed Significant Governance Issues which would be reportable in the Annual Governance Statement.

6 Internal Audit Manager's Overall Opinion

- 6.1 Based upon the work undertaken by Internal Audit in respect of 2018/19, the opinion of the Internal Audit Manager on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is that the controls in the majority of systems and procedures continue to operate **satisfactorily**.
- 6.2 Of the systems and procedures reviewed, 3 audit reviews were found to provide limited assurance and action plans detailing findings and recommendation have been agreed with management. Follow up audit work will be carried out to ensure that adequate progress to implement audit recommendations has been made.
- 6.3 No system of control can give absolute assurance against material misstatement or loss and, accordingly, this opinion does not provide such an absolute assurance.



AGENDA ITEM:

AUDIT AND GOVERNANCE COMMITTEE:

28 May 2019

Report of: Borough Treasurer

Contact for further information: Mrs J Pendleton (Extn. 2603)
(E-mail: Jacqueline.pendleton@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 reports on progress against this plan are presented to each meeting of the Committee.

3.2 This report summarises progress to date. This work will inform the overall opinion in the Internal Audit Annual Report presented to this Committee following the end of the financial year.

4.0 INTERNAL AUDIT ACTIVITY TO DATE

4.1 An appendix summarising progress to date and any significant issues arising is attached.

4.2 The new Internal Audit Manager, Jacqui Pendleton, commenced her post in March 2019, therefore, the Internal Audit Service has a full complement of staff. Work has continued to be undertaken to complete the 2018/19 plan.

4.3 Progress against the revised plan to date is satisfactory with 84% of audits commenced or completed, compared to 83% for the same period in 2017/18. Due to the changes to the Audit Plan year, to accommodate the Audit and

Governance meetings dates, additional time has been utilised to ensure that all work pertaining to 2018/19 will be completed with minimal work carried forward into the 2019/20 audit year.

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 in relation to the risk management, control and governance processes the Council has in place to secure its objectives.

Background Documents

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

Equality Impact Assessment

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

Appendices

1. Internal Audit Quarterly Update.



INTERNAL AUDIT SERVICE

INTERNAL AUDIT ACTIVITY - QUARTERLY UPDATE 2018/19

1. Summary of Progress against the 2018/19 plan.

- 1.1 Progress against the plan for the financial year 2018/19 has been satisfactory with 84% of planned audit work being near completion or completed, compared to 83% at the end of financial year 2017/18.

Audit Plan Progress

Title	Stage of Audit	Assurance reported to A&G Committee
General Data Protection Regulations	Fieldwork Complete	
Contract and Procurement	Fieldwork Complete	
Off Street Parking	Final Report Issued	28 th May 2019
Main Accounting	Fieldwork Commenced	
Treasury Management	Final Report Issued	28 th May 2019
Payroll	Final Report Issued	28 th May 2019
Property Management - Gas	Draft Report Issued	28 th May 2019
Service Now	To be undertaken in 2019/20 *	
Home Care Link	Draft Report	28 th May 2019
Business Rates	Draft Report	28 th May 2019
Sustainable Organisational Review	To be undertaken in 2019/20*	
Anti-fraud review	Completed	28 th May 2018
Insurance	Final Report Issued	29 th January 2019
Risk Management	Draft Report	28 th May 2019
Sheltered housing	Audit Brief Issued	
Housing Rents	Draft Report Issued	28 th May 2019
Performance indicators	To be undertaken in 2019/20*	
ICT	Completed – No report required	
Benefits	Final Report Issued	24 th July 2019
Creditors	Draft Report	28 th May 2019
Debtors	Final Report Issued	28 th May 2019
Cashiers - Income Management	To be undertaken in 2019/20*	
Council Tax	Draft Report Issued	28 th May 2019
Right to Buy Sales	Final Report Issued	29 th January 2019
Caretaking	Draft Report Issued	28 th May 2019
Homefinder	Draft Report Issued	28 th May 2019
Commercial waste	Fieldwork commenced	
Civic Bulky Collections Service	To be undertaken in 2019/20*	
Refuse and Recycling	Draft Report Issued	28 th May 2019
National Fraud Initiative	Completed – No report required	
Annual Governance Statement	Completed – No report required	
Money Laundering Reporting Officer	Completed – No report required	
Summary		
Work complete	22	68%
Work in progress	5	16%
Work not commenced	5	16%
Total	32	100%

- 1.2 An additional audit in relation to refuse and recycling has been undertaken during 2018/19 following a deferment from 2017/18.
- 1.3 As previously reported to this committee five audit reviews originally planned for completion in 2018/19 are to be deferred to 2019/20, these include:
- Service Now – the first stage of the system was implemented in March 2019, therefore it is at too early a stage to undertake an audit review that will add value.
 - Sustainable Organisation review - project is due to be completed by July 2019 and specific audit work will be identified once the findings and recommendations are known;
 - Civic Bulky Collections Service – this service was reintroduced at the later part of 2018 and time was needed to embed the service. A review will now be undertaken during 2019/20.
 - Cashiers – Income Management – this audit is to be deferred until 2019/20, the Income Management Review final report will influence the work carried out by Internal Audit.
 - Performance Indicators – this review is to be deferred to 2019/20.

2. Audit Opinions and Priorities for Recommendations

2.1 Assurance rating system

- 2.1.1 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.

2.1.2 Recommendation Priority Levels

Recommendations made in all internal audit reports are given a priority level as set out in the table below:

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact of frequency presents risk to the system objectives, which needs to be addressed by management.

Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.
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- 2.3 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.
- 2.4 Internal Audit's role is to evaluate and improve the effectiveness of risk management and control processes.
- 2.5 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. Assurance reports:

Since the last report to the Audit and Governance Committee, 14 audits have been completed by Internal Audit during February to May 2019 as follows, please note that those in italics are currently at draft report issued stage:

Audit Title	Assurance Opinion	Recommendations		
		P1	P2	P3
Off Street Parking	Substantial	0	4	4
Treasury Management	Substantial	0	0	2
Payroll	Substantial	0	6	0
<i>Property Management - Gas</i>	<i>Limited</i>	5	7	4
<i>Home Care Link</i>	<i>Limited</i>	1	0	0
<i>Business Rates</i>	<i>Substantial</i>	1	0	2
<i>Risk Management</i>	<i>Substantial</i>	0	3	2
<i>Housing Rents</i>	Substantial	0	4	0
<i>Creditors</i>	<i>Substantial</i>	1	3	1
Debtors	Substantial	0	1	1
<i>Council Tax</i>	<i>Substantial</i>	0	4	0
<i>Caretaking</i>	<i>Limited</i>	2	10	2
Homefinder	Substantial	0	2	1
<i>Refuse and Recycling</i>	<i>Substantial</i>	2	5	0

3.1 Off Street Parking (Substantial Assurance)

3.1.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Appropriate contracts are in place
- New machines are installed in line with the implementation plan
- Adequate insurance cover is in place

- Changes to tariffs have been approved in line with the constitution and legislation
- Staff have received appropriate training in relation to the legislation and operation of the pay and display parking system
- Car parks display the correct signage and that the ticket displays the correct information in relation to the fee paid and the car park name
- An inventory of machines is held by WLBC and the collection dates for each machine are documented
- There are controls in place regarding the collection of income
- Income is reconciled and monitored
- There is a procedure for querying and investigating any anomalies on the car park income
- There are procedures in place for ensuring that machines subject to vandalism or that are not working are reported promptly
- Budget monitoring is undertaken
- Risks have been considered and documented on Pentana
- The service action plan highlights planned changes to the operation.

3.1.2 Review of Off Street Parking concluded that overall it is well controlled in that new car parking machines had been installed, although the card payment facility was not in operation at the time of the audit, tariffs had been implemented and income is collected and well controlled. It was noted that Contract Procedure Rules had not been followed in that there were 2 contracts without the official signed contracts in place.

3.2 Treasury Management (*Substantial Assurance*)

3.2.1 The purpose of this audit was to provide assurance to management that procedures and controls ensure that:

- A register of all loans and investments is maintained, transactions are confirmed in writing and there is a full audit trail of activity.
- All investments in the sample comply with the current Treasury Management Policy and there is a regular reconciliation undertaken which is signed off independently.
- Credit interest / repayment of principle and interest calculations are accurate.
- The cash flow forecast spreadsheet is kept up to date and provides adequate evidence to support appropriate levels of investment.
- Segregation of duties within the end to end process are robust and the Scheme of Delegation sets out the delegation of duties to officers.
- There is adequate insurance cover in place to cover all Treasury Management investments and lending and contingency arrangements are in place if / when web based applications are inaccessible.
- Periodic reviews are undertaken to review the performance of the investment and debt portfolio to ensure it is performing as initially expected.

3.2.2 Review of Treasury Management concluded that segregation of duties and controls within the end to end process both manual and system enforced are working well. Registers of all loans and investments are maintained with

records held providing a full audit trail of activity. Minor recommendations in relation to a review of the current Treasury Management Policy, specifically the section pertaining to the rollover of funds on call/notice accounts, and a review of the current bankline users to ensure that there is sufficient coverage.

3.3 Payroll (Substantial Assurance)

3.3.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Starters, movers and leavers are treated correctly
- The pay award is loaded correctly on the payroll system
- Bacs payments are adequately reviewed
- Checks are undertaken to make sure payments are only made to genuine employees
- Frequent reconciliations to the Council's financial management system - Civica GL are undertaken
- Arrangements have been implemented to ensure there is a smooth transition to the new payroll system
- The agency worker policy is being followed and there is regular review of Matrix Agency Recruitment.

3.3.2 It should be noted that the work undertaken by Internal Audit related to the iTrent system, provided by Wigan Council, which was replaced in April 2019 by Oracle and provided by BTLs. Based on the work reviewed by Internal Audit, HR processes and procedures were found to be operating effectively. There were a variety of high level controls in place in the form of reports to verify monthly payroll submissions to ensure that the number and value of payments look consistent with previous months.

3.3.3 The main area highlighted for improvement was in relation to the compliance of the policy for the Recruitment of Agency Staff. It was acknowledged that there are difficulties in compliance with the policy due to the difficult nature, demands and specialisms of some service areas, however, it was evident that there were a number of staff who had been employed via an agency for longer than 12 months.

3.4 Property Management – Gas (Limited Assurance)

3.4.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- The recommendations in the compliance action plan from the Independent review are being progressed
- There is a gas procedure document and that is being followed
- Rectification works are being completed in a timely manner
- Checks are undertaken on remedial works to ensure they have been completed appropriately

3.4.2 Based on the work reviewed it was noted that a great deal of work had been undertaken in getting a new gas policy and new gas procedure in place, however, Internal Audit had concerns around the gas safety process. These concerns were mainly in relation to how the Landlord Gas Safety Record is

being completed and reviewed, how warning notices were administered and the follow up of remedial action and charging for work by contractors.

- 3.4.3 Other areas of concern included a number of cases identified where the incorrect heating type was recorded on the central database, supporting information for the installation of new boilers not being transferred to the council from the contractor and failure of an external review to be completed (Fulcrum Report) within the prescribed deadline date of 31st March 2018. Other lower risk findings were also noted.
- 3.4.4 All findings and recommendations have been fully discussed with the Service Manager and the Director of Housing and Inclusion Services. The Service area have already implemented a number of the recommendations and are working to ensure the remainder are addressed quickly. Internal Audit are confident that the quick response of the Service to address the concerns raised will ensure that the majority of recommendations will be implemented within agreed timescales.
- 3.4.5 Due to the Limited Assurance rating given, a follow up audit review will be carried out within six months to ensure that all recommendations have been implemented.

3.5 Home Care Link (Limited Assurance)

- 3.5.1 The purpose of this audit was to provide an opinion of the procedures and controls within the department and make suggestions for improvement going forward.
- 3.5.2 The review included a number of process walks, conversations with staff so as to understand day to day roles and responsibilities. High Level process maps were compiled by the Internal Auditor and areas for improvement were documented in a detailed action plan with each individual action categorised as either High, Medium or Low.
- 3.5.3 There were areas of weakness that were already known by the department and these were detailed in the action plan for completeness. It should be noted that the areas of weakness were in relation to system processes and not in relation to the level of care given to customers. As the audit opinion was limited assurance a review of the work undertaken by the department to address the findings and recommendations in the action plan will be reviewed in no more than 6 months' time.

3.6 Business Rates (Substantial Assurance)

- 3.6.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:
- The authority maintains an accurate database of taxable properties and the liability has been calculated correctly
 - Accounts have supporting evidence for reliefs and discounts awarded and have been calculated correctly
 - For accounts in arrears appropriate recovery action is being taken
 - Exemptions have appropriate supporting documentation and are reviewed to ensure ongoing entitlement

- Write offs have been processed in line with policy and have the appropriate authorisation
- Credits on closed accounts are reviewed
- Reconciliations are up-to-date and in balance
- The collection rate figure is reported accurately

3.6.2 Based on the work carried out by Internal Audit it was found that the overall arrangements in business rates are good, however there are some areas where improvements can be made in relation to reviewing exemptions and reducing credit balances on closed accounts.

3.7 Risk Management

3.7.1 The purpose of this audit was to provide assurance to management that the Risk Management principles are effectively embedded across the authority by ensuring that:

- The authority has a Risk Management policy / framework in place, where there are Corporate Risk Management Groups, they are suitably represented and Risk Management training is available across the authority
- Key risks and actions are reported to Senior Management and Members regularly
- All significant risks arising from business strategies and activities are identified, prioritised and associated controls recorded on the Corporate Risk Management System "Pentana" to ensure they are well managed, with risk assessments being undertaken when applicable.
- Risk Management plays an integral part of the completion of the Corporate Governance statement and it is signed off by the director of each service area.

3.7.2 Based on the work carried out by Internal Audit it was established that there is a Risk Management Policy and supporting framework in place to capture and report the Authorities key risks which is led by the Borough Treasurer and the Insurance and Risk Officer, with support from the Risk Coordinators who represent each service area.

3.7.3 The main area for improvement was to build on the foundations of the Risk Management Policy and framework by implementing a number of actions to build on the capture, articulation and risk reporting protocols to drive further the management of risks and sharing of best practice across the wider authority.

3.7.4 It was also identified that there is an opportunity to create some efficiencies, utilising the full potential of the Pentana Risk Management system and deeper education of the Risk Coordinators to facilitate the recording and reporting of the Authorities key risks.

3.8 Housing Rents (Substantial Assurance)

3.8.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Rent levels are reviewed annually in accordance with statutory guidelines

- Revised rents charges have been agreed by members
- Any changes to the rent accounts have the appropriate evidence and have been processed correctly
- Periodic reconciliations are carried out between QL and the asset register
- QL and the uplift spreadsheet property numbers agree
- Housing Benefits are informed in a timely manner of the rent increase
- Leaseholder lists are maintained and annual charges made
- Rents are reconciled to the Council's financial management system – Civica
- Paperless Direct Debit through Allpay is fully implemented and operating as required

3.8.2 Based on the work carried out by Internal Audit, the overall arrangements in place for Rents were found to be good. However, there are some areas of improvement that can be made in respect of leaseholder service charges and keeping customers fully informed of their rent accounts where amendments have been made.

3.9 Creditors (Substantial Assurance)

3.9.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Payment of creditors taken from a sample comply with Council policies and approved procedures.
- Any significant variations in performance (BTLS-BV8) between individual service areas is explored.
- Service areas review and control expenditure to ensure that it remains within the set budget.
- Controls are in place from the auditee / accountant to ensure that the creditors control account is checked.
- Users with current access to the creditor system are up to date.

3.9.2 From the work carried out by Internal Audit it was established that in general, systems and procedures in place were operating satisfactorily, it was also noted that most service areas were complying with council policies and procedures.

3.9.3 There were a number of issues highlighted during the review were a general reminder to officers on specific areas (i.e. order before invoice, coding, value for money) would be prudent to enhance knowledge especially where new staff are employed. It was also identified that one service area needed to review and streamline their processes to be more efficient.

3.10 Debtors (Substantial Assurance)

3.10.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Controls surrounding the input and amendment of debtor accounts are robust

- Debtor accounts are the most the appropriate means of collecting the debt, the original source documentation can be located and it was raised by an officer authorised to do so.
- Time elapsed from the provision of service / goods to raising of the debtor account was reasonable.
- The debt was accurately calculated in accordance with the appropriate scale of fees and charges, coded appropriately and VAT accounted for.
- Any “non-standard” transactions or invoices in dispute, have an adequate audit trail and action taken appears reasonable in the circumstances.
- There is an end to end debt recovery process and procedures have been followed.
- Appropriate write off procedures are in place and being followed.
- Payments received are reconciled into the financial information system and is completed by someone independent to the collection process and procedures.
- Debtor's suspense account is reviewed regularly.
- Staff authorised to access the debtors system are current and up to date and there is appropriate segregation of duties is in place.

3.10.2 From the work carried out by Internal Audit it was established that from the sample period reviewed, processes and surrounding controls are working as designed. In addition, the debt recovery process is well managed by BTLS. It should be noted that pending debt was not subject to review during this audit.

3.10.3 Minor recommendations were made in relation to the availability of the Pending Memorandum report so all Service areas can choose additional resources to support further the effective management of their pending debt volumes should they wish to do so and the introduction of a process to ensure BTLS are aware of all staff movements / change of name so that all systems administration can be maintained.

3.11 Council Tax (*Substantial Assurance*)

3.11.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Northgate record of properties reconciles to the VOA
- The parameters on Northgate agree to the approved bands
- Accounts have correct balances, banding, liability, recovery action where appropriate, supporting evidence for any discounts or exemptions awarded and that any refunds and write offs have been treated correctly.
- Reconciliations are up-to-date and in balance
- The suspense account items are investigated and allocated to the correct accounts
- Credits on closed accounts are being reviewed
- Exemptions have appropriate supporting documentation and that they are being reviewed to ensure ongoing entitlement
- Lessons are learnt regarding the success of external reviews of the data
- Changes in legislation are being addressed
- The automated review of special payment arrangements had been successful.

3.11.2 The overall arrangements in Council Tax are good, however, there were a few areas of improvement identified, in relation to ensuring that evidence is provided before awarding an exemption and that discounts and exemptions are reviewed on a regular basis. It was also recommended that credit balances on closed accounts should be reviewed regularly to ensure that money owed to a liable party is returned in a timely manner.

3.12 Caretaking (Limited Assurance)

3.12.1 The purpose of this audit was to provide assurance that management have the appropriate procedures and controls within their system to ensure that:

- Assets are properly safeguarded
- Financial risks are addressed
- Health and safety procedures are in place and adhered to
- The team are delivering an efficient and effective service
- The service complies with data protection

3.12.2 From the work carried out in relation to the systems and procedures in place for the Caretaking service a number of areas for concern were highlighted by Internal Audit. This led to a Limited Assurance audit opinion. The main areas for concern noted include the following:

- Key holding arrangements for council equipment and vehicles require improvement
- Council Contract Procedure Rules and Financial Regulations are not always being followed
- Caretaking Management do not have appropriate systems and procedures in place to monitor over time, hours worked, or breaks taken
- Appropriate budget monitoring is not undertaken by management
- Staff records do not hold appropriate information e.g. DVLA checks, working time regulation opt out forms
- There is no system, electronic or manual, in place for staff to record their working hours or holiday entitlement
- A satisfaction survey has not been provided to residents for a number of years
- Management inspections of the work undertaken by the Caretaking Team have not been undertaken for some time
- Review of the Health and Safety (H&S) gateway found incomplete H&S risk assessments and insufficient evidence in relation to Caretakers training records. The team were subject to a separate Health and Safety Audit where a number of findings and recommendations were made, these recommendations are subject to separate Action Plans and are being monitored by the Corporate Health and Safety Team.

3.12.3 As the audit opinion was limited assurance, a review of the work undertaken by the department to address the findings and recommendations in the action plan will be reviewed in no more than 6 months' time.

3.13 Homefinder - (Substantial Assurance)

3.13.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Current guides and procedures are in place
- Risks are adequately documented on Pentana
- The website has the latest guidance and a privacy notice displayed
- Homefinder applications have appropriate checks and evidence on file
- Applications follow the process on how a property is allocated
- Applications are not held on the system longer than necessary and follow the data retention and disposal rules
- Properties are advertised promptly
- Staff declare any interests
- Keys are properly controlled
- A register of all vacant properties is kept
- The appropriate checks are completed on a property prior to letting
- New tenancies are input into QL and adequate documentation is retained
- Spot checks are undertaken to ensure tenants are living in the property that they have been signed up to

3.13.2 From the work carried out by Internal Audit it was noted that the service is well managed. The Homefinder system is being used to enable perspective tenants to complete their application on line and it allows the choice based lettings team to assess the applications on the system and has the facility to enable the assessor to message applicants and request additional information that can then be emailed over.

3.13.3 There were issues identified of a minor nature highlighted during the review and in particular, a review is required to ensure that there is compliance with the data retention and disposal schedule in relation to successful applications.

3.14 Refuse and Recycling (*Substantial Assurance*)

3.14.1 The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- There is a system in place for "sign up" to the garden waste service, with controls in place for income management and measures in place to ensure the service is delivered to only those who have a valid contract in place.
- Progress on the implementation of route optimisation software is satisfactory.
- Progress on the implementation of "in cab" technology and its current and future use is satisfactory.
- Risk assessments and internal controls currently documented on Street Scenes Risk Register are adequately and accurately being tracked through the Pentana system.
- Performance against indicators and service action plans relevant to refuse and recycling are monitored and reported.
- There is a process for assessing and addressing health and safety risks for refuse operatives.

3.14.2 From the work carried out by Internal Audit it was noted that the service is generally operating satisfactorily. There were a number of issues noted in that:

- Reconciliations are not undertaken for income received to information held in the Council's financial management system - Civica
- Controls are weak in ensuring that only those who are subscribed to the Green Waste Collection Service have their waste collected
- The system (in cab technology) is running slowly and is therefore inefficient at times
- Legislation for in cab technology use has not been checked to ensure that it is been used appropriately and legally
- Appropriate risks have not been identified or recorded in Pentana
- The privacy notice has not been included on the Terms and Conditions for the Green Waste Collection service
- Performance Indicators for the service appear to be out of date.

4. Other matters of note

4.1 As requested by this committee a follow up audit review of Property Services is planned for 2019/20. The follow up audit review is to verify that the controls are operating effectively and have been embedded into management processes and practices.

5. Conclusion

5.1 The 2018/19 Internal Audit Plan is designed to fulfil 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. Good progress has been made in delivering the 2018/19 plan, and it will be substantially complete by 31st May 2019, with minimal work being carried forward into 2019/20.



AGENDA ITEM:

AUDIT AND GOVERNANCE COMMITTEE:

28 May 2019

Report of: Borough Treasurer

Contact for further information: Mrs J. Pendleton (Extn. 2603)

(E-mail: Jacqueline.pendleton@westlancs.gov.uk)

SUBJECT: INTERNAL AUDIT STRATEGY AND AUDIT PLAN 2018/19

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To provide Members with the background to the preparation of the 2019/20 Internal Audit Plan and present it for approval.

2.0 RECOMMENDATION

2.1 That the Internal Audit Plan 2019/20 attached at appendix 1 be approved to take effect from 1st June 2019.

3.0 BACKGROUND

3.1 The Public Sector Internal Audit Standards require the preparation of a risk based Internal Audit Plan.

3.2 The plan has been prepared taking into account the Council's objectives and considering local and national influences on risks to their achievement. It is designed to evaluate the effectiveness of, and promote improvement to, the risk management, control and governance processes the Council has in place.

3.3 The resulting programme of work will provide independent assurance to both management and this Committee in relation to the effectiveness of those processes in securing the Council's objectives.

3.4 The Internal Audit Manager considers that the coverage proposed will support an adequate and effective internal audit of the Council's accounting records and system of internal control for the period in accordance with proper practice.

4.0 SUSTAINABILITY IMPLICATIONS

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

5.0 FINANCIAL AND RESOURCE IMPLICATIONS

5.1 There are no significant financial or resource implications arising from this report as Internal Audit activity is included in existing budget provisions.

6.0 RISK ASSESSMENT

6.1 Approval of the Internal Audit Plan is necessary to comply with the Council's statutory duty to undertake an adequate and effective internal audit of its accounting records and system of internal control in accordance with the Accounts and Audit Regulations 2015.

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 STRATEGY AND AUDIT PLAN 2019/20



**WEST LANCASHIRE BOROUGH COUNCIL
INTERNAL AUDIT SERVICE**

INTERNAL AUDIT STRATEGY AND AUDIT PLAN 2019/20

Internal Audit Strategy and Audit Plan 2019/20

1 Introduction

- 1.1 This document is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council. It will be reviewed throughout the year to ensure its continued relevance, both in terms of supporting the council's priorities and in maintaining a professional, modern internal audit service.
- 1.2 The Accounts and Audit Regulations 2015 require that the Council "must 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 or guidance."
- 1.3 The Public Sector Internal Audit Standards (PSIAS) require that the Head of Audit "must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals".
- 1.4 Internal Audit provides an independent, objective assurance and consulting service that adds value and improves the Council's control environment. It helps the Council deliver its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.5 The provision of assurance is the key role for Internal Audit. This role requires the Internal Audit Manager to provide an annual Audit Opinion based on an objective assessment of the framework of governance, risk management and control. This opinion is provided to the Audit and Governance Committee and also feeds into the Annual Governance Statement. The Internal Audit Service may also complete consulting services at the request of management, these are advisory in nature, and are generally performed with the aim of improving operations. Requests of this nature are considered in light of resource availability and our primary role of assurance.

2 Internal Audit Plan

- 2.1 Our work will support the Council's corporate objectives, and the corporate governance framework.
- 2.2 The plan has been compiled giving consideration to service action plans, risk registers, consultation with key officers, committee reports, information from other assurance processes, plus horizon scanning to consider emerging risks and opportunities.
- 2.3 This audit planning process identifies potential reviews, which are subsequently prioritised. Factors that are taken into account include materiality; corporate importance, vulnerability, risks and opportunities. The overall aim of the Internal Audit Service is to add value by providing assurance, reducing risk and improving controls.

- 2.4 There needs to be a flexible approach to planning, to ensure that our work meets the needs of the Council in a continually changing risk and control environment. The risk based planning approach enables the audit plan to be updated when new reviews are identified. The audit plan will be reviewed and monitored throughout the year, and any significant changes will be reported to the Audit and Governance Committee.
- 2.5 Work undertaken by the Internal Audit Service should address key risk areas and draw attention to significant concerns and what needs to be done. Ideally the audit plan will provide coverage across the whole organisation, and some reviews may be cross cutting and involve multiple teams and partners. This enables the Internal Audit Manager to produce an annual internal audit opinion that can be used to inform the Annual Governance Statement.

3 Resources

- 3.1 Resource requirements are reviewed each year as part of the audit planning process. Following the recruitment of a new Internal Audit Manager in March 2019 the Internal Audit Service is now fully resourced. The current establishment for the Internal Audit Service enables sufficient resource to deliver the audit plan.
- 3.2 Demand for potential reviews will exceed the number of audit days available. The risk based planning approach identifies and matches audit work to the available audit resources, based on where the most value can be added.
- 3.3 The audit plan needs to be fluid and flexible enough to enable the Internal Audit Service to be reactive as required to situations arising during the course of the period covered by the plan. A contingency reserve element has been built in, to assist in dealing with any such matters arising to hopefully at least minimise any major impact on the audit plan.
- 3.4 Time allocations within the plan are based on previous audit work undertaken, assessments of current audit work requirements, and the requirement for overall allocations for each key service area. As each audit activity is fully scoped and agreed with the appropriate senior manager, each job will then be monitored to that time allocation. In the event of significant issues being found during an audit review, the initial time allocation may be increased to meet any extra audit work requirements. Any such increase will be at the discretion of the Internal Audit Manager.

4 Key Themes

- 4.1 As in previous years, Internal Audit will continue to support the compliance culture within the Council, with the emphasis on improving service ownership of controls and management of risk and governance including fraud.
- 4.2 A number of audits are identified which aim to provide assurance that corporate systems and processes are robust and protect the Council. Aside from core financial systems, coverage will be prioritised towards the corporate priorities and risks to the Council, to help ensure that desired outcomes are delivered efficiently.

4.3 For each audit area, a brief description of the scope for the work to be carried out is detailed below. Timing and detailed scopes for each audit will be agreed with the relevant Senior Manager prior to commencement of the fieldwork.

5 Follow-ups

5.1 To ensure that agreed actions are being implemented, follow-up work will be carried out. If an audit review results in significant recommendations, then a full audit may be planned to evaluate the effectiveness of the implementation.

6 Other activities

6.1 In addition to delivering the audit plan, resources are allocated to deliver other assurance based activities. Examples include:

- Advice and consultancy: - providing ad-hoc advice to officers and service areas, participating in working groups;
- Anti-fraud and corruption: - including response, proactive work and co-ordinating National Fraud Initiative (NFI) work;
- Governance: - activities which help inform the Annual Governance Statement.

7 Summary

7.1 The internal audit plan should help add value to the Council by helping to improve systems, mitigate risks, and inform the Annual Governance Statement.

Internal Audit Plan 2019/20

Summary

The table below provides an overview of the breakdown of audit time in the Internal Audit Plan 2019/20. The audit days available for 2019/20 total 439, however there are 45 days that have been set aside as contingency in case additional work is required during the year.

Audit Area	Number of Days allocated
Assurance Audits	115
Core Financial Systems	150
Cross Cutting	50
Projects	45
Follow Up Audit Reviews	30
Other Assurance Work	49
Total	439

This is the allocation of internal audit work for West Lancashire Borough Council. A breakdown of planned audit work is detailed below.

Assurance Audits:

Assurance Audits are reviews of the systems and processes which have been risk appraised.

Audit	Priority	Days	Audit Scope and description
Sale of Council Houses	H	10	Review of the processes in place to ensure that works are not carried out by the council's contractors on homes that have been sold under the right to buy scheme.
Property Service - Legionella Checks	H	10	Review of the processes in place for legionella checks undertaken with particular emphasis on council homes/void properties.
Property Services - Electric	H	15	Review of the processes in place for electricity checks undertaken with particular emphasis on council homes/void properties.
Chapel Gallery	H	15	Review the processes and procedures in place for the receipt and accounting of income and expenditure at the establishment.
Stripe Payment Method	H	10	Review the pilot scheme in place for the 3 online payment facility accounts (Chapel Gallery and Economic Development).
Civic Bulky Collections	M	10	Review of the processes in place for the new service delivery arrangements.
Vehicle Maintenance Contract	H	10	Compliance audit following the independent FTA Audit review undertaken in March 2019.
Enforcement Charges	M	10	Review of the processes in place for the enforcement charges (from issue of PCN to follow up of income receipting and debtor process).
Land Charges	M	10	Review of the processes in place for Land Charges. (Including the fees and charges, process for registering of a charge, searching land registry, registering council debt on a property).
Members Services	M	10	Review of the processes in place for the council's Committee system (Modgov).
Corporate Credit Card	M	5	Review of the procedures in place for the use of the Corporate Credit Card, including reconciliations.
Total		115	

Core Financial Systems

This work includes reviews of systems that are fundamental to providing control assurance for internal financial systems, and allow the Borough Treasurer (S 151 Officer) to make his statement included in the Council's Annual Statement of Accounts. The work can also provide assurance to the Council's External Auditor.

Audit	Priority	Days	Audit Scope and description
Benefits	H	15	Key controls audit as part of the cyclical review of core systems.
Creditors	H	10	Key controls audit as part of the cyclical review of core systems.
Debtors	H	10	Key controls audit as part of the cyclical review of core systems.
Council Tax	H	15	Key controls audit as part of the cyclical review of core systems.
Council Tax Support Scheme	H	15	Review of the CTRS in place and ensure that it is being complied with for a sample of reductions given.
NNDR	H	15	Review the processes in place for awarding exemptions and reliefs.
Housing Rents	H	20	Review the Council's Compliance with Homes England Rent Standard requirements.
Payroll	H	15	Key controls audit as part of the cyclical review of core systems. New System in operation for 2019/20.
Income Management	H	15	Review will be based around the results from the income management review report and action plan.
Treasury Management	H	10	Key controls audit as part of the cyclical review of core systems.
Main Accounting	H	10	Review of the processes and procedures in place for the bank reconciliation process.
Total		150	

Cross Cutting Audit Reviews

This work involves audit reviews where multiple council service areas and partners are responsible for the delivery of a service:

Audit	Priority	Days	Audit Scope and description
Recovery of Arrears	H	15	Review of the processes in place for recovering arrears of rent and other periodic property payments
Contracts and Procurement	H	20	Review of the process in place for contracts to highlight compliance or non-compliance of CPR's.
Performance Indicators	H	15	Review the Council's current Performance Indicators to ensure they are up to date and providing relevant key information.
Total		50	

Project Outcomes Audit Review

This work will involve audit reviews in areas which have been subject to specific project reports or the implementation of a new system.

Audit	Priority	Days	Audit Scope and description
Sustainable Organisation Review Project (SORP)	H	15	Audit work to be determined once the final report and action plan has been published.
ServiceNow - Customer Relationship Management	H	15	Review of the procedures in place for phase one of the project.
Development Company	H	15	Audit work will be determined when the Company has been set up and governance arrangements are in place.
Total		45	

Follow up Audit Review

All audit reviews undertaken, for which recommendations have been made, will be subject to a follow up review. Follow up reviews will also include audit reviews that have taken place in the previous year.

Audit	Priority	Days	Audit Scope and description
Follow Up Audit Reviews	H	20	Follow up of audits completed to ensure that recommendations made have been fully implemented.
Valueworks Follow Up Audit Review	H	10	A follow up of the progress made to address the actions from the Audit review completed in 2018/19.
Total		30	

Other Assurance work

Other assurance work that supports the production of the Annual Governance Statement and fulfils other statutory functions.

Audit	Priority	Days	Audit Scope and description
ICT Audit	H	12	Audit work to be determined. LCC have commissioned four separate audit reviews the findings of which will be shared with WLBC.
Prevention of Fraud and Corruption	H	30	Review Council's compliance with CIPFA - Managing the Risk of Fraud and Corruption. Internal Audit co-ordinates the National Fraud Initiative, a statutory proactive data matching exercise.
Annual Governance Statement	H	2	Support the Annual Governance Statement process.
Money Laundering Reporting Officer	N/A	5	Statutory Role of the Internal Audit Manager.
Total		49	



Report of: **Borough Solicitor**

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

SUBJECT: ELECTRONIC RECORDS STORAGE AND MANAGEMENT

Borough-wide interest

1.0 PURPOSE

1.1 To update members of programmed work in relation to the Council's electronic records storage and management.

2.0 RECOMMENDATIONS

2.1 That the report be noted.

3.0 BACKGROUND

3.1 The Council has had in place electronic storage of information for many years. The systems have evolved over time and support business processes in nearly all functional areas of the Council. The structuring of this storage, and the processes which surround its use and access need to be carefully managed to improve efficiency and meet information governance requirements.

3.2 Currently there is no corporate document storage solution. Services may use the Council's network for storage, while some service areas make use of software storage facilities within applications, such as case management systems, for some or all of their information.

3.3 The Council has in place governance arrangements relating to the storage of information in several policy documents. These include:

- ICT and Data Security Policy;
- Retention and Disposal Schedule;
- Corporate Catalogue;
- Records of Processing;
- Data Quality Policy;
- Data Protection Policy (at both corporate and directorate/service levels).

The policy framework is supplemented by the ICT Strategy and Senior Information Risk Owner (SIRO) arrangements. The development and management of storage is governed within each service, guided through these support mechanisms (policies and arrangements). The systems of storage and procedures for use and access were not historically standardised on a corporate basis.

3.4 Officer work and a move to new server arrangements highlighted the need to review, on a corporate basis, the electronic storage of information. This requirement was cited in the Council's Annual Governance Statement in 2017 and by the SIRO Annual Governance Statement, as previously reported to Audit and Governance Committee.

3.5 In July 2017 Council, following reporting of the matter to Audit and Governance Committee, agreed the appointment of a temporary Data Access and Storage Governance Project Officer (2 year post on secondment) and relevant funding for the project for the regularising of network storage (see below at 4.0). The relevant funding related to BTLS expenditure of up to £10K to cover additional work in revising file structures and permissions, and tasks ancillary to the project.

4.0 THE PROJECT

4.1 Officers had put a project group in place: Digital Data Information Governance Project (DDIGP) ahead of the report to Council. The DDIGP vision, as agreed with senior management, was "to provide a structured facility for storage of Council electronic records, facilitating business delivery and compliance with all relevant governance requirements".

4.2 A work plan was developed and updated into an action plan for delivery. The work is ongoing and is now in the process of being rolled out in Services, with Property Services being the first area covered.

4.3 A revised structure for the storage and access permissions on the Council's network has been developed in consultation with BTLS. This has been a lengthy process with a significant amount of officer engagement with BTLS. It has now been through proof of concept and pilot stages to test the processes to be applied from a technical and operational position. It allows for a more coherent corporate structure for electronic records and ensures there is a reduction in the need for

storage, aids efficient business delivery, contains costs and improves overall governance of records.

- 4.4 The temporary officer appointed has assisted officers in Services to review storage within their areas. This enables bespoke structuring of records founded upon corporate standards, with suitable arrangements for permissions and accountability for the data. The officer resource has been guided by the DDIGP and worked in conjunction with Heads of Service, who retain responsibility for information in their respective service(s). Shared areas for storage are permitted with permission/accountability always being allocated for this.
- 4.5 A secondary role for the post holder is to facilitate progression of the delivery of the General Data Protection Regulation (GDPR), liaising between services reviewed and officers responsible for implementing these requirements. The Action Plan in place for GDPR has been taken forward and is nearing completion.
- 4.6 An improved process for "starters" and "leavers" has been prepared to assist the Council's requirements for administering appropriate electronic access to systems and hardware and cessation of this access on leaving/moving. However, at this stage the process is being further reviewed with BTLS colleagues to ensure the model delivers the most efficient coordinated process in line with working arrangements of both the Council, ICT service delivery and Human Resources requirements.

5.0 **LATEST POSITION**

- 5.1 The project is now in a phase of being rolled out to all services. There are detailed sign-off arrangements for Heads of Service on completion of any/all their service areas which secure that a suitable position for storage has been achieved and will be maintained. To ensure ongoing delivery all storage systems have an appointed officer, the information asset owner, who has day-to-day responsibility for the data held including arrangements for access (with input of BTLS where necessary). Records of the allocations are maintained centrally in the Corporate Catalogue of information assets and the Record of Processing (a document maintained for data protection purposes).
- 5.2 The latest version of the plan for completion of the project in Services is attached in the Appendix to this report. This sets a challenging agenda for officers but is one for which they receive support from the dedicated officer and BTLS colleagues in taking forward.
- 5.3 The officer based Information Governance and Data Protection Working Group meets regularly to maintain oversight in this area. This committee has previously received training session in regard to the storage arrangements.
- 5.4 Upon completion of the project there will be a further report to the Committee.

FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 The project is planned to be delivered within existing resources.
- 6.2 The completion of the project will produce a more coherent corporate structure for electronic records and will ensure there is a reduction in the need for storage, thereby containing costs and improve overall governance of records.

7.0 RISK ASSESSMENT

- 7.1 The electronic storage of records was highlighted as a matter requiring attention in earlier Annual Governance Statements. The project action plan is being implemented to improve governance and to ensure continuing compliance with legislation and Council policy. This will be monitored as part of the project and entries in the Council's risk register will be reviewed / augmented and updated as the project progresses.

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.

Appendix

Latest version of the plan for completion of data storage project in Services.

Network Folder Drive Timescale

Service Name	Date Structure Required
Property Services	Structure in place
Leisure & Environment	22/03/19
Housing & Inclusion	19/04/19
Development & Regeneration	17/05/19
Finance & Human Resources	14/06/19
Legal & Democratic	14/06/19
Chief Executive Officer	14/06/19
BT Lancashire (Revenues & Benefits)	14/06/19

Note - IAO = Information Asset Owner

Appendix 1

Transfer Period - access to staff One month	IAO Access Only one month
04/03/19 to 26/04/19	29/04/19 - 31/05/19
23/04/19 to 21/05/19	22/05/19 - 12/06/19
06/05/19 to 07/06/19	10/06/19 - 12/07/19
10/06/19 to 12/07/19	15/07/19 - 16/08/19
17/06/19 to 15/07/19	19/08/19 - 20/09/19
17/06/19 to 15/07/19	19/08/19 - 07/10/19
17/06/19 to 15/07/19	19/08/19 - 07/10/19
17/06/19 to 15/07/19	19/08/19 - 07/10/19

Audit & Governance Committee Work Programme – 28 May 2019

Date	Training (commencing 6.00pm)	Items
23 July 2019	The Development Company	<ol style="list-style-type: none"> 1. Grant Thornton – Audit Findings Report 2. Approval of Statement of Accounts 3. Internal Audit Activities – Quarterly Update 4. Regulation of Investigatory Powers (RIPA) Act - Annual Setting of the policy and review of use of powers 5. Anti-Money Laundering Policy 6. Internal Audit Charter 2019/20
29 October 2019	Social Values	<ol style="list-style-type: none"> 1. Grant Thornton – Progress Report 2. Internal Audit Activities – Quarterly Update 3. RIPA Act regular monitoring of use of powers – annual setting of the policy 4. Grant Thornton Annual Audit Letter
28 January 2020		<ol style="list-style-type: none"> 1. Grant Thornton – Progress Update 2. Risk Management Framework 3. Internal Audit Activities – Quarterly Update 4. RIPA Act regular monitoring of use of powers 5. Local Code of Governance 6. Grant Thornton – Certification Letter
May 2020		<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 regular monitoring of use of powers 7. Anti-Fraud Bribery and Corruption Activities 8. Internal Audit Plan 2020/21 9. Internal Audit Strategy & Internal Audit Plan 10. Internal Audit Charter 2020/21

