

Blackpool Council

9 June 2015

To: Councillors Benson, Cox, Cross, Galley, Hunter, Matthews, O'Hara, Owen and Roberts

The above members are requested to attend the:

AUDIT COMMITTEE

Thursday, 18 June 2015 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 5 MARCH 2015 (Pages 1 - 6)

To agree the minutes of the last meeting of the Finance and Audit Committee held on 5 March 2015 as a true and correct record.

3 RISK SERVICES QUARTER 4 REPORT - 2014/2015 (Pages 7 - 32)

To consider the Risk Services quarterly report for the period January to March 2015.

4 AUDIT COMMITTEE SELF-EVALUATION AND TRAINING PROGRAMME (Pages 33 - 38)

To consider the feedback from the self-evaluation exercise and to determine whether the proposed training programme for Audit Committee Members is appropriate.

5 ANNUAL AUDIT FEE LETTER 2015/2016 (Pages 39 - 46)

To consider the external auditor's Annual Audit Fee Letter 2015/2016.

6 ANNUAL GOVERNANCE STATEMENT (Pages 47 - 64)

To consider the Annual Governance Statement for 2014/15.

7 DATE OF NEXT MEETING

To note the date of the next meeting of the Committee as Thursday 24 September 2015 at 6.00 p.m. in Committee Room A, Town Hall, Blackpool.

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 Services Adviser, Tel: 01253 477164, e-mail chris.kelly@blackpool.gov.uk

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

Present:

Councillor Callow (in the Chair)

Councillors

I Coleman
Galley

Hunter
O'Hara

Smith
L Taylor

In Attendance:

Reena Ghelani, KPMG

Tracy Greenhalgh, Chief Internal Auditor

Neil Jack, Chief Executive

Bernadette Jarvis, Senior Democratic Services Adviser

Phil Redmond, Chief Accountant

Mark Towers, Director of Governance and Regulatory Services

Phil Redmond, Chief Accountant

Tracy Greenhalgh, Chief Internal Auditor

Reena Ghelani, KPMG

Bernadette Jarvis, Senior Democratic Services Adviser

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE MEETINGS HELD ON 29TH JANUARY 2015 AND 13TH FEBRUARY 2015

The Committee agreed that the minutes of the meeting held on 29th January 2015 and the minutes of the budget consultation meetings with the Trade Unions and Non-Domestic Ratepayers held on 13th February 2015 be signed by the Chairman as a correct record.

3 STRATEGIC RISK REGISTER - LEGAL OR REGULATORY CHANGE

Mr Towers, Director of Governance and Regulatory Services update the Committee on the risks identified in the Council's Strategic Risk Register in relation to changes to legal or regulatory services.

Mr Towers explained his role in ensuring that the controls detailed in the risk register in relation to research, proactive consultation and lobbying by statutory legal and financial officers were effectively managed. He reported on a recent meeting that had taken place between officers in the Department for Communities and Local Government, the Treasury and the Council's Corporate Leadership Team (CLT) that had given the Council the opportunity to provide feedback on current issues and priorities from Blackpool's perspective.

MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - THURSDAY, 5 MARCH 2015

The Committee was advised of the lobbying and responses to consultations undertaken by statutory legal and financial officers. Examples of these were provided which included the Section 151 Officer's attendance at a House of Commons Select Committee and the consequent establishment of a Welfare Reform Board.

The process for senior officers to present policy scan reports to the Leadership Team (the Executive and the Council's Chief Officers) was reported to Members. The purpose of the scan reports was to provide information on current and emerging Government policies. The reports provided an early insight into emerging policies and potential issues to enable the Council to prepare and respond effectively to any changes required by the new policies. Examples of these were provided which included early preparations for adult social care in advance of the Care Act 2014 and the ability to dovetail the Council's child poverty strategy with national policy.

Mr Towers advised Members of the challenges faced in the current financial climate in responding to continual financial changes at short notice and within tight timescales. He reported on the steps being taken by officers to prepare for future changes in order to effectively manage and respond accordingly to those changes.

The Committee agreed to note the report.

Background papers: None

4 CERTIFICATION OF GRANTS AND RETURNS 2013/2014

Ms Ghelani, KPMG, presented the External Auditor's report in relation to the certification of grants and returns 2013/2014.

The Committee was informed of the work undertaken on claims and returns for the year ended 31st March 2014 and the qualified opinion given on the Housing Subsidy claim due to incorrect classification of overpayments. Ms Ghelani reported on reassurances received from the Council that action had been, and was continuing to be taken, to prevent the reoccurrence of similar errors in the future.

Ms Ghelani advised Members of the reduced work undertaken by the External Auditors during 2013/2014 due to the Audit Commission's changes to its fee regime for certifying grants and returns and reported on the expectation that next year the requirement of certification work for CFB06 – Pooling of Housing Capital Receipts would cease but that there would still be a requirement for certification work for BEN01- Housing Benefit Subsidy Claims.

The Committee agreed to note the report.

Background papers: None

5 INTERNAL AUDIT PLAN 2015/2016

Ms Greenhalgh, Chief Internal Auditor, presented the Internal Audit Plan for 2015/2016 which included the Anti-Fraud and Corruption Strategy and the Internal Audit Charter with the purpose of securing the Committee's approval of the Plan. She advised Members that demand for audit work had exceeded available resources and therefore it had been decided to focus attention on the areas that were considered to be of highest risk.

Members were advised that the allocated audit resource was split equally between compliance testing and risk based audit work. Details of the planned risk based and compliance reviews had been included in the plan and a summary of each of these would be reported to Committee at future meetings within the Risk Services quarterly report. Ms Greenhalgh advised Members that in the event of a higher risk being identified in the future, the plan would be re-prioritised accordingly and the changes reported to the Committee.

Ms Greenhalgh presented the proactive anti-fraud workplan 2015/2016, highlighting the anti-fraud and corruption statement, which was broadly similar to the previous year's statement. Members were informed that the Internal Audit Charter within the Audit Plan set out the terms of reference for the audit team.

Following a request from a Member of the Committee, Ms Greenhalgh explained the process adopted for audit reviews for contracts and procurement. This included ensuring that there was effective project management in place, that key targets were achieved and appropriate progress reports received.

The Committee agreed to approve the Internal Audit Plan for 2015/2016.

Background papers: None

6 RISK SERVICES QUARTER 3 REPORT - 2014/2015

The Committee received an update from Ms Greenhalgh on work undertaken by Risk Services from 1st October to 31st December 2014. Ms Greenhalgh reported on two changes to the Internal Audit Plan that had been agreed with the Section 151 Officer. The first change was the replacement of the planned review of working arrangements at Bickerstaffe Square with a review of Blackpool Transport Services' management accounts as requested by the Shareholder Panel. The second change was the replacement of a review of Visit Blackpool with a corporate review of income and debt management as it had been considered a higher risk.

Following a request by the Committee at a previous meeting, the Risk Services report now included further clarification on performance in relation to benefit fraud.

MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - THURSDAY, 5 MARCH 2015

Ms Greenhalgh reported that the percentage of business continuity plans that had been updated during the financial year was well below target and further improvement of this area was required. The number of trained Emergency Response Volunteers was also below target and would benefit from further development.

The Committee was presented with a summary of audit reviews undertaken during the quarter ended 31st December 2014. She reassured Members that priority one recommendations had been given to any services requiring improvement and that ongoing monitoring on progress on the recommendations was being undertaken and would be reported to the Committee at future meetings.

Ms Greenhalgh concluded her report by advising Members that a year on year analysis of benefit overpayments had been provided within the report at the Committee's request.

Following concerns raised by a Member of the Committee, Ms Greenhalgh confirmed that the reduction in staffing levels since 2010 had impacted on risk as demonstrated in the increase in the number of inadequate assurance statements. Actions had been taken to mitigate against this risk by the audit team assisting service managers to identify improvement controls and focus on high risk areas.

The Committee agreed to note the Risk Services Quarterly Report for the quarter ended 31st December 2014.

Background papers: None

7 FINANCIAL PERFORMANCE MONITORING AS AT MONTH 9 2014/2015

Mr Redmond, Chief Accountant presented the Financial Performance Monitoring Report as at Month 9. He reported on a forecast overspend of £714, 000 for 2014/2015 with the main areas accounting for the overspend being Children's Services, due to the level of Looked After Children not decreasing as expected and Community and Environmental Services due to the expected insurance savings from Project 30 not being realised as yet. Within Adult Services, Adult Commissioning Placements was forecasting a significant overspend although savings in other areas were helping to reduce the overall overspend for the service. Parking Services continued to place pressure on the budget as a result of high income targets despite actual income from parking services having increased.

Treasury Management continued to benefit from temporary borrowing at low interest rates resulting in a favourable budgetary position for the service.

MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - THURSDAY, 5 MARCH 2015

The figure for Working Balances was reported at just under £5.2 million as at Month 9 which was a slight improvement on the previous month. The forecast outturn for Working Balances for this financial year was expected to be in the region of £5.5million.

Following questions raised by the Committee, Mr Jack reported on the in-depth analysis involved in setting the required level of Working Balances. He confirmed the intention to steadily increase the level of Working Balances until they reached £6 million. He suggested that, if the Committee so wished, a detailed report on the criteria for setting the level of Working Balances could be brought to a future meeting.

Mr Redmond reported that Business Rates collection was 90% as at Month 11 with the aim to increase this figure to 95% by the end of this financial year. Following questions raised by the Committee, Mr Redmond confirmed that a significant proportion of the Business Rate deficit was attributable to appeals. He confirmed that assessments of the ongoing impact of future successful appeals would be taken into consideration in setting the budget. Mr Jack reported on the increased scrutiny of Business Ratepayers known to have defaulted in payment of previous Business Rates.

Clarification was provided on the difference between usable and unusable reserves in response to questions from a Member of the Committee. Mr Jack outlined the complexities of unusable reserves and the difficulties resulting from the requirement for Local Authority accounting practices to mirror those in the private sector. Mr Jack confirmed that a report giving a detailed breakdown of the unusable reserves could be brought to a future meeting of the Committee if required.

The Committee agreed to note the report.

Background papers: None

8 FINANCE AND AUDIT TERMS OF REFERENCE

Mr Towers, Director of Governance and Regulatory Services, referred to a briefing session that Members of the Committee had previously attended where they had compared the Committee's roles to the Chartered Institute of Public Finance and Accountancy (CIPFA)'s model terms of reference. At that time, Members considered that the terms of reference presented a clearer indication of the Committee's functions and responsibilities than the current powers and duties as detailed in the Council's Constitution.

Mr Towers advised that a number of other Local Authorities had adopted CIPFA's suggested terms of reference. He reported on a number of changes that had been made to the model terms of reference to bring it in line with Blackpool Council's Finance and Audit Committee's ways of working. The amendments included the addition of the Committee's participation in the annual budget setting process and its monitoring of financial and treasury management.

MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - THURSDAY, 5 MARCH 2015

The Committee agreed to recommend Council to consider the amended powers and duties at its Annual meeting on 22nd May 2015 when it appoints its Committees for the Municipal Year 2015/2016.

Background papers: None

9 DATE OF NEXT MEETING

The Committee agreed to note the date of the next meeting as 6pm on Thursday 25th June 2015, subject to approval at Annual Council, and the proposed items for the meeting so far as follows:

- Financial Performance Monitoring Report
- Strategic Risk Register – Death / Injury of employee, service user or member of the public leading to reputational damage, increased regulatory intervention or reduced staff morale.
- Strategic Risk Register Review

Chairman

(The meeting ended 6.37 pm)

Any queries regarding these minutes, please contact:
Bernadette Jarvis Senior Democratic Services Advisor
Tel: (01253) 477212
E-mail: bernadette.jarvis@blackpool.gov.uk

Report to:	Audit Committee
Relevant Officer:	Tracy Greenhalgh – Chief Internal Auditor
Date of Meeting	18 June 2015

Risk Services Quarter Four Report -2014/2015

1.0 Purpose of the report:

1.1 The report presents a quarterly summary of work undertaken by Risk Services. This is submitted in line with best practice, including CIPFA Audit Committee guidance.

2.0 Recommendation(s):

2.1 To consider the Risk Services Quarterly Report findings.

3.0 Reasons for recommendation(s):

3.1 The report covers areas relevant to the work of the Committee in terms of internal audit, fraud investigation, risk management and emergency and business continuity planning.

Further details on any areas included in the report, and in particular expanded summaries or full copies of audit reports, are available to the Committee as required.

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

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

3.3 Other alternative options to be considered.
N/a

4.0 Council Priority:

4.1 The relevant Council Priority is 'Deliver quality services through a professional, well-rewarded and motivated workforce'.

5.0 Background Information

5.1 The report presents a quarterly summary of work undertaken by Risk Services. This is submitted in line with best practice, including CIPFA Audit Committee guidance.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 3(a): – Risk Services Quarter 4 Report.

6.0 Legal considerations:

6.1 All work undertaken by Risk Services is in line with relevant legislation. This is particularly important when undertaking fraud investigations where a number of regulations need to be adhered to.

7.0 Human Resources considerations:

7.1 N/a

8.0 Equalities considerations:

8.1 N/a

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 which have been identified in the quarter are reported in the summary report.

11.0 Ethical considerations:

11.1 N/a

12.0 Internal/ External Consultation undertaken:

12.1 The Risk Services Quarterly Report was presented to the Resources Directorate Management Team on the 13 May 2015 and the Corporate Leadership Team on the 5 May 2015.

13.0 Background papers:

13.1 N/a

Risk Services Annual Report and
Quarterly Report 1st January to 31st March 2015

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Risk Services Quarter Four Report – 2014/2015

1. Annual Audit Opinion

- 1.1 All internal audit reports include an overall opinion and assurance statement. These have been reported on a quarterly basis to the Finance and Audit Committee, and further explanations provided as required.
- 1.2 In 2014/2015 the number of negative assurance statement for internal audit work completed was still significantly higher than before the spending cuts impacted on Local Government. Given the reduced resource available across the Council it is understandable that some controls may have lapsed. However it is important that all managers continue to ensure that a sound control environment is in place for their service area.
- 1.3 All areas which Internal Audit assesses as high risk and where a priority one recommendation has been made are followed up by the Chief Internal Auditor to help ensure these priority areas are addressed. The follow-up work undertaken by Internal Audit has confirmed that in the majority of cases appropriate action has been taken and where this is not the case a revised deadline or action has been agreed.
- 1.4 Therefore the opinion of the Chief Internal Auditor is that the overall control environment of the Council is adequate. A number of areas where further improvements to controls would be desirable have been included in the draft Annual Governance Statement. The Annual Governance Statement is approved by the Corporate Leadership Team and the Finance and Audit Committee.
- 1.5 The audit opinion is based on work completed which amounted to 91% of that planned. Best practice is that at least 90% of planned audit work should be completed and this target has been met. The compliance audit programme and all reviews agreed to be of high priority were completed and the Chief Internal Auditor is satisfied the amount of work undertaken is sufficient to enable an informed audit opinion to be drawn.
- 1.6 The Internal Audit Team is required to comply with the Public Sector Internal Audit Standards. A self-assessment by the Chief Internal Auditor has confirmed that the team broadly comply with the standards with some areas of partial compliance which could be developed. An external review of compliance is planned for 2015/2016 to validate this position.

2. Fourth Quarter Summary

Service Developments

2.1 *Risk Services*

It is with regret to announce the medical retirement of the Council's Senior Auditor in January 2015. Amelia Ford was a valued member of the team for a number of years our thoughts are with Amelia and her family throughout this difficult time.

Throughout the quarter considerable work has been undertaken in order to develop a plan to deliver the required budget savings of £97,900 in Risk Services for 2015/2016 and meet the national objective to transfer all benefit fraud investigation staff to the Department for Work and Pensions by the 1st April 2015.

The project to transfer the benefit fraud investigation staff has been successful and their last day employed by the Council was the 31st March 2015. The team have worked extremely hard during their time at the Council and have delivered some excellent results in the fight against benefit fraud. The staff who transferred were Tony Cooke (Senior Investigator), Mark Dutch (Investigator), Deborah Wills

Risk Services Quarter Four Report – 2014/2015

(Investigator), Kathlyn Stevens (Investigator), David Jordan (Investigator), Julie Mortimer (Intelligence Officer) and Steve Taylor (Fraud Support Officer). We wish them every success in their new roles at the Department for Work and Pensions.

A revised structure for Risk Services has been agreed and will be implemented as of the 1st May 2015. The service will now comprise of three teams including Internal Audit, Corporate Fraud and Risk & Resilience. The restructure will see the Senior Risk and Insurance Officer, Business Continuity Officer and Emergency Planning Officer take on more generic roles as Risk and Resilience Officers and an increased capacity in Corporate Fraud.

To help facilitate effective working in the new structure the remaining staff members at Municipal Building will be relocated to Bickerstaffe House so that all of Risk Services are based in the same area.

2.2 *Internal Audit*

As this is the annual report there is a need to report on the progress which the Internal Audit Team has made in terms of delivering the Strategic Audit Plan which spans from 2014 to 2017. To follow is a table which shows the agreed actions and what performance to date has been made:

Action	Progress to Date
To participate in the CIPFA Benchmarking exercise for internal audit services in 2014 and use the findings to help inform the future direction of the internal audit service.	Completed. The results were reported to Finance and Audit Committee on the 27 th November 2014.
Set out the CIA role in good governance and how it fits with the role of others. This should be undertaken in conjunction with the Section 151 Officer, Monitoring Officer, Head of Legal Services, Chief Executive and Finance and Audit Committee and form part of the governance framework.	Outstanding.
Liaise with Human Resources to ensure that an awareness of governance is included in the competencies required by the Corporate Leadership Team.	Outstanding.
The Internal Audit Charter for 2014 should be enhanced to ensure that it fully covers the requirements of the Public Sector Internal Audit Standards.	Completed. The Internal Audit Charter has been revised and was approved by Finance and Audit Committee on the 5 th March 2015.
Arrangements need to be put in place for an external assessment of the internal audit team to be undertaken every five years by a qualified, independent assessor or assessment team from outside the Council.	In Progress. It is intended that the external review will take place in 2015/16 and work is currently underway to understand the options available for consideration by Finance and Audit Committee.
Maximise income generation opportunities through the effective marketing of audit work to wholly owned companies, schools and academies.	In Progress. The service continues to provide services to schools and academies as required and has also

Risk Services Quarter Four Report – 2014/2015

Action	Progress to Date
	agreed to market services to academies outside of the Blackpool boundary. Work is delivered from some of the wholly owned companies and work is underway to build relationships with those which do not receive a service.
Work with colleagues in ICT to implement a practical and reliable ICT solution for Internal Audit to facilitate efficient working.	Completed. All the internal audit team now have a laptop and work from the Windows 7 operating system which facilitates effective flexible working.
Continue to explore different delivery models for Internal Audit, such as shared services and joint audits with neighbouring authorities, to ensure that value for money continues to be achieved.	In Progress. Options for this continue to be explored and arrangements are already embedded to undertake joint audits with Fylde Borough Council for reviews of shared services. Provisional talks have also been held with Health to implement joint audits where appropriate going forward.
Upgrade the file interrogation software (IDEA) used by the team which will increase efficiency by helping target transactions by exception and automate elements of audit testing. All team members should also be trained in the use of IDEA so that this can be utilised wider than compliance work.	Completed. The file interrogation software has been successfully upgraded and all team members received training in September 2014.
Enhance the proactive fraud plan to include a wider remit to utilise the skills of the Corporate Fraud Officer.	Completed. The Proactive Fraud Plan has been revised and was approved by Finance and Audit Committee on the 5 th March 2015.
Provide the opportunity for one team member to undertake a computer audit qualification to enhance knowledge and experience in this area.	Outstanding.

2.3 *Investigations*

A briefing session was held on the 5th January 2015 with school Chair of Governors to raise awareness of fraud risks in schools and to advise them on what services are available to schools to help them ensure that robust controls are in place to help reduce the risk of fraud.

The service has been closely involved in the investigation into a former employee of the Rideability Service who has recently been found guilty of stealing £46,000 from the Council and the Rideability charity. This case has now been referred to Crown Court for sentencing.

The National Fraud Initiative (NFI) data matches for 2015 have now been received with 4,324 matches in total and 1,064 of these flagged as “high risk” to be prioritised for investigation. Risk Services are co-ordinating the Council’s response to dealing with the matches, which cover a wide range of services and data sets.

Under the Local Government Transparency Code (2014) there is an additional requirement to publish on an annual basis further information in relation to fraud investigation undertaken by the Local

Risk Services Quarter Four Report – 2014/2015

Authority. In order to comply with this it was agreed with the Corporate Leadership Team that this information would be reported on an annual basis in the Risk Services Annual Report and the table below provides the required information for 2014/2015:

Information Recommended for Publication	Council Position
The number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) Regulations 2014, or similar powers.	None
Number of Counter Fraud Staff Employed by the Authority.	7 Benefit Fraud Investigators and 1 Corporate Fraud Officer
Amount Spent by the Authority on Counter Fraud Work.	£354,271
Number of Fraud Cases Investigated.	Benefit Fraud – 731 Cases Corporate Fraud – 8 Cases
Number of occasions on which fraud was identified.	Benefit Fraud – 440 Cases Corporate Fraud – 4 Cases (decisions yet to be made on three cases)
Monetary value of the fraud detected and recovered.	Benefit Fraud - £1,330,908 (still in recovery) Corporate Fraud - £46,000 (still in recovery)

2.4 *Risk Management and Insurance*

Work has been underway with the Council’s insurers to agree renewal terms for 2015/2016. The insurance programme itself is broadly the same as in previous years with some minor changes taking place.


An independent actuary has been appointed to undertake a review of the Council’s self-insurance reserve to help determine whether adequate provision is being made to pay for future claims.

A risk workshop was facilitated for the Blackpool Museum Project and it has been agreed that a number of sessions will be held throughout the life of the project in order to ensure that risks are identified effectively managed.

A verification of the ‘My RMEQ’ self-evaluation, which assesses the Council’s risk management processes, was undertaken by Gallagher Bassett. We are waiting for the report in relation to this verification and steps will be taken to address any recommendations made.

Risk management training was arranged for a number of staff across the Council and provided by Gallagher Bassett. The training hopefully further embeds risk management across the Council by providing employees with the relevant skills to effectively manage risk. The feedback from the training course was generally positive as shown in the following table:

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	Strongly Disagree  Strongly Agree				
	1	2	3	4	5
The course as a whole was helpful.	0%	0%	7%	45%	48%
Overall, the course aims and objectives were met to my satisfaction.	0%	0%	7%	54%	39%
The course was relevant to my work and will be of practical use.	0%	3%	13%	49%	35%
Summary of Comments	Useful refresher and ideas of new risk assessment techniques.				
	Contextualised risk in terms of its practical implications for staff.				
	Provided a good foundation to understand the risk management process.				
	Discussing risk management at team briefings is good advice.				
	A polished professional session held by a highly knowledgeable trainer.				
	Some of the concepts were just touched upon and may have been better just mentioning rather than over simplifying.				
	Good opportunity to network and discuss the themes from the training with wider colleagues.				

2.5 *Emergency Planning and Business Continuity Planning*

The Civil Contingencies Team has been involved in co-ordinating the Council’s response to a number of severe weather incidents over the winter months. On 15th January 2015 in particular, although there were no major single incidents, the combination of a significant number of minor impacts did stretch responding officers and available equipment resulting in the Council almost declaring a major incident as a direct result of demand exceeding our response capability.

Negotiations have been undertaken with Lancashire County Council to reduce the amount paid as part of the Service Level Agreement for emergency planning to help meet the budget cuts required for 2015/2016. The major change in service provision is that if a major incident occurs the Force Incident Manager at Lancashire Constabulary will now contact Blackpool Council directly rather than using Lancashire County Council as the single point of contact.

The decision has been taken to cease the Emergency Planning Officer out of hours rota, which was introduced in April 2013, in order to help deliver the required budget savings for 2015/2016. The default position will be that the Council’s Standby Duty Officer will coordinate the Council’s response to an incident if it is not possible to contact a member of the Civil Contingencies Team on the voluntary call-out list. To help increase resilience it is hoped to extend the number of people on the voluntary call-out list who can provide a tactical response if the incident is particularly significant.

Risk Services Quarter Four Report – 2014/2015

A Corporate Business Continuity Exercise was facilitated for members of the Corporate Leadership Team and Senior Leadership Team on 5th February 2015. The outcome of this was a number of lessons that will be fed into the revised Corporate Business Continuity Plan and will also inform the changes required to ensure that the Critical Activity List is up to date and fit for purpose.

Business continuity management awareness training was delivered to the Finance and Audit Committee on the 5th March.

The team continue to contribute to the work of the Lancashire Resilience Forum including attending meetings, facilitating exercises, conducting reviews and contributing to the various work streams.

3. Performance

Internal Audit performance indicators

PI Ref.	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local IAPI1	Percentage audit plan completed (annual target).	90%	91%
Local IAPI2	Percentage draft reports issued within deadline.	96%	97%
Local IAPI3	Percentage audit work within resource budget.	92%	90%
Local IAPI4	Percentage of positive satisfaction surveys.	85%	82%
Local IAPI5	Percentage compliance with quality standards for audit reviews.	85%	84%

Investigations performance indicators

PI Ref.	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local IPI1	Number of fraud investigations, per 1,000 caseload. <i>(Based on the number of investigation cases divided by the overall number of benefit claims).</i>	35	28.81
Local IPI2	Number of prosecutions and sanctions, per 1,000 caseload (annual target). <i>(Based on the total number of sanctions obtained divided by the overall number of benefit claims)</i>	11	9.49
Local IPI3	Percentage cases closed resulting in changes to benefit. <i>(Based in the overall number of cases closed by the number of investigations undertaken).</i>	50%	60%

Risk Services Quarter Four Report – 2014/2015

PI Ref.	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local IPI4	Percentage cases closed resulting in changes to benefit with sanctions. <i>(Based on the number of sanctions obtained divided by the number of positive cases investigated).</i>	54%	55%

Investigations Team Statistics

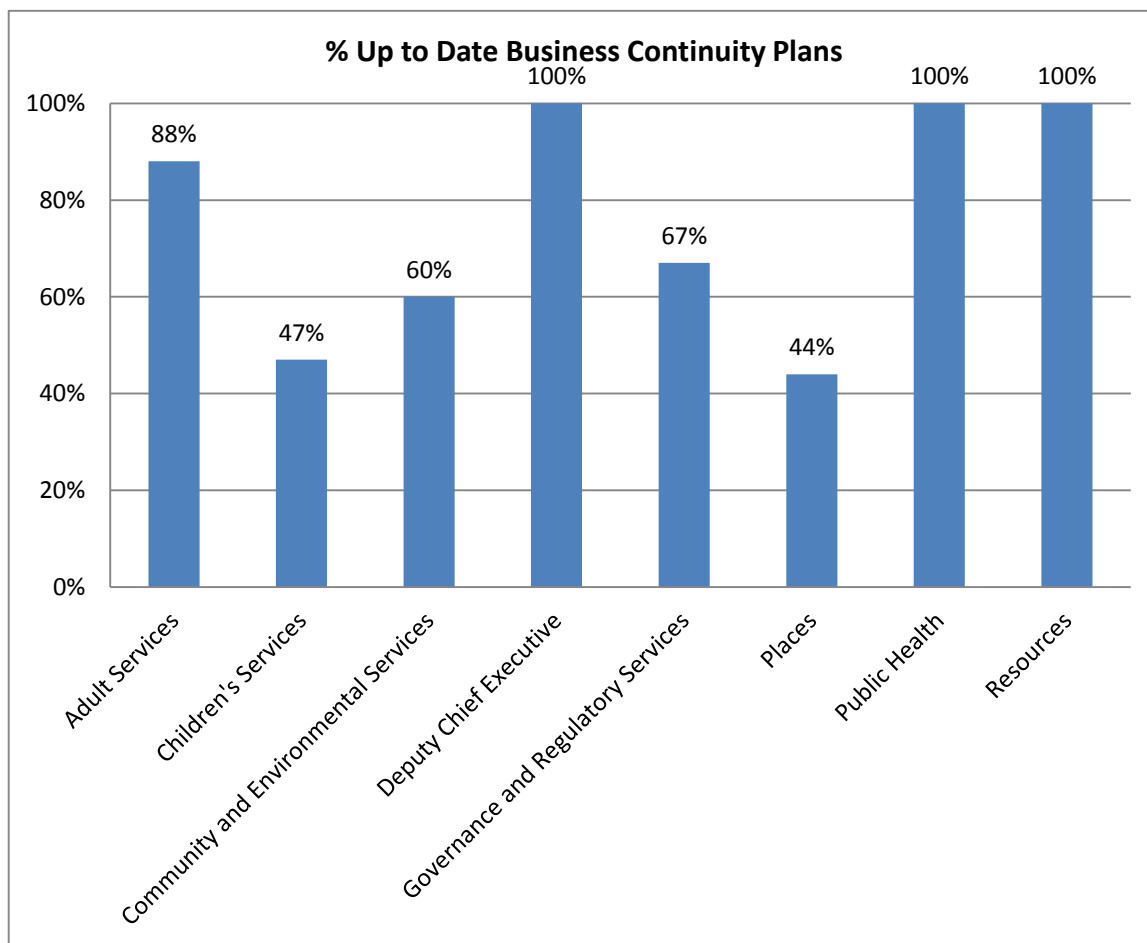
Month	Local Authority Overpayment	DWP Overpayment	Sanctions			
			Cautions	Admin Penalties	Completed Prosecutions	+/- Target
January	£61,097	£37,766	14	2	6	0
February	£177,125	£46,864	6	3	5	-7
March	Please note statistics have not been collated for March as the focus was on transferring cases to the DWP as part of the Single Fraud Investigation Service.					
Totals	£238,222	£84,630	20	5	11	-7

Civil Contingencies performance indicators

PI Ref. (BVPI, Local, PSA)	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local CC1	Percentage of Council services with business continuity plans.	100%	86%
Local CC2	Percentage of Council service business continuity plans updated during the financial year.	90%	62%
Local CC3	Number of civil contingency training and exercise sessions held.	6	6
Local CC4	Number of trained Emergency Response Group Volunteers.	60	45
Local CC5	Number of updates to the Major Emergency Plan.	2	1
Local CC6	Percentage integration into the Lancashire Resilience Forum workstreams	70%	70%

*In support of the 62% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate:

Risk Services Quarter Four Report – 2014/2015



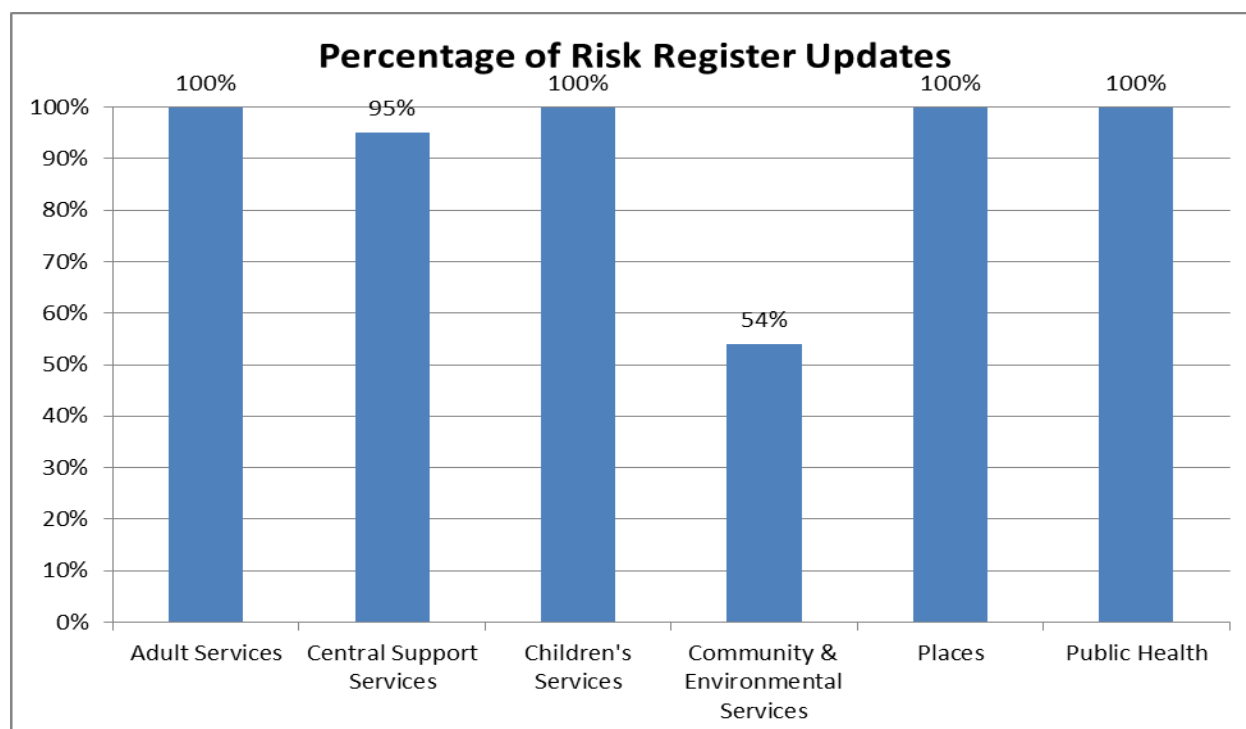
- Adult Services remain in a strong overall position with only a couple of plans outstanding. The majority of plans will be 12 months old by August 2015.
- Children Services have made significant progress since the Quarter 3 report with a significant number of plans completed. Although there is still a number of outstanding plans there is a commitment from the Department to complete these over the next reporting period.
- Community and Environment Department have been in a strong position in relation to business continuity and it is vital that this remains so given the high number of Council critical functions and services that they operate. The department is currently at the maximum edge of the validity of a significant number of plans which will need addressing going in to the new reporting year (April 2015).
- Governance and Regulatory Services are fully reviewing the number of plans to bring the department up to date.
- Places have been in a strong position but many of the plans are now becoming out of date. The Visitor Economy area of the department has performed well in updating their plans.

Risk Services Quarter Four Report – 2014/2015

Risk and Insurance Performance Indicators

PI Ref. (BVPI, Local, PSA)	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
RI1	Number of new liability insurance claims notified each month.	30	24
RI2	Number of liability insurance claims settled each month.	35	34
RI3	Number of liability insurance claims outstanding.	550	410
RI4	Percentage of new insurance claims registered and dispatched to insurers within 3 working days of receipt.	92%	100%
RI5	Percentage of property risk audit programme completed (annual target).	90%	100%
RI6	Percentage of risk registers revised and up to date at end of quarter.	90%	88%

*In support of the 88% of risk registers revised and up to date by the end of the quarter the following graph shows a breakdown by department:



Risk Services Quarter Four Report – 2014/2015

4. Appendix A: Performance & Summary Tables for Quarter 4– January to March 2015

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement
Corporate	Local Education Partnership	<p><u>Scope:</u></p> <p>The scope of the review included:</p> <ul style="list-style-type: none"> • Completed Local Education Partnership Programmes to ensure that they were delivered effectively and key performance indicators were met, • Governance arrangements for the Local Education Partnership to ensure that they are fit for purpose in the event that more corporate projects may be delivered through the partnership, • Action taken to address relevant recommendations included in the 2010/2011 internal audit review of Building Schools for the Future to ensure that agreed actions are appropriately addressed. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are inadequate, with a number of material risks identified and assessed, and significant improvement required, particularly in relation to governance and monitoring arrangements, and revising the membership of the LEP Programme Board on the client side and the LEP Board on the delivery side.</p> <p>However, evidence demonstrates that projects achieve value for money and are delivered on time and within the budget and therefore we consider the controls in relation to project delivery to be adequate.</p> <p>We consider that the potential expansion of the Local Education Partnership to deliver capital projects outside of the remit of Children’s Services should be agreed corporately before being pursued further. Further involvement of other relevant key stakeholders, including support from the Corporate Procurement Team and Legal Services must be secured to ensure that procedural requirements are followed.</p>

Risk Services Quarter Four Report – 2014/2015

Directorate	Review Title	Assurance Statement
People	Framework-i	<p><u>Scope:</u></p> <p>The scope of the review included:</p> <ul style="list-style-type: none"> • Controls around residential care and nursing care payments to assess whether these are effectively implemented, • Assessment and care management controls following recent changes to the processes, in particular whether the new processes are compatible and compliant with the local scheme of delegation and whether adequate approval points are built into the processes, • Issues identified from the dual payment run undertaken as part of the Phase 2 project testing, and how these have been resolved, and • Action taken to address relevant priority one recommendations included in the 2013/2014 internal audit review of Commissioning of Children Social Care External Placements to ensure that decisions made and evidence of authorisation are recorded on the Framework-i system. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are currently inadequate, with a number of risks identified and improvement required. This is partially a reflection of the timing of this review given that a number of current cases examined were administrated under historic processes and the plan for clearing the backlog of case reviews is still in progress. A number of processes are in place that help to mitigate some of the risks identified.</p> <p>Our testing revealed some lapses in compliance with the controls.</p>

Risk Services Quarter Four Report – 2014/2015

Directorate	Review Title	Assurance Statement
People	Marton Primary School	<p><u>Scope:</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are adequate with some control improvements required.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>
People	St John's Church of England Primary School	<p><u>Scope:</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are adequate with some risk identified and assessed but several changes necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

Risk Services Quarter Four Report – 2014/2015

Directorate	Review Title	Assurance Statement
People	St Kentigern's Primary School	<p><u>Scope:</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are adequate with some risks identified and assessed, several changes are necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>
People	Highfurlong School	<p><u>Scope:</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are adequate with some risks identified and assessed and several changes necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

Risk Services Quarter Four Report – 2014/2015

Directorate	Review Title	Assurance Statement
<p>People</p>	<p>Our Lady of Assumption Primary School</p>	<p><u>Scope:</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are adequate with some risks identified and assessed and several changes necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>
<p>People</p>	<p>Woodlands School</p>	<p><u>Scope:</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are good with most risks identified and assessed and minor control improvement required.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

Risk Services Quarter Four Report – 2014/2015

Directorate	Review Title	Assurance Statement
Public Health	Public Health Integration	<p><u>Scope:</u></p> <p>The scope of our audit review included:</p> <ul style="list-style-type: none"> • The service’s continued movement towards integration with other Council services; and • Perform case studies of services which are now well integrated with Public Health and of those which have yet to integrate effectively, to identify effective processes for engaging with services going forward. <p><u>Assurance Statement:</u></p> <p>We consider the controls in place around the processes for public health integration to be good. There are some minor improvements to be completed in order to further develop the approach.</p>

Risk Services Quarter Four Report – 2014/2015

Directorate	Review Title	Assurance Statement
Resources	Council Tax	<p><u>Scope:</u></p> <p>The scope of the audit work was to review:</p> <ul style="list-style-type: none"> • The system of supervisory checks • Valuation and liability including communication links with the planning department • System access and user permissions • Suspense accounts • Processes in relation to void properties • Promptness of billing • Performance targets • Scheme of delegation and write off procedures • Customer service information flow • Follow-up of recommendations from the joint review of council tax and business rates collection in 2013/14. <p>The audit was carried out jointly by Blackpool and Fylde Borough Councils Internal Audit Teams, as part of the ongoing partnership work across both Councils.</p> <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are good, as most risks are identified and assessed, and only minor control improvements are required.</p>

Progress with Priority 1 audit recommendations

There are a number of outstanding recommendations which have either not yet been fully implemented or a response is still required from the service area.

We are working with each of the service areas to ensure that actions are fully implemented and will follow-up each of the above actions to check progress in the new financial year where a detailed review will be undertaken in terms of actions implemented.

Benefit overpayment recovery rates

Current performance for the value of all overpayments recovered this year compared to those raised this year is 51.91% compared to last year when the percentage was 68.62%.

Risk Services Quarter Four Report – 2014/2015

The Regulation of Investigatory Powers Act 2000

In line with best practice it has been agreed that the Council will report to the Finance and Audit Committee the number of RIPA authorisations undertaken each quarter which enables the Council to undertake directed and covert surveillance. Between January and March 2015 the Council authorised no directed surveillance reported to the Governance and Regulatory Service.

Complaints in relation to benefit fraud investigations

Within the quarter we received no complaints in relation to benefit fraud investigation.

Benefit fraud referrals

An analysis of the benefit fraud cases to date in 2014/2015 has been included at **Appendix B**. This includes details of the referral source for cases opened and closed in 2014/2015.

Insurance claims data

Statistics in relation to insurance claims are collated on a quarterly basis and details of the latest information can be seen in **Appendix C** of this report.

Risk Services Quarter Four Report – 2014/2015

5. Appendix B Benefit Fraud Referrals – Analysis of Cases Opened and Closed to date

Cases Opened – Fraud Referral Source

	Benefit Section	Data Matching	DWP	Fraud Team	Other External	Other Internal	Public	Fraud Hotline	Verification Framework Activities	Total
No. of referrals received	149	253	83	25	17	175	194	42	18	956
No. of new referrals	1	0	0	0	0	0	0	0	0	1
No. of cases passed to DWP	41	1	0	4	7	78	90	16	1	238
No. of cases passed to Visiting Team	25	0	5	0	6	45	44	14	0	139
No. of cases not investigated	23	4	4	3	1	16	16	3	2	72

Cases Closed– Fraud Referral Source

	Benefit Section	Data Matching	DWP	Fraud Team	Other External	Other Internal	Public	Fraud Hotline	Verification Framework Activities	Total
No. of cases closed	196	336	101	47	18	224	221	45	17	1205
No. of cases passed to DWP	41	1	0	4	7	83	90	16	1	243
No. of cases passed to Visiting Team	25	0	5	0	6	50	45	14	0	145
No. of cases not investigated	25	7	4	8	1	18	18	3	2	86

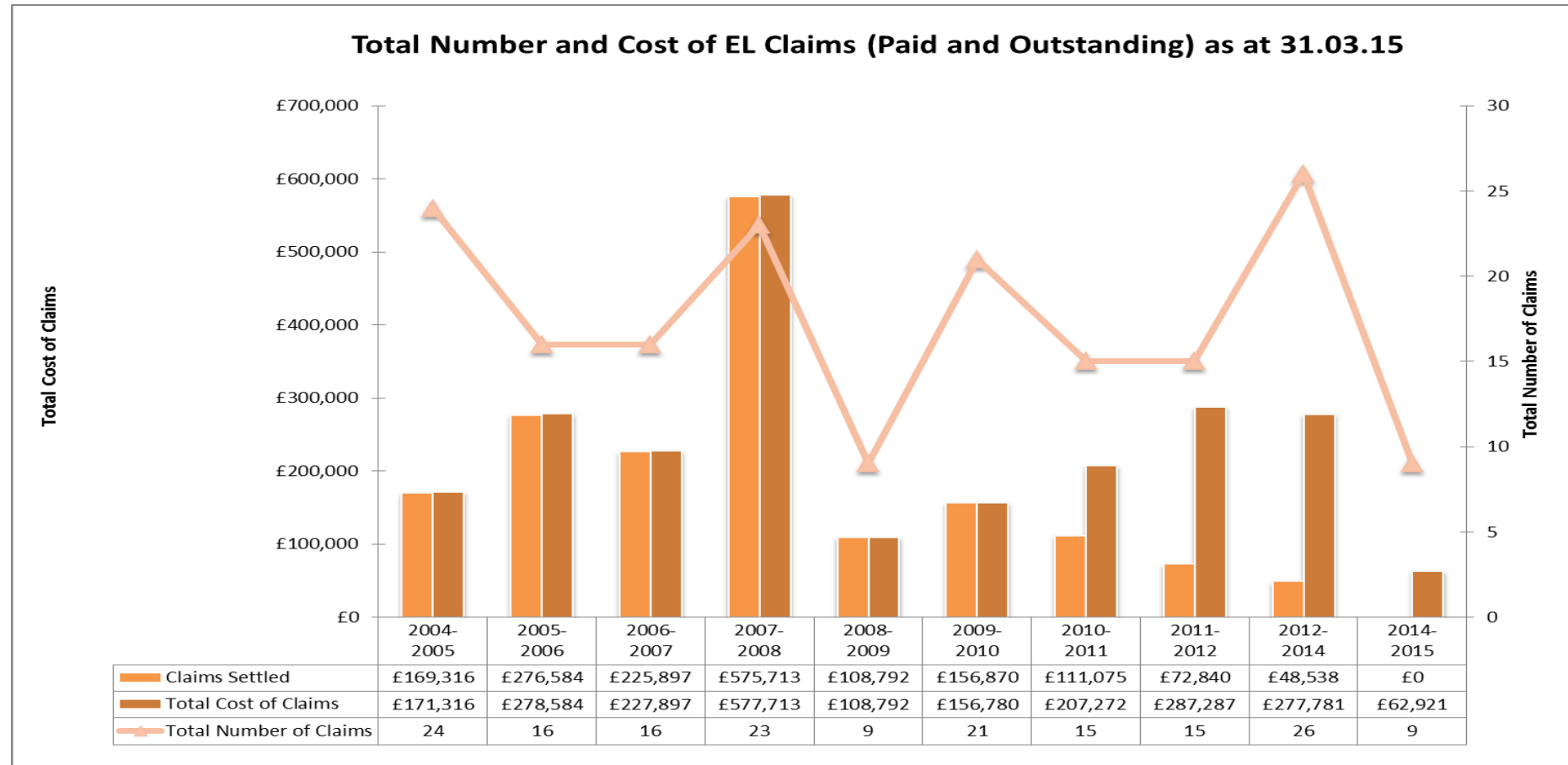
Blackpool Council: Risk Services

Risk Services Quarter Four Report – 2014/2015

	Benefit Section	Data Matching	DWP	Fraud Team	Other External	Other Internal	Public	Fraud Hotline	Verification Framework Activities	Total
No. of investigations undertaken	120	313	92	35	4	73	68	12	14	731
No. of no fraud cases	42	105	24	17	3	45	40	5	10	291
No. of positive cases in period	63	223	68	18	1	28	28	7	4	440
No. of prosecutions in period	3	9	30	0	0	1	3	0	1	47
No. of admin penalties in period	6	15	8	0	0	2	4	0	0	35
No. of cautions in period	36	90	7	3	1	10	9	2	1	159

Risk Services Quarter Four Report – 2014/2015

6. Appendix C – Insurance Claims Data



Please note that for the period 2012 to 2014 the policy ran for an 18 month period whilst arrangements were made to align all policy dates to a 1st April start in preparation for the procurement exercise.

Risk Services Quarter Four Report – 2014/2015

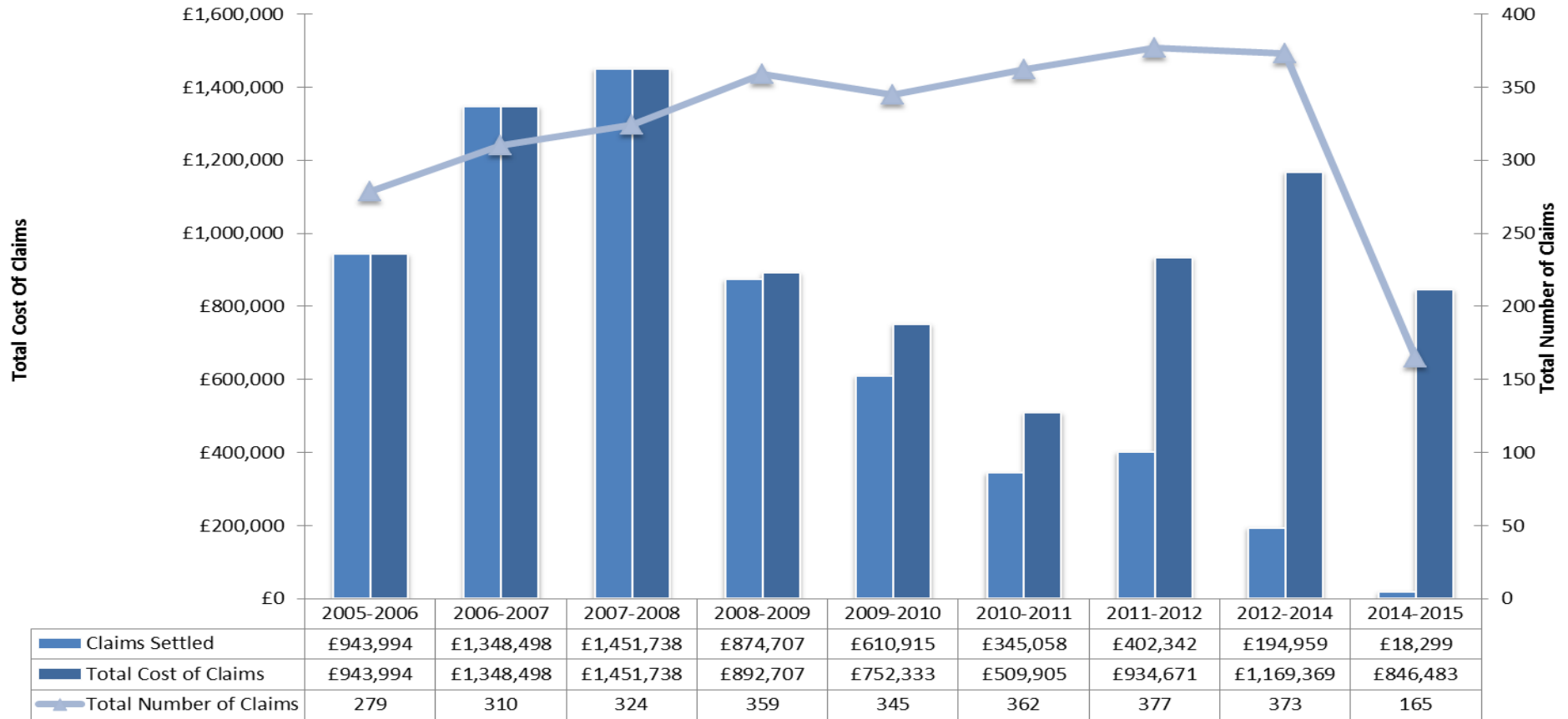
Total Number and Cost of PL Claims (Paid and Outstanding) as at 31.03.15



Please note that for the period 2012 to 2014 the policy ran for an 18 month period whilst arrangements were made to align all policy dates to a 1st April start in preparation for the procurement exercise.

Risk Services Quarter Four Report – 2014/2015

Total Number and Cost of PLH Claims (Paid and Outstanding) as at 31.03.15



Please note that for the period 2012 to 2014 the policy ran for an 18 month period whilst arrangements were made to align all policy dates to a 1st April start in preparation for the procurement exercise.

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Report to:	Audit Committee
Relevant Officer:	Tracy Greenhalgh – Chief Internal Auditor
Date of Meeting	18 June 2015

Audit Committee Self-Evaluation and Training Programme

1.0 Purpose of the report:

1.1 To consider the feedback from the self-evaluation exercise undertaken by the Finance and Audit Committee in February / March 2015 and senior officers who engage with the Committee on a regular basis.

To determine whether the proposed training programme for Audit Committee Members is appropriate.

2.0 Recommendation(s):

2.1 To approve the Audit Committee Training Programme for 2015/2016 and determine whether the Committee would like to develop an improvement plan to build on the feedback received as part of the self-evaluation process.

3.0 Reasons for recommendation(s):

3.1 To develop the effectiveness of the Audit Committee.

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

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

3.3 Other alternative options to be considered.
N/A

4.0 Council Priority:

4.1 The relevant Council Priority is 'Deliver quality services through a professional, well-rewarded and motivated workforce'.

5.0 Background Information

5.1 Elected Member Feedback

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

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

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

The results of the completed self-evaluation are summarised in the following table:

Ref	Good Practice Questions	Yes	Partly	No
<i>Audit Committee Purpose and Governance</i>				
1	Does the authority have a dedicated Audit Committee?	100%	0%	0%
2	Does the Audit Committee report directly to full Council?	29%	57%	14%
3	Do the terms of reference clearly set out the purpose of the Committee in accordance with CIPFA's Position Statement?	86%	14%	0%
4	Is the role and purpose of the Audit Committee understood and accepted across the authority?	43%	43%	14%
5.	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	86%	14%	0%
6	Are the arrangements to hold the Committee to account for its performance operating satisfactorily?	57%	29%	14%
<i>Functions of the Committee</i>				
7	Does the Committee's term of reference explicitly address all the core areas identified in CIPFA's position statement?			
	• Good governance	86%	14%	0%
	• Assurance framework	86%	14%	0%
	• Internal audit	71%	29%	0%
	• External audit	86%	14%	0%
	• Financial reporting	86%	14%	0%
	• Risk management	86%	14%	0%
	• Value for money or best value	43%	57%	0%
	• Counter-fraud and corruption	86%	14%	0%
8	Is an annual evaluation undertaken to assess whether the Committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	57%	14%	29%

9	Has the Audit Committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the Committee to undertake them?	14%	72%	14%
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	72%	14%	14%
11	Has the Committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	100%	0%	0%
Membership and Support				
12	Has an effective Audit Committee structure and composition to the committee been selected? This should include: <ul style="list-style-type: none"> • Separation from the Executive • An appropriate mix of knowledge and skills among the membership • A size of Committee that is not unwieldy • Where independent members are used, that they have been appointed using an appropriate process 	86%	14%	0%
13	Are arrangements in place to support the Committee with briefings and training?	100%	0%	0%
14	Has the membership of the Committee been assessed against the core knowledge and skills framework and found to be satisfactory?	57%	43%	0%
15	Does the Committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	86%	14%	0%
16	Is adequate secretariat and administrative support to the Committee provided?	100%	0%	0%
Effectiveness of the Committee				
17	Has the Committee obtained feedback on its performance from those interacting with the Committee or relying on its work?	14%	72%	14%
18	Has the Committee evaluated whether and how it is adding value to the organisation?	14%	72%	14%
19	Does the Committee have an action plan to improve any areas of weakness?	29%	42%	29%

Senior Officer Feedback

A number of Senior Officers who engage with the Audit Committee were also asked to undertake an evaluation of the Committee based on their experiences. A number of questions were asked, based on the CIPFA Guidance on Audit Committees (2013) and officers were also asked to provide any comments or suggestions as to potential improvements going forward.

Some officers did not feel that they had enough experience of the Committee to make a judgement and where this is the case the output has been recorded as 'not applicable'.

The results of this exercise are summarised in the following table:

Ref	Good Practice Questions	Yes	Partly	Not Applicable
1	Is the role and purpose of the Audit Committee understood and accepted across the authority?	60%	40%	0%
2	Does the Audit Committee provide support to the authority in meeting the requirements of good governance?	20%	80%	0%
3	Are the arrangements to hold the Committee to account for its performance operating satisfactorily?	20%	40%	40%
4	Has the Committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	60%	20%	20%
5	Does the Committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer?	100%	0%	0%
6	Do you consider that the Audit Committee performs well and achieves its core function?	20%	80%	0%
7	Do you believe that the Audit Committee adds value to the organisation?	20%	80%	0%
8	Do you find members of the committee approachable?	100%	0%	0%
9	Do you feel that the committee offers the appropriate level of challenge?	40%	60%	0%
<p>Comments</p> <ul style="list-style-type: none"> • The committee could be more challenging. • The committee could be more proactive and focus on the material issues. • There could be a more risk based approach to what the committee considers. • The committee could have more input into providing the support of the Council in terms of good governance. It seems officer led and maybe does not cover all the areas of governance in its work programme. • The committee could improve accountability for example an annual report to Council. 				

- Sometimes the Committee strays into scrutiny and should focus on its core purpose.
- More external input and looking at the work of other Audit Committees may improve the level of challenge.

Improvement Programme 2015/2016

The evaluation exercise has identified a number of strengths in the work of the Committee and since the exercise has been undertaken there have already been some developments to address some of the issues raised, such as the adoption of the model CIPFA Terms of Reference for an Audit Committee.

The Committee should consider developing and implementing an improvement programme to address the areas which could be strengthened throughout the year.

Training Programme 2015/2016

In line with previous years it is intended to hold a training session for Audit Committee Members prior to each Committee meeting covering a range of topics which are aimed at assisting the members fulfil their responsibilities. The proposed training programme for 2015/2016 is as follows:

Date	Topic	Presenter	Time
16/06/2015	Audit Committee Induction Training	Mark Towers / Steve Thompson / Gary Smith	6pm – 7pm
17/09/2015	Statement of Accounts	Phil Redmond	4.45pm to 5.45pm
22/10/2015	The Role of Internal and External Audit	KPMG and Tracy Greenhalgh	5pm to 5.45pm
28/01/2016	NFI and Corporate Fraud	Tracy Greenhalgh	5pm to 5.45pm
10/03/2016	Audit Committee Best Practice	KPMG	5pm to 5.45pm

Does the information submitted include any exempt information? No

List of Appendices:

N/A

6.0 Legal considerations:

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

7.0 Human Resources considerations:

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

8.0 Equalities considerations:

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

9.0 Financial considerations:

9.1 It is anticipated that the training programme outlined in this paper will be delivered within existing Council budgets. If external training provision was also required this would incur additional expenditure.

10.0 Risk management considerations:

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

11.0 Ethical considerations:

11.1 Not applicable.

12.0 Internal/ External Consultation undertaken:

12.1 Consultation has taken place with the Section 151 Officer, Monitoring Officer and External Audit.

13.0 Background papers:

13.1 CIPFA Audit Committee Guidance (2013).

Report to:	AUDIT COMMITTEE
Relevant Officer:	Iain Leviston, KPMG
Date of Meeting	18 June 2015

ANNUAL AUDIT FEE 2015/2016

1.0 Purpose of the report:

1.1 To consider the external auditor's Annual Audit Fee Letter 2015/2016.

2.0 Recommendation(s):

2.1 To consider the content of the letter, asking questions and making any recommendations as considered appropriate.

3.0 Reasons for recommendation(s):

3.1 To enable the Audit Committee to consider the proposed Audit fees for 2015-16 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 effective monitoring and review of the Council's audit fees by the Committee.

4.0 Council Priority:

4.1 The relevant Council Priority is:

- Deliver quality services through a professional, well-rewarded and motivated workforce

5.0 Background Information

5.1 The Annual Audit Fee letter, outlining the proposed Audit Fee for 2015/2016 is attached at Appendix 5(a).

5.2 This letter was received by the Director of Resources in April 2015.

5.4 Does the information submitted include any exempt information?

No

5.5 List of Appendices:

Appendix 5(a): Annual Audit Fee Letter 2015-2016.

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



KPMG LLP
Audit
1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Tel +44 (0) 161 246 4403
Fax +44 (0) 161 246 4040
DX 742270 Cardiff 37
lain.leviston@kpmg.co.uk

Steve Thompson
Director of Resources
Blackpool Council
Bickerstaffe House
1 Bickerstaffe Square
Talbot Road
FY1 1NA

Our ref tr//il/let-498

Contact Iain Leviston
0161 246 4403

16 April 2015

Dear Steve

Annual audit fee 2015/16

I am writing to confirm the audit work and fee that we propose for the 2015/16 financial year at Blackpool Council.

Closure of the Audit Commission

Although the Audit Commission formally closed at the end of March 2015, it was responsible for setting audit fees for the audit of the 2015/16 financial year. Our fee proposals are therefore based on the Audit Commission's *Work Programme & Scales of Fees 2015/16*.

Following the closure of the Audit Commission, responsibility for determining audit fees in the future has transferred to Public Sector Audit Appointments Limited ('PSAA'), an independent company established by the Local Government Association. PSAA will oversee the management of the Audit Commission's audit contracts until they end in 2017, or 2020 if they are extended. The Secretary of State for Communities and Local Government has delegated certain functions formerly exercised by the Audit Commission to PSAA to enable it to deliver these functions.

Also following the Audit Commission's closure, the National Audit Office ('NAO') is now responsible for producing and maintaining the Code of Audit Practice ('the Code') and providing supporting guidance to auditors. We will follow the requirements of the Code and supporting guidance when delivering our audit work.

Planned audit fee

The planned audit and certification fees for 2015/16 are shown below, along with a comparison to the prior year's fee. All fees are exclusive of VAT.

Audit area	Planned fee 2015/16	Planned fee 2014/15
Code of Audit Practice audit fee – Blackpool Council	£110,153	£145,800
Certification of grant claims and returns	£10,112	£23,100

In general, the Audit Commission set 2015/16 scale fees based on a reduction of 25 per cent to the fees applicable for 2014/15. This reduction is in addition to the savings of up to 40 per cent in scale audit fees and certification fees in 2012. The planned fee is in line with the scale fee.

As we have not yet completed our audit for 2014/15 the audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

Factors affecting audit work for 2015/16

We tailor our work to reflect local circumstances and our assessment of audit risk. We do this by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks, as well as considering changes affecting our audit responsibilities or financial reporting standards.

The Chartered Institute for Public Finance and Accountancy ('CIPFA') has confirmed that a change in accounting policy will be introduced for the accounts from 2016/17, in relation to the measurement of transport infrastructure assets for authorities with highways responsibilities. Fees for any additional audit work required in 2015/16, the preparatory year, in relation to disclosures in the financial statements, will be subject to approval under the normal fee variations process. The Audit Commission decided that it was not appropriate to increase scale fees because the amount of work required at individual authorities will vary based on local circumstances, and may not be required for more than one year.

Under the Code, we have a responsibility to consider an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources. The 2015/16 fees have been set on the basis that the NAO's Code maintains the scope of work required by auditors under the Audit Commission's previous Code and supporting guidance. The NAO has not yet published guidance for auditors on the required approach to work on value for money arrangements for 2015/16.

Certification work

As well as our work under the Code, we will certify the 2015/16 claim for housing benefit subsidy to the Department for Work & Pensions.

There are no longer any other claims or returns that we are required to certify under the PSAA audit contract. Assurance arrangements for other schemes are a matter for the relevant grant-

paying body, and may be the subject of separate fees and tri-partite arrangements between the grant-paying body, the audited body, and the auditor. We would be happy to discuss any such certification needs with you.

Assumptions

The indicative fees are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements and certification work is not significantly different from that identified for the current year's audit. A more detailed audit plan will be issued in January 2016. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If we need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report for the Finance and Audit Committee, outlining the reasons why the fee needs to change.

We expect to issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 2.

The proposed fee excludes any additional work we may agree to undertake at the request of Blackpool Council. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

Our team

The key members of our audit team for the 2015/16 audit are:

Name	Role	Contact details
Trevor Rees	Partner	trevor.rees@kpmg.co.uk 0161 246 4063
Iain Leviston	Manager	iain.leviston@kpmg.co.uk 0161 246 4403
Reena Ghelani	Assistant Manager	reena.ghelani@kpmg.co.uk 0161 246 4958



KPMG LLP
Annual audit fee 2015/16
16 April 2015

Quality of service

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 me and I will try to resolve your complaint. I am also the national contact partner for all of KPMG's work under our contract with PSAA. If you are dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing 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 3H

Yours sincerely

Trevor Rees
Partner

Appendix 1 – Audit fee assumptions

In setting the fee, we have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2014/15;
- you will inform us of significant developments impacting on our audit work;
- internal audit meets the appropriate professional standards;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on Local Authority Accounting within your 2015/16 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Improvements to the above factors may allow reductions to the audit fee in future years. Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by KPMG, PSAA, the NAO or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

Appendix 2: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Finance and Audit Committee.

Planned output	Indicative date
External audit plan	January 2016
Report to those charged with governance (ISA260 report)	September 2016
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	September 2016
Opinion on Whole of Government Accounts return	September 2016
Annual audit letter	November 2016
Certification of grant claims and returns	November 2016

Report to:	Audit Committee
Relevant Officer:	Tracy Greenhalgh – Chief Internal Auditor
Date of Meeting	18 June 2015

Annual Governance Statement 2014/2015

1.0 Purpose of the report:

1.1 To consider the Annual Governance Statement for 2014/2015.

2.0 Recommendation(s):

2.1 To approve the Annual Governance Statement for 2014/2015.

3.0 Reasons for recommendation(s):

3.1 Since 2005 the Council has been required to report each financial year on the controls operating and their effectiveness, formerly in a Statement of Internal Control and more recently in an Annual Governance Statement.

Following changes to the rules relating to local authority finance, the Annual Governance Statement is no longer combined with the draft or audited statement of accounts and is therefore submitted to members as a standalone document.

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

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

3.3 Other alternative options to be considered.
N/a

4.0 Council Priority:

4.1 The relevant Council Priority is 'Deliver quality services through a professional, well-rewarded and motivated workforce'.

5.0 Background Information

5.1 The governance framework comprises the system and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of Blackpool Council's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact in the event that they occur, and
- manage them efficiently, effectively and economically.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 6(a) – Annual Governance Statement 2014-2015

6.0 Legal considerations:

6.1 All work undertaken by Risk Services is in accordance with relevant legislation. This is particularly important when undertaking fraud investigations where a number of regulations need to be adhered to.

7.0 Human Resources considerations:

7.1 N/a

8.0 Equalities considerations:

8.1 N/a

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.

11.0 Ethical considerations:

11.1 N/a

12.0 Internal/ External Consultation undertaken:

12.1 All Directors were asked to complete a self-assessment of controls in their Departments in April 2015.

The Annual Governance Statement was approved by the Corporate Leadership Team on the 1 June 2015.

13.0 Background papers:

13.1 N/a

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Blackpool Council

Annual Governance Statement – 2014/2015

Scope of responsibility

Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Blackpool Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The purpose of the governance framework

The governance framework comprises the system and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Blackpool Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Blackpool Council for the year ended 31st March 2015 and up to the date of the approval of the statement of accounts for that year.

The governance framework

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

The Council's Vision, Values and Priorities

The Council Plan describes our priorities, values and ambitions for 2013-15 and explains clearly what the Council will do to help improve the lives of local people and how the Council will measure our progress. The extract of these from the Council Plan is shown in the following boxes:

Our vision and priorities

Our vision sets out an image of the future in Blackpool that the Council wishes to create over the long term:

We will build a Blackpool where aspiration and ambition are encouraged and supported. We will seek to narrow the gap between the richest members of our society and the poorest and deliver a sustainable and fairer community, of which our communities will be proud.

We believe that it is by working together that we make a difference to the lives and prospects of people who live, work and learn in Blackpool. The Council has nine priorities for how we will focus our efforts and resources to make a positive difference to the borough of Blackpool. Eight of these concentrate on the needs of our community and fit under three main themes:

1. We will raise aspiration by:

- Tackling child poverty, raising aspirations and improving educational achievement
- Safeguarding and protecting the most vulnerable

2. We will become a more prosperous town by:

- Expanding and promoting our tourism, arts, heritage and cultural offer
- Attracting sustainable investment and creating quality jobs
- Encouraging responsible entrepreneurship for the benefit of our communities

3. We will create healthy communities by:

- Improving health and wellbeing especially for the most disadvantaged
- Improving housing standards and the environment we live in by using housing investment to create stable communities
- Creating safer communities and reducing crime and anti-social behaviour

Our ninth priority - to deliver quality services through a professional, well-rewarded and motivated workforce - ensures we have staff who are capable of delivering these priorities. Blackpool Council's vision and values set out a high level vision of how the Council will address the nine priorities of the Council.

Blackpool Councils Value's are:

- We are accountable for delivering on the promises we make and take responsibility for our actions and the outcomes achieved
- We are committed to being fair to people and treat everyone we meet with dignity and respect
- We take pride in delivering quality services that are community focused and are based on listening carefully to what people need
- We act with integrity and we are trustworthy in all our dealings with people and we are open about the decisions we make and the services we offer
- We are compassionate, caring, hard-working and committed to delivering the best

The Council Plan seeks to address the big issues and policy drivers facing local government. The Council priorities feed into departmental business plans and are a key tool for managers to use when developing business plans for the coming year. The strong golden thread from community aspirations continues through to individual performance appraisals as they are developed based on Council's vision, values and priorities.

The Council Plan will be reviewed in 2015/2016 with a new Council Plan consulted upon during the summer and published in September 2015. During the consultation a review of the priorities and values will be undertaken, this will then be refreshed as part of the business planning arrangements.

Performance Management

Over recent years the inspection regime in some areas has reduced. To help mitigate the risk of the impact of the reduced inspection regime the Council is starting to participate in more peer reviews drawing on experience from other Local Authorities and the private sector.

The Council has a performance management system in place with high level performance issues being reported to the Scrutiny Committee and local performance indicators being managed through the business planning framework.

Performance has been reported against the Council's nine priorities throughout 2014/15 on a quarterly basis. These reports have included progress made against actions, performance indicators, contextual information and progress against issues raised at Scrutiny Committee in the previous quarter.

The performance management framework was strengthened in 2014/2015 by the introduction of an annual programme of business plan challenge sessions. These meetings were chaired by the Leader of the Council and the Chief Executive and sought to undertake a progress review of the business plans from each department on a rolling programme throughout the year. The lead officer and Cabinet Member for each department were invited to attend the meeting to answer questions or provide further information for the review.

The purpose of the review process was to establish whether:

- Actions are linked to the Council's themes and priorities and key actions from the Council Plan are reflected in departmental business plans;
- Progress against business plan actions is monitored and areas of concern are addressed;
- The impact of business plan actions is evaluated and understood;
- Performance is managed effectively and priorities for improvement are identified; and
- There is evidence of cross departmental working to achieve priorities.

The performance management arrangements will be reviewed for the authority in light of the publication of the new Council Plan in 2015/2016.

Roles and Responsibilities

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

All Council Officers, including the Corporate Leadership Team, have a job description which set out their roles and responsibilities. Individual objectives for each officer are then part of the Individual Performance Appraisal process.

The Council's Constitution, including the Scheme of Delegation sets out the arrangements and protocols which are in place to enable effective communication within the authority and they also identify arrangements for working with partnerships.

Behaviour and Conduct

An elected member/ officer protocol is incorporated in the Council's Constitution and there is also a Planning Committee protocol. Training is provided to officers and members to enable them to better understand the roles of each other.

There are registers of interests and hospitality for both elected members and officers. Members must register and declare interests on appropriate occasions, supported by appropriate professional advice at any time, where this is required.

The Council's Standards Framework has specific regard to probity and high standards of ethical conduct. This is supported by the Monitoring Officer and Deputy Monitoring Officer and together with three independent persons appointed by Council, deal as appropriate, with any complaints referred, as part of the process.

Any development needs in terms of conduct are identified through officer Individual Performance Appraisal or member self-assessment as appropriate, a regular programme of training is also provided.

In 2014/15 workshops were held with Standards Committee members at Blackpool Council to develop a new Members Code of Conduct. This has now been drafted and will be approved in 2015/16.

Employees abide by the terms of the Council's officer Code of Conduct. Where appropriate staff are expected to comply with the Constitution and Financial Regulations, these are both updated regularly and appropriate training offered on changes.

Decision Making Framework

The Constitution sets out the functions and responsibilities of the Council, the Executive and committees. Included in this are the delegation arrangements adopted by the Council and the Executive.

All Executive decisions contain all relevant policy implications including financial, risk management, human resource issues including equality analysis and legal considerations. Records of decisions and supporting materials are maintained, with public disclosure of decisions on the Council's internet site. The Monitoring Officer or a designated representative, receive all decisions before they are processed and therefore are able to check the robustness of data quality prior to a decision being submitted for formal approval.

Certain Officer decisions are now published in line with the legislation which came into force in 2014.

The Constitution is reviewed and updated on an ongoing basis.

A training session on the decision-making process was delivered to approximately 50 senior managers at the Council in 2014/15.

Risk Management

The Corporate Risk Management Group meets quarterly to co-ordinate and promote risk management activity. It is supported by departmental and thematic risk management groups. All departments have nominated risk champions to promote best practice in their areas and risk registers are maintained for major projects and partnerships where appropriate.

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

Counter Fraud and Anti-Corruption Arrangements

The Council has an Anti-Fraud and Corruption Statement in place and this is approved by the Finance and Audit Committee on an annual basis. Any suspected instances of fraud and corruption are reported to the Chief Internal Auditor so that an appropriate investigation into the matter can be undertaken.

A Corporate Fraud Officer is in place to deal with a range of corporate fraud issues, including Council Tax Reduction Scheme. It is intended to increase capacity in this area in 2015/2016 to focus on insurance fraud and further proactive work.

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

The Council participates in the National Fraud Initiative and progress against this is monitored on a regular basis.

Management of Change and Transformation

The Council is committed to ensuring that it delivers value for money. Significant changes have been made to the Council structure and working practices to ensure the delivery of significant budget cuts. The Council continually considers ways in which further efficiency can be made to reduce costs whilst maintaining the delivery of a quality service and also considers how to effectively manage change.

Financial Management Arrangements

The Council has a designated Chief Financial Officer who holds Section 151 responsibilities with appropriate qualifications and experience and a deputy has also been appointed. The Chief Financial Officer has arrangements in place for financial management, financial reporting and value for money which are assessed annually by the Council's external auditors.

Monthly financial reporting summaries are made available to the Corporate Leadership Team, the Executive and the Finance and Audit Committee.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Assurance Arrangements

The Council prepares an annual Audit Plan which is approved by the Corporate Leadership Team and the Finance and Audit Committee each year. This includes a balance of risk and compliance work. The assurance statement for each audit is reported quarterly to the Finance and Audit Committee and contributes to the Chief Internal Auditor's annual opinion. The opinion of the Chief Internal Auditor was presented to Finance and Audit Committee on the 18th June 2015.

An element of contingency is built into the Audit Plan to enable the Internal Audit Team to proactively respond to any issues which may arise throughout the year.

The Council's assurance arrangements broadly conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and the Public Sector Internal Audit Standards. An external review of the Council's compliance with the Public Sector Internal Audit Standards is planned for 2015/16.

Monitoring Officer

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

Head of Paid Service

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

Finance and Audit Committee

The Council has a Finance and Audit Committee which meets on a regular basis. This is independent of the scrutiny framework, and as a full committee of the Council is able to discharge all the core functions of a Finance and Audit Committee identified in *CIPFA's Audit Committee: Practical Guidance for Local Authorities* including approval of the annual Statement of Accounts.

An ongoing programme of training on finance, audit and corporate governance topics is in place to ensure members have all the skills required to undertake their role.

Compliance with Laws, Regulations, Internal Policies and Procedures

The Council has an internal control framework in place which helps ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

All managers are expected to adhere to the Council's Constitution and Financial Regulations. Non-compliance with such procedures may result in disciplinary action.

An internal audit function is in place to provide assurance that controls are being adhered to. The Finance and Audit Committee receives copies of all audit assurance statements and has the ability to challenge officers where issues of non-compliance have been identified.

The Council's Monitoring Officer has a role in ensuring that the Council acts within the remit of relevant law and regulations and that a robust democratic process is maintained.

Whistleblowing and Complaints

A whistleblowing procedure is in place. All complaints received under this procedure are investigated by appropriate officers. A corporate complaints procedure also operated during the period to ensure that any issues raised by members of the public were fully investigated. A process has been implemented to deal with complaints which reach Stage Three of the complaints process where an independent panel of officers review and investigate the complaint before a response is provided to the complainant. This is chaired by the Deputy Chief Executive and attended by the Monitoring Officer, Chief Internal Auditor and Chief Accountant.

Training and Development

A Member Development Programme is in place which helps deliver training to elected members to help them fulfil their role.

Elected members have personal development plans in place which are used to help identify training needs and the members training budget comprises of a core budget and a further budget that is split proportionally between the political groups, to ensure that appropriate training can be delivered to all members.

A member's induction programme was developed in 2014/2015 ahead of new members being elected in May 2015.

A range of training and development opportunities are available for officers and this is informed through the Individual Performance Appraisal process which is mandatory for all officers across the Council.

A training programme is in place for senior officers to help enhance leadership skills.

Consultation

The Council consults and engages with a diverse cross-section of the community to help ensure that their views are considered.

The Council introduced the 'Council Couch', intended to reach residents whose voices are not often heard through the usual engagement channels. The initiative ran at 16 different locations around Blackpool for 8 weeks in late summer, with senior officers speaking to over 400 people on whatever was important to them.

Public speaking is available at many meetings such as Executive, Scrutiny and the full Council meeting.

The Council produces a quarterly newsletter *Your Blackpool* which is distributed to every household in the Borough. Blackpool Council has recently invested in updating its website to help improve access to information and uses social media daily to engage with residents and visitors alike.

As part of our statutory arrangements on Health and Wellbeing, Healthwatch Blackpool has used a series of Open Events and engagement techniques to seek views on health and social care services. They have undertaken a programme of 'Enter and View' visits to care homes from the CCG, carried out patient-led assessments of the care environment at hospitals, hospices and day treatment centres, and developed and delivered a dentistry survey.

The Council sought the views of 750 local residents through a General Household Survey, ensuring we have an accurate picture of resident priorities, perceptions of the Council and our services. The survey will be undertaken every two years to ensure that we deliver service improvements in line with resident expectations.

The Council is part of a Local Authority Research Partnership known as Infusion Research. Based at Nelson Town Hall in Pendle, they provide consultancy support on primary research and consultation programmes at a preferential rate. They worked on 27 projects in 2014/15,

including internal staff surveys plus public research on Blackpool Town Centre, the Blackpool Museum, the Air Show and Adult Learning.

The Blackpool Fairness Commission undertook a review of its governance arrangements during 2014/2015 as part of a wider consultation exercise to make sure the Commission, its structure and membership are fit for purpose. In the last year the Commission has held a number of engagement events with older and young people, held a number of steering group meetings and championed local issues such as Fairtrade and Dementia.

Consultation also takes place with staff, particularly through the Point of View sessions where the Chief Executive meets with a wide range of employees.

Partnerships and Joint Working

Following the award of £45m of lottery funding to the Better Start project led by the NSPCC, the Council has now formed partnership arrangements to deliver projects targeting 0-3 year olds in seven of our most deprived wards. Staff based at Bickerstaffe House have been appointed and governance arrangements established to ensure the effective delivery of the project.

Review of effectiveness

Blackpool Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within Blackpool Council, who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

A number of steps have been taken to review the effectiveness of governance arrangements in 2014/2015 and these include:

- All Directors, in conjunction with the Risk Champions, have completed a control self-assessment on the internal control framework within their departments.
- The Finance and Audit Committee have undertaken a self-evaluation of their effectiveness.
- The strategic risk register has been reviewed by the Corporate Leadership Team.
- Key officers, charged with governance responsibilities, including the Monitoring Officer, Deputy Monitoring Officer, Section 151 Officer, Chief Internal Auditor and Head of Corporate Development, Engagement and Communication were involved in the review.
- The Corporate Leadership Team has had the opportunity to comment on the governance framework and statement.

The implications of the results of the effectiveness of the governance framework have been reviewed by the Finance and Audit Committee and these state that arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Significant Governance Issues

As part of the review of significant governance issues highlighted in 2013/2014 it has been deemed appropriate to remove some of the actions as these have now been effectively addressed included in this are:

Governance Issues Addressed in 2014/2015		
Issues	Action to be taken	Responsible Officer
Risk Management	Ensure that all departments have in place an effective Departmental Risk Management Group.	Director of Resources
Protect vulnerable adults and children.	Ensure that adequate controls are put in place to safeguard vulnerable adults and children. Ensure that steps are taken to address the control failings identified in the recent inspection reports.	Director of People

There are a number of governance issues which it would be prudent to carry forward as further work is required to fully address the issues. Additional actions have been identified as part of the 2014/2015 review of the effectiveness of the governance framework and these are captured in the following table. It should be noted that some of the issues identified are not deemed as significant but have been included to aid openness and transparency.

Governance Issues to be Addressed in 2015/2016		
Issues	Action to be taken	Responsible Officer
Delivery of corporate savings programme combined with significant demand pressures.	Departments to adhere to agreed savings targets, identifying alternative savings or income generation where pressures develop. Progress on achieving savings monitored from month 0. Plans for the management of recurrent pressures to be developed for all directorates.	Chief Executive / Director of Resources
Project management	Undertake an advisory role to ensure effective project management leads to successful project outcomes	Chief Executive

	<p>across all Council projects.</p> <p>Ensure effective project management leads to successful project outcomes within sphere of influence.</p> <p>Ensure adequate project management resource is available to deliver key projects.</p>	
Property Rationalisation	<p>Deliver Council's accommodation strategy and reduce desk footprint.</p> <p>Ensure that the Council's property estate is operated to maximise rental income or disposal values as appropriate.</p> <p>Improve asset management planning, including business continuity arrangements.</p>	Director of Resources
Procurement	<p>Ensure all services comply with Contract Procedure Rules.</p> <p>Completion of e-procurement and e-invoicing rollout.</p> <p>Ensure adequate time is committed to procurement activity and subsequent contract management.</p> <p>Development of integrated commissioning frameworks with economies of scale.</p> <p>Delivery of Personalisation agenda.</p>	Director of Resources / Director of People
Compliance with Corporate Requirements	<p>Ensure that all staff completes mandatory training requirements.</p> <p>Ensure that effective workforce development planning is in place.</p>	Deputy Chief Executive

	<p>Ensure that all Individual Performance Appraisals are completed.</p> <p>Ensure that business plans are in place for all directorates.</p> <p>Increasing compliance requirements for complaints, asset and data security, data protection and FOI requests whilst resources continue to reduce.</p>	
Risk Management	<p>Ensure that all services have in place up-to-date and fit-for-purpose business continuity plans which have been tested.</p> <p>Changes in legislation leading to a surge in insurance claims, particularly regarding children sexual exploitation / abuse and court-determined orders with costs falling to the local authority.</p>	Chief Executive / Director of Resources
Performance management	<p>Performance management arrangements should be reviewed.</p> <p>Conclude the review of performance management with the LGA to strengthen the integrity of reporting data both internally and externally to residents.</p> <p>Review how the Council consults with its communities through the review work of the Corporate Plan.</p> <p>Develop a comprehensive training programme for Scrutiny Committee members whose focus will be performance</p>	Deputy Chief Executive

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

Signed: _____ (Leader of the Council)

Signed: _____ (Chief Executive)

DRAFT

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