

Blackpool Council

14 June 2017

To: Councillors Cox, Elmes, Galley, Hunter, Matthews, Mitchell, O'Hara, Roberts and L Taylor

The above members are requested to attend the:

AUDIT COMMITTEE

Thursday, 22 June 2017 at 6.00 pm
in Committee Room A, Town Hall, Blackpool

A G E N D A

1 DECLARATIONS OF INTEREST

Members are asked to declare any interests in the items under consideration and in doing so state:

- (1) the type of interest concerned; and
- (2) the nature of the interest concerned

If any member requires advice on declarations of interests, they are advised to contact the Head of Democratic Governance in advance of the meeting.

2 MINUTES OF THE LAST MEETING HELD ON 20 APRIL 2017 (Pages 1 - 6)

To agree the minutes of the last meeting of the Audit Committee held on 20 April 2017 as a true and correct record.

3 STRATEGIC RISK REGISTER (Pages 7 - 16)

To present the Council's revised Strategic Risk Register to the Audit Committee.

4 STRATEGIC RISK REGISTER -SUSTAINABILITY OF THE COUNCIL (Pages 17 - 20)

To consider a progress report on individual risks identified in the Council's Strategic Risk Register.

5 ANNUAL GOVERNANCE STATEMENT 2016/2017 (Pages 21 - 46)

To consider the Annual Governance Statement for 2016/ 2017.

6 ANNUAL AUDIT OPINION 2016/2017 (Pages 47 - 60)

To set out the individual and collective outcomes of the audit reviews undertaken in the year ended 31 March 2017. The report also provides an audit opinion on the control environment based on this audit work.

7 RISK SERVICES QUARTER FOUR REPORT - 2016/2017 (Pages 61 - 82)

To provide to the Audit Committee with a summary of the work completed by Risk Services in quarter four of the 2016/2017 financial year.

8 AUDIT COMMITTEE SELF-EVALUATION (Pages 83 - 92)

To consider the feedback from the self-evaluation exercise undertaken by the Audit Committee and senior officers who engage with the Committee on a regular basis and to approve the training plan.

9 INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2017/2018 (Pages 93 - 110)

To consider the Quality Assurance and Improvement Programme to be implemented for the internal audit team and approved by senior management and the Audit Committee, as required by the Public Sector Internal Audit Standards.

10 DATE OF NEXT MEETING

To note the date and time of the next meeting of the Committee as 14 September 2017, commencing at 6pm.

Venue information:

First floor meeting room (lift available), accessible toilets (ground floor), no-smoking building.

Other information:

For queries regarding this agenda please contact Chris Kelly, Acting Scrutiny Manager, Tel: 01253 477164, e-mail chris.kelly@blackpool.gov.uk

Copies of agendas and minutes of Council and committee meetings are available on the Council's website at www.blackpool.gov.uk.

Present:

Councillor Galley (in the Chair)

Councillors

Cox	Hobson	Matthews	Roberts
Elmes	Hunter	Mitchell	L Taylor

In Attendance:

Neil Jack, Chief Executive
Dr Arif Rajpura, Director of Public Health
Steve Thompson, Director of Resources
Mark Towers, Director of Governance and Partnerships
Tracy Greenhalgh, Chief Internal Auditor
Amanda Bennett, Fairness Commission Manager/Community Engagement
Steve Seinkeiwicz, Clerk to the Committee.

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 2 MARCH 2017

The Committee agreed that the minutes of the last meeting held on 2 March 2017 be signed by the Chairman as a true and correct record.

3 STRATEGIC RISK REGISTER - INADEQUATE CHANGE MANAGEMENT

The Committee considered a progress report in relation to the individual risks identified on the Strategic Risk Register, specifically in relation to the risk regarding 'Inadequate Change Management'. The report was introduced by Mr Towers, Director of Governance and Partnerships, who outlined the controls and mitigation in place around the sub-risk 'Unpredictability of legal rulings requiring an unexpected change'. He spoke about the recent restructure of Legal Services, as well as the progress made in training officers from other departments in the appropriate writing and structure of Court reports and procedures.

In relation to the new and developing controls of ensuring oversight of legal rulings which may have an impact on the Council, Mr Towers emphasised the importance of trying not to get into a situation which resulted in adverse legal rulings. He also explained that efforts were now being made to ensure that fully costed staff time in case preparation was reflected accordingly by Court costs, when these were awarded in favour of the Council.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 20 APRIL 2017

Mr Towers went on to explain the importance of understanding how decisions made nationally can adversely impact decision making in a local context, in particular in relation to Children's Services. To help mitigate this risk, he explained that the Council was a member of the North West Legal Consortium, being able to draw upon advice in respect of specialist areas, as and when appropriate.

Mr Jack, Chief Executive, spoke further around the impact of legal decisions in relation to Children's Services that had a local impact, and that clarity was now being sought around the placement of children as a result of a decision taken in Scotland. He went on to speak about the controls and mitigation in relation to the sub-risk 'Unfunded new burdens which the Council is required to deliver'. Mr Jack explained that the Council's strength was built around collaborative working and the value of being members of the Association of Children's Services and the Associate body of Children's Services Directors. As a result of joined up working, the Council was better able to understand the legal and financial position around any changes that might occur. He explained further that membership of CIPFA also provided guidance and assistance in this area, together with close working with the Local Government Association (LGA) and North West Employers Organisation (NWEO).

The Committee asked for examples of decisions or changes to legislation which impacted the most on Council services in recent times. Mr Thompson, Director of Resources highlighted the National Living Wage, the Deprivation of Liberty Act and the Care Act as all having an effect. In relation to the National Living Wage, he explained that this had the most impact on third party care providers with whom the Council held contracts, rather than directly upon the Council. However, if the burden of the National Living Wage on a provider was such that they were no longer able to be sustainable, this would directly impact the Council in an adverse way.

The Committee asked about the change management framework in place to help manage changes and how that fitted in with the Council Plan. Mr Jack explained that transformational change had been ongoing for the last few years, requiring people to adapt and evolve on an ongoing basis. The Council had invested in significant support for staff throughout that period and emphasised the various support mechanisms that were in place.

A question was asked about the net score in relation to the legal rulings sub-risk and whether it was likely to be higher if the Council did not share services with the NHS. Mr Jack explained that the shared services arrangement had only been in place since January 2017 and so the current net score was not reflective of the new arrangements. However, he stressed that the shared service arrangement would provide additional resilience. Mrs Greenhalgh, Chief Internal Auditor added that the new arrangements would be taken into account on the Strategic Risk Register going forward.

Mr Jack explained that collaborative working would help to reduce risks in the future. He spoke about working closely with Lancashire County Council who had specialist lawyers able to examine the possibility of future occurrences, and the benefits of being able to access specialist employment law solicitors.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 20 APRIL 2017

The Committee agreed to note the report.

Background papers: None.

4 STRATEGIC RISK REGISTER - INEFFECTIVE GOVERNANCE

The Committee considered a progress report in relation to the individual risks identified on the Strategic Risk Register, specifically in relation to the risk regarding 'Ineffective Governance'. The report was presented by Mr Towers, Director of Governance and Partnerships, who outlined the controls and mitigation in place around the sub-risk 'Non-compliance with statutory requirements and internal procedures. In connection with the new and developing controls, Mr Towers gave details of the efforts being made to raise awareness of the standards that were required and awareness of the consequences of failure. He spoke about the need to ensure all relevant policies and procedures were updated and the need to ensure staff awareness was up to date. He explained that audits had recently taken place in both the Place and Resources directorates to provide the necessary assurances that staff knowledge and awareness of the Council's decision making process was adequate and up to date.

Mr Thompson, Director of Resources explained that the topic of governance covered a whole range of issues and spoke specifically about the cyber threat sub-risks. He explained that the risk of cyber-attack had grown exponentially and that basically, the risks had doubled during the past year. The risk of staff errors had grown due to people having to work harder with less time, thereby increasing the risk of making mistakes. Mr Thompson explained that it was hugely important for the Council to try to minimise those risks and at the same time, to learn from any mistakes that were made.

In connection with the sub-risk of increased risk of fraud, Mr Thompson reported that risk management was getting stronger in this area. He explained that all services within the Council were now maintaining risk registers at 100% compliance. He added that the i-Pool Fraud Awareness course was now marketed across the Council and whilst it was not possible to fully eliminate the risk of fraud, it was pleasing to record amber net risk scores in this area.

Mr Jack, Chief Executive spoke of the importance of recording compliance requirements whilst at the same time managing the risks. He added that it was important for the Council and its partners to do the right thing for the people of the town in any given circumstance, rather than what might be right for the organisation from an individual risk perspective.

Mr Jack responded to questions from the Committee about the high level of IT activity that now took place between the public and the Council and the ability to cross-check between departments if, for example, a payment was made in error. He explained that mechanisms were in place to cross-check across departments and that online methods were more robust with less scope for error compared with more traditional payment methods. He assured the Committee that a misplaced payment could be traced and checked, provided it had been made in the first place.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 20 APRIL 2017

The Committee questioned whether the resource capability of the Council's Internal Audit department was sufficient and whether the frequency of audits undertaken were satisfactory. Mrs Greenhalgh, Chief Internal Auditor provided assurances that staffing within the department was adequate and that audit coverage across the Council was appropriate, with no access problems to report.

The Committee asked questions about whether progress had been made in relation to the overall net scores on the Strategic Risk Register, pointing out that the current ratings appeared the same as those of the previous year. Mr Thompson pointed out that whilst progress had been made, it was probably not reflected in the scores, adding that all of the risks were still prevalent, although there was now a greater level of awareness. With specific reference to cyber threats, which as previously explained the risk had markedly grown, it was considered positive that the score had remained the same. He further explained that as things evolved, the Strategic Risk Register would become more sophisticated and would include a greater number of sub-risks.

The Committee discussed the capacity of Elected Members to deal with fast changing risks, particularly the risk of responding to emails that might not be considered genuine. The Chairman pointed out the Member Training Panel had agreed that cyber awareness training would become mandatory for all Councillors and Mr Thompson requested that any suspicious emails should be forwarded to the ICT help desk for follow up action.

The Committee agreed to note the report.

Background papers: None.

5 COMMUNITY ENGAGEMENT

The Committee considered a report in relation to current community engagement activity that was presented by Dr Rajpura. This followed a request by the Committee at its meeting on 19 January 2017, for further information regarding the actions identified in the mid-term Annual Governance Statement in relation to community engagement.

Dr Rajpura began by explaining that Community Engagement activity had recently moved directorates in response to a changing landscape across the Public, Voluntary and Community Sectors and following the successful allocation of £300,000 in the Fylde Coast Vanguard (NHS) for Community Engagement. It was hoped that the move would allow a greater synergy between the Vanguard work, the Fairness Commission (the management of which was also governed by Public Health) and the Council's Community Engagement work and would allow for a more seamless approach, which in the long term would reduce duplication and ensure things were joined up across all partner organisations.

Dr Rajpura explained that the Fairness Commission was now the primary vehicle for community engagement across the town. Membership of the Fairness Commission Board was heavily weighted towards the Voluntary, Community and Faith Sector with 43% of the

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 20 APRIL 2017

Board members being Voluntary Sector Leaders. Board membership also included the Chief Executive of Blackpool Council, Chief Executive of Blackpool Teaching Hospitals, Chief Superintendent of Police, a GP representing Primary Care and the Director of Public Health as Chairman.

Ms Bennett went on to outline a number of recent community engagement activities led by the Fairness Commission, including;

- A Voluntary, Community and Faith Sector Showcase Event in March 2017 – An event where over 50 Voluntary and Community Organisations showcased their activities.
- Easter Buddies – A network of seven coffee mornings which took place across the town during the two weeks of Easter. The events were designed to connect people and combat social isolation and loneliness.
- Kindness Convention and Acts of Kindness Campaign – The 2017 Acts of Kindness Campaign would be launched in June with a Kindness Convention at the Winter Gardens. The purpose of the Campaign and the Event would be to explore what Communities could do to support and help each other. Dr Rajpura explained that there was a great deal of evidence to suggest that where Communities were able to create a “buffer” around each other it made people more resilient during times of crisis and gave them greater coping strategies and support networks, therefore lessening their dependency on public sector services.

Ms Bennett went on to give details of the Community Orientated Primary Care Project which had now been introduced as part of the Vanguard work, intended to provide a huge amount of qualitative data from the participants. It was explained that a group had been formed from 12-15 people who were brought together from the Community and encouraged to work with mixed agencies over several weeks to share what would make the greatest difference to their health and wellbeing. The first of these programmes ran in the Central West area of Blackpool and had been hugely successful with the participants opting to stay together as a taskforce and community action group going forward. There were plans in place to roll the programme out across five other areas over the course of the next 12 months. In response to questions from the Committee about the expectations of the participants, it was stressed that a jointly produced multi-agency action plan would result, based around the issues discussed by the group that would have the most impact upon health and care. In connection with questions from the Committee about resources, Dr Rajpura explained that the Vanguard project was funded via NHS England and the solutions were being designed alongside the people involved.

The Committee gave its broad praise for the March 2017 showcase event and asked it was possible for it to become a more regular occurrence. Dr Rajpura stated he hoped to be able stage it every 6 months, whilst emphasising the importance of the involvement of the voluntary sector as being a key part of the project going forward, based upon neighbourhood footprints.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 20 APRIL 2017

Responding to questions from the Committee about the development and synergy of the Community Orientated Primary Care Project, Ms Bennett explained that the individuals involved had gained more confidence as time went on and had developed into a cohesive group. A big difference had been noted from start to finish and the participants had become very much engaged in the democratic process.

The Committee discussed further possibilities for community engagement methods and signposting, including the use of GP surgeries. Ms Bennett explained that a GP from Layton had now joined the Fairness Commission and work was being undertaken with the GP's surgery to extend the premises for community purposes, with a view to improving social isolation amongst the community.

The Committee sought assurances from Dr Rajpura that community engagement would not be overly weighted in favour of a public health bias, given that the responsibility for activities now sat with Public Health. He responded by explaining that the Community Orientated Primary Care Project in Talbot Ward had been framed in the broadest way possible. It was not focussed purely on health matters, but on the wider social determinants of a person's health and wellbeing.

The Committee agreed:

1. To note the report.
2. To request an update report on Community Engagement in 12 months' time.

Background papers: None.

6 DATE OF NEXT MEETING

The Committee noted the time and date of the next meeting as 6pm on Thursday, 22 June 2017 at Blackpool Town Hall, subject to approval at Annual Council.

Chairman

(The meeting ended at 7.14 pm)

Any queries regarding these minutes, please contact:

Chris Kelly, Acting Scrutiny Manager

Tel: 01253 477164

E-mail: chris.kelly@blackpool.gov.uk

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Chief Internal Auditor
Date of Decision/ Meeting	22 June 2017

STRATEGIC RISK REGISTER

1.0 Purpose of the report:

1.1 To present the Council’s revised Strategic Risk Register to the Audit Committee.

The Strategic Risk Register was last considered by the Audit Committee on 30 June 2016 and this revised version has been subject to a full review and amended accordingly.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to note the Strategic Risk Register and consider continuing to call risk owners to future committees to outline the progress made in addressing each risk.

3.0 Reasons for recommendation(s):

3.1 To ensure that strategic risks are effectively managed.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council’s approved budget? Yes

3.3 Other alternative options to be considered:
N/a

4.0 Council Priority:

4.1 The relevant Council Priorities are:

- “The economy: Maximising growth and opportunity across Blackpool”
- “Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

5.1 Blackpool Council's Risk Management Framework 2014-2017 was agreed by Audit Committee on the 24 April 2014. This sets out the roles and responsibilities of the Audit Committee and these include:

- Monitor the adequacy of the Council's risk management arrangements.
- Approve the strategic risk register developed by officers and consider progress reports on the risks included in it.
- Provide assurance on behalf of the Council about the extent to which risk management objectives are being met.
- Approve the Council's Risk Management Framework.

5.2 The Strategic Risk Register is reviewed and updated by the Corporate Risk Management Group and the Corporate Leadership Team. It receives annual consideration from the Audit Committee and Risk Owners are required to attend Audit Committee on a periodic basis to provide an update in terms of how each risk is being managed.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 3(a) – Strategic Risk Register

6.0 Legal considerations:

6.1 The Council needs to ensure that it effectively manages its risks to avoid the potential of legal challenge or prosecution.

7.0 Human Resources considerations:

7.1 The actions identified in the Strategic Risk Register will be delivered using existing staffing levels.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 Where possible risks will be managed within current budgets. Where it is not feasible to do so this will be escalated to the Corporate Risk Management Group and the Corporate Leadership Team where a decision will be made to accept the risk or identify additional funding to implement the required controls.

10.0 Risk management considerations:

10.1 The Strategic Risk Register is a key component of the Council's overall Risk Management Framework.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 The Strategic Risk Register has been prepared in consultation with the Corporate Risk Management Group.

13.0 Background papers:

13.1 None.

This page is intentionally left blank

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority
							I	L	GS		I	L	NS					
1	Inadequate Change Management	1a	Unfunded new burdens which the Council is required to deliver.	60%	Increased financial obligations. Policy decisions create expectations for residents.		5	4	20	Analysis of previous patterns and trends.	4	4	16	Policy research to identify and communicate potential trends.	Head of Corporate Delivery Unit	Chief Executive	Ongoing	Organisational Resilience
		1b	Unpredictability of legal rulings requiring an unexpected change.	40%	Inability to effectively adapt to the required change.		5	4	20	Anticipation work to assess potential impacts. Use of court appeals process when appropriate to do so.	4	4	16	Oversight of legal rulings which may have an impact on the Council.	Head of Legal	Director of Governance and Partnerships	Ongoing	Organisational Resilience
		Overall Nett Risk Score											16.0					
2	Lack of Resilience	2a	Lack of capacity to deliver Council services.	50%	Inability to deliver an effective service.	Employee commitment.	4	5	20	Development programmes implemented such as coaching, mentoring and aspiring managers programme.	4	4	16	New Business Planning process to link resource requirements with planned objectives and outcomes.	Head of HR	Chief Executive	Ongoing	Organisational Resilience
					Unable to recruit into difficult to recruit roles.	Change organisation form / increase joint working arrangements to deliver services with reduced resource.				Transformation process and targeted marketing campaigns in place for difficult to recruit to posts, new Next Step Blackpool portal developed.								
					Loss of corporate memory.	Annual IPA system linked to learning and development needs. Workforce Strategy in place. Launch of new jobs portal - Greater Jobs. New preferred agency in place - Reed. Recruitment and retention plan in Children's Social Care. Effective use of Apprenticeship levy to aid succession planning and hard to fill vacancies. Learning and development opportunities to build capacity. Manage relationships with the Trade Unions in order to embrace employee change. Transition / handover document in place. Leavers checklist in place.				Deliver a programme of commissioning / service reviews to explore alternative delivery models.								
2b	Over reliance on public sector services.	30%	Unable to deliver core services / statutory duties to residents.	Build a more resilient community to reduce reliance on the public sector.	4	5	20	Five Year Council Plan in place. Workforce Strategy in place.	4	4	16	Delivery and implementation of the current Council Plan. Development of timeline and process in place for refreshed Council Plan (post 2019). Refreshed three year business planning cycle developed. Refined performance management framework to in place to ensure adequacy of internal service provision.	Head of Corporate Delivery Unit	Chief Executive	Ongoing	Communities and Economy		
2c	Lack of individual resilience to work in a changing environment.	20%	Workplace stress. Decreased staff morale.		4	4	16	Arrangements for managing work related pressure, supported by an online stress work tool and iPool module. A range of training courses in place to help build individual resilience skills. Absence management procedures in place.	4	3	12	Robust workforce planning. Development of invest to save proposal to improve attendance management. Leadership Charter and Leadership Development programme being developed to ensure employees are well led and supported.	Head of HR	Chief Executive	Ongoing	Organisational Resilience		

Detailed Strategic Risk Register

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority	
							I	L	GS		I	L	NS						
Overall Nett Risk Score											15.2								
3	Failure to Keep People Safe	3a	Death or injury to a member of staff or the public.	60%	Trauma for family of the victim.		5	5	25	Full suite of health and safety arrangements and guidance notes available on the Hub.	5	3	15	Addition of health and safety roles and responsibilities in job descriptions.	Chief Internal Auditor	Director of Resources	Ongoing	Communities	
			Corporate manslaughter changes, prosecution with unlimited fines and potential prison sentences for those in control. Civil compensation claims. Reputational damage.						Programme of health and safety management system audits in place. Suite of health and safety training available for all employees. Team of qualified health and safety professionals.				Support and assistance from CLT to embed the monitoring process.						
3	Failure to Keep People Safe	3b	Death, serious injury or harm of a vulnerable adult / child.	40%	Inspection failure (Ofsted / CCQ).	Continuous Improvement Plan.	5	5	25	Safeguarding processes and procedures.	5	3	15	Review all safeguarding procedures and constant auditing.	Director of Adult Services / Director of Children's Services	Director of Adult Services / Director of Children's Services	Ongoing	Communities	
			Trauma for family of the victim. Potential criminal charges for staff involved. Significant liability claim received.						Training and professional development. Contract monitoring. Risk assessments.										
Overall Nett Risk Score											15.0								
4	Service Failure	4a	Failure of a service provider in high risk contracted areas such as social care and waste management.	30%	Increased costs. Reputational damage to the Council.		5	4	20	Procurement procedures in place which cover business continuity arrangements.	4	4	16	Ensure adequate business continuity plans are in place with service providers as part of the procurement and contract management process.	Head of Procurement and Development	Director of Resources	Ongoing	Communities	
			Loss of key infrastructure and resource which results in Council services not being delivered.		25%	Inability to deliver critical services.	Build a resilient organisation.	5	4	20	Business continuity programme in place.	4	3	12	Ensure that business continuity plans link to the Councils Major Emergency Plan to enable risks outside of the Council's control to be managed.	Chief Internal Auditor	Director of Resources	Ongoing	Organisational Resilience
											Corporate business continuity plan in place supported by a critical activity list. Corporate ICT and Property business continuity guidance in place.				Look for provisions for data centre refresh in the coming years to continue to provide resilience.				
4c	Cyber Threat - Phishing E-mails.	20%	Fraud	Improve knowledge and awareness across departments on identifying phishing emails. Report anything that is opened. Reputational damage.	Participate in training and knowledge gathering opportunities.	5	5	25	Investing in Sandbox technology.	4	5	20	Continue to develop and refine technologies to provide proactive altering and monitoring of the changing threats.	Head of ICT Services	Director of Resources	Ongoing	Organisational Resilience		
									Investigating in SEIM (Security Information Event Management) to proactively monitor activity on the network.				Review use of white listing to mitigate risk of being hijacked and introduce SPF (Sender Policy Framework) to check against spoofing.						

Detailed Strategic Risk Register

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority	
							I	L	GS		I	L	NS						
					Loss of compliance. Monetary penalties / fines.					Increase cyber defences and use blacklist / reputation to authenticate email.									
		4e	Cyber Threat - Distributed Denial of Service Attack	15%	Issues with access to the Council website and also potentially the Council network overwhelming the network with unwanted traffic. Loss of confidence in using Council online services including an impact on Channel Shift.		5	3	15	Watching what other organisations do to combat the threat. Maintain two internet connections to provide resilience to switch between connections.	5	2	10	Continue to investigate enterprise products that combat the issue (however these are currently limited in their effectiveness)	Head of ICT Services	Director of Resources	Ongoing	Organisational Resilience	
		4f	Inadequate staffing to deliver internal and external services.	10%	Inability to deliver critical services.		4	4	16	Business case put in place for the delivery of external services.	4	3	12	Management monitoring of service performance internally and externally.	Heads of Services	Chief Executive	Ongoing	Organisational Resilience.	
Overall Nett Risk Score											14.5								
5	Sustainability of the Council	5a	Insufficient funding to deliver services.	30%	Erosion of reserves. Increased interest rates. Unplanned overspends. Unable to recover loan debt.	Income generation opportunities.	5	5	25	Downsizing of the Council to meet budget constraints. Priority led budgeting process. Six Year Financial Sustainability Strategy in Place. Statutory requirement to balance the budget. Treasury Management Panel in place. Monthly financial monitoring including achievement of saving targets and collection of income.	4	2	8	Ongoing financial modelling to assess the impact of funding cuts. Unplanned in-year budget cuts such as for Public Health services which need to be addressed plus future significant cuts proposed. Robust reporting of recovery plans to Scrutiny Committee. Implement robust due diligence processes for business loans.	Chief Accountant	Director of Resources	Ongoing	Organisational Resilience	
		5b	Increasing number of Looked After Children and child protection cases.	30%	Unplanned overspends.		5	5	25	Robust demand strategy to be implemented underpinned by resilience model.	4	5	20	Implement new initiatives such as Pulse, Crashpad and the Hub to generate savings. Engage with external providers to look at other models of working.	Head of Social Care	Director of Children's Services	Ongoing	Organisational Resilience	
		5c	Insufficient central government funding for new burdens in Adult Social Care in addition to current constraints on cash limited budgets.	20%	Council unable to balance budget. Council unable to meet statutory duties and deliver reforms. External care market becomes unsustainable	Consider options for shared services and opportunities for flexible use of new funding streams.	5	4	20	Robust budgetary control mechanisms. Member led priority based budgeting and financial planning.	5	3	15	Participate in financial modelling exercises to challenge government assumptions and support lobbying for resource. Actively participate in system transformation planning with Health.	Head of Social Care	Director of Adult Services	Ongoing	Organisational Resilience	
		5d	Further devolution of services and increased partnership working.	10%	Increased financial risk.		5	4	20	Effective relationships with partners / external agencies.	4	3	12	Ensure robust governance arrangements are in place for new working arrangements.	Head of Services	Director of Governance and Partnerships	Ongoing	Organisational Resilience	

Detailed Strategic Risk Register

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority	
							I	L	GS		I	L	NS						
		5e	Unmanageable level of insurance claims relating to historic abuse / negligence in children's social care.	10%	Unplanned overspends.		5	4	20	External legal advice sourced to ensure appropriate expertise.	4	4	16	Review of insurance coverage and excess on this type of claim; training to be provided on how to mitigate the risks going forward.	Head of Social Care	Director of Children's Services	Ongoing	Organisational Resilience	
Overall Nett Risk Score											13.0								
6	Unsustainable Local Economy / Increased Deprivation.	6a	Increased deprivation and unemployment.	40%	Dependency on Council services.		4	4	16	Introduction of living wage for Council staff and promoting this with contractors.	4	3	12	Delivery of the Framework for Growth and Prosperity.	Strategic Head of Development	Director of Place	Ongoing	Communities and Economy	
										Commitment to use local suppliers where possible.				Completion of the Central Business District Project.					Head of Property Services
		6b	Lack of good quality affordable housing.	30%	Negative impact on local economy.	Key in the regeneration of Blackpool.	4	4	16	ALMO Stock.	4	3	12	Complete the build of the provision of 400 new family homes on the Rigby Road site and progress Queens Park Development.	Strategic Head of Development	Director of Place	Ongoing	Communities and Economy	
										Regulation of private sector / link with RSLs.				Lobby for changes to the Housing Benefits Act to enable a local policy to be set.					
										Creation of Blackpool Housing Company to help transform private sector housing.									
										Expansion of affordable housing programme.									
		6c	Lack of appropriate transport infrastructure.	15%	Loss of trade, reputation and confidence from residents.		4	4	16	Road Asset Management Strategy in place.	4	3	12	Appropriate work undertaken to maintain the condition of the highways infrastructure.	Head of Highways and Traffic Services	Director of Community and Environment	Ongoing	Communities and Economy	
										Investment in the public transport infrastructure.				Strategic Head of Development					Director of Place
		6d	Lack of Educational attainment / appropriate training to suit the economy.	15%		Schools Improvement Funding.	5	4	20	School Improvement Board in place.	4	4	16	Continuous review of educational attainment to improve results.	Head of Schools, Standards and Effectiveness	Director of Children's Services	Ongoing	Communities and Economy	
										Ongoing work with training providers to ensure that training offers meets Blackpool's needs.									
Overall Nett Risk Score											12.6								
7	Ineffective Governance	7a	Non-compliance with statutory requirements and internal procedures.	60%	External challenge.		4	5	20	Statutory legal and financial officers in place.	3	4	12	Raise awareness of standards / required and awareness of the consequence of failure.	Head of Democratic Governance	Director of Governance and Partnerships	Ongoing	Organisational Resilience	
										Policy team research / proactive consultation response.				Consistent use of disciplinary / capability procedures across the Council for serious instances on non-compliance.					
										Assurance mechanisms such as internal audit, external audit, peer review and external assessments.									
										Constitution and Financial Regulations in place.									
		7b	Lack of effective risk management embedded across the Council.	20%	Ineffective decision making.	Potential to make savings through effectively managing risks and reviewing the insurance programme on an annual basis.	5	4	20	Risk management framework and toolkit in place.	4	3	12	Ensure each risk management group is working effectively, is adequately represented and chaired, and following the requirements of the risk management framework.	Chief Internal Auditor	Director of Resources	Ongoing	Organisational Resilience	
Service and strategic level risk registers in place.																			
7c	Increased risk of fraud.	10%	Erosion of internal controls and less resource to tackle fraud.	Increased use of Proceeds of Crime Act.	5	4	20	Anti-fraud and corruption policy in place.	5	3	15	Focus on high risk areas of fraud.	Chief Internal Auditor	Director of Resources	Ongoing	Organisational Resilience			
								Annual internal audit plan in place.				Increase fraud awareness training Council wide.							

Detailed Strategic Risk Register

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority	
							I	L	GS		I	L	NS						
		7d	Data theft and leakage.	10%	Significant fines from the Information Commissioner.	The serious nature of the risk and its consequences will encourage departments to work with ICT to implement robust processes.	4	5	20	Working with services to undertake risk assessments against the Information Asset Register to identify opportunities to identify areas where effort must be focused to reduce the likelihood of a data breach. Data risk assessments.	4	3	12	Ensure documents and equipment are disposed of appropriately as part of the programme of office moves. Promotion and adoption of data risk assessments. Implement the requirements of the General Data Protection Regulations. Continued development of robust processes regarding starters / leavers and retrieval of kit.	Head of Legal / Head of ICT	Director of Governance and Partnerships / Director of Resources	Ongoing	Organisational Resilience	
Overall Nett Risk Score											12.3								
8	Reputational Damage	8a	Visitors negative image of Blackpool.	40%	Local economy impacted due to reduced jobs. Inability to underwrite tourism initiatives due to reduced resources.		4	4	16	Identification of potential external funding streams to assist with the tourism offer for Blackpool. Community Safety Team in place.	4	3	12	Promote a positive image of Blackpool to encourage private sector investment in the tourism industry. Continue to explore retail and leisure opportunities to improve the offer available in Blackpool. Continue enforcement activity to reduce the number of beggars and street drinking evident in the town.	Head of Visitor Economy Strategic Head of Growing Places Head of Public Protection	Director of Place Director of Community and Environmental	Ongoing	Communities and Economy	
		8b	Residents negative image of Blackpool.	40%	Lack of investment due to poor image of Blackpool. Lack of partner engagement. Loss of community support.	Potential to attract external investment to Blackpool. Generate local pride in Blackpool.	4	4	16	Different methods of engagement used. Increased use of new communication channels such as social media and newsletters. Increased commitment to one brand for the Blackpool resident.	4	3	12	Finalise and implement the new framework for community engagement. Ensure that all Council services follow the corporate brand guidelines to ensure that customers are clear that they are receiving a service from the Council. Explore the potential of shared services for communications with other public sector bodies in Blackpool.	Community Engagement Team Head of Corporate Delivery Unit	Director of Public Health Chief Executive	Ongoing	Communities and Economy	
Overall Nett Risk Score											12.0								

Detailed Strategic Risk Register

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority	
							I	L	GS		I	L	NS						
9	Inability to Respond to a Major Incident.	9a	Reduced capacity across the Council to respond to an emergency.	60%	May not be able to provide all the resources required as a Category One Responder.	Corporate approach to responding to incidents.	5	4	20	Major Emergency Plan in place outlining roles and responsibilities.	3	4	12	Implement the shared service arrangement for the delivery of an emergency planning service.	Chief Internal Auditor	Director of Resources	Ongoing	Communities and Economy	
			Potential public enquiry if the incident was not dealt with effectively.		Community risk register in place.					Undertake a major incident exercise, as least annually, to ensure that arrangements are adequate.									
			Disruption to community, services and businesses.		Planning for potential incidents through the Lancashire Resilience Forum.					Utilise training opportunities for those involved in dealing with a major incident.									
		9b	Injury / death to members of the public or staff.	40%	Trauma faced by families and work colleagues.		5	4	20	Emergency response group in place to provide humanitarian support in a major emergency.	3	4	12	Maintain the number of volunteers on the emergency response group at adequate levels and attend the Lancashire Resilience Forum Humanitarian Assistance Group.	Service Manager Adult Care and Support	Director of Adult Services	Ongoing	Communities and Economy	
Overall Nett Risk Score											12.0								

Report to:	AUDIT COMMITTEE
Relevant Officers:	Steve Thompson, Director of Resources Diane Booth, Director of Children’s Services Karen Smith, Director of Adult Services Mark Towers, Director of Governance and Partnerships
Date of Meeting	22 June 2017

STRATEGIC RISK REGISTER –SUSTAINABILITY OF THE COUNCIL

1.0 Purpose of the report:

1.1 To consider a progress report on individual risks identified in the Council’s Strategic Risk Register.

2.0 Recommendation(s):

2.1 Members will have the opportunity to question the Director of Resources, Director of Children’s Services, Director of Adult Services and Director of Governance and Partnerships on identified risks on the Strategic Risk Register in relation to Sustainability of the Council.

3.0 Reasons for recommendation(s):

3.1 To enable the Committee to consider an update and progress report in relation to an individual risk identified on the Strategic Risk Register.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council’s approved budget? Yes

3.3 Other alternative options to be considered:

To not receive an update report, however this would prevent the Committee from monitoring and asking relevant questions of the Strategic Risk Owners in relation to significant risks identified on the Strategic Risk Register.

4.0 Council Priority:

4.1 The relevant Council Priorities are:

- “The economy: Maximising growth and opportunity across Blackpool”
- “Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

5.1 At its meeting in June 2016, the Audit Committee agreed to continue to invite Strategic Risk Owners to attend future meetings to provide updates and progress reports in relation to the individual risks identified on the Strategic Risk Register.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 4(a): Excerpt from Strategic Risk Register

6.0 Legal considerations:

6.1 None

7.0 Human Resources considerations:

7.1 None

8.0 Equalities considerations:

8.1 None

9.0 Financial considerations:

9.1 None

10.0 Risk management considerations:

10.1 None

11.0 Internal/ External Consultation undertaken:

11.1 None

12.0 Background papers:

12.1 None

Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority
						I	L	GS		I	L	NS					
Sustainability of the Council	5a	Insufficient funding to deliver services.	30%	Erosion of reserves.	Income generation opportunities.	5	5	25	Downsizing of the Council to meet budget constraints.	4	2	8	Ongoing financial modelling to assess the impact of funding cuts. Unplanned in-year budget cuts such as for Public Health services which need to be addressed plus future significant cuts proposed. Robust reporting of recovery plans to Scrutiny Committee. Implement robust due diligence processes for business loans.	Chief Accountant	Director of Resources	Ongoing	Organisational Resilience
				Increased interest rates.					Priority led budgeting process.								
				Unplanned overspends.					Six Year Financial Sustainability Strategy in Place.								
				Unable to recover loan debt.					Statutory requirement to balance the budget.								
		Treasury Management Panel in place.															
		Monthly financial monitoring including achievement of saving targets and collection of income.															
5b	Increasing number of Looked After Children and child protection cases.	30%	Unplanned overspends.		5	5	25	Robust demand strategy to be implemented underpinned by resilience model.	4	5	20	Implement new initiatives such as Pulse, Crashpad and the Hub to generate savings. Engage with external providers to look at other models of working.	Head of Social Care	Director of Children's Services	Ongoing	Organisational Resilience	
5c	Insufficient central government funding for new burdens in Adult Social Care in addition to current constraints on cash limited budgets.	20%	Council unable to balance budget.	Consider options for shared services and opportunities for flexible use of new funding streams.	5	4	20	Robust budgetary control mechanisms.	5	3	15	Participate in financial modelling exercises to challenge government assumptions and support lobbying for resource. Actively participate in system transformation planning with Health.	Head of Social Care	Director of Adult Services	Ongoing	Organisational Resilience	
			Council unable to meet statutory duties and deliver reforms.					Member led priority based budgeting and financial planning.									
			External care market becomes unsustainable														
5d	Further devolution of services and increased partnership working.	10%	Increased financial risk.		5	4	20	Effective relationships with partners / external agencies.	4	3	12	Ensure robust governance arrangements are in place for new working arrangements.	Head of Services	Director of Governance and Partnerships	Ongoing	Organisational Resilience	
5e	Unmanageable level of insurance claims relating to historic abuse / negligence in children's social care.	10%	Unplanned overspends.		5	4	20	External legal advice sourced to ensure appropriate expertise.	4	4	16	Review of insurance coverage and excess on this type of claim; training to be provided on how to mitigate the risks going forward.	Head of Social Care	Director of Children's Services	Ongoing	Organisational Resilience	
Overall Nett Risk Score											13.0						

This page is intentionally left blank

Report to:	AUDIT COMMITTEE
Relevant Officer:	Mark Towers, Director of Governance and Partnerships Steve Thompson, Director of Resources Tracy Greenhalgh, Chief Internal Auditor
Date of Meeting	22 June 2017

ANNUAL GOVERNANCE STATEMENT 2016/2017

1.0 Purpose of the report:

1.1 To consider the Annual Governance Statement for 2016/2017.

2.0 Recommendation(s)

2.1 The Audit Committee is asked to consider and approve the draft Annual Governance Statement for 2016/2017 and consider a mid-year review of progress against the actions outlined in the Annual Governance Statement.

3.0 Reasons for recommendation(s):

3.1 The Accounts and Audit Regulations (2015) require the Council to conduct a review on the effectiveness of its system of internal control and publish an Annual Governance Statement reporting on the review with the Statement of Accounts.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None.

4.0 Council Priority:

4.1 The relevant Council Priorities are:

- “The economy: Maximising growth and opportunity across Blackpool”
- “Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

- 5.1 Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 5.2 The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:
- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
 - Ensuring openness and comprehensive stakeholder engagement.
 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - Developing the Council's capacity, including its leadership and the individuals within it.
 - Managing risks and performance through robust internal control and strong public financial management.
 - Implementing good practices in transparency, reporting and audit, to deliver effective accountability.
- 5.3 The governance framework at Blackpool Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 5.4 The governance framework incorporated into this report has been in place at Blackpool Council for the year ended 31 March 2017 and up to the date of the approval for the statement of accounts for that year.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 5(a): Annual Governance Statement 2016/2017

6.0 Legal considerations:

6.1 The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

7.0 Human Resources considerations:

7.1 None.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 Each of the actions identified in the Annual Governance Statement will be delivered within the constraints of the agreed budget for 2017/2018.

10.0 Risk management considerations:

10.1 Risk management and the control environment have been considered throughout the draft of the Annual Governance Statement 2016/2017.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 A Good Governance Group was established in October 2016 and has led on the review of effectiveness and the production of the Annual Governance Statement, including reviewing the 2015/2016 statement to ensure that governance issues identified have subsequently been addressed. This group is chaired by the Director of Governance and Partnerships and attended by the Chief Internal Auditor, Head of Democratic Governance, Head of Corporate Delivery Unit, Deputy Head of Legal Services, Head of ICT, Chief Accountant, Equality and Diversity Manager and the Head of Organisation and Workforce Development.

12.2 A workshop was held on the 24 April 2017 with key officers involved in governance. This included the core Good Governance Group and also the Head of Revenues and Exchequer Services, Fairness Commission Manager and Head of Customer Engagement and Life Events.

12.3 A workshop was held on the 11 May 2017 with representation from Scrutiny, Audit and the Executive and facilitated by the Chief Internal Auditor and Head of Corporate Delivery Unit.

12.4 The Corporate Leadership Team was required to complete a control self-assessment questionnaire providing assurance that their directorates were compliant with a number of key controls. Each Director was asked to highlight the three most significant control issues faced over the next twelve months and the risks have been incorporated into the significant governance issues action plan.

13.0 Background papers:

13.1 None.

Annual Governance Statement 2016/2017

Blackpool Council



Annual Governance Statement 2016/2017

Acknowledgement of Responsibility

Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

The Principles of Good Governance

The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The governance framework at Blackpool Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework incorporated into this report has been in place at Blackpool Council for the year ended 31st March 2017 and up to the date of the approval for the statement of accounts for that year.

The Governance Framework

The key elements of the structures and processes that comprise Blackpool Council's governance arrangements are summarised below.

Annual Governance Statement 2016/2017

Code of Conduct and Behaviours

Codes of Conduct are in place that define standards of behaviours for elected members and officers. Adherence to these is a key part of good governance. These are further supported by the Council's Whistleblowing Policy, Registers of Interests and Gifts and Hospitality Policies. Processes are in place to deal with non-compliance through the Council's Disciplinary Policy for Officers and the Monitoring Officer and/or Standards Committee for Elected Members.

The Council has developed a set of values which all elected members and officers should adhere to when carrying out their duties and these include being accountable, compassionate, delivering quality services, being trustworthy and fair.

Following a Leadership Summit in the year and considerable consultation a Leadership Charter was developed for officers. The Leadership Charter aims to bring to life the vision for the Council's workforce as outlined in the Workforce Strategy 2016-2020.

A set of Ethical Principles has been developed and these will be reviewed to ensure the appropriate arrangements in place to ensure that the Council behaves in an ethical manner.

The Council strives to deliver equal opportunities to all and equality impact assessments form a part of the decision making process. An Equalities and Diversity Manager is in place at the Council to support managers in discharging their duties.

Commitment to Openness, Communication and Consultation

The Council complies with the minimum requirements of the Transparency Agenda and provides a range of information in the public domain through its website. Key messages are also communicated to residents in the Your Blackpool publication which is delivered to all Blackpool households on a quarterly basis. Social media is used on a regular basis and is proving an effective way to provide the community with important information from the Council. The public are able to attend and speak at Committee meetings and Full Council is broadcast on the Council's website.

The Council has in place a system to respond to Freedom of Information requests and compliance with the timelines is managed by the Information Governance Team.

The Council has refreshed the way in which it consults with the public in the year, in response to reduced resources in this area and the opportunity to attract external funding. A new process which sees consultation driven through the Fairness Commission, which is led by the voluntary sector, is now in place and a Community Orientated Primary Car project, has been piloted. The focus of these consultation exercises is to identify issues in the community but also co-design solutions to the problems.

Structures are in place to ensure consultation with other public sector agencies through the Public Service Board and also local businesses through the Blackpool Business Leadership Group.

Developing, Communicating and Translating the Vision

The Council Plan 2015-2020 sets out the vision for Blackpool to be *'The UK's number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town'*. This is supported by the two priorities for the Council which are:

Annual Governance Statement 2016/2017

- The Economy: Maximising Growth and Opportunity across Blackpool.
- Communities: Creating Stronger Communities and Increasing Resilience.

The length of the Council Plan has been reduced and the style in which the plan is written reviewed to ensure that the document is accessible and understandable to employees and residents and the plan contents were agreed following a consultation exercise.

A staff conference was held in the year, hosted by the Chief Executive, which provided an update on the plan and the Council's priorities to employees.

Beneath each priority the plan details the key challenges faced by Blackpool and the key projects and schemes which will be implemented to address these issues. The Council Plan seeks to address the big issues and policy drivers facing local government.

The Corporate Delivery Unit was introduced in the year whose role is to provide challenge and ensure that key outcomes identified in the Council Plan are achieved. To support this team two Priority Boards have been established who are accountable for the delivery of the Council's priorities. A Transformation Board is also now in place which oversees the implementation of the transformation programme and identifies areas where further change is necessary to meet the Council priorities, within the constraints of the budget available. A dedicated Cabinet Member Lead for Transformation has also been identified.

The Council priorities feed into directorate business plans and are a key tool for managers to use when developing business plans. The business plans then feed into Individual performance Appraisals (IPA). New business planning framework has been developed for 2017.

Performance Management

A Policy Framework is in place which sets out the corporate strategies and plans which are in place and the Corporate Delivery Unit have a role in the production, monitoring and management of these key documents.

The Council has reviewed and refined its performance management system and strategic performance will be reported to Corporate Leadership Team and the relevant Scrutiny Committees with local performance indicators being managed through the Business Planning Process. This review has included an overhaul of the key performance indicators which will be measured in 2017/18.

In order to improve performance the Council participates in peer reviews and benchmarking exercises to learn from others and to ensure that services delivered are value for money. In 2016/17 a LGA peer review of the Planning Service was undertaken. CIPFA was also commissioning to undertake a review of the Council's financial resilience with a focus on the savings proposals for 2017/18 onwards. It is also intended that the LGA will be asked to undertake a peer review of Corporate Governance / Health in the future.

The Individual Performance Appraisal process which is in place is part of the Council's wider approach to performance management. The IPA process is an important tool designed to provide an opportunity to establish and understand expectations and to evaluate performance in order to help employees develop to their full potential. The IPA process is not a replacement for day to day people management so in addition employees are supported by their line managers and should be mentored, coached and directed according to their individual needs. This may come through regular one to one meetings, formal supervision meetings, team meetings and

Annual Governance Statement 2016/2017

informal feedback. The Leadership Charter will support the Council's priorities and values and will be included in the Managers IPA template replacing the existing Management Objectives.

Roles and Responsibilities

Responsibilities and functions are in place for each Council Committee including Licensing, Planning, Standards, Scrutiny Committees and Audit Committee. These are reviewed annually with any changes made at the Council's Annual Meeting to ensure that they continue to be fit for purpose. The Executive has agreed a set of criteria relating to the levels of decision making which provide clarity relating to levels of decision making which provide clarity and consistency for decision makers. This has also been reviewed and refined in the last twelve months.

All Council Officers, including the Corporate Leadership Team, have a job description which sets out their roles and responsibilities. Individual objectives for each officer are then parts of the Individual Performance Appraisal process and managers have an additional mandatory set of objectives which they must conform with.

The focus of the Corporate Leadership Team and the Senior Leadership Team has been refreshed to improve consultation of key initiatives and communication of key messages. The Corporate Leadership Team has also been extended once a month to involve key Heads of Service in the decision making process.

Steps have been taken to address some of the concerns with 'hard to recruit to posts' such as the development of the Next Step Blackpool website to recruit Children's Social Workers and Teachers to the area. In addition, there are ongoing investment in digital technologies to help improve capacity across the Council.

The Elected Members have now implemented a hierarchy for the Cabinet and introduced the role of Cabinet Assistants to build capacity in this area and ensure that members of the Cabinet are adequately resource and informed for of the portfolio's they are responsible for.

The Council's Constitution, including the Scheme of Delegation, sets out the arrangements and protocols which are in place to enable effective communication within the authority.

The Council has in place effective arrangements to discharge the Head of Paid Service function and this role is undertaken by the Chief Executive.

The Council has designated a Monitoring Officer and Deputy with appropriate qualifications and experience. The Monitoring Officer has the specific duty to ensure that the Council, its officers and its Elected Members maintain the highest standards in all they do and is responsible to Blackpool Council for ensuring that governance procedures are followed and all applicable statutes and regulations are complied with.

Decision Making

The Constitution sets out the functions and responsibilities of the Council, the Executive and Committees. Included in this are the delegation arrangements adopted by the Council and the Executive and this is reviewed on a regular basis.

All Executive Decisions contain all relevant policy implications including financial, risk management, human resources, equality analysis, ethical considerations, legal considerations and links to Council priorities. All Executive Decisions are subject to finance and legal approval before they are taken forward for a decision to be made. The Monitoring Officer or a designated representative, receive all decisions before they are processed and therefore are able to check the robustness of data quality prior to a decision being submitted for formal approval.

Annual Governance Statement 2016/2017

Cabinet Member and relevant Officer Decisions are published to meet transparency requirements and inform the public.

A framework for undertaking compliance checks to ensure that decision making processes are appropriate has been developed and these reviews are jointly carried out by Internal Audit and Democratic Governance and the findings reported to Audit Committee.

Compliance with relevant Laws, Regulations, Internal Policies and Procedures

A wide range of corporate policies and procedures are in place to ensure compliance with laws and regulations. These cover all key areas including financial management, human resources, procurement, contract management, risk management, business continuity, data protection, health and safety management arrangements and safeguarding arrangements.

Managers are responsible for ensuring that their service adheres to the relevant policies and procedures and Disciplinary and Capability Procedures are in place to deal with non-compliance. Two sessions have also been held within the year with the Senior Leadership Team to emphasise the need for all Heads of Services to ensure compliance.

Internal and external audit arrangements are in place to provide a reasonable level of assurance with compliance of the Council's system of internal control. The Health and Safety Team also undertake a programme of audits to ensure that managers maintain their manuals and comply with statutory requirements.

The Council has obtained PSNN, PCI and N3 security compliance so that it can effectively share data with other organisations including the National Health Service and Department for Work and Pensions. There is an ongoing review of cyber risks and progress against this is monitored by the Audit Committee. An ICT Security Policy is in place.

A Corporate Procurement and Projects Team is in place to support Heads of Services and Service Managers to undertake market engagement for those goods, services and works which are delivered through third-party organisations. Procedures are in place to ensure compliance with the Public Contract Regulations Act 2015, European Union Procurement Directive 2014 and the Council's Contract Procedure Rules. Standard Control Documents are used to ensure consistency of practice, demonstrate value for money and to maximise Social Value through tendering and contract arrangements.

Mandatory training is delivered in a number of ways including through the iPool online system to advise staff of legislative requirements covering Induction, Child Sexual Exploitation, Customer Care, Data Protection Awareness, Equality and Diversity Awareness, Fire Safety Awareness, ICT Security, Infection Control, Safeguarding and Protection of Adults, Safeguarding Children and You and Your Workstation. Completion rates are reported to the Corporate Leadership Team so that action can be taken in services where non-completion is evident.

The Council's Monitoring Officer has a role in ensuring that the Council acts within the remit of relevant law and regulations and that a robust democratic process is maintained. The Monitoring Officer is responsible for the in-house legal team which serves as an additional control to ensure that the Council operates within the constraints of the law and the team hold LEXCEL accreditation.

A number of arrangements are in place to deal with potential breaches to compliance and these include a Data Breach Panel, Corporate Complaints Panel and Serious Case Reviews These are chaired independently of the

Annual Governance Statement 2016/2017

service which has breached requirements to ensure that objective decisions can be taken. Steps have been taken in the year to centralise the complaints function and information governance function which improves resilience in these areas.

A Disclosure and Barring Service Panel is in place which reviews any positive DBS's in relation to pre employment checks to ensure Council wide robust and consistent decision making.

Financial Management

The Council has an appropriately qualified and experienced designated Chief Financial Officer who holds Section 151 responsibilities and a deputy has also been appointed. The Chief Financial Officer has arrangements in place for financial management, financial reporting and value for money which is assessed annually by the Council's external auditors.

Financial Regulations are in place which are supported by a Scheme of Delegation to ensure that managers are aware of the level of expenditure they are able to authorise.

Monthly financial monitoring reports, starting from month 0, are reported to the Corporate Leadership Team, the Executive and Tourism, Economy and Resources Scrutiny Committee.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The Council facilitates a Public Inspection of the Accounts and publishes details of all payment transactions over and above the minimum requirements of the Transparency Code.

Audit Arrangements

An Audit Committee is in place which is independent of the scrutiny function. As a full committee of the Council it is able to discharge all the core functions of an Audit Committee outlined in the CIPFA Audit Committee: Practical Guidance for Local Authorities (2013), from which the Committee has adopted the model terms of reference. Over the past twelve months that Chair of the Audit Committee has taken steps to raise the profile of the Audit Committee and has presented a report to Full Council on the work of the Committee and has proactively requested Chief Officers to attend Committee to be challenged and held to account where controls issues have been identified.

Modular training is delivered prior to each Audit Committee meeting to ensure that members have the appropriate skills and knowledge to effectively discharge their duties. The Audit Committee undertake annual self-assessments of their performance to identify strengths and areas for development.

The Council has an internal audit team who prepare an Annual Internal Audit Plan which is approved by the Corporate Leadership Team and Audit Committee. This includes a balance of risk and compliance work. The audit opinion and assurance statement for each audit is reported quarterly to the Audit Committee.

In 2016/17 the Chief Internal Auditor's Annual Audit Opinion was that sufficient assurance work was undertaken to provide a reasonable conclusion on the adequacy and effectiveness of the control environment and that the overall control environment at the Council is adequate. However, it recognised the significant financial pressures faced by Children's Services which need to be addressed. Where weaknesses were identified through internal

Annual Governance Statement 2016/2017

audit work the team have worked with management to agree appropriate remedial actions and a timescale for improvement.

The Council's internal audit arrangements broadly conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and the Public Sector Internal Audit Standards. An external review of the Council's compliance with the Public Sector Internal Audit Standards took place in the year which confirmed conformance with the standards. The recommendations made in the external assessment report have been incorporated into the Quality Assurance and Improvement Programme for the service.

External audit arrangements are in place and they are invited to attend Audit Committee to present the findings of their work and raise any concerns which they may have. Effective working relationships are in place with external audit which help ensure that the Council provides timely support, information and responses to the external auditors and considers audit findings and recommendations.

Risk Management

A Corporate Risk Management Group is in place to coordinate and promote risk management activity in line with the Council's Risk Management Framework 2014-2017. It is supported by directorate and thematic risk management groups.

All directorates have nominated risk champions to promote best practice in their areas and ensure that service level risk registers are in place and that risk registers are developed for major projects and partnerships where appropriate.

The Strategic Risk Register is reviewed by the Corporate Leadership Team and considered by the Audit Committee annually. Chief Officers identified in the Strategic Risk Register are required to attend Audit Committee to explain how the risks are being managed and what further mitigating controls may be required.

Risk management should be considered for all decisions made by the Council and these are evidenced in the dedicated section on the decision making template.

A Corporate Business Continuity Plan and Critical Activities List are in place and this is supported by service level business continuity plans.

Counter Fraud and Anti-Corruption Arrangements

The Council has developed counter fraud and anti-corruption arrangements in line with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014). An Anti-Fraud and Corruption Statement is in place and this is approved by the Corporate Leadership Team and Audit Committee on an annual basis. Any suspected instance of fraud or corruption should be reported to the Chief Internal Auditor so that an appropriate investigation into the matter can be undertaken.

A dedicated Corporate Fraud Team is in place which deals with a range of corporate fraud issues and work has commenced on high risk areas such as insurance fraud, blue badges and council tax. A fraud risk register is in place and this will be further enhanced to continue to inform the Proactive Anti-Fraud Plan.

The Council has appropriate procedures in place to deal with the risk of money laundering and also to raise awareness of the Bribery Act and ensure that appropriate controls are in place to reduce the risk.

Annual Governance Statement 2016/2017

The Council participates in the National Fraud Initiative and progress against this, and outcomes, are reported to Audit Committee on quarterly basis.

A corporate group is in place to review the Council's use of covert surveillance and to ensure compliance with the Regulatory of Powers Act (2000). Where covert surveillance is used by the Council this is reported to Audit Committee each quarter to aid with transparency.

Scrutiny Arrangements

Three Scrutiny Committees are in place which aligns to the Council's priorities including a Resilient Communities Scrutiny Committee, Tourism, Economy and Resources Scrutiny Committee and a Health Scrutiny Committee. These committees help empower elected members and provide them with the opportunity to challenge and hold decision makers to account. These Committees meet on a regular basis and the minutes of the meetings and supporting documentation are published.

Learning and Development

An Induction and Probation process is in place for all new employees in the Council. Following successful completion of this employees will then receive a mandatory Individual Performance Appraisal (IPA). The IPA incorporates an annual and interim review, held at an appropriate time in a private, comfortable space and can be considered as the setting of a 'roadmap' for an employee for the coming twelve months.

A wide range of training is available corporately which is informed from development needs identified in the Individual Performance Appraisal. The Council is committed to leadership development and various courses are available to continue to develop skills and knowledge. A revised leadership development programme will be delivered in 2017/18 and a baseline study will be undertaken to assess how the Council is currently performing in terms of its leadership. An aspiring leadership programme has been delivered to aid with succession planning and provide a development opportunity for managers wishing to progress in the organisation. The attainment of professional qualifications in relevant disciplines is encouraged and the Council is committed to funding studies where appropriate.

A Workforce Strategy is in place and steps are being taken to better align workforce planning with the business plan process however it is recognised that this is in its infancy.

The Council runs an apprentice programme to encourage young people and those who may have struggled to access work previously to engage in employment with the Council. From 2016/17 the way apprentices are funded is changing and work is continuing to address this. Employers with a pay bill of more than £3m will be required to pay an Apprenticeship Levy. Employers who pay the levy will be able to use this to access funding to meet the cost of apprenticeship training and assessment against an approved apprenticeship framework or standard and can be used for existing employees as well as new starters.

Project Search, the job scheme for young people with learning disabilities also ran for a second year where each of the students learn personal and job skills for a two month period before embarking on work placements to find a suitable job for them.

Annual Governance Statement 2016/2017

An induction programme is in place for all elected members. A three year development plan is in place for elected members which helps deliver training to help them fulfil their role. All elected members have a personal development plan which helps to identify training needs.

Partnerships and Joint Working

The Council is involved in a number of key projects with partner organisations in order to transform the way in which services are delivered. Examples include the Better Start Project and Head Start Project which focus on early intervention in order to build resilience in the community. Boards with representation from partner organisations are also in place for key risks faced by the Council to introduce an element of independence and challenge.

Arrangements are in place for the provision of Shared Services with Fylde Borough Council in a number of areas, the most significant being the Revenues and Benefits Service. The Council is also working jointly with other Fylde Coast authorities on the development of an enterprise zone to improve the local economy.

The Council has a number of wholly-owned companies and a Good Governance Framework has been developed and rolled-out across each company in order to strengthen the governance arrangements in place and ensure that the Council's vision for the town, as the shareholder, is able to form part of the direction of travel of each company. The Framework also gives assurance that each company is operating in an effective and accountable way.

Annual Review of Effectiveness

Blackpool Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The stages included in the review process and the key findings from each are summarised below.

Good Governance Group

A Good Governance Group was established in October 2016 and has led on the review of effectiveness and the production of the Annual Governance Statement, including reviewing the 2015/16 statement to ensure that governance issues identified have subsequently been addressed. This group is chaired by the Director of Governance and Partnerships and attended by the Chief Internal Auditor, Head of Democratic Governance, Head of Corporate Delivery Unit, Deputy Head of Legal Services, Head of ICT, Chief Accountant, Equality and Diversity Manager and the Head of Organisation and Workforce Development.

Elected Member Workshop

A workshop was held on the 11th May 2017 with representation from Scrutiny, Audit and the Executive and facilitated by the Chief Internal Auditor and Head of Corporate Delivery Unit.

Annual Governance Statement 2016/2017

The workshop was based around the principles of good governance and elected members were asked to establish what arrangements are already in place and these have been reflected in the overview of the governance framework included in this report. Elected members were also asked to identify areas for further development and these have been incorporated into the significant governance issues action plan.

Key Officer Workshop

A workshop was held on the 24th April 2017 with key officers involved in governance. This included the core Good Governance Group and also the Head of Revenues and Exchequer Services, Fairness Commission Manager and Head of Customer Engagement and Life Events.

The workshop was based around the principles of good governance and an assessment was made as to what controls already form part of the Council's governance framework and also areas which needed further development. This process identified a number of areas of good practice and these have been summarised in the governance framework outlined earlier in this report and areas for improvement have been captured in the significant governance issues action plan.

Control Self-Assessment Questionnaire

The Corporate Leadership Team was required to complete a control self-assessment questionnaire providing assurance that their directorates were compliant with a number of key controls. Each Director was asked to highlight the three most significant control issues faced over the next twelve months and the risks have been incorporated into the significant governance issues action plan.

Progress on 2015/16 Actions

Issue	Actions	Update
Further embed arrangements in place relating to conduct and behaviours to raise awareness and ensure compliance.	Raise awareness of the whistleblowing policy to employees, elected members and the public.	Partially Implemented – The review process has started in the year and will be implemented in 2017/18.
	Further promote the Council's values and embed the Leadership Charter.	Partially Implemented - The Leadership Charter has been developed and an approach agreed with CLT to embed the process. Further actions will be carried forward for the 2017/18 plan to ensure this takes place.
	Review the Ethical Principles to ensure that they remain fit for purpose.	Partially Implemented – The review process has started in the

Annual Governance Statement 2016/2017

Issue	Actions	Update
		year and will be implemented in 2017/18.
<p>The Council needs to review the way in which it consults with residents and ensures that data collected through the consultation process is adequately considered.</p>	<p>When implementing different approaches to engage with the community, such as the Council Couch, there is a need to ensure that elected members are appropriately consulted with and that senior managers engage in the process.</p>	<p>Partially Implemented - The community engagement activity has recently moved Directorates in response to a changing landscape across the public, voluntary and community sectors and will provide greater opportunities for collaborative community engagement activities in the future. This change in relatively recent and therefore a revised set of actions will be included in the 2017/18 action plan to ensure that they are embedded.</p>
	<p>The data which the Council collates in relation to the thoughts of the community should be more effectively used to inform decisions relating to service delivery.</p>	
	<p>New ways to consult with residents who do not ordinarily engage in consultation exercises should be considered and there is a need to ensure that consultation exercises are appropriately timed.</p>	
	<p>Improved coordination with partner organisations in relation to data collection could better inform service delivery decisions and avoid potential duplication in consultation processes.</p>	
<p>Performance management should be more robust and the data more accessible.</p>	<p>There is a need to review the performance data available to the community to ensure that it is relevant, understandable and empowers residents.</p>	<p>Partially Implemented – The review process has started in the year and will be implemented in 2017/18.</p>
	<p>The process for setting performance targets should be improved and there is a need to strengthen appropriate intervention in cases of low performance where outcomes may not be achieved.</p>	<p>Partially Implemented – The review process has started in the year and will be implemented in 2017/18.</p>
	<p>The Delivery Unit should be implemented to</p>	<p>Implemented – The Delivery Unit</p>

Annual Governance Statement 2016/2017

Issue	Actions	Update
	ensure services deliver appropriate outcomes and improve the quality of performance management data.	has now been established and a work plan in place. The team has been strengthened in its resources to delivery better evidence and evaluation against key projects.
	The Policy Framework should be reviewed to ensure that all appropriate policies and strategies are in place and any gaps are addressed.	Implemented – The Policy Framework has been reviewed and has been approved by the Executive. This will be reviewed at quarterly points throughout the year.
Corporate Policies and Procedures need to be consistently applied.	There is a need to raise awareness of the Corporate Policies and Procedures in place and ensure that all members of the Senior Leadership Team are compliant.	Partially Implemented – Two Senior Leadership Team meetings in the year have been focused on ensuring compliance with corporate policies and procedures. Actions identified at these meetings will be implemented as part of the 2017/18 action plan.
	As the Council continue to transform there is a need to ensure that adequate internal controls are maintained, particularly as there is an increasing move to self-service and reduced resources results in less capacity to maintain controls.	Implemented – The internal audit service delivered the 2016/17 plan which included a combination of risk based and compliance audits to ensure that effective controls are maintained. The internal audit service also provided advice to managers throughout the year when developing changes in systems and processes. The Audit Committee is holding Chief Officers to account where the need for control improvements has been identified.
	Workforce planning needs to more closely aligned to the business planning process to	Implemented – A refreshed business planning approach has

Annual Governance Statement 2016/2017

Issue	Actions	Update
	ensure that workforce pressures are effectively managed and the Council can continue to deliver its statutory duties.	been agreed for 2017/2020 which will ensure that the budget cycle, business planning and workforce planning are more closely aligned.
It is increasingly challenging to set a legal budget due to the austerity measures faced by the Council.	The Corporate Leadership Team need to ensure effective monitoring of the achievement of saving and income targets and balance this with demand pressure for services.	Implemented – The annual savings programme is monitored on a monthly basis by the Corporate Leadership Team, the Executive and Tourism, Economy and Resources Scrutiny Committee.
	Effective financial administration needs to be consistently applied across all services including the accurate and timely raising of sundry debt and the prompt payment of creditor invoices.	Implemented – The creditors and debtors systems are subject to quarterly compliance testing by Internal Audit and any failings identified are reported to the relevant services. Risk based audits are also regularly undertaken in these key financial areas. An Income and Debt Strategy Group is in place which is chaired by the Director of Resources and targets those services which have aged debt or are not effectively managing the income collection process. A Corporate Income Management Group is also in place with cross-departmental representative to oversee the income management process.
Continue to develop and strengthen the challenge to governance arrangements by the Audit Committee.	Consider the benefits of introducing the role of an independent member, with relevant skills and experience, to be represented on the Audit Committee.	Partially Implemented – This has been agreed with the Chair of the Audit Committee and requires approval from Full Council prior to a recruitment process commencing.

Annual Governance Statement 2016/2017

Issue	Actions	Update
<p>Effectively manage risk with reduced resources and ensure that risk management is built into all decisions as the climate for taking riskier decisions grows.</p>	<p>The Senior Leadership Team need to consider risk management in the context of opportunity in order to transform the way in which the Council delivers its services.</p>	<p>Partially Implemented - Managers are being encouraged to take some risks in order to transform the way in which services are delivered. A Risk Management Strategy and a Risk Management Toolkit are in place to help managers effectively manage the risks that they are taking. A Corporate Risk Management Group is in place which is supported by Directorate and Thematic risk management groups.</p> <p>Risk Services is able to advise managers on effective risk management and facilitate risk workshops where appropriate to do so.</p> <p>Further actions to embed risk management will be included in the 2017/18 action plan.</p>
	<p>The Senior Leadership Team need to ensure that risk management is embedded into all decisions taken.</p>	<p>Implemented - Risk management has been built into the decision making process and all decisions include a section on risk management considerations.</p>
<p>Ensure that all elected members feel empowered when carrying out these duties.</p>	<p>Enhance the development programme for elected members to ensure that they have the appropriate skills and knowledge to empower them to carry out their duties.</p>	<p>Implemented – A Members Training Plan covering the period of 2016/2019 is in place, which sets out the member training priorities for this term of office.</p> <p>A Member Training Panel is also in place which meets several times a year. This is a cross-party group that meets to look at learning and development for</p>

Annual Governance Statement 2016/2017

Issue	Actions	Update
		members.
	Raise Elected Members awareness of the policies and procedures in place which enable all members the opportunity to scrutinise, challenge and contribute to the Council's activities.	Implemented – A training calendar outlining all Member training is in place and is sent to members each month. The calendar lists upcoming training for the next three months.

Assurance Statement

The results of the effectiveness of the governance framework have been considered by the Corporate Leadership Team and Audit Committee who have determined that the arrangements are fit for purpose in accordance with the governance framework.

Governance Issues

Actions have been identified as part of the 2016/17 review of the effectiveness of the governance framework and these are captured in the following table. It should be noted that some of the issues identified are not deemed as significant but have been included to aid openness and transparency.

Issue	Actions	Responsible Officer	Target Date
Code of Conduct and Behaviours	Develop and pilot a new face to face diversity awareness course aimed at priority staff and managers, and Elected Members.	Director of Resources	After mid-term review
	Develop an Equality Compliance tool and performance scorecard, to track mainstreaming good practice within all departments linking in to the business planning process.	Director of Resources	After mid-term review
	Review the Whistleblowing Policy to ensure that this aligns to best practice and launch awareness raising for officers and elected	Director of Governance and Partnerships	Prior to mid-term review

Annual Governance Statement 2016/2017

Issue	Actions	Responsible Officer	Target Date
	members.		
	Seek approval from the Corporate Leadership Team and the Executive for the revised Ethical Principles and raise awareness across the Council.	Chief Executive	Prior to mid-term review
Commitment to Openness, Communication and Consultation	Launch and roll out a programme of the 'people's jury' focused on Community Orientated Primary Care based on the finding of the pilot scheme.	Director of Public Health	After mid-term review
	Embed the new process for community engagement through the Fairness Commission.	Director of Public Health	After mid-term review
	Ensure effective links are developed between the community engagement function and elected members.	Director of Public Health	After mid-term review
	Consider what other Councils are doing in terms of effective community engagement in respect of governance.	Director of Public Health	After mid-term review
	Consider how the Council can measure the implementation of the resilient community's priority in terms of outcomes.	Director of Public Health	After mid-term review
	Update the Blackpool4Me website to ensure that the information held is current and that it aligns with the Council's website.	Chief Executive	Prior to mid-term review
	Explore more opportunities in wider service areas as part of the channel shift programme.	Director of Resources	Ongoing
	Improve the level of information published on the Council website so that this is readily available and reduces the number of Freedom of Information Requests.	Director of Governance and Partnerships	Prior to mid-term review
Developing, Communicating and Translating the Vision	Embed the process for reporting and monitoring the success and benefits of the Corporate Delivery Unit.	Chief Executive	Prior to mid-term review

Annual Governance Statement 2016/2017

Issue	Actions	Responsible Officer	Target Date
	Ensure that the new business planning framework is embedded, including the quarterly reporting to the Corporate Leadership Team and that an exercise is undertaken to assess the level of corporate / back office support required to deliver the directorate visions.	Chief Executive	Prior to mid-term review
Performance Management	Embed the new performance management framework which has been agreed for 2017/18.	Chief Executive	Prior to mid-term review
	Request the LGA to undertake a peer review of the Council's Corporate Governance / Health to provide independent assurance and advice on the adequacy of current arrangements.	Chief Executive	Prior to mid-term review
	Embed the Leadership Charter within the Individual Performance Appraisal process and ensure that all employees have an appraisal	Chief Executive	Prior to mid-term review
Compliance with relevant Laws, Regulations, Internal Policies and Procedures	The Compliance Calendar will be finalised and rolled-out to all managers.	Director of Governance and Partnerships / Good Governance Group	Prior to mid-term review
	The managers 'quick guide' section on the Hub will be developed to ensure that there is guidance for all items on the Compliance Calendar.	Director of Governance and Partnerships / Good Governance Group	Prior to mid-term review
	Ensure that decision makers are taking and recording decisions at the right level and that they understand the decision making process and the need for an appropriate level of transparency.	Director of Governance and Partnerships	Ongoing

Annual Governance Statement 2016/2017

Issue	Actions	Responsible Officer	Target Date
	Provide an annual update to Audit Committee on the robustness of the arrangements in place to reduce the risk of a cyber threat.	Director of Resources	After mid-term review
	Implement a robust action plan setting out any required process changes under the General Data Protection Regulations which come into force in May 2018 and raise awareness of the new requirements.	Director of Governance and Partnerships	After mid-term review
Financial Management	Ensure that 2017/18 savings targets are delivered with reduced resource and significant demand pressures.	Director of Resources / All Chief Officers	Ongoing
Audit Arrangements	Seek Full Council approval for the recruitment of an independent member to Audit Committee and aim to have these in post for September 2017.	Director of Governance and Partnerships	Prior to mid-term review
Risk Management	Re-establish the Property Risk Management Group and ensure that this multi-agency group meets at least quarterly.	Director of Resources	Prior to mid-term review
	Review the Risk Management Framework 2014-2017 to ensure that this remains fit for purpose with a focus on ensuring that risk management groups are adequately represented and risk tolerances levels are set.	Director of Resources / Corporate Risk Management Group	After mid – term review
	Launch the revised Risk Management iPool course and deliver business continuity training.	Director of Resources	After mid – term review
	Review the Business Continuity Framework 2014-17 to ensure that it remains fit for purpose and that it encourages good quality plans and includes scenarios to help services test plans	Director of Resources / Corporate Risk Management Group	After mid – term review
Counter Fraud and Anti-Corruption Arrangements	Identify those staff for which counter fraud training is mandatory and ensure completion	Director of Resources	Prior to mid-term review

Annual Governance Statement 2016/2017

Issue	Actions	Responsible Officer	Target Date
	of the course.		
Scrutiny Arrangements	The scrutiny process should be strengthened to improve the level of challenge and look at ways in which other people, such as service users and the private sector, could be called to give evidence as part of the scrutiny process.	Director of Governance and Partnerships	Ongoing
	Ensure that the scrutiny work plan focuses on the key priorities areas and strengthen relationships between the Executive and effective scrutiny.	Director of Governance and Partnerships	Prior to mid-term review
Leadership and Development	Build a baseline survey which will measure current performance against the Leadership Charter pledges. The survey should provide all employees with an opportunity to assess and comment on their managers and enable the future review and measurement of leadership performance at every level within the organisation.	Chief Executive	Prior to mid-term review
	Deliver the refocused Leadership Development Programme through the delivery of four events in the year each of which can be for 100 employees. The events should be taster / signposting sessions comprising of Council processes, techniques and new skills and new learning and soft skills.	Chief Executive	Ongoing
	Increase the robustness of succession plans across the Council.	Chief Executive / All Chief Officers	After mid-term review
	Develop digital skills across the Council to assist in the use of innovation technological solutions to build capacity.	Director of Resource / Chief Executive	After mid-term review
	Implement a robust action plan to ensure that the Council maximises the Apprenticeship Levy through a cross-	Chief Executive	Ongoing

Annual Governance Statement 2016/2017

Issue	Actions	Responsible Officer	Target Date
	departmental working group.		

Conclusion

We propose over the coming year to take steps to address the significant governance issues identified to further enhance governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: (Leader of the Council)

Signed: (Chief Executive)

This page is intentionally left blank

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Chief Internal Auditor
Date of Meeting	22 June 2017

ANNUAL AUDIT OPINION 2016/2017

1.0 Purpose of the report:

- 1.1 To set out the individual and collective outcomes of the audit reviews undertaken in the year ended 31 March 2017. The report also provides an audit opinion on the control environment based on this audit work.
- 1.2 The Chief Internal Auditor's Annual Audit Opinion is one component that the Council takes into account when compiling its Annual Governance Statement.

2.0 Recommendation(s):

- 2.1 To consider the annual audit report for the year ended 31 March 2017.

3.0 Reasons for recommendation(s):

- 3.1 The completion of an Annual Audit Opinion is a requirement of the Public Sector Internal Audit Standards and a key component when formulating the Annual Governance Statement.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

- 3.3 Other alternative options to be considered:

None.

4.0 Council Priority:

- 4.1 The relevant Council Priorities are:

- "The economy: Maximising growth and opportunity across Blackpool"
- "Communities: Creating stronger communities and increasing resilience"

5.0 Background Information

5.1 Blackpool Council's Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its Annual Governance Statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving this opinion assurance can never be absolute and therefore, only reasonable assurance that there are no major weaknesses in the processes reviewed can be provided. In assessing the level of assurance to be given the opinion has been given based on:

- Internal audit assurance statements issued throughout the year as part of the annual audit plan.
- Reports provided as a result of advice / consultancy work undertaken by the internal audit team.
- The implementation of recommendations made by internal audit linked to high risks throughout the year.
- The extent of resources available to deliver the annual internal audit plan.
- The quality and performance of the internal audit service and the extent to which it complies with the Public Sector Internal Audit Standards.
- Whether the target for delivery of the internal audit plan has been achieved.
- The results of other review bodies where appropriate.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 6(a) – Annual Audit Opinion 2016/2017

6.0 Legal considerations:

6.1 All work undertaken by Risk Services is in line with relevant legislation and professional standards.

7.0 Human Resources considerations:

7.1 None.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 All work has been delivered within the agreed budget for Risk Services.

10.0 Risk management considerations:

10.1 The primary role of Risk Services is to provide assurance that the Council is effectively managing its risks and provide support to all services in relation to risk and control. Where high risk areas have been identified as part of audit reviews these are subject to a follow-up process to ensure that effective controls are implemented.

11.0 Ethical considerations:

11.1 All staff in the internal audit service adheres to the Code of Ethics as set out in the Public Sector Internal Audit Standards.

12.0 Internal/ External Consultation undertaken:

12.1 The report was presented to the Corporate Leadership Team on the 3 May 2017 and the Good Governance Group on the 17 May 2017.

13.0 Background papers:

13.1 None.

This page is intentionally left blank

Annual Internal Audit Opinion 2016/17

Blackpool Council



Annual Internal Audit Option

Introduction

The Public Sector Internal Audit Standards (PSIAS) note that a professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The role of the Chief Internal Auditor, in accordance with the PSIAS, is to provide an annual opinion, based upon (and limited to) the work performed, on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with the Corporate Leadership Team and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described in this report.

The CIPFA Statement on the role of the Head of Internal Audit in Local Government noted that the Head of Internal Audit in a local authority plays a critical role in delivering the authority's strategic objectives by:

- Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

Roles and Responsibilities

The Chief Internal Auditor's Annual Audit Opinion does not imply that internal audit has reviewed all risks and assurances relating to the Council. The purpose of the opinion is to contribute to the assurances available to the Council which underpin the Council's own assessment of the effectiveness of the organisation's governance arrangements and system of internal control. The Chief Internal Auditor's opinion is one component that the Council takes into account when compiling its Annual Governance Statement. In particular, apart from the overall opinion, where limited or inadequate assurance opinions have been issued against individual audits, or where critical or high risk priority recommendations have been made in consultancy reviews, then the Council should assess whether or not the sources of those opinions / recommendations necessitate the need for a disclosure of a significant issue.

The Council is accountable collectively for maintaining a sound system of internal controls and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. The Annual Governance Statement is an annual statement by the Council setting out:

- How the responsibilities of the Council are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- The purpose of the governance arrangements as evidenced by a description of the risk management and review processes; and
- The conduct and results of the review of effectiveness of the system of internal control, including any disclosures of significant control failures, together with assurances that actions are or will be taken where appropriate to address issues arising.

Annual Internal Audit Option

The Council's framework of assurance should bring together all of the evidence required to support the Annual Governance Statement.

Chief Internal Auditor Opinion

The Chief Internal Auditor's Annual Audit Opinion is that:

Annual Audit Opinion 2016/17

The Chief Internal Auditor is satisfied that sufficient assurance work has been carried out to allow the provision of a reasonable conclusion on the adequacy and effectiveness of Blackpool Council's internal control environment.

The opinion of the Chief Internal Auditor is that the overall control environment of the Council is adequate, however recognises that there are significant financial pressures faced by Children's Services which need to be addressed.

Where weaknesses have been identified through internal audit work the team has worked with management to agree appropriate remedial actions and a timescale for improvement.

Basis of the Opinion

Blackpool Council's Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its Annual Governance Statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving this opinion assurance can never be absolute and, therefore, only reasonable assurance that there are no major weaknesses in the processes reviewed can be provided. In assessing the level of assurance to be given the opinion has been given based on:

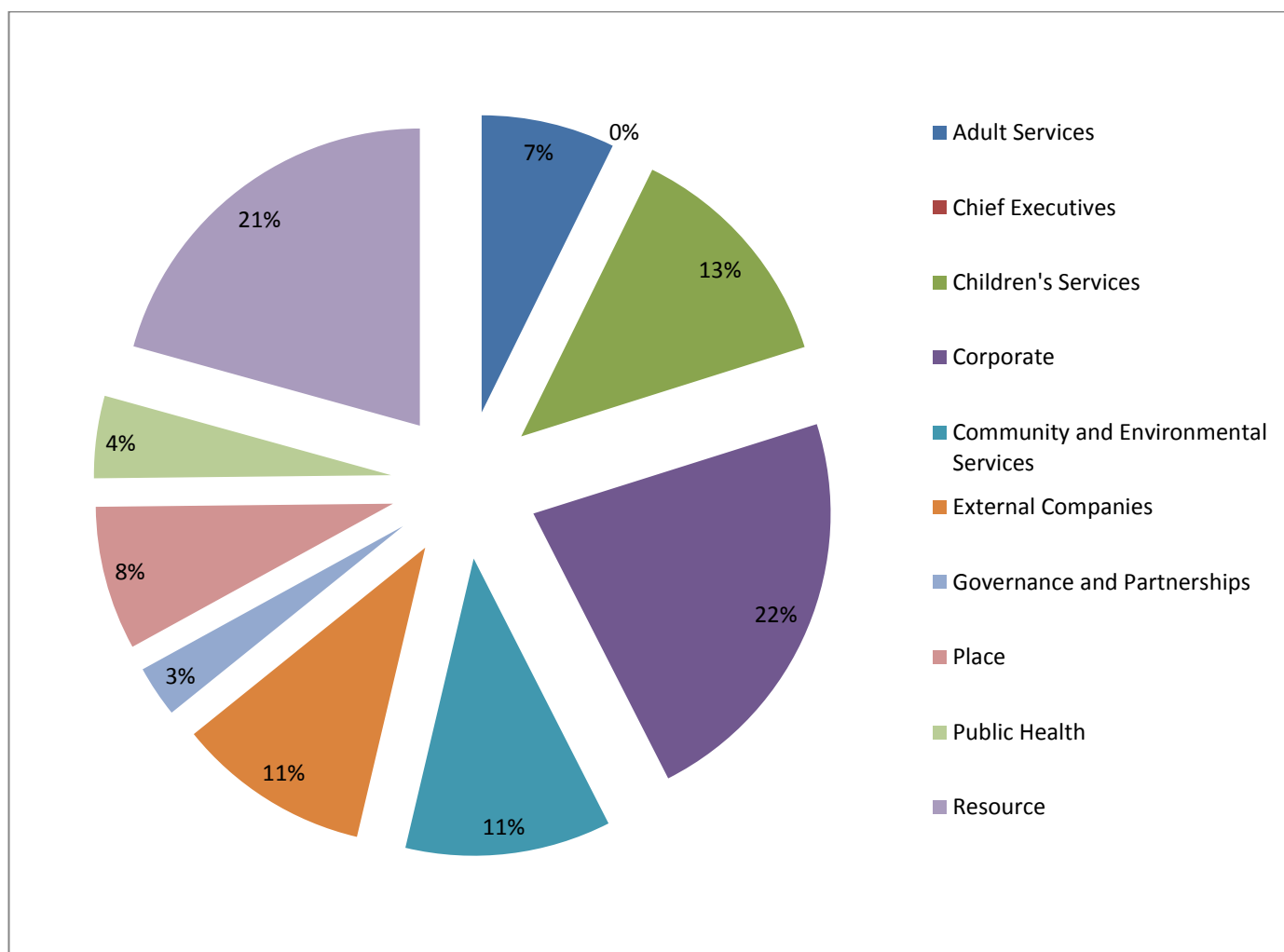
- Internal audit assurance statements issued throughout the year as part of the annual audit plan.
- Reports provided as a result of advice / consultancy work undertaken by the internal audit team.
- The implementation of recommendations made by internal audit linked to high risks throughout the year.
- The extent of resources available to deliver the annual internal audit plan.
- The quality and performance of the internal audit service and the extent to which it complies with the Public Sector Internal Audit Standards.
- Whether the target for delivery of the internal audit plan has been achieved.
- The results of other review bodies where appropriate.

Annual Internal Audit Option

Internal Audit Coverage and Output

Planned Audit Work

The Annual Internal Audit Plan for 2016/17 was approved by the Corporate Leadership Team in February 2016 and Audit Committee in March 2016 and 92% of the plan was delivered by the end of the year. The coverage of work, by directorate, for the audit plan completed was as follows:



In terms of completed internal audits the level of assurance issued for each review is captured in the following table. This includes the assurance statements from reviews which were also started in 2015/16 but were not finalised until 2016/17.

Annual Internal Audit Option

Assurance Statement	Reviews
Good	<ul style="list-style-type: none"> • Banking contract post implementation review • Carbon Reduction Scheme • Claremont Primary School • Council Tax and Business Rate Refunds • Bispham Endowed Primary School
Adequate	<ul style="list-style-type: none"> • Framework-I – Non-residential billing • Social Care Debt • Positive Steps into Work • Ward Budgets • Blue Badge Awards • Blackpool Equipment Services and Disabled Facilities Grant • Blackpool Museum Project • Health and Safety • Treasury Management • Adult Services Establishment Visits • Direct Payments • Children’s Services External Placements • Flood Management • Household Waste Recycling Centre • Budgetary and Financial Management • Cyber Security • Stanley Primary School • Troubled Families Compliance
Split Assurance	<ul style="list-style-type: none"> • Selective Licencing • Financial Control Assurance Testing – 2015/16 • Blackpool Housing Company • Adult Services Safeguarding Compliance • Staff Time Recording
Inadequate	<ul style="list-style-type: none"> • Catalogue Prices • Driving at Work • Beach Patrol • Children’s Services Placement Order Legal Costs • Managing Client Finances
Uncontrolled	<ul style="list-style-type: none"> • No reviews were assessed as uncontrolled.

Any high risk areas identified in the year are given a priority one recommendation which is followed up by the Chief Internal Auditor. Where there is a failure to implement such a recommendation by the due date, without any justification for not doing so, a formal process of notification to the Corporate Leadership Team and Audit Committee is in place.

Annual Internal Audit Option

A number of planned internal audits for 2016/17 have not been undertaken after discussion with management and these include:

Review	Reason for Deferral
Highfield Humanities College	<ul style="list-style-type: none">The school moved to academy status at the beginning of the financial year and therefore no longer subject to an internal audit.
The Chest and Contracts Register	<ul style="list-style-type: none">The risks initially identified as part of this software upgrade were effectively mitigated through the delivery of the developments and therefore an internal audit was no longer required.
Governance Arrangements of Boards and Panels	<ul style="list-style-type: none">An exercise was undertaken by the Director of Governance and Partnerships in the year which identified the issues and ensured that effective controls were implemented going forward.
Blackpool Operating Company	<ul style="list-style-type: none">The planned audit for 2015/16 was not undertaken until June 2016 and therefore it was not considered necessary to undertake a second audit in-year. An audit proposal has been agreed with the newly formed Audit Committee for a review to be undertaken in 2017/18.
Blackpool Entertainment Company	<ul style="list-style-type: none">An audit proposal is yet to be agreed with Blackpool Entertainment Company.

The Chief Internal Auditor does not consider these changes to the plan to have an adverse impact of the delivery of the overall opinion for the period.

There is also some planned audit work for 2016/17 which is still at draft report stage as these have yet to be discussed with management, however the Chief Internal Auditor does not consider that excluding these will have a negative impact on the overall opinion for the period. The reports included in this category include:

- Holy Family Primary School
- Financial Control Assurance Testing
- Ward Budgets
- Executive Decisions – Resources
- Positive Steps into Work
- Business Loans
- Public Health Integration with Council Services
- Public Health Measuring Outcomes from Preventative Measures
- Adolescent Hub
- Estate Management and Investment Portfolio.

Annual Internal Audit Option

Unplanned Audit Work – Advice and Consultancy

Throughout the year internal audit have been asked to provide advice and consultancy on a range of risk and control issues. The key areas where advice has been given include:

Advice	Outcome
School Transport Services	<ul style="list-style-type: none"> Recommendations were made in relation to clarifying roles and responsibilities, implementing formal procedures and improving communication.
Adult Learning Cash Handling	<ul style="list-style-type: none"> Recommendations were made in relation to strengthening cash handling controls.
Cosy Homes in Lancashire	<ul style="list-style-type: none"> Recommendations were made in relation to governance arrangements and risk management.
Illuminations	<ul style="list-style-type: none"> Recommendations were made to strengthen the client / contractor arrangements in place to deliver the Illuminations service each year.
Monitoring at Work	<ul style="list-style-type: none"> Recommendations were made for inclusion in the Monitoring at Work Guidance document prepared by Human Resources.
Use of External Consultants	<ul style="list-style-type: none"> Recommendations were made to streamline and strengthen the reporting of external consultants to Elected Members.
Use of E-bay for Asset Disposal	<ul style="list-style-type: none"> Recommendations were made in relation to the use of E-bay by the Council and schools where disposing of goods.
Financial Regulations	<ul style="list-style-type: none"> Internal audit input was sought as part of the consultation process for the revised Financial Regulations.
Retention Periods	<ul style="list-style-type: none"> Ad hoc advice has been provided throughout the year on retention periods for financial documents.
Creditor Payments	<ul style="list-style-type: none"> Advice has been provided throughout the year when concerns have been raised about the invoice payment processes or the appropriateness of goods bought.
Claims Payment Reconciliation	<ul style="list-style-type: none"> A number of recommendations were made to correct coding errors in the system and to improve the accuracy of claims reporting going forward.

The Chief Internal Auditor has also participated in a new of corporate groups and initiatives throughout the year in order to provide support and advice on a variety of risk and controls issues. These include:

- Corporate Regulation of Investigatory Powers Act (RIPA) Group

Annual Internal Audit Option

- Senior Leadership Team
- Good Governance Group
- Income and Debt Strategy Group
- Stage Three Complaints Panel
- Waste Services Group
- Recruitment System Development
- Office of Surveillance Commissions Inspection

Other Sources of Assurance

We have liaised during the year with External Audit to ensure that we avoid unnecessary duplication and use resource to the best effect.

Where shared services are in place, particularly where we host a service for Fylde Borough Council, a joint approach to internal audit is in place, which makes best use of resource and experience as the auditors from both organisations work together. Similar joint working arrangements are in place with Merlin's Internal Audit Team, who operate a number of key leisure sites across the town.

Internal audit have continued to take into account other forms of assurance received by the Council. When preparing the audit plan and when undertaking individual reviews we will assess other sources of information available to us. As an enhancement for 2017/18 steps have been taken to link the work of Internal Audit to the strategic risk register.

Risk Management

A key element in the control environment at the Council is ensuring that risk management is effectively embedded. A Risk Management Framework 2014/2017 is in place which sets out the Council's policy and objectives in relation to risk management and the framework which is to be adopted.

A number of risk management groups, at directorate and thematic level, have been established, all of which are supported by the Chief Internal Auditor or nominated staff in Risk Services. These include:

- Corporate Risk Management Group
- Central Support Services Risk Management Group
- People's Risk Management Group
- Place's Risk Management Group
- Community and Environmental Risk Management Group
- Driving at Work Risk Management Group

The key area of concern is in relation to the Property Services Risk Management Group. This has not met since February 2016 and therefore there is no forum to raise and discuss risk management issues but the Acting Head

Annual Internal Audit Option

of Property Services is now arranging a meeting. There are further concerns regarding the adequacy of the representation at various groups which will hopefully be addressed in the revised Framework document for 2017/20.

In addition to the above meetings a separate risk management group was established for the Queens Park Demolition which provided a multi-agency forum which met on a regular basis to help ensure a smooth demolition took place.

Governance Framework

A Good Governance Group was established in the year, chaired by the Director of Governance and Partnerships and supported by the Chief Internal Auditor and other Heads of Service charged with governance. The Group is leading on the production of the Annual Governance Statement and undertook a mid-year review of progress of identified actions which was reported to Audit Committee.

The Group is also raising awareness of the need for good and consistent application of the governance framework. This included two sessions at the Senior Leadership Team in the year to raise the profile and ensure that all services meet the corporate requirements.

This page is intentionally left blank

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Chief Internal Auditor
Date of Meeting	22 June 2017

RISK SERVICES QUARTER FOUR REPORT - 2016/2017

1.0 Purpose of the report:

1.1 To provide to the Audit Committee with a summary of the work completed by Risk Services in quarter four of the 2016/2017 financial year.

2.0 Recommendation(s):

2.1 To consider the findings from the Risk Services Quarterly report.

3.0 Reasons for recommendation(s):

3.1 The report covers areas relevant to the work of the Committee in terms of internal audit, corporate fraud, risk and resilience and health and safety.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None.

4.0 Council Priority:

4.1 The relevant Council Priorities are:

- “The economy: Maximising growth and opportunity across Blackpool”
- “Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

5.1 Each quarter the Chief Internal Auditor produces a report summarising the work of Risk Services and this includes the overall assurance statements for all audit reviews completed in the quarter.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 7(a) - Risk Services Quarter Four Report

6.0 Legal considerations:

6.1 All work undertaken by Risk Services is in line with relevant legislation.

7.0 Human Resources considerations:

7.1 None.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 All work has been delivered within the agreed budget for Risk Services.

10.0 Risk management considerations:

10.1 The primary role of Risk Services is to provide assurance that the Council is effectively managing its risks and provide support to all services in relation to risk and control. Risks that have been identified in the quarter are reported in the summary report.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 The Risk Services Quarterly Report was presented to the Corporate Leadership Team on the 3 May 2017.

13.0 Background papers:

13.1 None.

Risk Services Quarter Four Report 1st January to 31st March 2017

Contents	Page
1. Fourth Quarter Summary.....	2
Service Developments.....	2
2. Performance.....	3
Risk Services Performance indicators	3
Internal Audit Team performance indicators	3
Risk and Resilience Team performance indicators	3
Health and Safety.....	6
Corporate Fraud Team performance indicators	7
Corporate Fraud Team Statistics.....	8
3. Appendix A: Performance & Summary Tables for Quarter Three	9
Internal Audit reports issued in period	9
Progress with Priority 1 audit recommendations	15
The Regulation of Investigatory Powers Act 2000	15
Insurance claims data.....	15
4. Appendix B – Insurance Claim Payments by Financial Year.....	17

1. Fourth Quarter Summary

Service Developments

1.1 *Internal Audit*

There have been some staffing changes in the internal audit team with an Auditor leaving the Council. A recruitment process was undertaken and a member of staff from the Place Directorate was successful in being offered the role of Auditor and joined the team in January. One Auditor returned from maternity leave in January and the Auditor who was temporarily covering this role, has left the Council.

Internal audits that have been scoped in the quarter and/or fieldwork underway include:

- Executive Decisions – Resources
- Estate Management and Investment Portfolio
- Holy Family Primary School
- Troubled Families Compliance Testing
- Positive Steps into Work Compliance Testing
- Children’s Safeguarding Compliance
- Public Health Integration with Council Services
- Public Health Measuring Outcomes for Preventative Measures
- Business Loans

Details of the scope and final outcome for each of the above audits will be reported to Audit Committee in the Risk Services quarterly report once the fieldwork has been completed and draft report agreed.

1.2 *Corporate Fraud*

The team has been coordinating the delivery of the National Fraud Initiative 2016. Work will continue on this exercise through 2017 as there are over 2,000 recommended matches which need to be checked.

Steps have been taken to raise the profile of the Fraud Awareness Training Courses. Initially, the focus has been in Resources, Governance and Partnership and Chief Executives and it is pleasing to note an improvement in completion rates in these areas. Similar exercises are planned in quarter one with the remaining directorates and the outcome will be the identification of staff for who the training will be deemed mandatory.

Proactive anti-fraud work has continued to focus on council tax and blue badges. There has also been an increased focus on direct payment fraud and staff from the corporate fraud team and direct payment team attended a joint training session on direct payment fraud in March to identify how best to work together to prevent and detect fraud.

1.3 *Risk and Resilience*

The team has undertaken reconciliation between the Council’s claims handling system and financial system, a process which identified a number of errors which have now been corrected. Regular meetings have been held with Legal Services who are responsible for the claims handling to agree new processes going forward to reduce the risk of future errors. This will help ensure that the Council’s insurers can have confidence in the claims data presented.

The Council’s insurance arrangements have been renewed with effect from the 1st April 2017. Considerable work was required to complete the renewal questionnaires given the increased need for disclosure as a result on the Insurance Act 2015, which came into force 12th August 2016. Terms have been agreed on the same basis as the previous year.

Blackpool Council: Risk Services

A number of business continuity plans have now been transferred to the new template which links the plans to the Major Emergency Plan, with other plans been amended as and when they expire. A number of Business Continuity training sessions have also been arranged by the team for May and June. It is hoped that these will further enhance plan holders skills when writing plans.

1.4 *Health and Safety*

The team has issued a number of staff briefing notes in the quarter including the importance of exit interviews and accident reporting for health and safety matters.

The health and safety training programme for 2017/18 has been put in place with the Organisation and Workforce Development Team. The staff in the health and safety team deliver the vast majority of the training themselves in order to reduce costs and ensure that the quality of training is consistent with the health and safety management arrangements set by the Council. The team has also prepared an iPool course relating to control of substances that are hazardous to health (COSHH) and this is currently with the Organisation and Workforce Development Team for implementation.

The team continues to provide external work to a number of organisations including Fylde Borough Council, schools and academies and arrangements are in the process of being finalised for 2017/18 which generate an income to support the team.

2. Performance

Risk Services Performance indicators

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Professional and technical qualification as a percentage of the total.	85%	74%

Internal Audit Team performance indicators

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Percentage audit plan completed (annual target).	90%	92%
Percentage draft reports issued within deadline.	96%	87%
Percentage audit work within resource budget.	92%	86%
Percentage of positive satisfaction surveys.	85%	88%
Percentage compliance with quality standards for audit reviews.	85%	87%

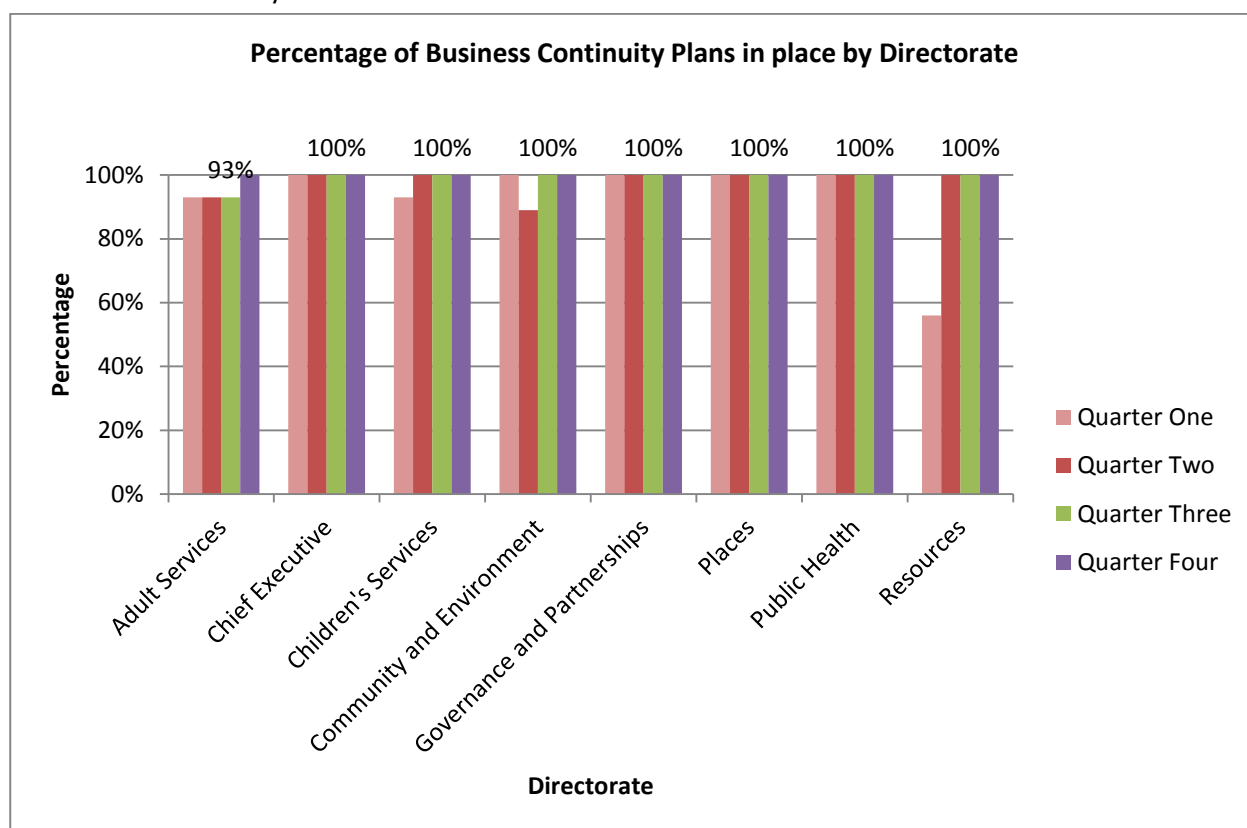
Risk and Resilience Team performance indicators

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Percentage of Council service business continuity plans up to date.	90%	100%

Blackpool Council: Risk Services

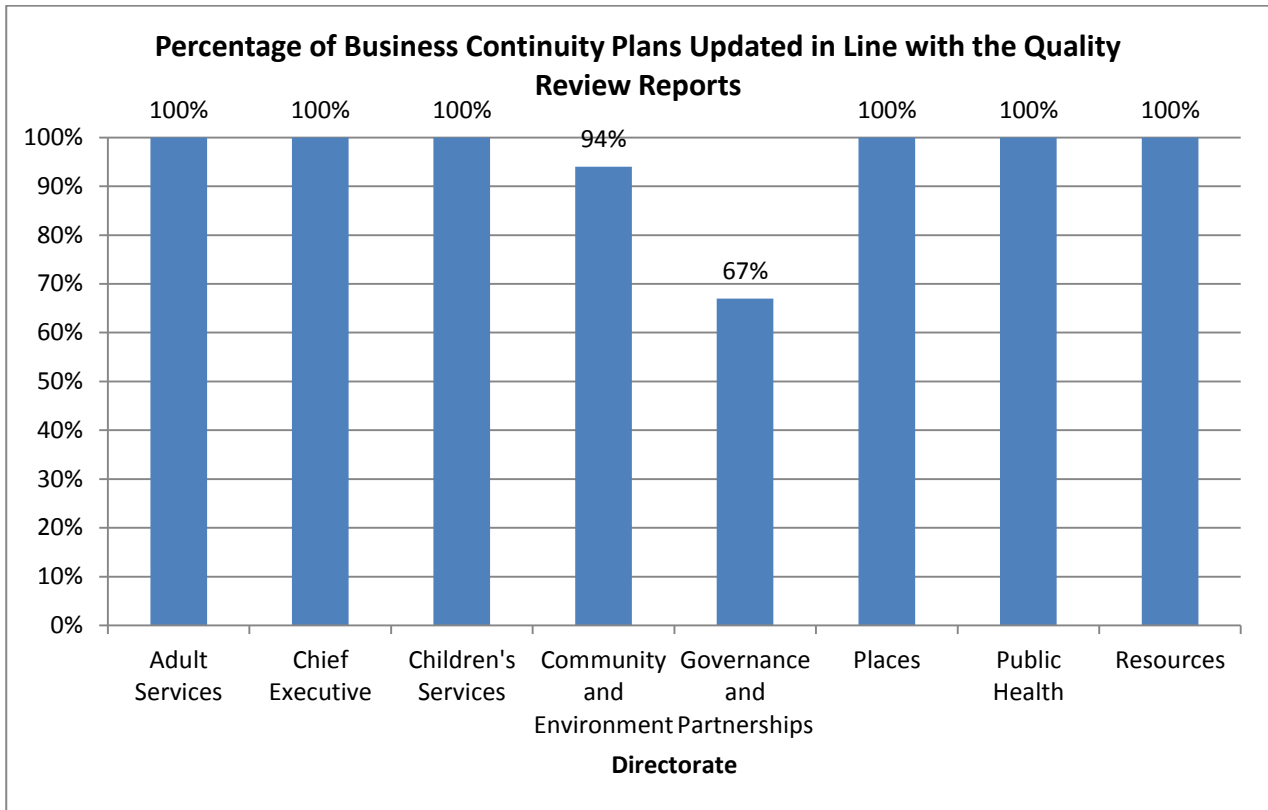
Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Percentage of risk registers revised and up to date at the end of the quarter.	90%	96%
Number of risk and resilience training and exercise sessions held (annual target).	6	4
Number of trained Emergency Response Group Volunteers (for monitoring purposes only – responsibility lies with Adult Social Care)	60	50
Percentage of property risk audit programme completed (annual target).	90%	100%

In support of the 100% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate:



All business continuity plans have been quality reviewed by the Risk and Resilience Team and a report issued to the Risk Champion highlighting improvements which are required. The below chart shows the percentage per directorate of those services who have complied with the quality check requirements:

Blackpool Council: Risk Services

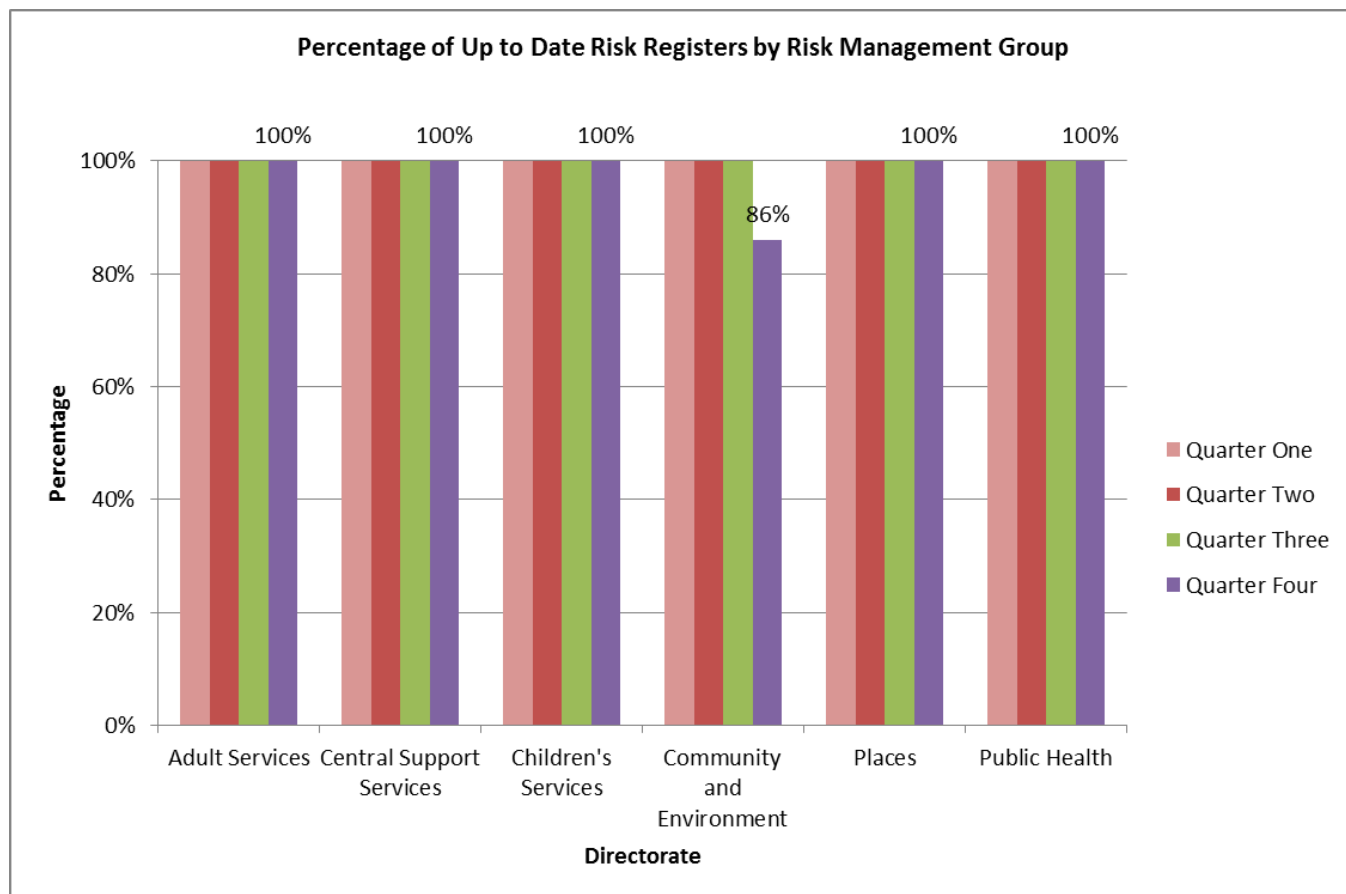


The services that have yet to update their plans include:

Directorate	Plan does not meet Quality Requirements
Community and Environmental	<ul style="list-style-type: none"> • Highways
Governance and Partnerships	<ul style="list-style-type: none"> • Legal Services

In support of the 96% of risk registers revised and up to date by the end of the quarter the following graph shows a breakdown by risk management group:

Blackpool Council: Risk Services



The services that have yet to update their risk registers include:

Directorate	Plan does not meet Quality Requirements
Community and Environmental	<ul style="list-style-type: none"> • CVMU • Parks

Health and Safety

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
RIDDOR Reportable Accidents for Employees	0	7
Training Delivered to quarterly plan	100%	100%

In relation to the RIDDOR cases which have occurred in the year two of these related to potential hand arm vibration matters and the remaining five were due to an employee having an accident whilst at work and being absent for 7 days or more after the incident.

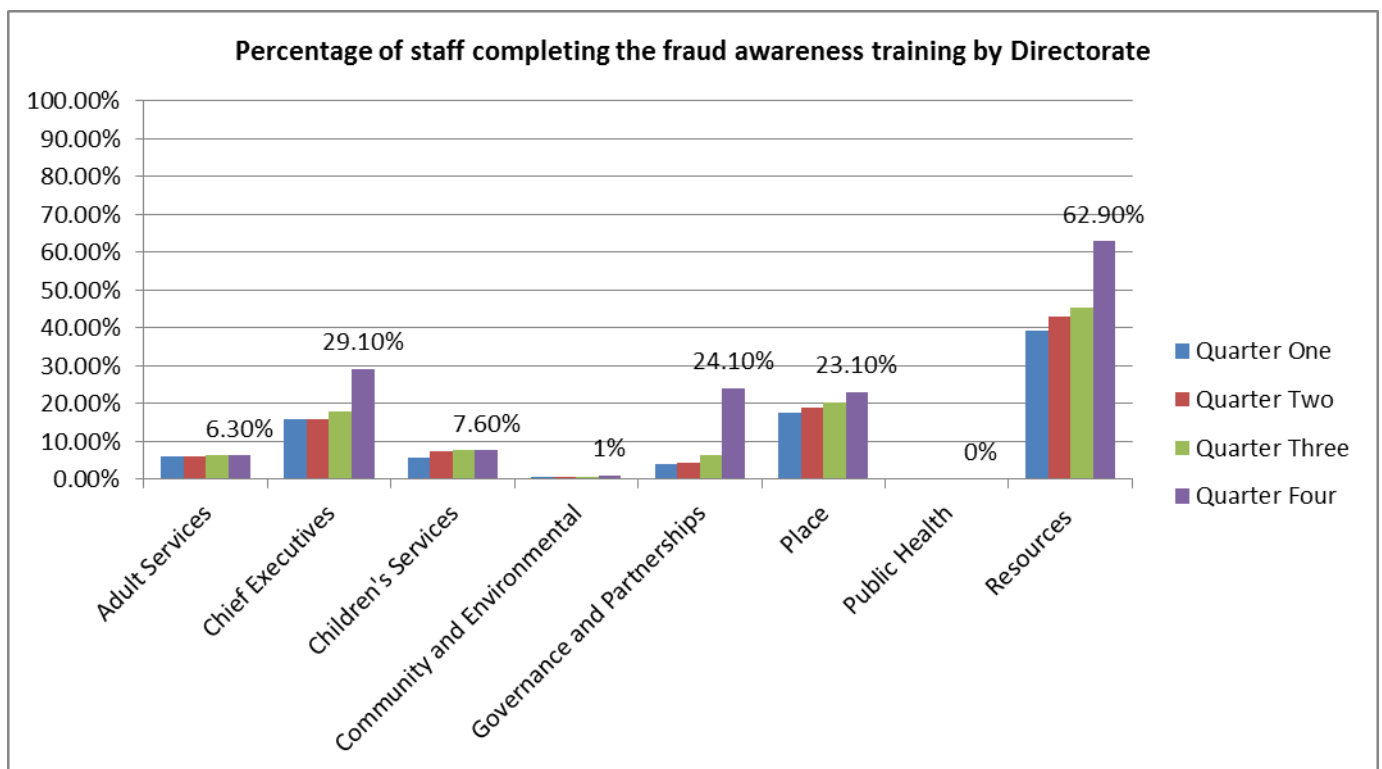
Blackpool Council: Risk Services

Corporate Fraud Team performance indicators

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
% of overall Council employees completed i-pool fraud awareness course.	50%	12.98%

The completion of the fraud awareness course is not yet mandatory and it is being promoted through staff newsletters, the Hub and the Senior Leadership Team. Steps are being taken to identify those staff that the course is mandatory for and the figures will be measured against this in 2017/18.

The graph below shows completion rate by directorate:



Blackpool Council: Risk Services

Corporate Fraud Team Statistics

CORPORATE FRAUD STATISTICS - 2016/2017 (QUARTER 3 CUMULATIVE TOTALS)	Number of Cases Brought Forward	Total Number of Referrals Received	Case Closures		Total Value of Fraud Proven / Error Identified	Action Taken on Closed Cases					Number of Cases Currently Under Investigation
			Fraud/Error Proven	No Fraud/Error Identified		No Further Action	Recommendation	Disciplinary	Administrative Penalty	Prosecution	
Type of Fraud											
Council Tax - Single Person Discount	2	59	16	24	£3,200.79	24	15	1	0	0	21
Council Tax Reduction (CTR)	2	49	5	29	£6,113.59	29	5	0	0	0	17
Business Rates	0	0	0	0	£ -	0	0	0	0	0	0
Procurement	1	4	0	4	£ -	4	0	0	0	0	1
Fraudulent Insurance Claims	22	50	4	44	£32,500.00	48	0	0	0	0	24
Social Care	1	1	0	0	£ -	0	0	0	0	0	2
Economic & Third Sector Support	0	0	0	0	£ -	0	0	0	0	0	0
Debt	0	0	0	0	£ -	0	0	0	0	0	0
Pension	0	0	0	0	£ -	0	0	0	0	0	0
Investment	0	0	0	0	£ -	0	0	0	0	0	0
Payroll & Employee Contract Fulfilment	0	1	0	0	£-	0	0	0	0	0	1
Expenses	0	0	0	0	£ -	0	0	0	0	0	0
Abuse of Position - Financial Gain	2	2	0	2	£-	2	0	0	0	0	2
Abuse of Position - Manipulation of Financial or Non-Financial Data	1	3	0	4	£ -	3	1	0	0	0	0
Fraudulent Cashing of Housing Benefit Cheque	0	0	0	0	£ -	0	0	0	0	0	0
Disabled parking concessions	0	2	0	1	£ -	1	0	0	0	0	1
National Fraud Initiative 2016/2017 (recommended matches)	0	2,384	30	286	£ -	286	30	0	0	0	2068
Totals:	31	2,555	55	394	£41,814.38	397	51	1	0	0	2,137

3. **Appendix A: Performance & Summary Tables for Quarter Three**

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement
Adult Services	Blackpool Equipment Services and Disabled Facilities Grant	<p><u>Scope</u></p> <p>This audit was jointly commissioned by Blackpool Council and Blackpool Coastal Housing and was a change to both audit plans to reflect a risk identified in year. The scope of this audit was to review:</p> <ul style="list-style-type: none"> • The policies and procedures recently put in place by Blackpool Equipment Services (BES) following the review by NHS Midlands and Lancashire Commissioning Support Unit and other weaknesses identified internally. This included whether updated policies and procedures are fit for purpose and fraud proof, including the defect procedure; • The controls put in place in relation to the BES Transforming Community Equipment Services (TCES) ordering system; <p>In addition we reviewed the following areas for both BES and the Disabled Facilities Grant (DFG):</p> <ul style="list-style-type: none"> • The contract monitoring arrangements in place with BES and the DFG suppliers and whether these are robust; • The process for inspection and maintenance of equipment and the reporting of faults; • The asset registers to ensure that they are complete and accurate; and • The invoice reconciliation procedures and the coding of supplier invoices. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place for Blackpool Equipment Services and Disabled Facilities Grant are adequate. We understand there have been significant concerns over the controls previously in place, however, we are satisfied that most risks have now been addressed. There are however some further minor control improvements required.</p> <p>Our testing revealed a satisfactory level of compliance with the controls.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Children's Services	Framework-i for Foster Payments	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Service resilience including breadth of operational knowledge and whether process documentation is sufficiently robust, • The extent to which the Framework-i system is fully utilised in relation to fostering payments, • The extent to which transition arrangements for fostering payments are appropriately set up to allow a smooth migration to the Mosaic system, • The options available for sending remittance information in relation to foster payments. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are adequate, with some risks identified and assessed and some changes necessary. There are several different parties involved in the process which provides for various checks and segregation of duties. However the processing system requires rationalisation to remove manual records which are being maintained outside of Framework-i. The operation of controls requires clarification as checks could be performed more effectively and efficiently through the Framework-i system. Framework-i could be used to enforce key steps and exception reports could be used to monitor changes and unusual transactions.</p>
Children's Services	Stanley Primary School	<p><u>Scope</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are adequate with some risks identified and assessed, several changes necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Children's Services	Bispham Endowed Primary School	<p><u>Scope</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are good with most risks identified and assessed, with only minor control improvement required. Our testing revealed minor lapses in compliance with the controls.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Place	Blackpool Museum Project	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Whether the Blackpool Museum governance and project management arrangements are robust; • Whether there are adequate plans in place to identify other sources of funding for the Blackpool Museum project; • The adequacy of the process for preparing for an application to be submitted to the Heritage Lottery Fund for Heritage Grant round two funding; • Whether the wider Council support, enabling mechanisms and structures are consistently in place to deliver this highly complex project effectively and efficiently to ensure the best chances of success; and • Whether there is greater potential to ensure and enhance best value from this project by more effective use of in-house knowledge, expertise and resources council-wide. <p><u>Overall Opinion and Assurance Statement</u></p> <p>The delivery of the Blackpool Museum is a key project identified in the Council Plan 2015-2020. There are areas of good practice identified throughout the Project, including effective consultation and raising the profile of the project. We consider overall that the current controls in place at this stage of the Museum Project are now adequate, whilst it remains important that preparations for the future development of the Project continue to be closely monitored to ensure that the requirements of the Project delivery phase when this is progressed are met and that any continuing uncertainties are addressed.</p> <p>Whilst there is still a potential funding gap of c£10 million for the delivery phase, there are also several significant potential sources of additional funding that could be secured to close the gap and the Director of Resources has confirmed that the Council will consider underwriting any remaining shortfall in order to extend the fundraising timeframe if necessary.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Resources	Health and Safety	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • The effectiveness of overall Health and Safety management systems; • Accident and incident investigation and evidence capture; • Policies and arrangements to manage risk relating to Musculoskeletal Disorders; • Policies and arrangements to manage risk relating to prevention of slips, trips and falls; • The effectiveness of tools available to Council managers and staff for managing or coping with work related pressures; • Policies and arrangements to manage risk relating to workplace transport. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place in respect of Health and Safety management are adequate, with some risks identified and assessed and several changes necessary.</p> <p>The risk that the Council’s Elected Members and Corporate Leadership Team may not be fully aware of their role and responsibilities to ensure effective leadership of Health and Safety and the penalties which can be imposed where failures occur needs to continue to be addressed.</p>
Resources	Treasury Management	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Governance arrangements established to determine suitable investment opportunities, while minimising the financial risk to the Council, including the establishment and approval of the Treasury Management Strategy and Medium Term Financial Sustainability Strategy; • Operational controls designed to safeguard the Council’s funds, including the process for transferring money and; • The level of Prudential Borrowing and how it is managed by the Council including review of a sample of two projects involving such borrowing. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place in respect of Treasury Management are adequate, with some risks identified and assessed and several changes necessary.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Resources	Managing Client Finances	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Progress made to address the findings and implement recommendations which were agreed following the previous audit and advice work in this business area. The previous audit was Managing Client Finances (November 2013) and the advice work was Client Finances Banking (August 2015); • Policy, procedures and guidance to support staff to assess whether these enable effective and efficient management of Client Finances; • The Client Finances action plan with a view to evaluating whether the actions included should address any gaps or weaknesses in controls. <p><u>Overall Opinion and Assurance Statement</u></p> <p>There are several different parties involved in the process which provides for various checks and segregation of duties and a generally effective system of internal control. An OPG assurance visit was completed in October 2016 and they were very satisfied that the Council showed comprehensive understanding of the Standards required, which they also met.</p> <p>However, there is a need to introduce an effective system which will bring forward client case files for follow up and ensure that cases requiring action do not become stalled at any point in the management process. Also appropriate security protection to ensure that sensitive information such as Debit Card Details, PIN Numbers and Security Codes are suitably protected and a plan of onsite client financial reviews should be established.</p> <p>We therefore consider that the controls in place overall are currently inadequate, with some risks identified and assessed and some changes necessary.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Resources	Cyber Security	<p><u>Scope</u></p> <p>The scope of our audit was to assess the Council’s attitude to risk in relation to cyber security, including relationships with key partners in relation to data sharing, and whether this is consistent with the level of current and planned measures to pre-empt and address cyber security threats.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place for cyber security are adequate, with some risks identified and assessed and several changes necessary. The Council has a range of security measures in place and has the required compliance certificates. However, the cyber risks faced by the Council continue to evolve and therefore it is important to ensure that this strategic risk continues to be effectively managed to help control emerging threats. Further work is also required to identify and address cyber security risks in relation to key partners.</p>
Resources	Council Tax and Business Rates Refunds	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Appropriate controls are in place to ensure that refunds of Council Tax and Business rates are being issued correctly. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are good, as most risks are identified and assessed, and only minor control improvements are required.</p>

Progress with Priority 1 audit recommendations

Good progress is currently being made on implementing priority one recommendations. A full review will be undertaken in April when a number of priority one recommendations will become due for follow-up and this will be reported in the next quarterly report.

The Regulation of Investigatory Powers Act 2000

In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between January and March 2017 the Council authorised no RIPAs.

Insurance claims data

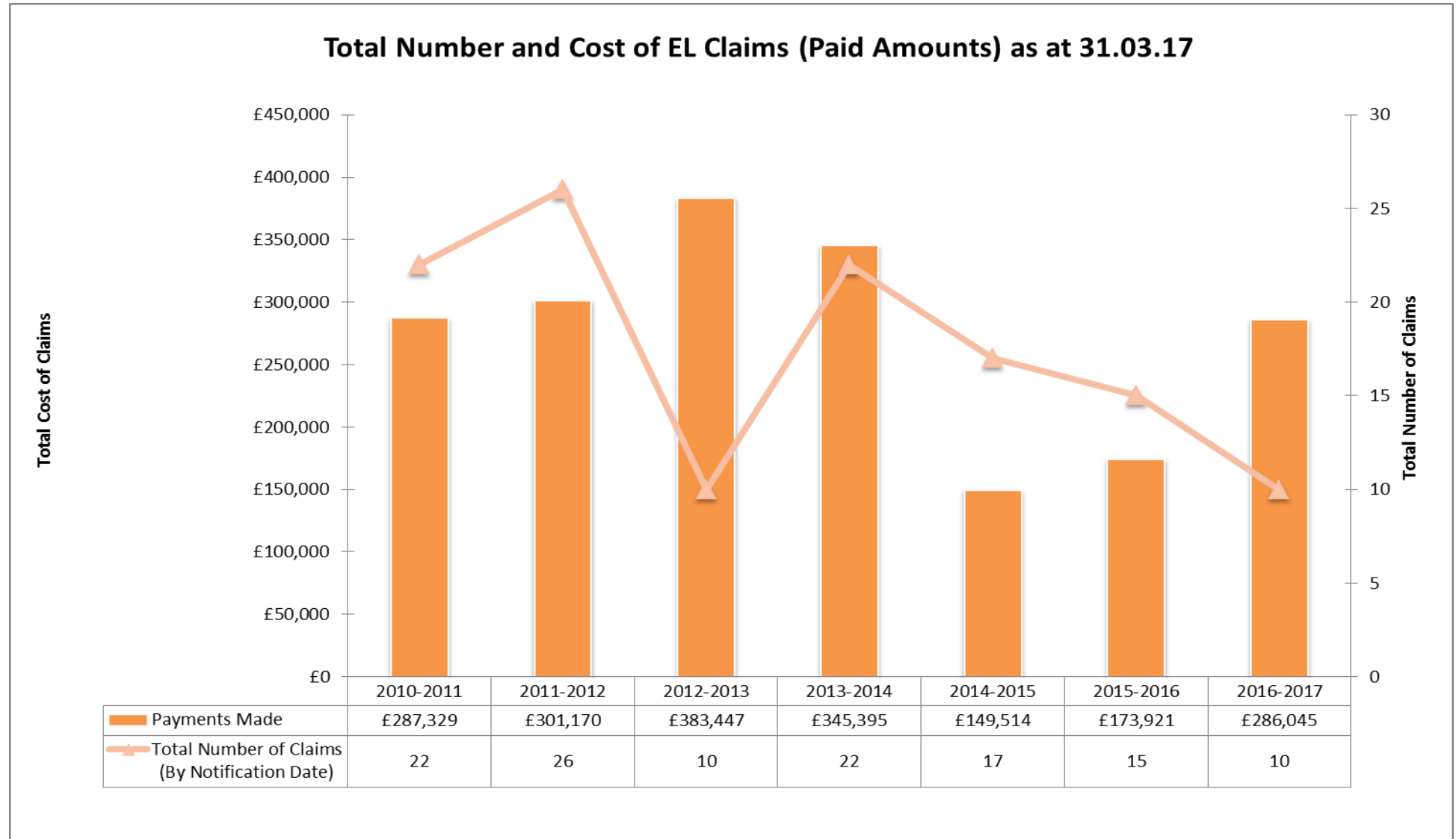
The graphs at **Appendix B** show the cost of claims paid to date each financial year by the Council. Significant progress has been made in reducing highways claims in the year. One of the key risk areas is in relation to

Blackpool Council: Risk Services

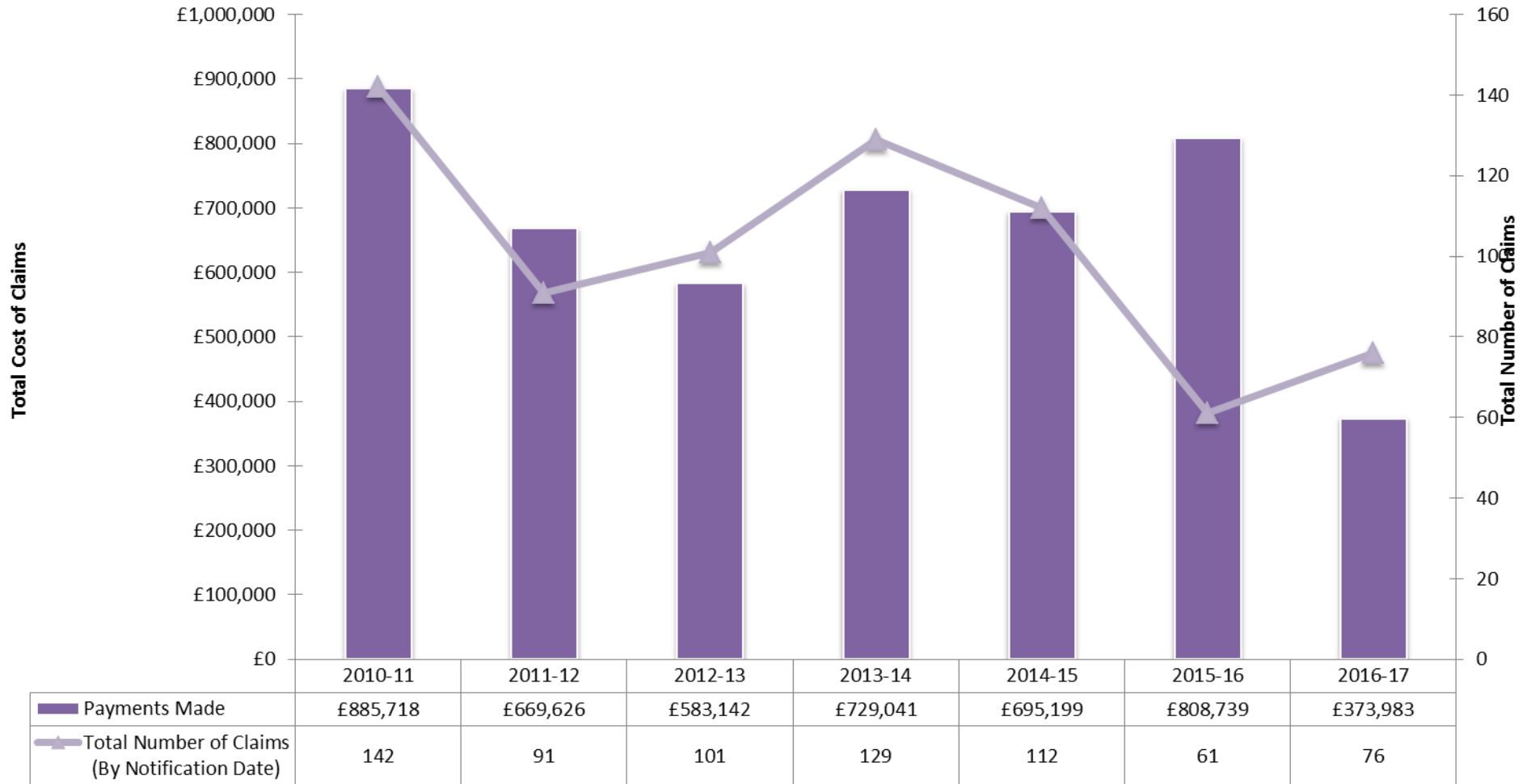
sensitive / abuse allegations in the public liability category where there has been a significant increase in the number of notifications being received. A considerable amount of work may be required by specialist solicitors prior to a claim being received (if at all) and the cost of this will be borne by the service rather than the self-insurance provisions.

As with all liability claims a claimant has a number of years in which to submit a claim and there are also a number of claims which have not yet been settled or repudiated and therefore costs will fluctuate until such time a claim has been closed.

4. Appendix B – Insurance Claim Payments by Financial Year

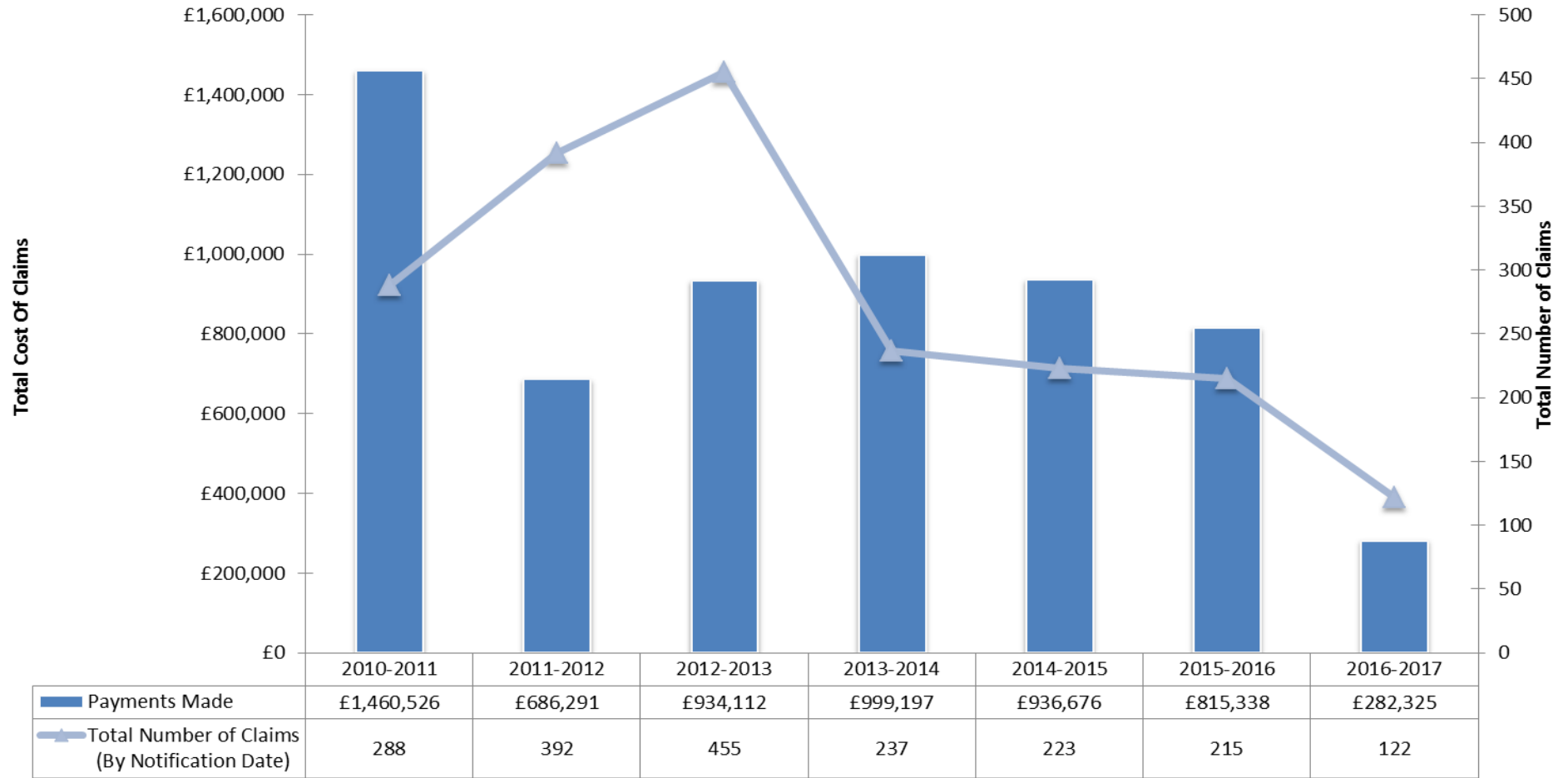


Total Number and Cost of PL Claims (Paid) as at 31.03.17



Blackpool Council: Risk Services

Total Number and Cost of PLH Claims (Paid) as at 31.03.17



This page is intentionally left blank

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh – Chief Internal Auditor
Date of Meeting	22 June 2017

AUDIT COMMITTEE SELF-EVALUATION

1.0 Purpose of the report:

- 1.1 To consider the feedback from the self-evaluation exercise undertaken by the Audit Committee and senior officers who engage with the Committee on a regular basis and to approve the training plan.

2.0 Recommendation(s):

- 2.1 To consider the outcome of the self-evaluation exercise and approve the training programme.

3.0 Reasons for recommendation(s):

- 3.1 To develop the effectiveness of the Audit Committee.

- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

- 3.2b Is the recommendation in accordance with the Council's approved budget? Yes

- 3.3 Other alternative options to be considered.
None.

4.0 Council Priority:

- 4.1 The relevant Council Priorities are:

- “The economy: Maximising growth and opportunity across Blackpool”
- “Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

5.1 Elected Member Feedback

5.2 Members of the Audit Committee were invited to complete a self-evaluation checklist to help measure the effectiveness of the Committee. Six Members responded and completed a self-evaluation checklist which was based on the CIPFA Guidance for Audit Committees (2013).

5.3 The self-assessment checklist asked members to consider a number of questions in relation to the following topics:

- Audit Committee Purpose and Governance
- Functions of the Committee
- Membership and Support
- Effectiveness of the Committee

5.4 The results of the completed self-evaluation, along with the results from when the exercise was completed twelve months prior can be seen in the following table. An indication of the direction of travel has also been provided:

Ref	Good Practice Questions	June 2017			June 2016			DoT
		Yes	Partly	No/ Not Sure	Yes	Partly	No	
<i>Audit Committee Purpose and Governance</i>								
1	Does the authority have a dedicated Audit Committee?	100 %	-	-	100 %	-	-	✓
2	Does the Audit Committee report directly to full Council?	100 %	-	-	50%	25%	25%	✓
3	Do the terms of reference clearly set out the purpose of the Committee in accordance with CIPFA's Position Statement?	100 %	-	-	100 %	-	-	✓
4	Is the role and purpose of the Audit Committee understood and accepted across the authority?	50%	33%	17%	25%	75%	0%	✓
5	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	100 %	-	-	100 %	-	-	✓

6	Are the arrangements to hold the Committee to account for its performance operating satisfactorily?	83%	17%	-	50%	50%	-	✓
Functions of the Committee								
7	Does the Committee's term of reference explicitly address all the core areas identified in CIPFA's position statement?							
	• Good governance	83%	-	17 %	100%	-	-	✗
	• Assurance framework	83%	-	17 %	75%	25%	-	✓
	• Internal audit	83%	-	17 %	100%	-	-	✗
	• External audit	83%	-	17 %	100%	-	-	✗
	• Financial reporting	67%	17%	17 %	100%	-	-	✗
	• Risk management	83%	-	17 %	75%	25%	-	✓
	• Value for money or best value	67%	17%	17 %	50%	50%	-	✓
	• Counter-fraud and corruption	67%	17%	17 %	100%	-	-	✗
8	Is an annual evaluation undertaken to assess whether the Committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	100 %	-	-	75%	25%	0%	✓
9	Has the Audit Committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the Committee to undertake them?	67%	17%	17 %	25%	75%	-	✓
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	67%	-	33 %	100%	-	-	✗

11	Has the Committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	100 %	-	-	75%	25%	-	✓
Membership and Support								
12	Has an effective Audit Committee structure and composition to the committee been selected? This should include: <ul style="list-style-type: none"> • Separation from the Executive • An appropriate mix of knowledge and skills among the membership • A size of Committee that is not unwieldy • Where independent members are used, that they have been appointed using an appropriate process 	67%	33%	-	100%	-	-	✗
13	Does the Chair of the Committee have appropriate knowledge and skills?	100 %	-	-	100%	-	-	✓
14	Are arrangements in place to support the Committee with briefings and training?	100 %	-	-	100%	-	-	✓
15	Has the membership of the Committee been assessed against the core knowledge and skills framework and found to be satisfactory?	40%	20%	40 %	0%	100 %	0%	✓
16	Does the Committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	80%	20%	-	75%	25%	0%	✓

17	Is adequate secretariat and administrative support to the Committee provided?	100 %	-	-	100%	0%	0%	✓
<i>Effectiveness of the Committee</i>								
18	Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?	60%	-	40 %	25%	75%	0%	✓
19	Has the Committee evaluated whether and how it is adding value to the organisation?	60%	20%	20 %	50%	25%	25 %	✓
20	Does the Committee have an action plan to improve any areas of weakness?	80%	-	20 %	50%	25%	25 %	✓

Officer Feedback

- 5.5 A number of Officers who engage with the Audit Committee were also asked to undertake an evaluation of the Committee based on their experiences. A number of questions were asked, based on the CIPFA Guidance on Audit Committees (2013) and officers were also asked to provide any comments or suggestions as to potential improvements going forward. Five responses were received in total.
- 5.6 The results of the completed self-evaluation, along with the results from when the exercise was completed twelve months prior can be seen in the following table. An indication of the direction of travel has also been provided:

Ref	Good Practice Questions	June 2017			June 2016			DoT
		Yes	Partly	No	Yes	Partly	No	
1	Is the role and purpose of the Audit Committee understood and accepted across the authority?	40%	60%	-	71%	29%	-	✗
2	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	100%	-	-	100 %	-	-	✓

3	Are the arrangements to hold the Committee to account for its performance operating satisfactorily?	60%	40%	-	43%	43%	14%	✓
4	Has the Committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	80%	20%	-	100%	-	-	✗
5	Does the Chair of the Committee have the appropriate knowledge and skills?	100%	-	-	100%	-	-	✓
6	Does the Committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	80%	20%	-	100%	-	-	✗
7	Do you consider that the Audit Committee performs well and achieves its core function?	100%	-	-	100%	-	-	✓
8	Do you believe that the Audit Committee adds value to the organisation?	100%	-	-	85%	15%	-	✓
9	Do you find members of the committee approachable?	80%	20%	-	100%	-	-	✗
10	Do you feel that the committee offers the appropriate level of challenge?	60%	40%	-	57%	43%	-	✓

Comments

5.7 Role and Purpose of Committee

- The role and purpose are understood well by the Committee, most other Members and senior management across the authority. However, as seniority of officers decreases the understanding of the role of Audit Committee decreases.
- The Chair of the Committee and some Members know the key aspects of how the Committee plays its role in affecting good governance.
- Most of the time the Committee focuses on its key role but sometimes, for example community engagement, it strays into looking at service areas rather than seeking the assurances required.

5.8 Committee Performance

- The annual report to Council is a good avenue to highlight the good work of the Committee but there has not been a lot of holding to account by this process.

5.9 Challenge

- The level of challenge offered by the Committee has continued to improve throughout the year. However, there are significant differences between the level of challenge posed by the various Members of the Committee, although this is improving.
- The key is to encourage the right kind of challenge, such as spotting key issues rather than minutiae and not focusing on personal areas of interest.

6.0 Training Programme 2017/2018

To continue to develop the skills and knowledge of Committee Members the following training programme is proposed for 2017/2018:

Date	Topic	Time	Presenter
22 June 2017	Audit Committee Induction / Terms of Reference	5pm to 5.45pm	Director of Governance and Partnerships / Chief Internal Auditor
14 September 2017	Statement of Accounts	4.45pm to 5.45pm	Director of Resources / Chief Accountant
16 November 2017	Cyber Security	5pm to 5.45pm	Head of ICT
18 January 2018	Fraud Awareness	5pm to 5.45pm	Chief Internal Auditor / Corporate Fraud Officer

15 March 2018	Conducting the External Audit	5pm to 5.45pm	KPMG
3 May 2018	Data Protection / Breaches	5pm to 5.45pm	Information Governance Manager

Does the information submitted include any exempt information?

No

List of Appendices:

None

6.0 Legal considerations:

6.1 The purpose of the self-evaluation is to help ensure that members of the Committee effectively fulfil their responsibilities as members of the Audit Committee.

7.0 Human Resources considerations:

7.1 Members of the Committee may wish to complete the CIPFA Guidance on Audit Committees (2013) evaluation titled Audit Committee Members – Knowledge and Skills Framework. This may identify additional training and development needs which could potentially be provided internally, or where budget allows, at external events.

8.0 Equalities considerations:

8.1 All members of the Committee have the same access to training available.

9.0 Financial considerations:

9.1 It is anticipated that the training programme for Committee members will be delivered within existing Council budgets.

10.0 Risk management considerations:

10.1 The Audit Committee has a key role in the governance of the Council and therefore it is important that it engages in the development and delivery of an improvement plan to ensure that it can effectively manage risk.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 Consultation has taken place with Chief Officers and Committee Chair.

13.0 Background papers:

13.1 CIPFA Audit Committee Guidance (2013).

This page is intentionally left blank

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Chief Internal Auditor
Date of Meeting	22 June 2017

INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2017/2018

1.0 Purpose of the report:

1.1 To consider the Quality Assurance and Improvement Programme to be implemented for the internal audit team and approved by senior management and the Audit Committee, as required by the Public Sector Internal Audit Standards.

2.0 Recommendation(s):

2.1 To consider and approve the Quality Assurance and Improvement Programme for the internal audit service for 2017/2018.

3.0 Reasons for recommendation(s):

3.1 The completion of a Quality Assurance and Improvement Programme is a requirement of the Public Sector Internal Audit Standards.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None.

4.0 Council Priority:

4.1 The relevant Council Priorities are:

- “The economy: Maximising growth and opportunity across Blackpool”
- “Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

5.1 Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to stakeholders of internal audit that the service:

- Performs its work in accordance with its Charter which conforms to the requirements of the Public Sector Internal Audit Standards (PSIAS);
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and improving operations.

5.2 Internal Audit's QAIP covers all aspects of the Internal Audit Service in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:

- Monitoring the internal audit activity to ensure it operates in an effective and efficient manner;
- Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics;
- Helping the Internal Audit service add value and improve organisational operations.
- Undertaking both periodic and on-going internal assessments.
- Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit Committee and Corporate Leadership Team in accordance with the Standards.

5.3 The Chief Internal Auditor is ultimately responsible for the QAIP, which covers all types of internal audit activity, including advice and consulting.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 9(a): Quality Assurance and Improvement Programme
2017/2018

6.0 Legal considerations:

6.1 All work undertaken by Risk Services is in line with relevant legislation and professional standards.

7.0 Human Resources considerations:

7.1 All members of the internal audit team are involved in the development of the improvement programme and delivering the identified outcomes. Provision is made available in the audit plan to ensure that team members have the capacity to be involved.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

9.1 All identified improvement actions will be delivered within the allocated budget for the service.

10.0 Risk management considerations:

10.1 An external assessment of the Council's internal audit confirmed that the team conforms with the Public Sector Internal Audit Standards. Therefore, it is not considered that any of the improvement actions are high risk but are targeted at further strengthening the service delivered.

11.0 Ethical considerations:

11.1 All staff in the internal audit service adhere to the Code of Ethics as set out in the Public Sector Internal Audit Standards.

12.0 Internal/ External Consultation undertaken:

12.1 Members of the internal audit team attended a service improvement day in February 2017 to contribute to the development of the document and consider the findings from the external assessment of the service. The Quality Assurance and Improvement Programme was approved by the Corporate Leadership Team on 3 May 2017.

13.0 Background papers:

13.1 None.

This page is intentionally left blank

Internal Audit Quality Assurance and Improvement Programme 2017/18



Quality Assurance and Improvement Programme 2017-18

Introduction

Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to stakeholders of internal audit that the service:

- Performs its work in accordance with its Charter which conforms to the requirements of the Public Sector Internal Audit Standards (PSIAS);
- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and improving operations.

Internal Audit's QAIP covers all aspects of the Internal Audit Service in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:

- Monitoring the internal audit activity to ensure it operates in an effective and efficient manner;
- Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics;
- Helping the Internal Audit service add value and improve organisational operations.
- Undertaking both periodic and on-going internal assessments.
- Commissioning an external assessment at least once every five years, the results of which are communicated to the Audit Committee and Corporate Leadership Team in accordance with the Standards.

The Chief Internal Auditor is ultimately responsible for the QAIP, which covers all types of internal audit activity, including advice and consulting.

Internal Assessments

In accordance with PSIAS Standard 1300, internal assessments are undertaken through both on-going and periodic reviews.

On-Going Reviews

Continual assessments are conducted through:

- Management supervision of all audit activities and structured, documented review of all working papers.
- Audit quality procedures used for each engagement to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards.
- Review of all draft and final reports by the Audit Manager and Chief Internal Auditor before they are issued.
- Feedback from audit clients obtained through customer satisfaction surveys which are issued at the end of every audit.
- Monthly one to ones between the Chief Internal Auditor and Audit Manager, and the Audit Manager and Audit team.
- Monthly team meetings.

Quality Assurance and Improvement Programme 2017-18

Internal Audit Performance Management

In order to monitor the performance of the internal audit team year on year, an agreed suite of performance indicators are in place. Progress against the performance indicators are reported to the Corporate Leadership Team and Audit Committee each quarter. The suite of indicators includes:

- Percentage of annual audit plan completed;
- Percentage draft reports issued within deadline;
- Percentage audit work within resource budget;
- Percentage of positive satisfaction surveys;
- Percentage compliance with quality standards for audit reviews.

Details of performance against the targets for a three year period are illustrated below:

	2014/2015		2015/2016		2016/17	
	Target	Actual	Target	Actual	Target	Actual
Audit plan completed	90%	91%	90%	89%	90%	92%
Draft reports delivered in deadline	96%	97%	96%	97%	96%	87%
Audit work completed in budget	92%	90%	92%	91%	92%	86%
Positive satisfaction surveys	85%	82%	85%	88%	85%	88%
Compliance with quality standards	85%	84%	85%	87%	85%	87%

Whilst the stretched performance targets are not always achieved, variances are minimal and therefore are not cause for significant concern. The internal audit team will continue to strive to achieve all of their performance targets in future years.

In addition to receiving a score in relation to customer satisfaction surveys sometimes comments are also included. These can be both supportive of the work of the auditors or identify lessons for improvement and these are captured below:

Positive Feedback	Areas to Improve
<ul style="list-style-type: none"> ▪ Having never prepared for an audit myself, I found the auditor to be helpful and communicative especially before the actual visit. 	<ul style="list-style-type: none"> ▪ With regard to 'no surprises' it would be helpful to know if Priority 1 issues are likely to be made before the report is issued. Effective communication on findings only seems to have occurred where the findings were less significant which is a bit bizarre.
<ul style="list-style-type: none"> ▪ The auditor was thorough but personable throughout. 	<ul style="list-style-type: none"> ▪ Whilst it was beyond the control of audit management, the review was late because of staff

Quality Assurance and Improvement Programme 2017-18

Positive Feedback	Areas to Improve
	sickness and didn't make the planned Committee meeting.
<ul style="list-style-type: none"> All relevant shortcomings were identified and addressed in a positive manner. 	<ul style="list-style-type: none"> More positive points would be good considering all the hard work that is undertaken by the service.
<ul style="list-style-type: none"> The audit re-enforced the view that the financial administration process around payment and processing requires continuous review and monitoring. 	<ul style="list-style-type: none"> The report did not focus on the primary scope of the audit therefore the key element seemed to be diluted.
<ul style="list-style-type: none"> The audit was thorough and there was good communication and informal feedback prior to the final report. 	<ul style="list-style-type: none"> There was a lack of understanding about a particular issue, which continued through to the draft report, although the auditor was provided with information which countered the argument being made.
<ul style="list-style-type: none"> First class service as always, thanks very much. 	
<ul style="list-style-type: none"> A much better outcome than I was expecting and a very useful and relevant report. 	
<ul style="list-style-type: none"> The auditor was very knowledgeable and remained professional at all times. 	
<ul style="list-style-type: none"> The auditor was professional and the report was readable and offered some useful points we can take forward. 	
<ul style="list-style-type: none"> The audit was conducted in a professional and timely manner. 	

Periodic Reviews

Periodic assessments are designed to assess conformance with Internal Audit's Charter, the PSIAS Definition of Internal Auditing, the Code of Ethics and the efficiency and effectiveness of the Internal Audit function in meeting the needs of its various stakeholders. Periodic assessments are conducted through:

- An annual risk assessment of the Audit Universe for the purpose of audit planning.
- Annual review of compliance against the requirements of the QAIP, undertaken by the Chief Internal Auditor, the results of which are reported to the Corporate Leadership Team and Audit Committee.
- Annual internal audit service improvement day.
- Compliance with the Individual Performance Appraisal process which sees a full annual and a six monthly assessment of auditor team performance.

Quality Assurance and Improvement Programme 2017-18

- Periodic benchmarking with other local authorities to assess what lessons can be learned.
- Networking with other local authorities to identify best practice and potential changes to implement.

The Chief Internal Auditor will implement appropriate follow-up action to any identified actions to ensure continual improvement of the service.

Any significant areas of non-compliance with the PSIAS that are identified through internal assessments will be reported in the Chief Internal Auditor's Annual Report and used to inform the Annual Governance Statement.

External Assessments

External assessment will appraise and express an opinion about internal audit's conformance with the PSIAS Definition of Internal Auditing and Code of Ethics. The assessment report will include recommendations for improvement as appropriate.

Frequency of External Assessment

An external assessment will be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the external assessment will be approved by the Audit Committee. The last external assessment took place in June 2016.

Scope of External Assessment

The external assessment covers a broad scope including the following elements of Internal Audit activity:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics and Internal Audits Charter; plans, policies, procedures, practices and any applicable legislative and regulatory requirements.
- Integration of the Internal Audit activity into the Council's governance framework, including the audit relationship between and among the key groups involved in the process.
- Tools and techniques used by Internal Audit.
- The mix of knowledge, experiences and disciplines within the staff, including staff focus on process improvement delivered through this Quality Assurance and Improvement Programme.
- A determination whether Internal Audit adds value and improves the Council's operations.

Results of external assessments will be provided to the Audit Committee. The external assessment report will be accompanied by an action plan in response the significant comments and recommendations identified. Any significant areas of non-compliance will be reported in the Annual Report of the Chief Internal Auditor and the Council's Annual Governance Statement.

Quality Assurance and Improvement Programme 2017-18

Review of the QAIP

The QAIP will be appropriately updated following any changes to the PSIAS or Internal Audit's Operating Environment. It will be reviewed, as a minimum, on an annual basis.

Action Plan

The lessons learned through the Quality Assurance and Improvement Programme have been captured in **Appendix 1**, which details actions taken to date and further action required over the next twelve months.

Appendix 1 - Action Plan

Source	Issue	Action	Action By	Status
PSIAS External Assessment	Staff should formally acknowledge acceptance of the Internal Audit Code of Ethics periodically.	The Audit Manager will circulate the Code of Ethics on an annual basis to all team members and obtain an e-mail to confirm adherence.	Audit Manager	Complete.
PSIAS External Assessment	Mechanisms to obtain formal feedback from the Chief Executive, Audit Committee Chair and Monitoring Officer should be established to inform the appraisal of the Chief Internal Auditor.	This will be addressed in any future 360 degree appraisal processes where key officers will be invited to comment.	Chief Internal Auditor	Complete.
PSIAS External Assessment	Consideration should be given to including the available audit days in respect of the capacity of the Chief Internal Auditor and Audit Manager within the Annual Audit Plan to fully reflect internal audit resource available and utilised.	This has been addressed in the 2017/18 Internal Audit Plan which was approved by the Corporate Leadership Team in February 2017 and Audit Committee in March 2017.	Chief Internal Auditor	Complete.
PSIAS External Assessment	An allocation in respect of consultancy reviews and services, corporate governance and risk work and counter fraud activity should be reflected in the Annual Audit Plan in order that outturn can be reported and	This has been addressed in the 2017/18 Internal Audit Plan and ongoing reports will be provided to Audit Committee as part of the Risk Services Quarterly Report.	Chief Internal Auditor	Complete.

Source	Issue	Action	Action By	Status
	significant deviations from the plan can be referred to the Audit Committee.			
PSIAS External Assessment	The scope of consultancy work should be clearly defined at the outset of each consultancy review and an audit opinion given at the conclusion of each review only if appropriate to do so.	This will be addressed on a case by case basis and the outcome included in the Risk Services Quarterly Report.	Chief Internal Auditor	Complete.
PSIAS External Assessment	Consultancy reviews and services, corporate governance and risk work and counter fraud activity should be reflected in the Annual Report and included within the scope of the Annual Audit opinion.	This will be incorporated into the Annual Report for 2016/17.	Chief Internal Auditor	Complete.
PSIAS External Assessment	Length of Internal Audit Reports – Reports routinely contain extensive and long narrative which is time consuming to produce - Could be leaner / streamlined.	This was discussed at the Internal Audit Service improvement day in February 2017. It was agreed that narrative reports were still suitable for risk based reviews; however there was an action to streamline the reports for compliance work.	Audit Manager	Not yet implemented.
PSIAS External Assessment	The allocation of Internal Audit days to individual reviews appears high (20 day reviews) which may be in part due to the allocation / involvement of two officers	Any training needs will be identified through the IPA process and one to ones which are already established. A provisional number of days has been included in the audit plan however these	Audit Manager	Complete.

Source	Issue	Action	Action By	Status
	attending scoping and drafting meetings. A resource / skills analysis exercise may be beneficial in identifying areas which are unnecessarily labour intensive or skills gaps which need to be addressed through training and development. This would address weaknesses identified in succession planning within the section.	will be amended once the scope of each assignment is known.		
PSIAS External Assessment	The FCATs approach to financial systems assurance is labour intensive. However, despite the significant resource expended on this, overview / strategic recommendations are not reported in a manner which maximises the process as a continuous improvement tool and demonstrates the value that it adds to the organisation.	There is a need to ensure that the Internal Audit Team are aware of the reports which are issued and how these are dealt with so that they can see what actions are being taken to address issues.	Audit Manager	Not yet implemented.
PSIAS External Assessment	Amendments to the QAIP should be considered: <ul style="list-style-type: none"> Consideration could be given to producing the Quality Assurance & Improvement Programme (QAIP) as a separate strategic document, which can be subject to review and 	This has been addressed through the production of this document which was taken to the Corporate Leadership Team in March 2017 and Audit Committee in April 2017.	Chief Internal Auditor	Complete.

Source	Issue	Action	Action By	Status
	<p>update as required.</p> <ul style="list-style-type: none"> A review of the current QAIP is required to ensure that it reflects the requirements of the revised Public Sector Internal Audit Standards (April 2016). 			
PSIAS External Assessment / Internal Assessment	<p>Amendments to the Charter should be considered:</p> <ul style="list-style-type: none"> Produce the Charter as a separate, strategic document which clearly reflects the requirements of the PSIAS / LGAN and can be reviewed and updated independently from the Annual Audit Plan. Extend the Charter to include the requirements from the PSIAS (see para 4.2.1 of the report) Update to the Charter is required to include revisions to the PSIAS which came into effect in April 2016. 	<p>The Internal Audit Charter has been updated and created as a standalone document. This was approved by the Corporate Leadership Team in February 2017 and Audit Committee in March 2017.</p>	Chief Internal Auditor	Complete.
PSIAS External Assessment / Internal Assessment	<p>Clear links between the Corporate Risk Register and the nature and scope of planned audit work should be defined within the Strategic Audit Plan, Annual Audit Plan</p>	<p>This has been addressed in the 2017/18 Internal Audit Plan which was approved by the Corporate Leadership Team in February 2017 and Audit Committee in March 2017.</p>	Chief Internal Auditor	Complete.

Source	Issue	Action	Action By	Status
	and / or the scope of specific reviews.			
PSIAS External Assessment / Internal Assessment	All external sources of assurance should be taken into consideration as part of an assurance mapping exercise, to inform the Annual Audit opinion.	This has been addressed as part of the 2017/18 planning process where other forms of assurance have been linked to all identified audit work in order to prioritise how audit resource will be used.	Chief Internal Auditor	Complete.
PSIAS Internal Assessment / Audit Strategy 2014/2017	The internal audit team have limited knowledge of key information technology risks and controls.	A member of the internal audit team is currently training to be an IT auditor to help address this skills gap.	Audit Manager	Partially implemented.
Audit Strategy 2014-2017	There is a need to set out the role of the Chief Internal Auditor and how this fits with others charged with governance at Blackpool Council.	A Good Governance Group has now been established which addresses this issue and is represented by the Chief Internal Auditor.	Chief Internal Auditor	Complete.
Customer Satisfaction Surveys	Services sometimes do not feel that they have been adequately consulted prior to a draft report being issued.	Steps will be taken to ensure that a formal summary of findings meeting is held prior to any draft reports being issued to encourage a culture of no surprises.	Audit Manager	Partially Implemented.
Customer Satisfaction	There is a need to ensure that all relevant officers are consulted with during the audit	Potential auditees are to be defined at the pre-scope and scoping stage and steps taken to ensure that they are consulted with as part of	Audit Manager	Partially Implemented.

Source	Issue	Action	Action By	Status
Surveys	programme.	the fieldwork.		
Service Improvement Day	Not all staff have the same level of experience and knowledge across the team.	Encourage further input by all team members into all elements of the internal audit service including the use of mentoring, development plans and shared learning.	Audit Manager	Partially Implemented.
Service Improvement Day	Increase awareness of the work of Internal Audit to all employees, not just managers.	Ensure that the quick guide as to 'What to expect when being audited' is sent out with meeting requests and requests for information.	Audit Manager	Not yet implemented.
Service Improvement Day	Responses are not always received to customer satisfaction surveys and the value added during an audit is not always recognised.	Review the form used for customer satisfaction surveys and assess how added value can be measured, either through discussions with Directors or the Chief Internal Auditor discussing individual reviews with auditors once the final report has been issued.	Chief Internal Auditor	Not yet implemented.
Service Improvement Day	Sometimes useful information about previous audits is not available as the information has not been retained.	Set up a library of Audit Programmes so that auditors have a reference point for future audits.	Audit Manager	Not yet implemented.
Service Improvement Day	The audit team are not always familiar with the strategic element of audit.	Links to be sent to each auditor setting out where to find the strategic documents such as the Risk Services Quarterly Reports, Internal	Chief Internal Auditor	Complete.

Source	Issue	Action	Action By	Status
		Audit Plan and Audit Committee papers.		
Service Improvement Day	Not all auditors are using file interrogation software to assist with their reviews.	Ensure that all members of the audit team are using IDEA and arrange training where required.	Audit Manager	Not yet implemented.

This page is intentionally left blank