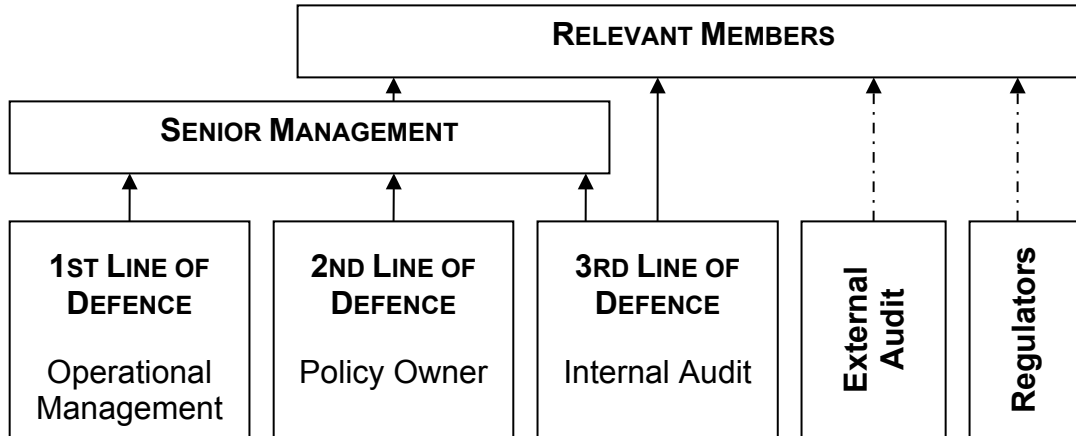


APPENDIX 1: THREE LINES OF DEFENCE MODEL

In order to ensure that the Council's business management framework is in place and operating properly throughout the year, it has adopted the concept contained in the **THREE LINES OF DEFENCE**¹ model, as shown below.



Whereby ongoing assurance of robust process application is obtained via:

The first line of defence which is:

Operational management who are **responsible** for the effective and consistent application of these key business management processes in their area of operation.

The second line of defence which is:

The business management process 'owner' or 'sponsor' who is **accountable** for the overall operation of the process and should ensure that:

- it is fit for purpose (e.g. based upon relevant good practice), regularly reviewed and approved by senior management and members
- it is constructed so that evidence of its application is easily produced i.e. as 'business as usual'
- there are proportionate and cost-effective mechanisms in place to enable the process 'owner' or 'sponsor' to confirm that operational managers are applying it effectively and consistently
- informative, regular and timely reports are provided to senior management to confirm it has been operating effectively and consistently, identifying any remedial actions required should this not be the case.

¹ Based upon general industry good practice, more specifically guidance issued by the European Confederation of Institutes of Internal Auditing "monitoring the effectiveness of internal control, internal audits and risk management systems" September 2010

APPENDIX 1: THREE LINES OF DEFENCE MODEL

The third line of defence which is:

Internal Audit who provide **independent assurance** to senior management and the Audit Committee, on how effectively the first and second lines of defence have been operating.

Other Potential Assurance

This can be obtained from external sources such as external audit, regulators and peers. This can be considered as a fourth line of defence where any of these sources' activity is relevant and robust.