

# Public Document Pack

## Blackpool Council

7 November 2017

To: Councillors Cox, Elmes, Galley, Hobson, Hunter, Matthews, Mitchell, Roberts, Russell and L Taylor

Co-optee Yvonne Russell

The above members are requested to attend the:

### **AUDIT COMMITTEE**

Thursday, 16 November 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 14 SEPTEMBER 2017** (Pages 1 - 6)

To agree the minutes of the last meeting of the Audit Committee held on 14 September 2017 as a true and correct record.

#### **3 CHILDREN'S SERVICES - INTERNAL AUDIT REVIEWS** (Pages 7 - 28)

To consider the actions taken to address the recommendations of the recent Internal Audit reviews in Children's Services.

#### **4 STRATEGIC RISK REGISTER - FAILURE TO KEEP PEOPLE SAFE** (Pages 29 - 32)

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

**5 STRATEGIC RISK REGISTER - LACK OF RESILIENCE** (Pages 33 - 36)

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

**6 RISK SERVICES QUARTER TWO REPORT - 2017/2018** (Pages 37 - 52)

To provide to the Audit Committee with a summary of the work completed by Risk Services in quarter two of the 2017/2018 financial year.

**7 ANNUAL AUDIT LETTER 2016/2017** (Pages 53 - 62)

To consider the Annual Audit Letter 2016/2017.

**8 BUSINESS CONTINUITY FRAMEWORK** (Pages 63 - 76)

To consider the Business Continuity Framework which sets out how the Council will manage its business continuity arrangements and comply with the Civil Contingences Act (2004).

**9 INTERNAL AUDIT STRATEGIC PLAN 2018-2021** (Pages 77 - 96)

To consider the Internal Audit Strategic Plan, which sets out the medium term direction of the Internal Audit service, outlining what the priorities of the service will be going forward and what actions will be taken to address these.

**10 DATE OF NEXT MEETING**

To note the date and time of the next meeting of the Committee as 18 January 2018, 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, Senior Democratic Governance Adviser, Tel: 01253 477164, e-mail [chris.kelly@blackpool.gov.uk](mailto: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](http://www.blackpool.gov.uk).

### Present:

Councillor Galley (in the Chair)

Councillors

Elmes	Hunter	Roberts
Hobson	Matthews	L Taylor

### In Attendance:

Ms Karen Smith, Director of Adult Services  
Mr Mark Towers, Director of Governance and Partnerships  
Ms Tracy Greenhalgh, Chief Internal Auditor  
Mr Phil Redmond, Chief Accountant  
Mr Iain Leviston, Manager, KPMG  
Ms Saima Valli, KPMG  
Mr Chris Kelly, Senior Democratic Governance Adviser (Scrutiny)

### 1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

### 2 MINUTES OF THE LAST MEETING HELD ON 22 JUNE 2017

The Committee agreed that the minutes of the last meeting held on 22 June 2017 be signed by the Chairman as a true and correct record.

### 3 STRATEGIC RISK REGISTER - INABILITY TO RESPOND TO A MAJOR INCIDENT

The Committee considered a progress report in relation to the individual risks identified on the Strategic Risk Register, specifically in relation to risks regarding 'Inability to respond to a major incident'. The Committee discussed plans to control and mitigate the risks with Ms Karen Smith, Director of Adult Services and Ms Greenhalgh, Chief Internal Auditor.

Ms Greenhalgh updated the Committee with information relating to the sub-risk of 'Reduced capacity across the Council to respond to an emergency'. It was explained that the authority was defined in the Civil Contingencies Act 2004 as being a Category One Responder and Members were advised of the risks of not being able to provide all the resources required of that role in the event of a major incident.

Ms Greenhalgh advised Members of the controls and mitigations that were in place for the sub-risk, explaining that a Major Emergency Plan was in place and that work to control the risk was undertaken on a pan-Lancashire basis through the Lancashire Resilience Forum. She

## **MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 14 SEPTEMBER 2017**

provided details of the shared service arrangement that had been established for the delivery of an emergency planning service with the Blackpool Teaching Hospitals NHS Foundation Trust, advising that a performance management framework had now been put in place.

Members were also provided with details of the training opportunities being made available for those responsible for dealing with a major incident, including tactical responders, members of the Corporate Leadership team and operational staff.

Ms Smith, Director of Adult Services, discussed the sub-risk of 'Injury/death to members of the public or staff' and advised Members of the Emergency Response Group to provide humanitarian support in a major emergency. The Committee was provided with details relating to the controls for the risk, which included arrangements for how people would be kept informed of developments, that Vitaline was kept in a state of readiness and that there remained appropriate access to community and rest centres, as well as access to social and psychological support.

Ms Smith reported that the numbers of volunteers on the emergency response group had decreased in recent years, which had been expected due to the decrease in local authority services as a response to budget cuts. However, she advised that a recent recruitment drive had received an enthusiastic response.

The Committee raised questions regarding how the risk score related to other local authorities and Ms Greenhalgh advised that she would expect that there would be a similar risk score in other local authorities, as the risk would always remain.

### **4 RISK SERVICES QUARTER ONE REPORT - 2017/2018**

Ms Greenhalgh presented the Committee with the Risk Services Quarter One Report 2017/2018.

Ms Greenhalgh reported on the key service developments in the first quarter, noting the internal audits that had been scoped in the first quarter and updating Members as to the work being undertaken in relation to Corporate Fraud and Risk and Resilience. The Committee was informed that the Equality and Diversity Service had been transferred to Risk Services on 1 April 2017. Members were also made aware that a shared audit service arrangement with Fylde Council was being discussed, which would involve Ms Greenhalgh being Chief Internal Auditor for both authorities and would resulting in greater resilience being built into the service.

Ms Greenhalgh reported on the Key Performance Indicators for the service. She reported that there was 100% completion of both Business Continuity Plans by Directorate and Up to Date Risk Registers by Risk Management Group. She noted that work would now be undertaken to test the plans. Members acknowledged the hard work undertaken by staff to ensure the 100% completion of the Business Continuity Plans.

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 14 SEPTEMBER 2017

Members noted that only two Members had completed the health and safety i-Pool training course. The requirement for Members to complete the course had been raised with the Leader of the Council and that a reminder to Councillors would be sent by Member Services.

The Committee raised questions relating to the completion of mandatory i-Pool Fraud Awareness training, particularly in regards to the Place directorate that had a significant number of interactions with third parties. Ms Greenhalgh advised that the completion rate was expected to be much higher by the year end, with a target of 100%. She noted that some directorates, which currently had low completion rates, had significantly more staff required to complete the training, but that she would speak to the relevant directors to encourage the completion of the i-Pool amongst staff.

Responding to Members' questions regarding the completion rate of the Audit Plan, Ms Greenhalgh explained that it was normal for Quarter One for the level to be around 13% as it was usual for there to still be work being undertaken to finalise the previous years' audits, which required staffing resources.

The Committee raised questions relating to the change to the Audit Plan at the request of the Director of Children's Services. Ms Greenhalgh advised that the initial audit had been planned with the previous Director of Children's Services in relation to the thresholds for safeguarding and social care. However, that review was now being undertaken by the Corporate Delivery Unit and Internal Audit would instead undertake a review of payments across Children's Services.

The Committee discussed the review of the Council's Whistleblowing Policy. Ms Greenhalgh advised that the policy had been approved by the Standards Committee and directorate contacts had been identified. She explained that once the contacts had been trained, the policy would be formally launched and rolled out across the Council.

Ms Greenhalgh provided the Committee with details relating to the Internal Audit reports that had been issued within Quarter One, as well as informing the Committee of the progress that had been made on priority one recommendations. The Committee noted there had been a number of reports issued relating to Children's Services and raised concerns in regards to controls being inadequate and audit testing revealing weaknesses in some areas. Members requested that the Director of Children's Services be invited to the next meeting of the Committee to explain the progress being made following the Internal Audit Reports.

Responding to further questions from the Committee, Ms Greenhalgh explained that work was ongoing with directors to strengthen controls and improve Housing Benefit debt recovery. She also advised that she would update the Committee on details relating to the Driving at Work audit.

The Committee agreed:

- 1) To note the report.
- 2) To invite the Director of Children's Services to the next meeting of the Committee to explain progress following the Children's Service Internal Audit Reports.

**5 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) AND STATEMENT OF ACCOUNTS 2016-2017**

The Committee considered KPMG's Governance Report and the audited Statement of Accounts for 2016-2017.

Mr Redmond, Chief Accountant, summarised the key aspects of the Statement of Accounts and advised that they had been prepared in accordance with the relevant legislation and CIPFA standards. He noted that it had been a challenging budget to deliver with a budget savings target of £25.1m on the back of delivering £93.8m over the previous five years. Mr Redmond explained that there had been an overspend of £2.5 million, mostly due to overspending in Children's Services as a result of increases in the numbers of Looked After Children and the costs and complexity of placements.

The Committee was advised that the statutory deadline for approval of the final accounts would be changing from 30 September to 31 July in 2018. Mr Redmond informed Members that as a preparatory exercise, the accounts had been drafted by 31 May this year. Mr Redmond also informed the Committee that the Public Sector Audit Appointments Limited had appointed Deloitte as the External Auditor for the Council from 1 April 2018.

The Committee raised questions in relation to the income shortfalls within the Places directorate. Mr Redmond advised that in regards to Print Services, it had to compete with the private sector and that in relation to the Illuminations income target, collection methods were being reconsidered as they had been too over-reliant on generosity of visitors and local business for contributions. It was also noted that the income targets had been challenging.

Members raised questions in relation to the overspend in Children's Social Care and it was reported that the increase in numbers of Looked After Children represented a national trend, but that the new Director of Children's Services had established plans to respond to the demand, which had resulted in a plateau in the numbers over recent months and should result in an eventual reduction. The Committee was also advised that a recent recommendation of the Executive had been to lobby Government for more funding to cope with the mounting demand and new burdens presenting in Children's Services.

The Committee noted that the actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the balance sheet had increased by £72.8m during the year. Mr Redmond explained that the changes had been as a result of a revaluation of the pension fund and changes to financial assumptions, for instance how long people were expected to live.

Concerns were raised over comments in the Statement of Accounts that the current economic climate made it uncertain that the Council would be able to sustain its current spending on repairs and maintenance. Mr Redmond assured Members that buildings were

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 14 SEPTEMBER 2017

still maintained but the level of resource that could be invested in maintenance was subject to budgetary pressures.

The Committee also raised concerns relating to the level of reserves and questioned whether the current level was sufficient for the year ahead. Mr Redmond advised that the Executive had recently recommended that the reserve levels be increased and that there were significant levels of earmarked reserves, which could be reviewed if required.

Mr Leviston, Manager, KPMG presented the External Auditor's Report to those Charged with Governance and commented that the financial reports had been of a high quality and thanked Council officers for their help and co-operation throughout the audit process. He reported that it was expected that an unqualified audit opinion would be issued on the Authority's 2016/2017 financial statements.

The Committee was advised that there had been two areas that had been considered significant audit risks by the External Auditor, those being 'changes in the pension liability due to Local Government Pension Scheme Triennial Valuation' and 'Valuation of property plant and equipment'.

Mr Leviston explained that the second part to the report contained the Value for Money conclusion. Mr Leviston advised that there had been two Value for Money risks identified in relation to financial resilience and Children's Services, but that the External Auditor had concluded that the Authority had made proper arrangements to ensure that it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Mr Leviston also informed the Committee that the External Auditor's work had identified a small number of issues, although none of which were considered to be a high priority. Members noted the management response from the Authority to the identification of those issues and raised questions in relation to housing system allocations, for which the management response had been not to accept the risks identified. Mr Leviston advised that the issue would be considered when conducting the next audit to ascertain the reasons for the difference of opinion.

Members queried whether the External Auditor's Report to those Charged with Governance would be prepared next year in line with the revised statutory deadlines for approval of the final accounts. Mr Leviston advised that work had been undertaken already to prepare for the change and that the report could have been produced in time for the revised deadline this year had it have been required.

The Committee agreed:

- 1) To note the External Auditor's Report to those charged with Governance (ISA 260) for 2016/2017.
- 2) To approve the audited Statement of Accounts for 2016-2017.

**6 REGULATION OF INVESTIGATORY POWERS ACT - UPDATED POLICY**

Mr Towers, Director of Governance and Partnerships, presented the draft revised policy for the Council's Regulation of Investigatory Powers Act (2000) policy.

It was explained that the Council was required to have in place a policy for when it undertook 'directed surveillance' or used a 'covert human intelligence source' and that those activities must only be authorised by an officer with specific delegated powers when the relevant statutory criteria were satisfied.

Mr Towers advised that the Council had recently been inspected regarding compliance with the statutory provisions which govern the use of covert surveillance. He explained that the result of the inspection was positive with a number of recommendations around raising awareness to the non-traditional RIPA audiences, for example Social Care, Human Resources and Council companies. He further explained that some recommendations for good practice had now been implemented and were part of the revised policy.

The Committee was provided with details regarding the changes that had been made to the existing policy and questioned how awareness of the policy had been raised. Mr Towers advised that sessions had been held with Departmental Management Teams and that awareness raising had been targeted at those specific services that could potentially undertake a covert surveillance investigation.

The Committee agreed to approve the revised Regulation of Investigatory Powers Act (2000) policy.

**7 DATE OF NEXT MEETING**

The Committee noted the time and date of the next meeting as 6pm on Thursday 16 November 2017.

**Chairman**

(The meeting ended at 7.35 pm)

Any queries regarding these minutes, please contact:  
Chris Kelly, Acting Scrutiny Manager  
Tel: 01253 477164  
E-mail: [chris.kelly@blackpool.gov.uk](mailto:chris.kelly@blackpool.gov.uk)



<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Diane Booth, Director of Children's Services
<b>Date of Meeting</b>	16 November 2017

## CHILDREN'S SERVICES – INTERNAL AUDIT REVIEWS

### 1.0 Purpose of the report:

- 1.1 To consider the actions taken to address the recommendations of the recent Internal Audit reviews in Children's Services.

### 2.0 Recommendation(s):

- 2.1 To consider the updates on the actions taken.

### 3.0 Reasons for recommendation(s):

- 3.1 The update is presented following a request from the Audit Committee at its last meeting on 14 September 2017.

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 Priority is 'Communities: Creating stronger communities and increasing resilience'.

## **5.0 Background Information**

- 5.1 At its meeting of 14 September 2017, the Audit Committee agreed to invite the Director of Children's Services be invited to attend the next meeting of the Committee in order to provide an explanation of the progress following recent Children's Service Internal Audit Reports.
- 5.2 Internal Audit has recently issued reports into four areas of Children's Services, those being External Placements, Placement Order Legal Costs, Adolescent Hub, and Safeguarding Children's Compliance. Below is a summary of the scope of each review and Internal Audit's Overall Opinion and Assurance Statement. The Action Plan from each audit review are included as the appendices to this report.

## **6.0 External Placements**

- 6.1 Scope - to review the arrangements for Children's Social Care external placements in order to ensure that value for money is obtained for the Council.
- 6.2 Overall Opinion and Assurance Statement - There is a significant overspend on the commissioning of external placements budget, however we recognise that this has arisen with the recent increase in demand and complexity of requirements for independent children's homes and independent fostering agency placements beyond the level that had previously applied and that had been budgeted for. We consider that the controls now in place in relation to the arranging of External Placements processes once children are in care and have been assessed as needing placement are adequate overall, with some risks identified and assessed. There have been recent changes to external placements processes and to care provision which have the potential to improve value for money, though it is too early as yet to identify the impact of those changes.
- 6.3 Update - A Priority 2 Demand Plan is now in place and being monitored by the Corporate Delivery Unit Priority 2 Board.

## **7.0 Placement Order Legal Costs**

- 7.1 Scope - to review:
- The drivers of increases in the number of care proceedings;
  - The process by which decisions as to whether to instruct Counsel in placement order cases or to handle in-house are arrived at; and
  - Whether insurance arrangements in place are appropriate.
- 7.2 Overall Opinion and Assurance Statement - The significant overspend on the Children's Services legal and court costs budget has arisen with the high level of demand and the complexity of requirements in relation to care proceedings and Placement Orders beyond the level that had been budgeted for.

- 7.3 Whilst there are structured processes in place through the Legal Planning meetings process, it is considered that the controls in place in relation to the Placement Orders Legal Costs processes are inadequate overall, given the significant level of overspend, the high level of care proceedings and the current lack of an up to date and effective prevention strategy which has had the effect of reducing the need for the high number of care proceedings whilst still protecting children.
- 7.4 A number of actions are being taken, but it is too early as yet to evidence the impact of these actions on the number of care proceedings. We understand that areas of action include a peer challenge process, an early help summit, work supporting children on the edge of care, developing work on the Adolescent Hub and the 0 – 19 offer through children’s centres.
- 7.5 The Council has insurance arrangements in place in relation to Children’s Services claims and a claims provision has been agreed using the Council’s general fund. The arrangements for the provisions for Children’s Services claims should be kept under review.
- 7.6 Update - A Priority 2 Demand Plan is now in place and being monitored by the Corporate Delivery Unit Priority 2 Board.

## **8.0 Adolescent Hub**

### 8.1 Scope - to review:

- Governance arrangements;
- The approach to the management of Adolescent Hub risks;
- The systems and processes being established for the Adolescent Hub; and
- The processes for data collection and management.

8.2 Overall Opinion and Assurance Statement - The delivery of the Vulnerable Adolescent Hub is a key initiative which is currently in the process of implementation. At this current stage of Vulnerable Adolescent Hub development there are a number of material risks which are still to be addressed. Therefore we consider the current controls in place to be inadequate. Key areas that require further development include post-implementation governance arrangements, agreement of a finalised service strategy and definition of how the Hub fits in to an overarching strategic framework.

8.3 Update - All priority 1 actions have now been completed and priority 2 are ongoing and within timescale.

## 9.0 Safeguarding Children's Compliance

### 9.1 Scope - to undertake:

- Compliance testing on the safeguarding process and whether the required stages are being followed including:
- Completeness and quality of evidence on the care system,
- Timeliness of actions,
- Completion of tasks,
- Quality of meeting minutes and distribution within agreed timescales,
- SMARTness of child protection plans
- Review of the role of the Independent Reviewing Officers (IRO) and the effectiveness of multi-agency partnership working.

9.2 Overall Opinion and Assurance Statement - We consider that the control framework in place for the Safeguarding and Quality Review Service is adequate overall with some risks identified and assessed and some changes necessary to further enhance control.

9.3 However, our testing revealed weaknesses around the use of the issue resolution process and the effectiveness of administrative processes and therefore we have assessed these elements of the process as inadequate.

9.4 Update - The issues resolution process has been reviewed and is now being embedded.

Does the information submitted include any exempt information?

No

### **List of Appendices:**

Appendix 3(a) – Internal Audit Report – External Placements

Appendix 3(b) – Internal Audit Report – Placement Order Legal Costs

Appendix 3(c) – Internal Audit Report – Adolescent Hub

Appendix 3(d) – Internal Audit Report - Safeguarding Children's Compliance

## 10.0 Legal considerations:

10.1 None

## 11.0 Human Resources considerations:

11.1 None

## 12.0 Equalities considerations:

12.1 None

**13.0 Financial considerations:**

13.1 Contained within the appendices.

**14.0 Risk management considerations:**

14.1 Contained within the appendices.

**15.0 Ethical considerations:**

15.1 None

**16.0 Internal/ External Consultation undertaken:**

16.1 None

**17.0 Background papers:**

17.1 None

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**External Placements - Agreed Action Plan**

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<i>R1</i>	An up to date Looked after Children’s Strategy should be developed reflecting the Council’s commissioning intentions, including a plan for how the number of Looked after Children will be reduced incorporating both preventing the need for children to come into care and discharge from care where appropriate.	2	Agreed.  Draft Looked after Children Strategy to be prepared.  New Looked after Children Strategy to be ratified.	Deputy Director of People.  Director of Children’s Services.	11 <sup>th</sup> February 2017  31 <sup>st</sup> March 2017
<i>R2</i>	The way in which placement matching forms are completed should be reviewed and refresher training implemented as appropriate.	2	Agreed.	Senior Service Manager, Social Care.	14 <sup>th</sup> January 2017
<i>R3</i>	Up to date, documented procedures should be drawn up for the guidance of those involved in the external placements process specifying an approach to selecting external placement providers to ensure that non urgent placements are initially searched for at the lowest level tier commensurate with the type of placement required.	3	Agreed.	Senior Service Manager, Social Care.	31 <sup>st</sup> March 2017
<i>R4</i>	The potential for further action to increase the recruitment of internal foster carers should be reviewed including work with neighbouring authorities around joint recruitment.	2	Agreed.	Senior Service Manager, Social Care.	31 <sup>st</sup> March 2017

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R5</b>	<b>Collaborative market engagement and development work should be undertaken with the local external provider market in order to further develop local capacity and to achieve value for money.</b>	<b>2</b>	<b>Agreed.</b>	<b>Divisional Commissioning Manager.</b>	<b>31st December 2017</b>
<b>R6</b>	<b>Mechanisms for specialised, intensive residential provision to be commissioned in collaboration with neighbouring authorities should be explored further.</b>	<b>2</b>	<b>Agreed. A model is in place. Needs funding jointly with other authorities.</b>	<b>Head of Business Support and Resources.</b>	<b>30<sup>th</sup> June 2017</b>
<b>R7</b>	<b>The feasibility, benefits, costs, regulatory requirements and other implications should be explored and evaluated for collaboratively directly providing appropriate residential accommodation for children with challenging behaviour at risk of needing secure accommodation or where there is a current need for secure accommodation.</b>	<b>2</b>	<b>Agreed. An options appraisal paper on viability to be presented to the Corporate Leadership Team.</b>	<b>Director of Children's Services.</b>	<b>31<sup>st</sup> May 2017</b>
<b>R8</b>	<b>The suitability of developing a Social Impact Bond Blackpool model for the transition of children from external residential care to intensive therapeutic foster care should be considered and evaluated.</b>	<b>2</b>	<b>Agreed.</b>	<b>Head of Business Support and Resources / Delivery Unit.</b>	<b>30<sup>th</sup> June 2017</b>
<b>R9</b>	<b>The operation of the revised Placement Panel processes and the impact on external placements and on value for money should be monitored and be reviewed in due course.</b>	<b>2</b>	<b>Agreed.</b>	<b>Senior Service Manager, Social Care.</b>	<b>31<sup>st</sup> March 2017</b>



	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R10</b>	Refresher training should be provided for social care staff on the revised operation of the Placement Panel, on financial understanding and on care planning and the identification of placements at risk of breakdown, including the importance of obtaining value for money in LAC placements.	2	Agreed.	Senior Service Manager, Social Care.	31 <sup>st</sup> May 2017
<b>R11</b>	A system of regular checks of external provider invoices should be maintained to ensure that applicable discounts continue to be received.	2	Agreed. Checking process considered in more detail as part of audit Framework I review.	n/a	n/a
<b>R12</b>	The impact of the Adolescent Hub on the need for external placements should be identified and monitored.	2	Agreed.	Head of Youth Offending Team.	31 <sup>st</sup> December 2017

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## Placement Orders and Legal Costs - Agreed Action Plan

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R1</b>	The potential for contributing to limiting the need for care proceedings should be reviewed including the effectiveness of the Families in Need service in supporting a reduction of the number of children in care.	1	Agreed. Need to develop an evidence based model based on what has worked in other authorities.	Deputy Director of People (Children)	31 <sup>st</sup> January 2017.
<b>R2</b>	The establishment of a Blackpool 'PAUSE' project aimed at stopping repeat pregnancies where the children are taken into care should be considered and evaluated, including the investigation of funding sources.	2	Agreed. Scoping and options appraisal has been done, there is a need to clarify the funding source.	Head of Business Support and Resources / Delivery Unit	28 <sup>th</sup> February 2017.
<b>R3</b>	The recording of a sub analysis of complex reasons for the use of Counsel should be investigated to help to identify and address the reasons for any increases.	3	Agreed.	Assistant Head of Legal Services (Child Litigation) / Service Accountant	31 <sup>st</sup> January 2017.
<b>R4</b>	The costs and quality of using external Counsel for child litigation should be formally benchmarked and any alternative charging arrangements considered to identify if value for money is currently being received.	2	Agreed.	Assistant Head of Legal Services (Child Litigation).	31 <sup>st</sup> March 2017.

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R5</b>	<b>Children's Services legal staffing should be reviewed to identify whether additional in-house legal work may be undertaken to an appropriate quality threshold and cost effectively.</b>	<b>2</b>	<b>Agreed.</b>	<b>Assistant Head of Legal Services (Child Litigation).</b>	<b>31<sup>st</sup> March 2017.</b>
<b>R6</b>	<b>The arrangements for the provisions for Children's Services claims should be kept under review so that the level of provision remains appropriate, in light of increasing care claims nationally, and the Council's general fund is not subsidising this area in the longer term.</b>	<b>2</b>	<b>Agreed.</b>	<b>Director of Children's Services.</b>	<b>31<sup>st</sup> March 2017.</b>

## Adolescent Hub - Agreed Action Plan

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R1</b>	Terms of reference and key roles and responsibilities should be formally identified and agreed for the Hub Programme Board and the Hub Implementation Group, clearly setting out respective responsibilities and reporting relationships in order to ensure that the Hub is effectively delivered.	<b>3</b>	Agreed. To be adopted for the Hub Implementation Group. To review the Hub Programme Board role in conjunction with the Youth Offending Team Board going forward.	VAH Manager / Director of Children's Services	<b>31<sup>st</sup> May 2017</b>
<b>R2</b>	Governance and clear reporting arrangements for the Hub going forward should be considered and agreed with the Hub Programme Board.	<b>2</b>	Agreed. To review the Hub Programme Board role in conjunction with the Youth Offending Team Board going forward.	VAH Manager / Director of Children's Services	<b>31<sup>st</sup> May 2017</b>
<b>R3</b>	The realism of planned Hub implementation dates should be reviewed and the implementation plan should regularly be updated and monitored to ensure that the revised planned deadlines are achieved.	<b>1</b>	Agreed. The full Hub offer to service users to be available by September 2017.	VAH Manager / Senior Service Manager Early Help	<b>30<sup>th</sup> April 2017</b>
<b>R4</b>	A comprehensive Hub strategy should be finalised and agreed, providing clarity on the intended objectives and outcomes including contributing to increasing resilience, how relevant equalities and diversity considerations will be addressed and how the Hub objectives and outcomes will be delivered in practice.	<b>1</b>	Agreed.	Senior Manager, Early Help	<b>30<sup>th</sup> April 2017</b>

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R5</b>	How the Hub fits in with wider prevention and early help initiatives and approaches including Headstart should be clearly defined within an overarching strategic framework.	<b>2</b>	Agreed. An Early Help Strategy is being developed. The Corporate Delivery Unit is carrying out a review of Children's Services. A resilience therapy model has been developed.	Director / Deputy Director of Children's Services	31 <sup>st</sup> May 2017
<b>R6</b>	An outcomes and performance framework set within the strategic and statutory framework for the Hub should be defined, agreed and implemented.	<b>1</b>	Agreed. A draft outcomes and performance framework is now available, this needs to be finalized.	VAH Manager	Hub Programme Board meeting, 12 <sup>th</sup> April 2017
<b>R7</b>	Mechanisms for the formal review and evaluation post implementation of Hub service delivery should be specified and any refinement of the Hub ways of working actioned based upon the evidence from the evaluation carried out.	<b>2</b>	Agreed. Options to be explored regarding external review.	Deputy Director of Children's Services / VAH Manager	31 <sup>st</sup> May 2017
<b>R8</b>	A Hub communication strategy should be developed, including clearly specifying communication processes with vulnerable young adolescents and relevant family members / guardians as appropriate as well as partners.	<b>2</b>	Agreed. Ongoing.	Senior Service Manager Early Help	30 <sup>th</sup> April 2017
<b>R9</b>	Mechanisms for the ongoing involvement of vulnerable young people in the development of Hub practice should be established, including continuing feedback mechanisms to inform future Hub development.	<b>2</b>	Agreed.	VAH Manager / Change Team	31 <sup>st</sup> May 2017

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R10</b>	The regulatory requirements for the services to be included within the Hub should be identified, sources of assurance for regulatory compliance mapped and mechanisms for reporting on regulatory assurance implemented.	2	Agreed. Reporting lines back to the Board on regulatory assurance to be established. Discussions have taken place with the Corporate Delivery Unit.	Corporate Delivery Unit / VAH Manager / Senior Service Manager Early Help	31 <sup>st</sup> May 2017
<b>R11</b>	As a matter of priority a full Hub risk register should be compiled, risks assessed and managed and the risk register regularly updated and reported. Relevant risks across the Hub services should be assessed and risk mitigation identified and implemented to effectively manage the risks concerned.	1	Agreed.	VAH Manager	30 <sup>th</sup> April 2017
<b>R12</b>	Hub line management, reporting and professional supervision arrangements should be identified and agreed.	2	Agreed. Professional supervision to be finalized.	VAH Manager / Senior Service Manager Early Help	30 <sup>th</sup> April 2017
<b>R13</b>	Any remaining Hub job descriptions should be finalised and job evaluation and review of staff terms and conditions carried out as necessary.	2	Agreed. Working with the HR Business partner.	Senior Service Manager Early Help	31 <sup>st</sup> May 2017

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R14</b>	The accommodation arrangements and associated facilities required for the Hub should be identified and finalised as a matter of urgency. Suitable Hub access arrangements should be identified and implemented including meeting the access requirements of a diverse range of vulnerable young service users through the central hub location, through spoke locations, through outreach work or through virtual access.	<b>1</b>	Agreed.	Director of Children's Services	<b>30<sup>th</sup> April 2017</b>
<b>R15</b>	A workforce development strategy should be developed, including the development of an appropriate skills and competences framework for the Hub based upon the new integrated ways of working to be established.	<b>2</b>	Agreed. Has been discussed with the Corporate Delivery Unit. A workforce development task and finish group has been established. A skills audit has been completed, a key competency framework is required.	VAH Manager / Senior Service Manager Early Help / Organisation and Workforce Development	<b>30<sup>th</sup> June 2017</b>
<b>R16</b>	Pathways and protocols for partners should be developed along with plans and a process for how internal partners and priority external partners will be brought within the scope of the Hub in later development phases.	<b>2</b>	Agreed.	VAH Manager / Senior Service Manager Early Help	<b>1<sup>st</sup> July 2017</b>



	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R17</b>	The data collection and management processes for the Hub should be defined and any necessary infrastructure development identified and implemented. Any required information sharing agreements relating to the services coming into the Hub or information sharing with internal or external partners should be developed and agreed.	<b>1</b>	Agreed.	VAH Manager / Senior Service Manager Early Help	<b>31<sup>st</sup> May 2017</b>

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## Children's Services Safeguarding Compliance - Agreed Action Plan

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R1</b>	<p>Consideration should be given as to whether the 15 day turnaround time for the approval and distribution of the minutes is appropriate. If so, while it is acknowledged that sometimes the delay lies with the IRO, the Admin Team Manager should ensure that admin staff prioritise their workload in order to meet the timescale.</p> <p>Furthermore, better use of the Admin team's 'tracker spreadsheet' should be made in order keep more of a 'tight hold' on the turnaround of minutes.</p>	<b>2</b>	<p>The 15 day turnaround time will be kept and should be shorter in most cases.</p> <p>The provision of a 'portal' accessible to all appropriate staff/partners will be explored to streamline the process and help to improve turnaround time.</p>	<b>Head of Safeguarding</b>	<b>December 2017</b>
<b>R2</b>	Staff should ensure that minutes are uploaded on to the system as soon as they are approved and distributed.	<b>2</b>	Agreed – with immediate effect	<b>SQR Service Manager</b>	<b>June 2017</b>
<b>R3</b>	It should be ensured that the IRO makes every effort to meet with the child prior to a LAC review (and record that this has happened on Mosaic), regardless of whether it is the first review, or a late allocation.	<b>1</b>	Agreed – with immediate effect	<b>SQR Service Manager</b>	<b>June 2017</b>
<b>R4</b>	The monitoring forms should be reviewed to ensure that they are fit for purpose and are easy for the IROs to use.	<b>3</b>	Agreed	<b>Head of Safeguarding / SQR Service Manager</b>	<b>July 2017</b>

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R5</b>	Consideration should be given as to how IROs can be encouraged to make better use of the Issue Resolution process (including escalation) in order to resolve service problems and prevent cases drifting.	<b>1</b>	Director of Childrens Services met recently with the IROs and stressed the importance of using the process. A development event is being arranged to reiterate when/how the IR process should be used and to help it to become better embedded.	Head of Safeguarding	July 2017
<b>R6</b>	All internal admin procedures (particularly the 'SQR admin conference procedure') should be reviewed and updated with further annual reviews timetabled to ensure they remain current.  The standard CP conference agenda should also be updated to reflect the 2015 'Working Together to Safeguard Children' guidance.	<b>2</b>	Agreed	SQR Service Manager	June 2017
<b>R7</b>	It should be ensured that provision of cover of duties during staff absence is reviewed to avoid tasks being overlooked.	<b>1</b>	Agreed	SQR Service Manager / Admin Team Manager	June 2017

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R8</b>	It is advised that minutes are reviewed more effectively so that errors can be corrected prior to distribution. The format of the minutes should also be reviewed with a view to streamlining and making them more 'user friendly'.	2	Agreed (some training planned)	SQR Service Manager	August 2017
<b>R9</b>	Consideration should be given to the IRO establishing whether the attendees have had sight of all the necessary reports prior to them joining the parents/family in the meeting room.	2	Agreed. The process should be reviewed and amended to ensure that sufficient 'reading' time is given to the attendees prior to the meeting if necessary. The provision of a 'portal' (as detailed in recommendation 1) would further assist with this.	SQR Service Manager	August 2017
<b>R10</b>	The IROs should ensure that the CP conference attendees are advised/reminded of the complaints procedure during the conference.	3	Agreed. Ensure that the CP conference agenda provided in the meeting room details the complaints procedure, and that attendees attention is drawn to it.	SQR Service Manager	July 2017

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>
<b>R11</b>	The Risk Assessment form is out of date and should be reviewed as soon as possible, with further reviews timetabled at least annually. Advice should be sought from the Council's Health and Safety Team to ensure that the document is fit for purpose.	1	Agreed. The Council's Health and Safety Team should be contacted to assist with this process as soon as possible.	SQR Service Manager	July 2017
<b>R12</b>	Consideration should be given to how the attendance of multi-agency partners at CP review conferences can be improved, and where absence is unavoidable, how to ensure that reports are supplied.	2	Agreed. DCS to raise this at the next Safeguarding Board, and also to reiterate that the facility is available for attendees to 'dial in' to review conferences.	Director of Children's Services	July 2017

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officers:</b>	Steve Thompson, Director of Resources Diane Booth, Director of Children’s Services Karen Smith, Director of Adult Services
<b>Date of Meeting</b>	16 November 2017

## STRATEGIC RISK REGISTER – FAILURE TO KEEP PEOPLE SAFE

### 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 and Director of Adult Services on identified risks on the Strategic Risk Register in relation to Failure to Keep People Safe.

### 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 2017, 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



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						
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.  Corporate manslaughter changes, prosecution with unlimited fines and potential prison sentences for those in control. Civil compensation claims. Reputational damage.		5	5	25	Full suite of health and safety arrangements and guidance notes available on the Hub.  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.	5	3	15	Addition of health and safety roles and responsibilities in job descriptions.  Support and assistance from CLT to embed the monitoring process.	Head of Audit and Risk	Director of Resources	Ongoing	Communities	
		3b	Death, serious injury or harm of a vulnerable adult / child.	40%	Inspection failure (Ofsted / CCQ). Trauma for family of the victim. Potential criminal charges for staff involved. Significant liability claim received.	Continuous Improvement Plan.	5	5	25	Safeguarding processes and procedures. Training and professional development. Contract monitoring. Risk assessments.	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	
<b>Overall Nett Risk Score</b>											<b>15.0</b>								

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<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officers:</b>	Neil Jack, Chief Executive Diane Booth, Director of Children’s Services Karen Smith, Director of Adult Services
<b>Date of Meeting</b>	16 November 2017

## STRATEGIC RISK REGISTER – LACK OF RESILIENCE

### 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 Chief Executive, Director of Children’s Services and Director of Adult Services on identified risks on the Strategic Risk Register in relation to Lack of Resilience.

### 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 2017, 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 5(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	CLT Risk Owner	Target Date	Corporate Priority		
						I	L	GS		I	L	NS						
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.	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.				Chief Executive	Ongoing
				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.					
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.	4		4	16	Delivery and implementation of the current Council Plan. Development of timeline and process in place for refreshed Council Plan (post 2019).	Chief Executive	Ongoing	Communities and Economy			
							Workforce Strategy in place.				Refreshed three year business planning cycle developed. Refined performance management framework to in place to ensure adequacy of internal service provision.							
	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. Workforce planning iPool module in place. Workforce Strategy in place. Access to an employee assistance programme.	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.	Chief Executive	Ongoing	Organisational Resilience		
<b>Overall Nett Risk Score</b>									<b>15.2</b>									

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<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh, Head of Audit and Risk
<b>Date of Meeting</b>	16 November 2017

## **RISK SERVICES QUARTER TWO REPORT - 2017/2018**

### **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 two of the 2017/2018 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, equality and diversity 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 Risk Services contribute to the achievement of all of the Councils priorities.

### **5.0 Background Information**

5.1 Each quarter the Head of Audit and Risk 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 6(a): Risk Services Quarter Two 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 24 October 2017.

**13.0 Background papers:**

13.1 None.



**Blackpool Council: Risk Services**

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**Risk Services Quarter Two Report  
1<sup>st</sup> July to 30<sup>th</sup> September 2017**

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### 1. Second Quarter Summary

#### *Service Developments*

##### 1.1 *Internal Audit*

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

- Estate Management and Investment Portfolio
- Public Health Measuring Outcomes for Preventative Measures
- Programme Management of Capital Investments
- Rideability
- Corporate Compliance with Mandatory Requirements
- Headstart
- Children's Services Payments
- Carbon Reduction Scheme
- Highways
- Business Planning Framework and Performance Management Reporting
- General Data Protection Regulations
- Legal Services Claims Handling
- Migration to Mosaic

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.

Fylde Borough Council has confirmed that they will not be progressing to a shared internal audit service with Blackpool Council at this stage.

##### 1.2 *Corporate Fraud*

Resource has been stretched over the quarter due to the Insurance Fraud Officer having a period of long term sickness. It is hoped for a return to work by the end of November.

Proactive anti-fraud work has focused on the use of purchase cards, staff parking and the misuse of blue badges. Communications around these issues have been prepared and these will be followed up in the next quarter with proactive exercises to identify any potentially fraudulent issues.

The team is dealing with a number of suspected fraud cases some relating to residents and some which are focused on employees.

##### 1.3 *Risk and Resilience*

The Assistant Risk and Resilience Officer successfully completed the Institute of Risk Management's Certificate in Risk Management. The staff member is now continuing studies by working towards the Diploma.

The Risk Management iPool course is in its final stages of development having been piloted by a number of employees. The Risk Management Framework and Toolkit have been reviewed and are currently out for consultation. The final draft will be presented to the Corporate Risk Management Group in November before being presented to Corporate Leadership Team and Audit Committee for approval.

Progress is being made to move business continuity and risk management records onto SharePoint to improve transparency and version control.

The service responded to the suspected gas explosion which occurred on Charles Street in Blackpool in September 2017.

## Blackpool Council: Risk Services

A number of key projects are being supported by the service through the provision of risk management and insurance advice and these include the purchase of the Airport, the ceiling collapse at the Winter Gardens and the development of the Conference Centre. A risk workshop was facilitated by the team relating to the business loan fund and another has been arranged for October in relation to the Growth and Prosperity programme.

### 1.4 *Health and Safety*

A new Health and Safety Advisor has been recruited and took up post in September.

The team has provided health and safety support and advice as part of the event programme which took place over summer including the Livewire Festival, Switch-On and Fireworks through the team's involvement in the Safety Advisory Group.

The team is working with Property Services to ensure that adequate measures are in place for fire safety. The team has also undertaken health and safety audits at the three leisure centres to ensure that risks are effectively mitigated.

### 1.5 *Equality and Diversity*

The Equality and Diversity Toolkit was piloted with the Resources directorate in the quarter. Once the results have been fully considered a report will be presented to the Corporate Leadership Team to consider adoption across all Council directorates.

Sessions have started to be booked for the face to face Diversity Training which is aimed at managers and it is hoped to launch this as a corporate training course.

The service has been supporting HR in the development of procedures to enable the new statutory reporting requirements relating to gender pay gap, which will require the results of the exercise to be published.

## **Performance**

### ***Risk Services Performance indicators***

<b>Performance Indicator (Description of measure)</b>	<b>2017/18 Target</b>	<b>2017/18 Actual</b>
Professional and technical qualification as a percentage of the total.	85%	79%

### ***Internal Audit Team performance indicators***

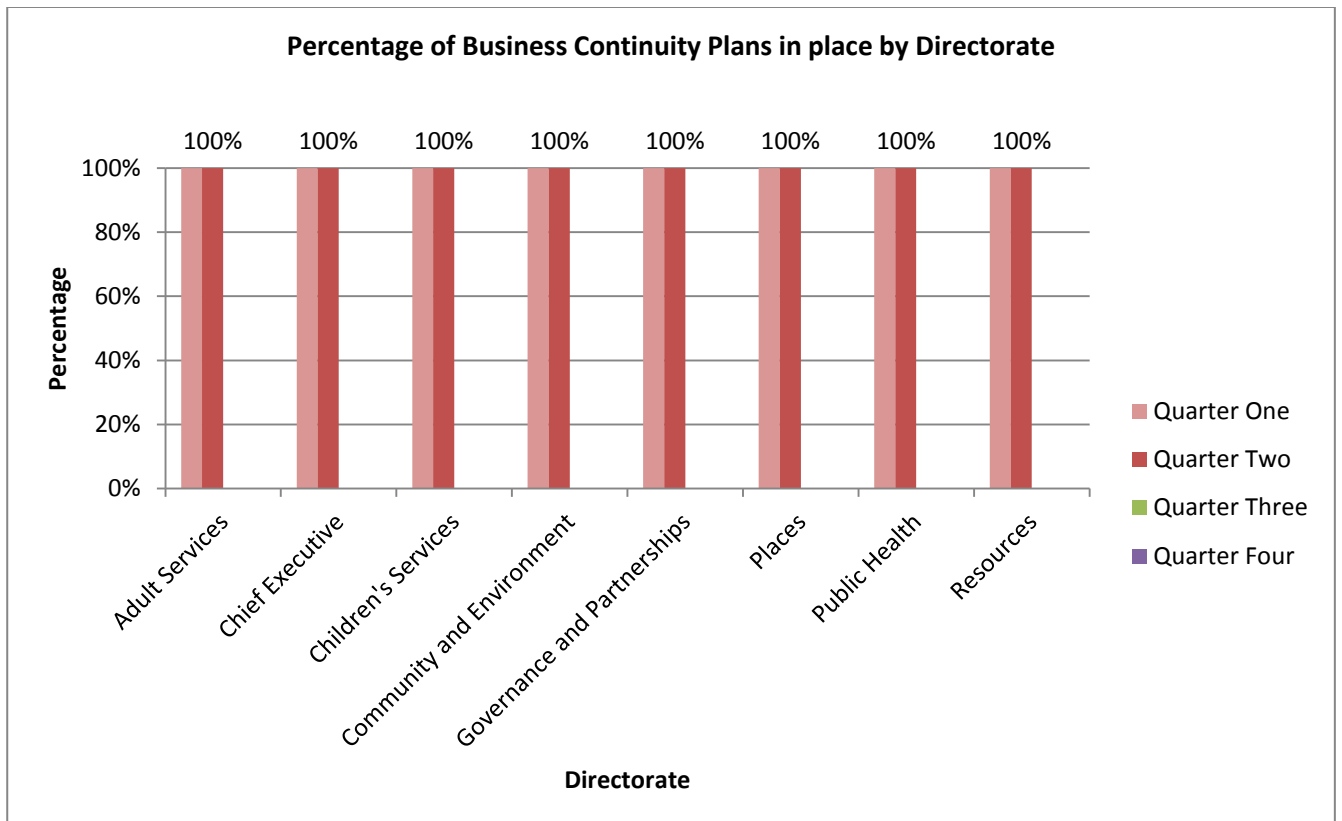
<b>Performance Indicator (Description of measure)</b>	<b>2017/18 Target</b>	<b>2017/18 Actual</b>
Percentage audit plan completed (annual target).	90%	37%
Percentage draft reports issued within deadline.	96%	100%
Percentage audit work within resource budget.	92%	94%
Percentage of positive satisfaction surveys.	85%	90%
Percentage compliance with quality standards for audit reviews.	85%	92%

## Blackpool Council: Risk Services

### *Risk and Resilience Team performance indicators*

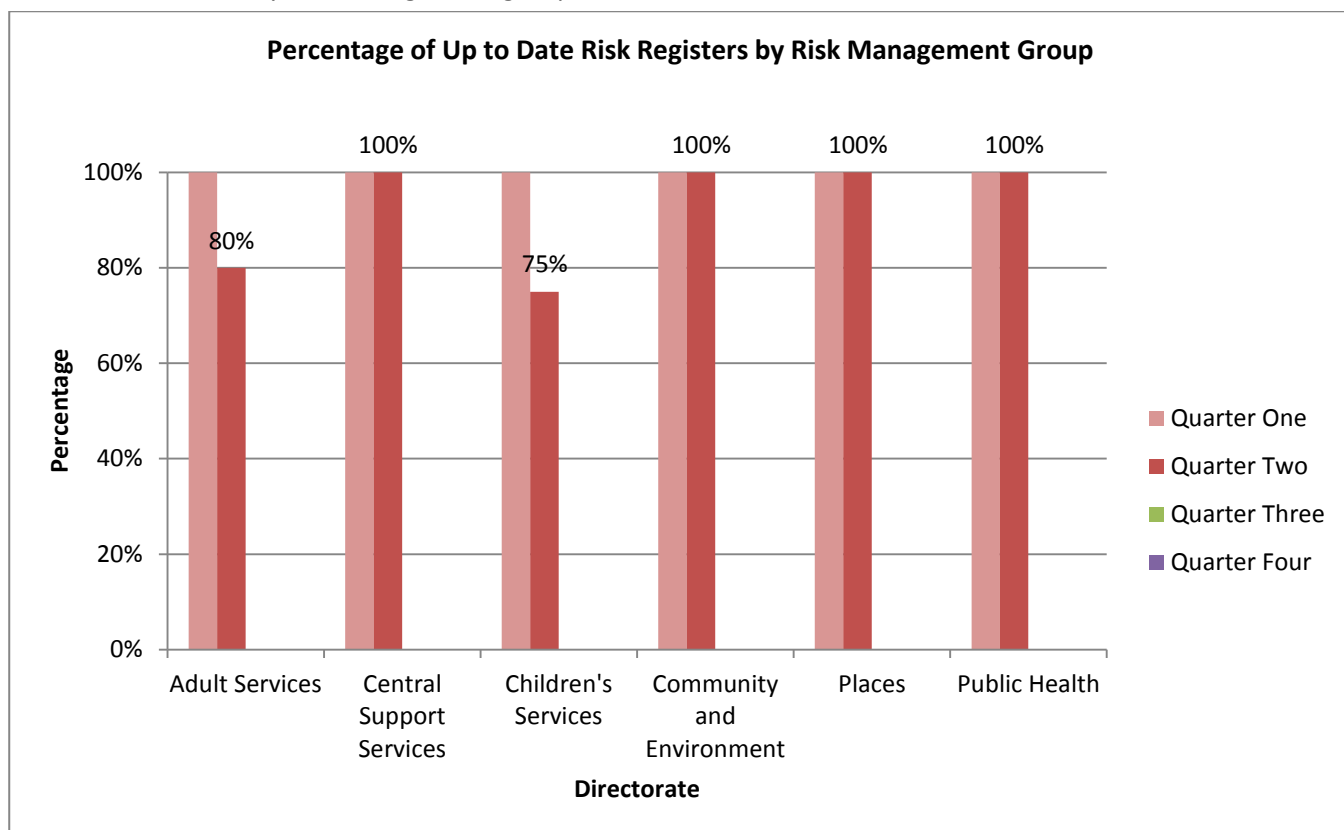
Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
Percentage of Council service business continuity plans up to date.	100%	100%
Percentage of risk registers revised and up to date at the end of the quarter.	100%	96%
Number of risk and resilience training and exercise sessions held (annual target).	6	6
Number of trained Emergency Response Group Volunteers (for monitoring purposes only – responsibility lies with Adult Social Care)	50	38
Percentage of property risk audit programme completed (annual target).	100%	40%

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:



## Blackpool Council: Risk 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:



Risk registers which were not returned in the quarter included:

- Adult Services – Safeguarding
- Children's Services – Children's Commissioning

### **Health and Safety performance indicators**

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
RIDDOR Reportable Accidents for Employees	0	9
Training Delivered to quarterly plan	100%	100%

Four of the RIDDOR reports occurred in the Community and Environmental Services Directorate and included a fracture, a sprain, a cut and a strain all of which resulted in the staff member being absent from work for over 7 days. One of the RIDDOR reports related to Adult Services where a staff member suffered from a panic attack and was therefore absent for over 7 days with the final incident occurring in a school and related to a manual handling injury.

## Blackpool Council: Risk Services

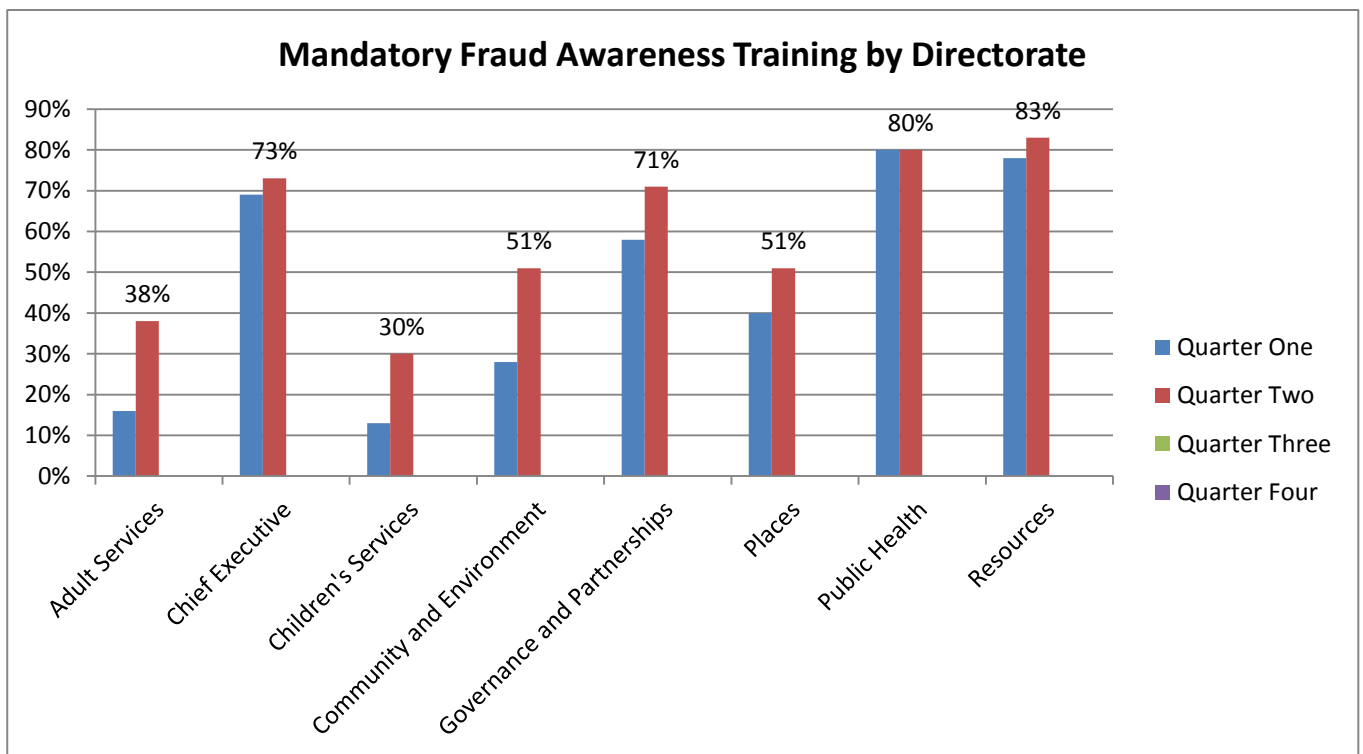
### *Equality and Diversity performance indicators*

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
Percentage of Executive Decisions made with evidence of Equality Impact Assessments or due regard.	100%	100%
Percentage take up of Equality i-Pool course.	100%	78%

### *Corporate Fraud Team performance indicators*

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
% of agreed Council employees completed i-pool fraud awareness course.	100%	62%

Mandatory employees in each directorate have now been identified and it is their course completion rate (or alternative training package) that is now being reported.



## Blackpool Council: Risk Services

### Corporate Fraud Team Statistics

	Number of Cases Brought Forward from 2016/17	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		
<b>Type of Fraud</b>		<b>ANNUAL SUMMARY 2017-18</b>										
Council Tax - Single Person Discount	21	27	9	9	£3,154.03	18	0	0	0	0	30	
Council Tax Reduction (CTR)	17	25	3	10	£997.87	13	0	0	0	0	29	
Business Rates	0	0	0	0	£0.00	0	0	0	0	0	0	
Procurement	1	0	0	1	£0.00	1	0	0	0	0	0	
Fraudulent Insurance Claims	24	11	0	26	£0.00	26	0	0	0	0	9	
Social Care	2	0	0	1	£0.00	1	0	0	0	0	1	
Economic & Third Sector Support	0	0	0	0	£0.00	0	0	0	0	0	0	
Debt	0	2	1	0	£14,171.43	0	0	1	0	0	1	
Pension	0	0	0	0	£0.00	0	0	0	0	0	0	
Investment	0	0	0	0	£0.00	0	0	0	0	0	0	
Payroll & Employee Contract Fulfilment	1	1	0	1	£0.00	1	0	0	0	0	1	
Expenses	0	0	0	0	£0.00	0	0	0	0	0	0	
Abuse of Position - Financial Gain	2	1	1	2	£350.00	2	0	1	0	0	0	
Abuse of Position - Manipulation of Financial or Non-Financial Data	0	0	0	0	£0.00	0	0	0	0	0	0	
Fraudulent Cashing of Housing Benefit Cheque	0	0	0	0	£0.00	0	0	0	0	0	0	
Disabled parking concessions	1	0	0	1	£0.00	1	0	0	0	0	0	
NFI 2017	0	2436	500	1831	£5,542.72	0	0	0	0	0	105	
<b>Totals:</b>	<b>69</b>	<b>2503</b>	<b>514</b>	<b>1882</b>	<b>£24,216.05</b>	<b>63</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>176</b>	

2. **Appendix A: Performance & Summary Tables for Quarter Two**

*Internal Audit reports issued in period*

Directorate	Review Title	Assurance Statement
Adult Services	Adult Provider Market Sustainability	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to review the commissioning rates paid by the Council and other major public sector commissioners to local adult residential and care at home providers and the levels of top-ups paid by service users, in order to enhance understanding of the local provider market.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>Overall we consider that adequate steps have been taken to ensure that the fee levels for care and support services are appropriate in order to provide quality care and support. However, benchmarking has highlighted that the commissioning rates paid by other North West Councils to their providers are mostly higher than those paid by the Council to Blackpool providers.</p> <p>Commissioning rates paid by LCC and by Blackpool CCG to Blackpool providers are on average higher than Blackpool Council rates. There are opportunities for the approach to commissioning rates paid by LCC to Blackpool providers to be explored in order to understand the approach taken and for joint contracting with BCCG for care at home and with residential and nursing home providers to be considered to avoid possible duplication and maximise value for money.</p>
Community and Environmental Services	Calico Contract	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to review the controls in place aimed at ensuring that Calico Enterprise Ltd continues to perform services for the Council in an effective and resilient manner and whether the current contract arrangements pose any particular risks.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the controls in place are adequate with some risks identified and assessed and some changes necessary. The current short term arrangement with Calico Enterprise is relatively informal and any longer term arrangements should involve a formal procurement process and include provision to enable more effective contract management. Our testing revealed only minor lapses in compliance with the controls.</p>



## Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Corporate	Organised Crime and Procurement Fraud	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to assess the level of risk, utilising the Local Authority serious and organised crime checklist emanating from the December 2016 Home Office report, and undertake a closer examination of any business operations which are considered vulnerable to organised crime groups.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the controls in place are adequate to address the threat of serious and organised crime to the Council and only minor control improvements are required.</p>
Corporate	Business Loans Fund	<p><b><u>Scope</u></b></p> <p>The scope of the audit was to review the robustness and efficiency of the process being implemented for offering higher value business loans.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>Internal audit were asked to provide advice and support at the outset of the introduction of the enhanced business loan fund scheme. Throughout the development of the scheme internal audit have acted as a critical friend to the Business Loan Panel to finesse the processes implemented which are reflective of the increased financial risk.</p> <p>The introduction of the newly formed Operations and Due Diligence Sub Group, which will oversee general management processes, complete appropriate due diligence and assist the Panel in any loan decisions and monitoring of performance of the fund as a whole is a key control in ensuring that the business loans fund is managed in a way that does not put the Council's finances and reputation at undue risk. The formation of this formal group came about following recommendations made by internal audit during the course of this review. Now that this group is in place we assess that overall controls in place are considered adequate.</p> <p>The implementation of the recommendations made in the report should help ensure that robust controls continue to develop and are fully embedded before loan activity increases.</p>

## Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Governance and Partnerships	Ward Budgets	<p><b><u>Scope</u></b></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> <li>• The policies and procedures in place for ward funding budgets and assess whether these are effective.</li> <li>• The level of compliance with the policies and procedures in place.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the controls in place are adequate following a recent review to strengthen the controls. Our testing did however reveal a number of instances where the controls had not been fully complied with.</p>
Governance and Partnerships	Executive Decisions (Resources Directorate)	<p><b><u>Scope</u></b></p> <p>The scope of this review was to:</p> <ul style="list-style-type: none"> <li>• Establish the roles and responsibilities and breadth and depth of knowledge of the Council's decision making procedures within the Resources directorate.</li> <li>• Review a sample of decisions made within the Resources directorate in order to establish whether the Council's decision making procedures are being followed correctly, or whether there are valid reasons for not doing so that would inform any future review of the decision making process.</li> <li>• Identify any items that should have followed the decision making process through a review of meeting minutes, large items of expenditure, plans, strategies and bid documents and establish any reasons for not following the appropriate procedures and whether there are valid reasons for not doing so that would inform any future review of the decision making process.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the controls in place are good and the decision making process is working effectively.</p> <p>Our testing revealed a satisfactory level of compliance with the controls.</p>

### ***Progress with Priority 1 audit recommendations***

A six monthly review of priority one recommendations was undertaken in the quarter. Progress has been made in implementing the required controls in a number of cases including:

- Driving at Work
- Adolescent Hub
- Children's Safeguarding

## **Blackpool Council: Risk Services**

It should be noted that there are still outstanding priority one recommendations for each of the above reviews and new target dates have been agreed where the issues have not been fully addressed at this stage. A revised deadline has also been agreed for addressing the outstanding issues relating to Placement Orders and Legal Costs.

Progress is being made implementing the e-invoice system for processing property services purchase orders. There is still a need for some manual intervention until a number of system issues have been resolved and therefore a new deadline has been agreed with the service for full implementation.

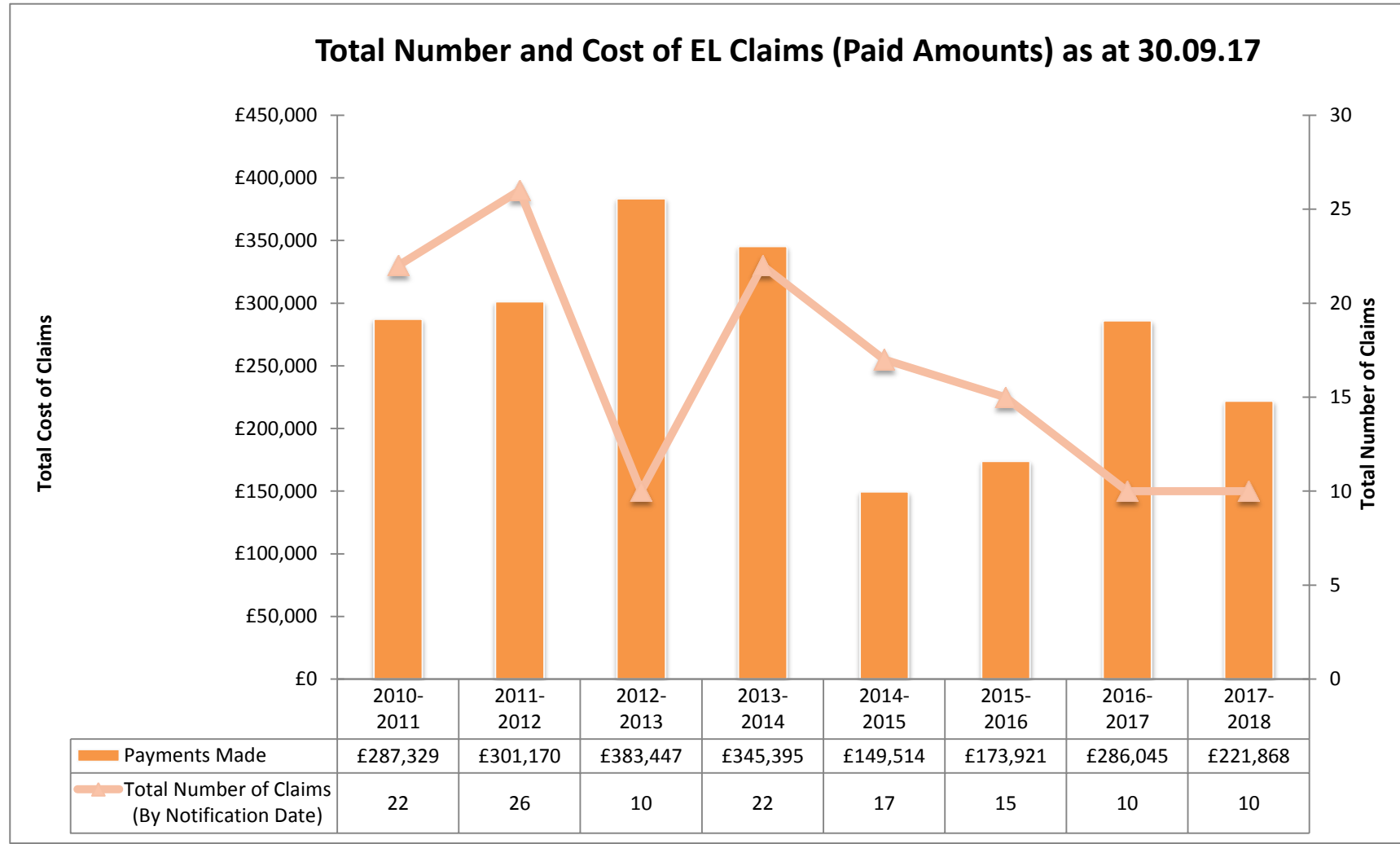
### ***The Regulation of Investigatory Powers Act 2000***

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 July and September 2017 the Council authorised no RIPAs.

### ***Insurance claims data***

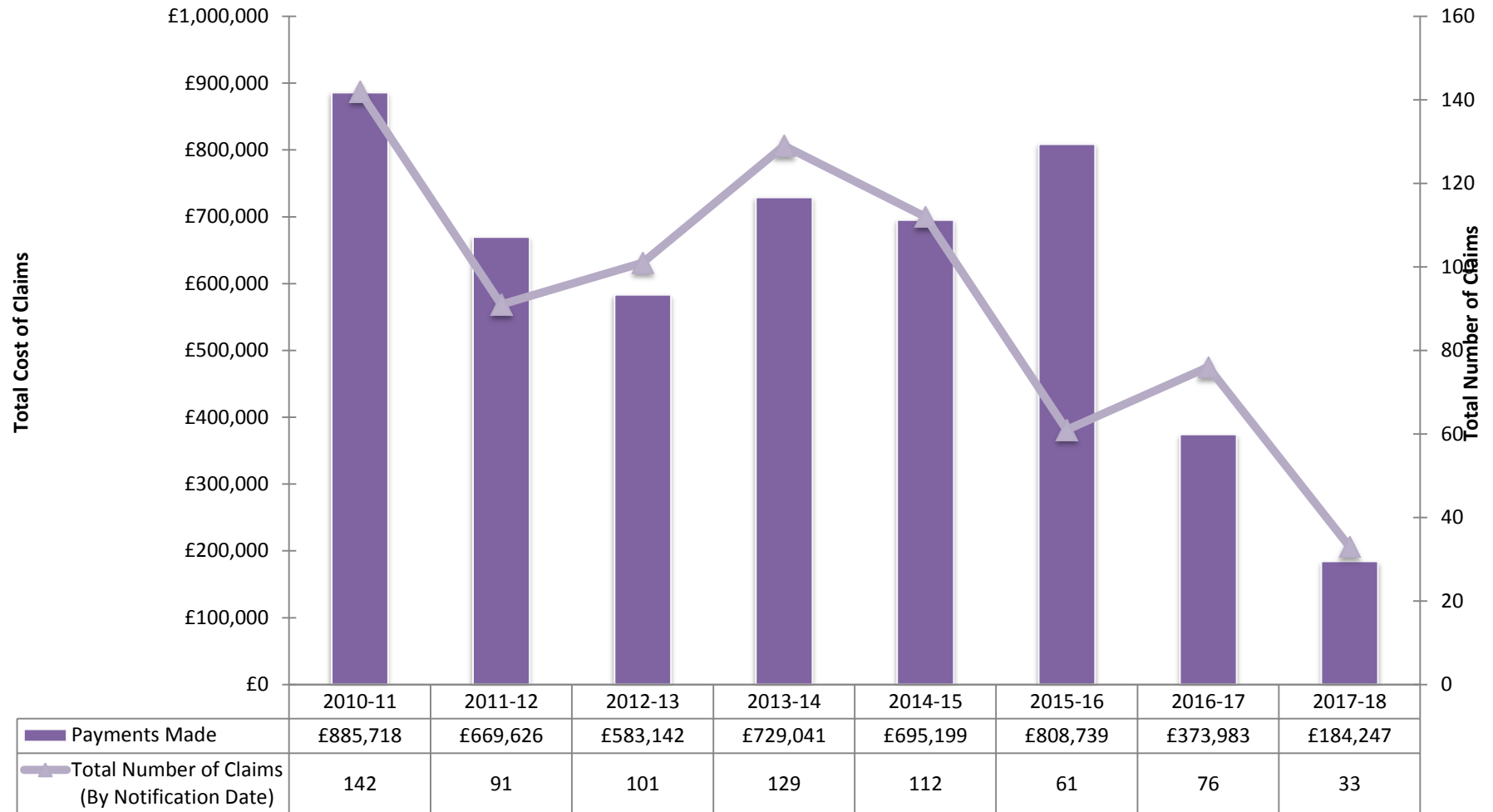
The graphs at **Appendix B** show the cost of liability insurance claims paid to date each financial year by the Council.

3. Appendix B – Insurance Claim Payments by Financial Year



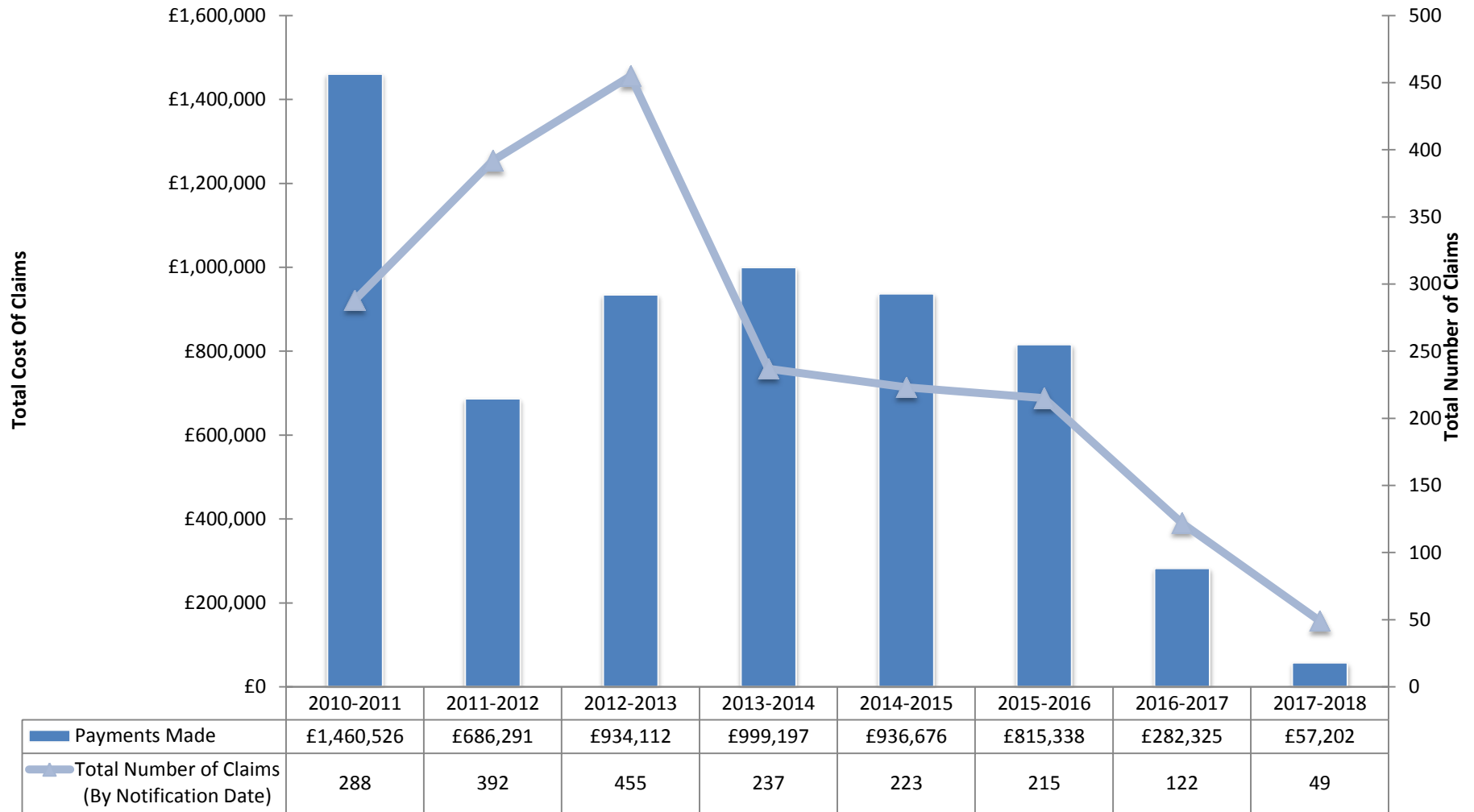
Blackpool Council: Risk Services

Total Number and Cost of PL Claims (Paid) as at 30.09.17



Blackpool Council: Risk Services

Total Number and Cost of PLH Claims (Paid) as at 30.09.17



<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Iain Leviston, Manager, KPMG
<b>Date of Meeting</b>	16 November 2017

## ANNUAL AUDIT LETTER 2016/2017

### 1.0 Purpose of the report:

1.1 To consider the Annual Audit Letter 2016/2017.

### 2.0 Recommendation(s):

2.1 To consider the report, asking relevant questions and making any recommendations that are considered appropriate.

### 3.0 Reasons for recommendation(s):

3.1 To enable the Committee to consider the key findings from the External Auditor's 2016/2017 audit of the Council and to make appropriate recommendations.

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 the report, but this would prevent the Committee from effective monitoring of the External Auditor's key findings from the 2016/2017 audit of the Council.

### 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 The External Auditor’s Annual Audit Letter summarises the key issues arising from the 2016/2017 audit of Blackpool Council. The document is addressed to the Council but it is intended that it is used to communicate issues to external stakeholders, including members of the public. The letter is used to highlight areas of good performance and also areas where further work is required to achieve best practice.

5.2 The Annual Audit letter is attached at Appendix 7(a).

Does the information submitted include any exempt information?

No

**List of Appendices:**

Appendix 7(a): Annual Audit Letter 2016/2017.

**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 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 None

**13.0 Background papers:**

13.1 None





# Annual Audit Letter 2016/17

## Blackpool Council

[kpmg.com/uk](http://kpmg.com/uk)

October 2017

# Contents

## Report sections

Summary 3

## Appendices

- 1. Summary of reports issued 5
- 2. Audit fees 7

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tim Cutler, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

The contacts at KPMG in connection with this report are:

### Tim Cutler

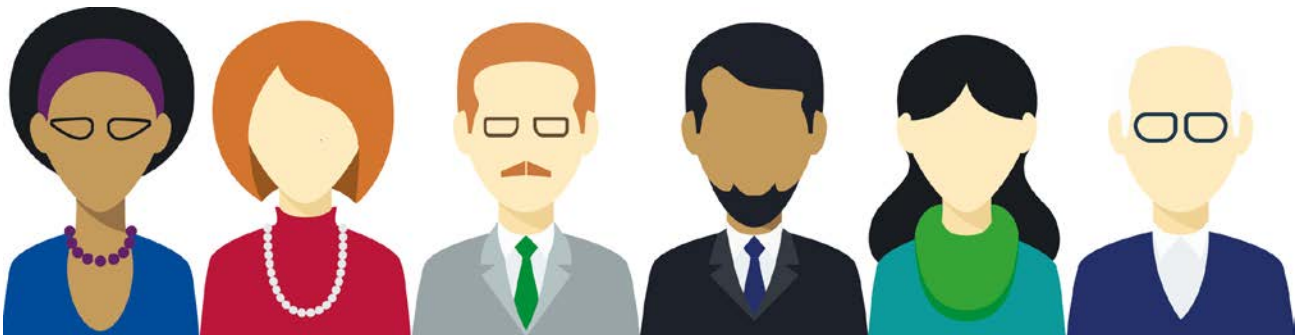
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## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at Blackpool Council in relation to the 2016/17 audit year. Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.



### VFM conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 29 September 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

### VFM risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified the following significant matters:

- **Financial resilience** – The Authority had to make revenue savings of £25.1 million in the 2016/17 budget, and a further £18.7 million in the 2017/18 budget, with further savings being required in future years. The Authority manages these requirements by maintaining a medium term financial plan, which is updated annually as part of the annual budgeting process. Cost pressures and savings opportunities are identified to ensure that sustainable recurring savings are made to meet the need to balance the budget. The authority has been successful in delivering this programme in 2016/17 and previous years.
- **Children's Services** – Children's Services represents the biggest budgetary pressure on the Authority in 2016/17, with a £4 million overspend by month eight compared to a budget which had been increased for the year. Having received a 'requires improvement' assessment from Ofsted in 2013, the Council has implemented additional steps to address these concerns. The Authority has appointed a new Director of Children's Services and they are working with the team to review the current arrangements as the steps necessary to improve performance are not the same as those required to maintain that higher service standard. Steps are also being taken to engage more effectively with partner organisations to ensure that the best possible solutions are identified for every child.

## Section one

### Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 29 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

The financial statements also include those of the Authority's Group, which consists of the Authority itself and the following subsidiaries:

- Blackpool Transport Services
- Blackpool Operating Company
- Blackpool Coastal Housing
- Blackpool Entertainment Company
- Blackpool Housing Company

The Council's associate, Marketing Lancashire, is also included in the Group financial statements.

### Financial statements audit

We did not identify any issues in the course of our audit that are considered to be material.

The Authority has good processes in place for the production of the accounts and high quality working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.

### Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

### Whole of Government Accounts

We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.

### Certificate

We issued our certificate on 29 September 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

### Audit fee

Our fee for the audit of the 2016/17 financial statements was £110,153, excluding VAT. This was consistent with the fee set out to you in our *Annual audit fee 2016/17* letter issued in April 2016.

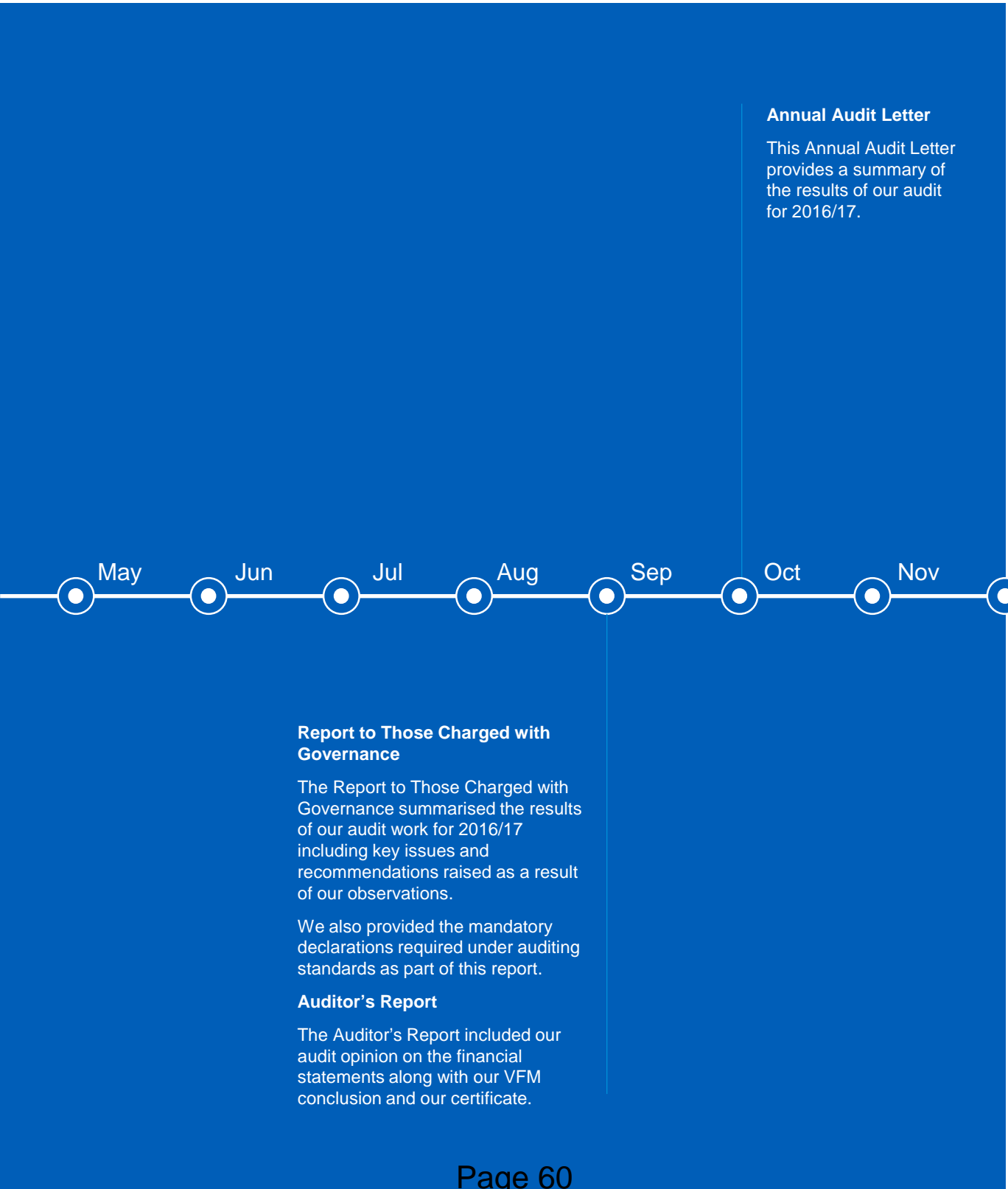
## Appendix 1

# Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can be accessed via the Audit Committee pages on the Authority's website at [www.blackpool.gov.uk](http://www.blackpool.gov.uk).





**Annual Audit Letter**

This Annual Audit Letter provides a summary of the results of our audit for 2016/17.

**Report to Those Charged with Governance**

The Report to Those Charged with Governance summarised the results of our audit work for 2016/17 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

**Auditor's Report**

The Auditor's Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

## Appendix 2

# Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

### External audit

Our final fee for the 2016/17 audit of the Authority was £110,153, which is in line with the planned fee.

### Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2018.

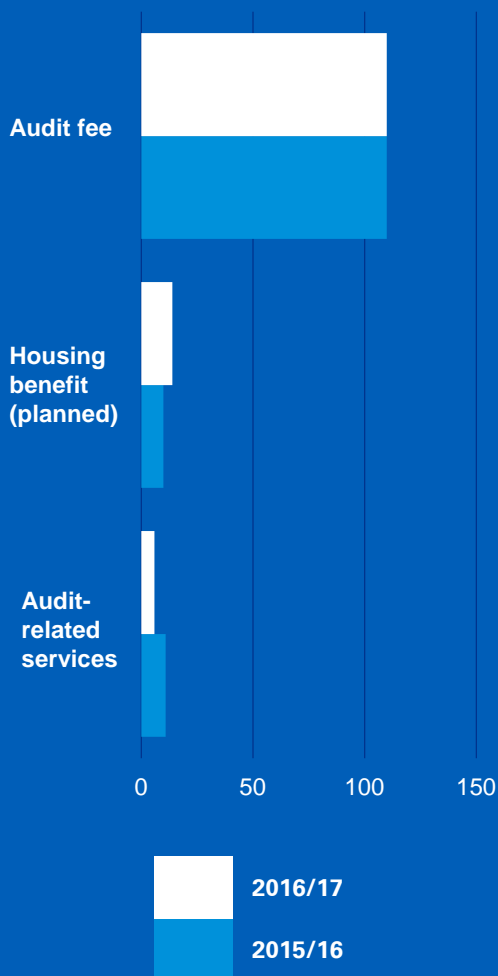
### Other services

We have agreed the following fees for certifying grants and other additional audit-related services:

- Teachers Pensions' Agency – £3,045
- DCLG Pooling of Capital Grant Receipts – £2,800

These grants are outside of Public Sector Audit Appointment's certification regime.

External audit fees 2016/17 (£'000)



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<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh, Head of Audit and Risk
<b>Date of Meeting</b>	16 November 2017

## BUSINESS CONTINUITY FRAMEWORK

### 1.0 Purpose of the report:

- 1.1 To consider the Business Continuity Framework which sets out how the Council will manage its business continuity arrangements and comply with the Civil Contingences Act (2004).

### 2.0 Recommendation(s):

- 2.1 To approve the Business Continuity Framework for 2018-2021.

### 3.0 Reasons for recommendation(s):

- 3.1 To ensure compliance with the requirements of the Civil Contingencies Act 2004.

- 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 In line with professional standards there is a need for the Council to have in place a Business Continuity Framework which sets out how the Council will manage its business continuity arrangements and comply with the Civil Contingences Act (2004). Such a framework has been in place since 2006 and reviewed every three years. The current framework covers 2014-2017 and therefore required a review.
- 5.2 The Business Continuity Management Framework covers a number of key areas including the policy statement, the methodology, the strategic framework to be adopted and the roles and responsibilities.
- 5.3 Once approved the document will be placed on the Hub for access by all directorates, and the revised document will be launched via the Risk Management Groups to raise awareness of the Council's approach to business continuity management.
- 5.4 The key changes to the previous document are that it has been streamlined to focus on the key issues which plan holders need to focus on, and the inclusion of a requirement for all services to undertake an annual test of their plan and report the results to the Risk and Resilience Team.

Does the information submitted include any exempt information?

No

### **List of Appendices:**

Appendix 8(a) – Business Continuity Framework

## **6.0 Legal considerations:**

- 6.1 The Council has a statutory duty under the Civil Contingencies Act (2004) to adequately plan business continuity arrangements to enable key services to be delivered should an incident occur.

## **7.0 Human Resources considerations:**

- 7.1 Business continuity arrangements should be focused on using existing employees and deploying them to critical services should an incident occur.

## **8.0 Equalities considerations:**

- 8.1 None.

**9.0 Financial considerations:**

9.1 The aim of the business continuity arrangements is to try, as far as possible, to use existing Council resources to deal with an incident. However, it should be noted that if a major or prolonged incident was to occur then some additional costs may be unavoidable.

**10.0 Risk management considerations:**

10.1 Implementing adequate business continuity arrangements is a key tool in risk management and helps services and the Council effectively deploy resources in a coordinated manner should an incident occur.

**11.0 Ethical considerations:**

11.1 None.

**12.0 Internal/ External Consultation undertaken:**

12.1 Consultation has been undertaken via the Corporate Risk Management Group and the framework approved by the Corporate Leadership Team on the 24 October 2017.

**13.0 Background papers:**

13.1 None.

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# Business Continuity Management Framework 2018 – 2021

Blackpool Council



# Business Continuity Management Framework

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## FOREWORD

Blackpool Council recognises that it provides services to the community and works in partnership with others in order to deliver the corporate priorities. It is a vital that we are able to ensure that our services and resources are protected during incidents and disruptions. This will assist the Council in becoming more resilient and maintaining the reputation of Blackpool Council.

Linked with good risk management, business continuity will assist the Council in managing through disruptions in order to protect its staff, customers, resources and infrastructure. Through the implementation of the business continuity management framework we strive to ensure that the Council can respond effectively to disruptions and maintain its services.

The Council provides a diverse range of services both internally and to the community of Blackpool. These services are often critical to the livelihoods and well-being of the people in Blackpool and are fundamental to the success of the Council. In many cases there is a statutory duty placed on the Council to undertake services and activities.

It is important that managers recognise their roles and responsibilities in this area of risk as we strive to embed a good business continuity management culture throughout our services, activities and partnerships.

Neil Jack

Chief Executive

# Business Continuity Management Framework

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## INTRODUCTION

### POLICY

It is a statutory duty of Blackpool Council to meet its obligations under the Civil Contingencies Act (2004). This Act places seven wide-ranging duties on the Council and specifically two in relation to business continuity which are to:

- Put in place business continuity management arrangements,
- Provide advice and assistance to businesses and voluntary organisations about business continuity management.

In addition to the statutory duty it also makes good business sense. Business continuity is not just about dealing with large scale disruptive events that may rarely happen. Having appropriate arrangements in place helps to build organisational resilience by embedding the process into day to day management activities and would therefore cover a host of disruptive incidents and events.

This policy is based around the Civil Contingencies Act (2004) and the accompanying statutory guidance 'Preparing for Emergencies', the Business Continuity Institute's 'Good Practice Guidelines' and the International Standard ISO 22301:2012 Societal Security – Business Continuity Management Systems.

### AIM

To ensure that a coordinated and effective approach is adopted in relation to all business continuity management activities.

### SCOPE

All Council services and promoted to those services delivered on behalf of the Council by third parties.

### OBJECTIVES

- To ensure that business disruptions are managed in a way that avoids or reduces their impacts on the Council and stakeholders by having a programme of activity to put in place robust business continuity arrangements.
- Protect our employees, information and assets.
- Identify the Council's critical services.
- Ensure availability of resources to continue to deliver the critical services.
- Return to normal operations in a structured manner.
- Protect the Council's priorities and reputation.

# Business Continuity Management Framework

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## **BUSINESS CONTINUTY MANAGEMENT METHODOLOY**

### **INTRODUCTION**

The Civil Contingencies Act 2004 places a statutory duty on the Council to have Business Continuity Management (BCM) in place to ensure the continued delivery of services. Having a BCM programme in place is also an integral part of good risk management and commitment to the programme will help achieve a greater level of organisational resilience.

The Council's BCM Programme is to be applied across all Directorates.

The programme has been designed to align with the content of ISO 22301:2012 on business continuity and the Business Continuity Institute's (BCI) Good Practice Guideline.

### **MAJOR EMERGENCIES AND BUSINESS CONTINUITY**

The services of the Council and that of its partners are subject to varying degrees and frequency of disruption. BCM provides the capacity for the Council to effectively react to these disruptions to ensure the continuity or recovery of and services. Therefore BCM primarily focuses on internal issues.

The Council has a Major Emergency Plan (MEP) that covers the operational response of the Council to a major incident which tend to focus on events external to the Council.

*Whilst an internal business continuity incident may develop out of an externally focussed emergency the two should not be confused.*

### **TRAINING AND SUPPORT**

Risk Services are able to offer training, familiarisation and support to managers that have business continuity responsibilities. The training and support on offer will vary according to the needs of individuals, the status of the BCM programme and any budget availability. The support on offer will ensure that individuals have the necessary knowledge and confidence to develop their business continuity arrangements and contribute to the overall BCM programme in order to enhance the Council's resilience.

### **BCM STRATEGIC FRAMEWORK**

This Business Continuity Management Strategic Framework sets out the hierarchy of plans and the key roles and responsibilities of Individual Officers, Services and or Groups within the Council.



# Business Continuity Management Framework

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## HIERARCHY OF PLANS

### **Tier 1 - Operational Service / Group Level Plans**

The Service level business continuity plan identifies and defines the critical services and provides both a fixed or flexible response to various disruptions that may be faced.

### **Tier 2 - Tactical Level Plans**

The Corporate Leadership Team or Senior Officers of the Council may decide to develop thematic plans for specific functions, over and above those required for Services or Groups of Services, for example the ICT Business Continuity Guidance or Corporate Workplace Provision Contingency Plan.

### **Tier 3 - Strategic Corporate Level Plan**

The Corporate Business Continuity Plan contains a framework for the response to wide-ranging corporate disruptive incidents. The plan will also contain the Council's Critical Activities / Functions. The Critical Activities and Functions list is derived from service levels BCPs and will be approved by the Corporate Leadership Team. This list will identify those services / activities that must be maintained or recovered within the timescales set within the operational level plans.

## ROLES AND RESPONSIBILITIES

It is important to ensure employees and all key stakeholders such as elected members, partners, suppliers, contractors and other third parties are engaged in the process. This ensures support is obtained and interdependencies are identified and built into any planning arrangements.

The following list, which is not exhaustive, details some of the more fundamental roles in relation to ensuring the ongoing success and support of the Business Continuity Management programme within the Council.

# Business Continuity Management Framework

ROLE	RESPONSIBILITIES
<b>CHIEF EXECUTIVE</b>	<ul style="list-style-type: none"> <li>• Endorsement and sponsorship for business continuity to be rolled out across all Council services</li> <li>• Approval of Business Critical Activities at a Corporate level</li> <li>• Participate in Strategic level Business Continuity Exercises where appropriate</li> <li>• Lead the Strategic Business Recovery Group when strategic direction is required</li> <li>• Ensure the Council’s BCM Policy is enforced for the benefit of the Council and compliance with the Civil Contingencies Act.</li> </ul>
<b>AUDIT COMMITTEE</b>	<ul style="list-style-type: none"> <li>• Play a governance role in ensuring that services are operating in line with the current BCM policy and any strategic direction to ensure service progress and accountability</li> <li>• Provide oversight for ensuring that Blackpool Council meet it’s statutory obligations under the Civil Contingencies Act in relation Business Continuity Management</li> <li>• Endorsement for business continuity to be rolled out across all Council services as part of managing organisational risks.</li> </ul>
<b>CORPORATE LEADERSHIP TEAM</b>	<ul style="list-style-type: none"> <li>• Responsible for ensuring Business Continuity implementation tasks are carried out for their Department and resourced accordingly</li> <li>• Participate in Strategic / Tactical level Business Continuity Exercises</li> <li>• Approval of Business Critical Activities for the Council</li> <li>• Be part of the Strategic Business Recovery Group when strategic direction is required</li> <li>• Convene Tactical (Department Level) Business Recovery Group if required</li> <li>• Ensure the Council’s BCM Policy is enforced for the benefit of the Council</li> </ul>
<b>CORPORATE RISK MANAGEMENT GROUP</b>	<ul style="list-style-type: none"> <li>• Assist in facilitating the implementation of BCM across the Council by providing challenge and recommendations</li> <li>• Ensure the Council’s BCM Policy is enforced for the benefit of the Council</li> <li>• Share and receive best practice</li> <li>• Ensure that there is a consistent approach to the implementation of the Business Continuity Management Programme through the Risk Champions for each Department.</li> </ul>
<b>HEADS OF SERVICE &amp; PLAN HOLDERS</b>	<ul style="list-style-type: none"> <li>• Support and participate in (where appropriate) workshops, events, training or exercising as required by the Business Continuity Management programme</li> <li>• Identification of Critical Activities for their service</li> <li>• Responsible for ensuring each business function within their service is covered by a Business Continuity Plan and that this is approved, maintained and kept up to date</li> <li>• Responsible for ensuring each plan is tested on an annual basis and any lessons identified incorporated into the plan and reported to Risk Services</li> <li>• Be part of the Strategic / Tactical Business Recovery Group when strategic or tactical direction is required</li> </ul>

# Business Continuity Management Framework

ROLE	RESPONSIBILITIES
	<ul style="list-style-type: none"> <li>• Proactively work with contractors, suppliers and partners to promote business continuity</li> <li>• Share and receive best practice</li> <li>• Provide support and commitment to the Risk Champion for their Department</li> <li>• Practice and be prepared to execute your role as defined in your Business Continuity Plan.</li> </ul>
<b>RISK &amp; RESILIENCE TEAM</b>	<ul style="list-style-type: none"> <li>• Provide the tools for services to undertake a Business Impact Analysis exercise to determine Critical Activities</li> <li>• Provide the tools for services to test / exercise their BCPs on an annual basis</li> <li>• Develop a Business Continuity Plan template to be used across all Council services</li> <li>• Provide guidance and advice to Service Managers when completing Business Continuity Plans</li> <li>• Coordinate business continuity activities to ensure that the Council meets the criteria laid out in the Civil Contingencies Act</li> <li>• Validate Business Continuity Plans to ensure they are workable, robust and effective</li> <li>• Proactively work with Council services to further the business continuity programme</li> <li>• Share and receive best practise at internal and external events.</li> </ul>
<b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>• Seek out and understand their role in business continuity as defined by your manager</li> <li>• Participate in BCM Workshops and training when invited</li> <li>• Support the work of managers in relation to ensuring BC arrangements are robust and resilient</li> <li>• Practise and be prepared to execute your role as defined in your team’s Business Continuity Plan</li> <li>• Proactively look to mitigate risks of potential business exposures and vulnerabilities</li> <li>• Appropriately escalate potential weaknesses in Business Continuity processes</li> </ul>

## BUSINESS CONTINUITY MANAGEMENT PROCESS

The BCM programme is co-ordinated by Risk Services. The programme acknowledges that although every service may not be critical, all services / functions are important to the wider community of Blackpool.

The programme acknowledges that the Council works in partnership with many organisations and commissions a number of services. Overall responsibility for those services that are contracted out remains with the Council and

# Business Continuity Management Framework

therefore contractors should be fully engaged to ensure appropriate business continuity arrangements are in place, especially in relation to the delivery of critical activities..

Business continuity is an essential and continuous business activity, not just a technical exercise. Planning for the management of personnel, system and business disruptions as well as recovery of these items is not a case of 'if' but 'when'.

Some services may be more critical than others at a time of crisis. In order to ensure the continued delivery of them, other services may need to be temporarily reduced or even suspended. To ensure each service has gone through a robust process to identify its critical activities, and to inform the completion of service BCPs, the BCM programme will aim to follow the principles of the BCM Lifecycle as illustrated below.



## PROGRAMME MANAGMENT

BCM operates at three levels:

Strategic	Decisions are made and policy is determined
Tactical	Operations are coordinated and managed
Operational	Activities are undertaken

Programme Management will follow the Plan-Do-Check-Act model (PDCA) as outlined below:

# Business Continuity Management Framework

PLAN	Establish business continuity policy, objectives, targets, controls, processes and procedures relevant to improving business continuity in order to deliver results that align with the organisation’s overall policies and objectives.
DO	Implement and operate the business continuity policy, controls, processes and procedures.
CHECK	Monitor and review performance against business continuity policy and objectives, report the results to management for review, and determine and authorise actions for remediation and improvement.
ACT	Maintain and improve the BCMS by taking corrective action, based on the results of management review and reappraising the scope of the BCMS and Business Continuity policy and objectives.

## ANALYSIS

This element of the BCM programme takes the form of a Risk Register and Business Impact Analysis.

Firstly, there is a need to identify the risks to delivering the Council’s business. This takes the form of a risk register which must be in place to assess and monitor the likelihood and impact of service delivery risks.

A Business Impact Analysis should then be completed to assess how the Council’s objectives would be met should an incident occur. Analysis ensures that critical activities are clearly identified and prioritised depending on the impact of non-delivery. Interdependencies with other parties are also identified along with key resources. This should be revisited frequently so that the BCM programme can reflect organisational change.

## DESIGN

Depending on how critical a service is and the resources available, a variety of strategies can be selected to mitigate the risk. Risk control usually requires managers to identify and implement revised working practices or implement projects to remove potential risks and hazards. The various options available are listed in the following table:

<b>Tolerate</b>	Do nothing and continue as planned. The ability to do anything may be limited or the cost of taking action may be disproportionate to the potential benefit gained.
<b>Treat</b>	Introduce control procedures to increase the chance of success.
<b>Transfer</b>	Share the exposure of risk via insurance or with a contractor. The relationship with a contractor needs to be carefully managed as it may not be possible to fully transfer all risks and some aspects might remain such as reputational risk.
<b>Terminate</b>	Withdraw from the activity if possible.

# Business Continuity Management Framework

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Various controls can then be developed around people, premises, resources and suppliers. By embedding business continuity into the service then any incident response structure will identify the various roles that staff undertake during an incident.

## IMPLEMENTATION

This stage involves documenting the priorities, procedures, responsibilities and resources necessary to assist in managing a disruptive incident and the subsequent recovery back to normal operation.

The output is a service level BCP that contains arrangements for the continuation of the Council's services to at least a minimal level. The service level BCPs are supported by thematic property and ICT BCPs, and an overarching corporate BCP.

## VALIDATION

Validation of the BCM programme is achieved by exercising and reviewing the BCPs in place.

Plans must be reviewed on an annual basis, or before, if there is a significant change to the service, and copies provided to Risk Services. Plan holders are responsible for exercising / testing their service level plans at least once a year and must provide Risk Services with the outcome of this when the test is completed.

The Corporate BCP, and exercising of this plan, will be facilitated by Risk Services. Service Level BCPs can be tested utilising the exercises available on The Hub, with assistance provided by Risk Services if necessary.

Performance data will be reported to the Corporate Leadership Team and Audit Committee.

## EMBEDDING BUSINESS CONTINUITY

Embedding business continuity is an ongoing activity in order to integrate the process into strategic and operational Council business activities.

## FURTHER INFORMATION

For further information or support in relation to business continuity please contact the Risk and Resilience Team within the Risk Services Section of the Council.

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh, Head of Audit and Risk
<b>Date of Meeting</b>	16 November 2017

## INTERNAL AUDIT STRATEGIC PLAN 2018-2021

### 1.0 Purpose of the report:

- 1.1 To consider the Internal Audit Strategic Plan, which sets out the medium term direction of the Internal Audit service, outlining what the priorities of the service will be going forward and what actions will be taken to address these.

### 2.0 Recommendation(s):

- 2.1 To approve the Internal Audit Strategic Plan.

### 3.0 Reasons for recommendation(s):

- 3.1 The Internal Audit Strategic Plan is developed to meet the requirements of the Public Sector Internal Audit Standards which the team must comply with.

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 The Internal Audit Strategic Plan sets out the medium term direction of the Internal Audit service. This three year plan outlines what the priorities of the service will be going forward and what actions will be taken to address these. The plan sets out how Internal Audit can continue to provide an adequate level of assurance whilst taking account of the resource limitations.

5.2 The Strategic Plan is supported by the Audit Charter, which sets out the roles and responsibilities of internal audit, the Annual Audit Plan which outlines the internal audit work which will be undertaken each year and the Quality Assurance and Improvement Programme which outlines service development actions.

5.3 The Internal Audit Strategic Plan covers the following key areas and the approach to be taken by the Internal Audit Team for addressing these:

- Alignment to Council Priorities
- Provision Arrangements
- Specialist Audit Areas
- Reporting Lines
- Structure
- Performance Management and Quality Control
- Quality Assurance and Improvement Programme
- SWOT Analysis
- Key Priorities
- Risk Management

Does the information submitted include any exempt information?

No

### **List of Appendices:**

Appendix 9(a) – Internal Audit Strategic Plan 2018-2021

## **6.0 Legal considerations:**

6.1 There is a statutory duty to provide an internal audit service and the delivery of this plan will ensure that this requirement is met.

## **7.0 Human Resources considerations:**

7.1 The plan will be delivered with existing staff resource.



**8.0 Equalities considerations:**

8.1 None.

**9.0 Financial considerations:**

9.1 The plan will be delivered within existing budget constraints.

**10.0 Risk management considerations:**

10.1 The primary role of Internal Audit is to provide assurance that the Council is effectively managing its risks and provide support to all services in relation to risk and control.

**11.0 Ethical considerations:**

11.1 None.

**12.0 Internal/ External Consultation undertaken:**

12.1 The plan has been developed in conjunction with the Internal Audit Team at a service improvement event held on the 8 September 2017 and approved by the Corporate Leadership Team on the 17 October 2017.

**13.0 Background papers:**

13.1 None.

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# Internal Audit Strategic Plan 2018-2021

Blackpool Council

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# Internal Audit Strategic Plan 2018-2021

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## Introduction

The Internal Audit Strategic Plan sets out the medium term direction of the Internal Audit service. This three year plan outlines what the priorities of the service will be going forward and what actions will be taken to address these. The plan sets out how Internal Audit can continue to provide an adequate level of assurance whilst taking account of the resource limitations.

The Strategic Plan is supported by the Audit Charter, which sets out the roles and responsibilities of internal audit, the Annual Audit Plan which outlines the internal audit work which will be undertaken each year and the Quality Assurance and Improvement Programme which outlines service development actions.

The Council has faced significant financial reductions over the last few years compounded by the social issues in the town and increasing demand for services. All Council Services have seen a reduction in the resource available to them and this in turn has an impact on the control environment. In addition the Council is taking more risks as it explores innovative solutions in order to bridge the funding gap and transform the organisation. It is important that the internal audit service continues to evolve to ensure that it continues to be an effective assurance provider in this transformational landscape.

## Alignment to the Council Priorities

A key role of internal audit is to ensure that the Council has robust systems and controls in place to meet its priorities. This is best demonstrated through the annual audit planning process where the risks identified as part of the audit needs assessment and attendance at Directorate Management Teams are mapped against the Council's priorities and Strategic Risk Register.

Once all risks have been identified these are ranked as high, medium and low. A resource calculation is then undertaken to establish the number of audit days available for the delivery of the audit plan based on the team structure.

The Annual Internal Audit Plan is approved by the Corporate Leadership Team and Audit Committee prior to the start of each financial year. The delivery of the plan helps to create a culture of accountability, ensures that risk management processes are embedded and contributes to the Council's governance framework.

The intention for the three year period of this plan is to increase the level of risk-based audits and advisory / consultancy work and reduce the level of compliance audit work to better align to the priorities of the Council. This approach places an emphasis on emerging risks and the implications of changes but also ensures that core financial procedures continue to be applied consistently and correctly.

# Internal Audit Strategic Plan 2018-2021

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## Provision Arrangements

The Council has a statutory requirement to ensure that an Internal Audit service is provided. It is intended to maintain in-house provision of the Internal Audit service over the coming years. Benefits of maintaining an in-house service include:

- Detailed knowledge of the activities of the Council.
- Speed of response and flexibility.
- Value for money.
- Track record of delivering an effective in-house service meeting internal audit standards.
- High quality advice and consultancy.
- Commitment to the Council and support for the delivery of its priorities.

The in-house team continues to look at ways in which it can drive efficiency. It is recognised that wherever possible smarter working may enable further efficiencies to be identified and this is considered at the annual service improvement event. Other options to provision could be shared service arrangements and these have previously been explored by the team.

The Internal Audit service undertakes Internal Audit work for some external customers. It is intended that the team will maintain these existing arrangements where possible as a source of income to the service. Additional work of this nature will be considered in the future to the extent that completion of the annual audit plan is not compromised.

Joint working is also undertaken with Fylde Borough Council on the shared services between the two authorities. These joint working arrangements help maximise the available audit resource between the authorities and reduce the audit burden on the clients being audited. It is intended that these arrangements will continue in the future.

## Specialist Audit Areas

The majority of members of the Internal Audit Team have worked at the authority for over three years in various capacities. This gives the service a sound knowledge of the Council's business, structure, operations and culture.

# Internal Audit Strategic Plan 2018-2021

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In terms of specialist audit areas it can be challenging for a small audit team to ensure that all bases are covered, and filling any gaps can be expensive. The broad objective is to continue to build on the teams existing knowledge, skills and experience and to develop expertise in new areas to enable the team to continue to meet the changing needs of the organisation.

Where the need for particular skills or resources are identified which the in-house team cannot provide, consideration will be given to buying-in the necessary expertise if possible. Every effort would be made to factor skills exchange into these arrangements so that in-house expertise would benefit from the exercise.

The team has the following skills and capacity with regard to the main areas of specialism:

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- **Financial Audit** - The team includes qualified and finalist accountants, enabling the team to carry out quality reviews in financial audit areas and provide professional and informed advice on financial systems, procedures, statements and reports.
- **Financial Control Assurance Testing (FCAT)** - The service has a well-established FCAT programme for ongoing testing of the key controls in the Council's major financial systems which is reviewed each year to ensure that it is fit for purpose. The objective is to provide assurance that controls are operating satisfactorily. This work relies heavily on the use of IDEA file interrogation software and it is intended that further use will be introduced in the future. All team members have received external training to increase proficiency in this area.
- **Computer Audit** - This is an area of exposure in terms of the team's technical computer audit knowledge. Whilst some basic computer knowledge is available in the team, more advanced requirements would need to be bought in until adequate skills are developed in-house. Arrangements are being made across Lancashire Authorities to procure such a service if required.
- **Contract and Procurement Audit** - The team has experience in the delivery of contract and procurement audits. Other audit staff have also been involved in tendering and selection procedures for major Council contracts to ensure that the process is objective.
- **Counter Fraud Work** - The Head of Audit and Risk has undertaken specialised training in fraud detection and investigation techniques and is assisted in the delivery of counter fraud work by the Corporate Fraud Team. A pro-active anti-fraud plan is in place and reviewed on an annual basis.
- **Project Support** - As part of the service's regular advice work, audit provide support to key Council projects. This generally involves advising on project management controls and facilitating risk workshops in conjunction with the Risk and Resilience Team.
- **School Visits** - Internal Audit undertake a rolling annual programme of school visits to all maintained schools in Blackpool. This focuses on compliance with key financial transaction controls.
- **Advice and Consultancy** - The audit team is able to provide advice to management on risk, control and governance issues as required.

# Internal Audit Strategic Plan 2018-2021

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## Reporting Lines

The Internal Audit service is part of Risk Services along with Corporate Fraud, Risk and Resilience, Health and Safety and Equality and Diversity. The Head of Audit and Risk has a direct reporting line to the Section 151 Officer. A direct regular reporting line to the Chief Executive is not considered essential, however it is important that access is available and that as a minimum the Chief Executive and Head of Audit and Risk meet annually to discuss the forthcoming Internal Audit plan and its contents. The Head of Audit and Risk is able to contact the Chief Executive directly should an issue where this is appropriate arise.

As the Head of Audit and Risk has some operational responsibilities for the management of other areas in Risk Services, any audit assurance work related to these areas is managed by the Audit Manager with no involvement from the Head of Audit and Risk. On these occasions the scope of the work and agreement of the report are undertaken in conjunction with the Head of Audit and Risk's line manager (Section 151 Officer), to help avoid the risk of conflicts of interest.

Internal Auditors are not tasked with reviewing any systems for which they have previously held operational responsibility. This is applied for a three year period to ensure that objectivity is not compromised.

The Head of Audit and Risk is an attendee of the Council's Audit Committee. It is intended that the Head of Audit and Risk or the Audit Manager is present at all meetings of the Audit Committee to advise members on internal control issues and to report on audit work undertaken. In line with best practice published by the Chartered Institute of Public Finance and Accountancy, the Head of Audit and Risk has the right to meet with members of the Audit Committee in private, though it is expected that this right will only ever be exercised in exceptional circumstances.

The Head of Audit and Risk provides the Section 151 Officer with copies of all audit assurance statements and priority one recommendations for presentation and discussion by the Corporate Leadership Team to ensure that senior managers are fully aware of issues identified as part of audit work.

The Head of Audit and Risk will continue to report the results of internal audit work to elected members and senior officers on a regular basis. Reports will be made on at least a quarterly basis, including an annual summary of work performed. The reports will include the following:

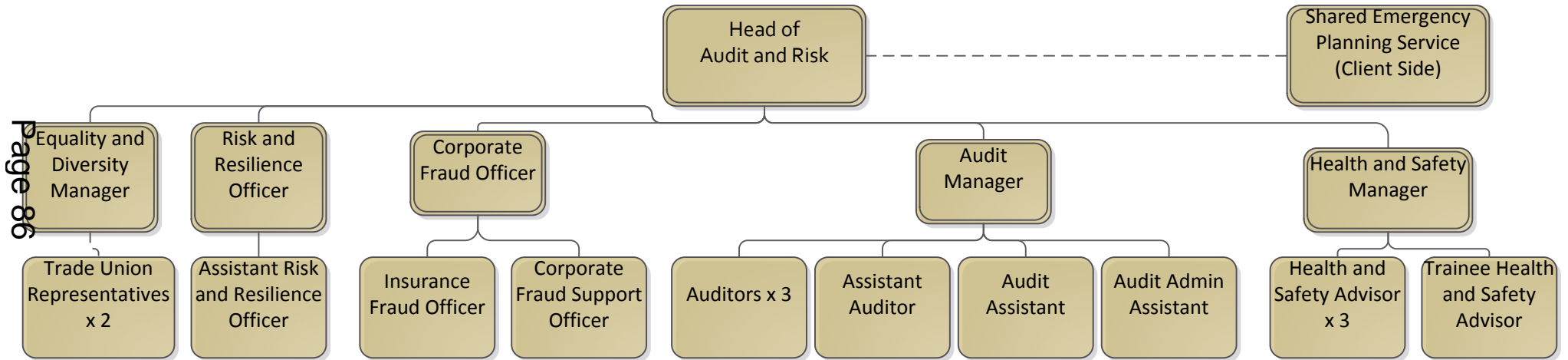
- Delivering an audit opinion to support the Council's annual statement on internal control, in accordance with the Accounts and Audit Regulations.
- Providing regular assessments of the adequacy and effectiveness of the Council's systems of internal control based on the work of Internal Audit.
- Report significant control issues and potential for improving risk management and control processes.
- Information on the status and results of the annual audit plan and the sufficiency of internal resources.
- Results of any external inspections of the Internal Audit service and any actions for improvement arising.

Should any other officer or external organisations wish to see a copy of an audit report then this request must be made to the Head of Audit and Risk who will determine whether this is appropriate. On occasion this will also be referred to the Section 151 Officer for a final decision.

# Internal Audit Strategic Plan 2018-2021

## Structure

The Internal Audit Team forms part of Risk Services which is overseen by the Head of Audit and Risk and the current structure is as follows:



It is recognised that the composition of the team may need to be revised over the next three years to ensure that the team is able to effectively respond to the increasing requirements for risk based auditing and advice. Therefore, resource planning and looking at increased integration across the wider Risk Services is a key priority over the medium term.

There is also a need to be mindful of the increasing workload faced by the service and ensure workforce planning to minimise any negative impact on staff resilience.

## Training and Qualifications

The team's objectives in relation to the prioritisation of training objectives are as follows:

- Team members are qualified to do the job.
- Team members are competent to do the job.
- Team members have a high level of job satisfaction.



# Internal Audit Strategic Plan 2018-2021

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The prioritisation of training given to address these objectives is:

- All team members are appropriately qualified for the role they carry out.
- The service has expertise (and cover) in all areas of its remit.
- Team members are trained to meet core competencies.
- Team members are able to adopt new working methods.
- The service is able to adapt to developments in internal auditing.

Training is available to all members of the team within the constraints of the budget. The Council also provides a suite of corporate training which members of staff are encouraged to attend where relevant to their work. The Council's individual performance assessment process highlights any training that is necessary or desired by staff.

The Head of Audit and Risk is a member of the Chartered Institute of Internal Audit and also holds an MSc in Audit Management and Consultancy. The Audit Manager is CAEW qualified. These two posts will continue to require a full professional qualification (CMIIA / CCAB).

The Auditor role also requires a professional qualification or in the final stages of completing a professional qualification. The Assistant Auditor and Audit Assistant posts require an intermediate level professional qualification (Certificate in Internal Audit or AAT). The Audit Admin Assistant role does not require a formal qualification however working towards an intermediate qualification is encouraged.

## Performance Management and Quality Control

The Public Sector Internal Audit Standards were released in 2012 and set out the framework which needs to be followed by the team. The Internal Audit team carried out a self-assessment against the standards that confirmed that the majority of requirements have already been met. This was followed up by an external peer review in 2016 which confirmed that the service is compliant with the Public Sector Internal Audit Standards and made some recommendations for future development which are incorporated into the Quality Assurance and Improvement Programme. This is considered by the Corporate Leadership Team and Audit Committee each year.

The Internal Audit Team will be measured against a number of performance indicators to demonstrate how it meets its value, vision and objective. These include:

- % of Audit Plan Delivered
- % of Reviews Delivered by Deadline
- % of Reviews Delivered in Resource
- % Positive Customer Satisfaction Surveys
- % Positive Head of Audit and Risk Quality Reviews

# Internal Audit Strategic Plan 2018-2021

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These reflect the desire of the service to deliver a quality product that is well received by customers and that the team itself can be proud of. Service performance will be given appropriate visibility through the quarterly reporting mechanisms. This will include regular reporting to Audit Committee and Corporate Leadership Team.

Performance management is a major focus of the service and any issues are addressed through the Individual Performance Appraisal process and monthly one to ones with all members of the team.

Delivering a quality service is fundamental to the success of the team and therefore a robust quality control process is in place. This includes a review of work done at key stages of each audit review by the Audit Manager and Head of Audit and Risk to ensure that all issues are identified and the quality of audit work performed is high. The Head of Audit and Risk also undertakes a quality check on completion of each review. On the rare occasions where the work delivered fails to meet customer expectations, the Head of Audit and Risk will meet with the service to resolve any concerns.

## Quality Assurance and Improvement Programme

The Internal Audit Team prides itself on being at the forefront of local government internal audit and is committed to the continuous improvement of the service. A number of approaches are used to ensure that the service continues to deliver effectively and efficiently and the outcome of these exercises is incorporated into the annual Quality Assurance and Improvement Programme which is approved by the Corporate Leadership Team and Audit Committee. Steps taken to improve quality include:

- **Business Planning** - Internal Audit contributes to the Resources Directorate Business Plan and sets challenging actions for improvement each year.
- **Service Improvements Days** - The Internal Audit Team holds an annual service improvement day where the team develop further innovative practice to improve efficiency.
- **Continuing Professional Development** - . Attendances at relevant seminars serve to be useful in identifying developments in the internal audit profession.
- **Team Briefings** - Team briefings are held monthly, where service improvement is a standard agenda item.
- **Customer Satisfaction Surveys** - After each completed audit assignment a customer satisfaction survey is issued to the client to obtain feedback regarding work completed. The findings are used to inform service delivery and contribute to the identification of improvements.
- **Benchmarking** - Periodic benchmarking is undertaken with other local authorities and CIPFA.

# Internal Audit Strategic Plan 2018-2021

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## Strengths, Weaknesses, Opportunities and Threats

As part of the strategic planning process the team undertook an analysis of the strengths, weaknesses, opportunities and threats facing the service. The outcome from this exercise is as follows:

Strengths	Weaknesses
<div data-bbox="91 730 136 895" data-label="Text" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 89</div> <ul style="list-style-type: none"> <li>• Approachable, flexible, courteous and professional staff with a strong team ethos.</li> <li>• Good organisational knowledge.</li> <li>• Good mix of skills and experience across the team.</li> <li>• Embedded risk based approach to internal audit both in terms of the internal audit plan and bespoke advice and consultancy assignments.</li> <li>• High quality and diplomatic audit reports which apply an appropriate level of professional judgement based on facts and evidence.</li> <li>• Maintain a level of independence and achieve professional audit standards.</li> <li>• Value for money service.</li> <li>• Well regarded service with good customer feedback.</li> </ul>	<ul style="list-style-type: none"> <li>• The limited number of fully qualified staff in the service.</li> <li>• The small size of the internal audit team to provide assurance to a unitary authority with a diverse range of risks.</li> <li>• Resource constraints prevent some demands for internal audit support being met.</li> <li>• Reduced capacity in the team results in limited opportunity for staff development and succession planning.</li> <li>• Lack of in-house specialist IT audit.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Expand the remit of external work undertaken by the team through a business development framework to increase income and review of service charges.</li> <li>• Maximise training and development opportunities.</li> <li>• The introduction of an independent member to the Audit Committee to enhance the level of challenge.</li> <li>• More proactive involvement in key Council projects to advise on risk mitigation.</li> <li>• Attendance at relevant audit groups across the North West to share</li> </ul>	<ul style="list-style-type: none"> <li>• Further budget cuts which may impact on the ability to provide a sufficiently resourced internal audit team and erode the control environment across the organisation.</li> <li>• ICT failures as all audit working papers are held electronically.</li> <li>• Inability to respond to all customer requests for audit support resulting in reputational damage.</li> <li>• Inability to recruit should members of the team leave.</li> <li>• Unable to provide an appropriate level of assurance to the Council.</li> </ul>

# Internal Audit Strategic Plan 2018-2021

information and good practice. <ul style="list-style-type: none"><li>• Review the compliance testing regime and consider whether this is appropriately focused.</li></ul>	
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## Key Priorities

In order to continue to develop the service the following key priorities have been identified over the three year period:

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- Develop resource planning to ensure that the team is appropriately structured to deliver the increasing risk focused demands on the service.
- Ensure that all staff in the team are appropriately qualified and have a broad range of experience.
- Clearly align the work of internal audit to the Council’s strategic direction and transformation process.
- Keep up to date with the changing landscape at the Council and adapt the way in which the internal audit service is delivered accordingly.
- Maintain efficient and high quality work which meets customer expectations and audit standards.
- Continue to raise the profile and the value added by internal audit across the Council and with external customers.
- Maximise income generation opportunities through the continuous exploration of opportunities such as shared services and external work.
- Ensure that adequate IT audit provision is available within the team.
- Embrace the digital strategy through the maximisation of IT hardware and software opportunities.
- Strengthen the integration with the wider Risk Services to enhance auditor knowledge and experience and deliver a cohesive risk management and assurance service to the Council.

## Risk Management

To ensure the delivery of the Strategic Internal Audit plan and the continuation of the internal audit service a risk assessment has been undertaken to identify all risks and the likelihood and impact on them occurring. Where additional controls need to be implemented to reduce the risk these have been identified and will be actioned throughout the life of the Strategic Audit Plan. The outcome of this exercise is captured in the following risk register:

## Internal Audit Strategic Plan 2018-2021

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Unable to retain experienced staff/ reduced staff morale.	4	4	16	IPAs and one to ones in place.  Work allocated at the appropriate level / grade.	4	3	12	Map out existing skills and experience in the team and identify opportunities for development and additional responsibilities.	Audit Manager
Increased budget pressures / loss of income.	4	4	16	Actively seek opportunities for income generation.  Encourage staff to take unpaid leave.  Monthly budget monitoring.	4	3	12	Ensure delivery of budget targets on an annual basis.  Freeze vacancies should they occur in the team.  Consider restructuring if further savings are required.	Head of Audit and Risk
IT failure / hardware and software not maintained / cyber-attack resulting in the loss of sensitive data / data breach	5	5	25	All data stored on the corporate network.  Business continuity plan in place.  Liaison with the Corporate IT service to discuss requirements.  Upgrade service specific software as required.  Corporate IT refresh kit programme.  Mandatory training completed.	5	2	10	Ensure that all team members complete cyber security and data protection training.    Update the retention schedule.	Audit Manager    Head of Audit and Risk
Inability to deliver a quality service	4	3	12	Workforce development.	3	3	9	Implementation of the strategic	Head of Audit

## Internal Audit Strategic Plan 2018-2021

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
which meets the changing needs of the organisation.				Keeping abreast of new developments. Annual service improvement day.				audit plan particularly in relation to future resource planning.	and Risk
Inadequate working conditions / work related pressure resulting in staff absence.	3	4	12	DSE assessments completed. Staff Working / Liaison Groups attended. Monthly one to ones with manager. Adherence to HR policies and procedures.	3	3	9	-	-
Major incident preventing access to the internal audit office.	4	4	16	Business continuity plan in place. Major Emergency Plan in place. Ability to work from home. All working papers held electronically enabling flexible working.	2	4	8	Ensure that all team members take their laptops home in the evening.  Ensure that an annual test of the business continuity plan takes place.	Audit Manager  Head of Audit and Risk
Team members are not qualified.	4	4	16	Robust recruitment arrangements in place. Professional qualifications being undertaken by unqualified staff.	4	2	8	Explore the use of mentoring within the team.  Widen the areas of work all team members are involved in to broaden experience.	Audit Manager

## Internal Audit Strategic Plan 2018-2021

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				IPAs and one to ones held. Robust quality assurance processes.				Identify further knowledge sharing opportunities.	
Elected Members unduly influence the work of internal audit / change of Audit Committee Membership.	3	4	12	Effective relationship with Audit Committee. Independent Audit Committee Member. Professionally qualified staff and adherence to professional standards. Regular Audit Committee modular training and induction programme. Comprehensive meeting agenda and minutes.	3	2	6	-	-
Inadequate communications.	4	3	12	Regular team meetings. Use of technology to share information. Involvement in audit planning and assignment planning.	3	2	6	Increased use of technology, such as Microsoft 365, to share information.	Audit Manager
Inability to meet customer obligations	3	3	9	Workforce planning.	3	2	6	-	-

# Internal Audit Strategic Plan 2018-2021

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
and service demands.				Training. Contingency built into the audit plan. Option to use agency staff to address unexpected staff shortages.					
Over reliance on paper resources.	2	3	6	All staff are issued with a mobile device (laptop). Electronic working papers are held. Ability to scan paper records onto the electronic working papers.	2	2	4	Continue to ensure that the team has access to appropriate mobile technology. Review the potential of larger monitors to help with the analysis of spreadsheets.	Head of Audit and Risk
Unable to provide an adequate internal audit service in line with statutory requirements / internal audit work does not comply with professional standards.	4	4	16	Qualified Head of Audit and Risk and Audit Manager. Team members actively undertaking professional qualifications. Team involvement in audit planning. Mandatory training completed on i-pool.	3	1	3	Refresher training needs identified through the IPA process.	Audit Manager



# Internal Audit Strategic Plan 2018-2021

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				Code of Ethics signed by all staff on an annual basis. Quality assurance and management review procedures an integral part of the audit process. Detailed working papers maintained evidencing findings.					
The service does not offer value for money.	4	2	8	Cost effective provision compared with alternative suppliers. High quality risk based audit. Knowledge and understanding of the organisation. Demonstrated compliance with audit standards. Provision of an advice and consultancy service.	3	1	3	Ongoing promotion of the internal audit service.	Audit Manager
The work of internal audit does not align to the Council's priorities and transformation process.	3	2	6	Audit planning linked to the Council's priorities and strategic risk register. Involvement of Directorate	2	1	2	Continue to build the audit teams knowledge of the Council's priorities and initiatives being undertaken to address these.	Audit Manager

# Internal Audit Strategic Plan 2018-2021

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				Management Teams in the audit planning process.				Strengthen links with the Corporate Delivery Unit.	Head of Audit and Risk