

Blackpool Council

4 September 2019

To: Councillors Burdess, Callow, Collett, Cox, Critchley, Galley, Hugo, Mitchell and Roberts
Ms Russell, Independent Member

The above members are requested to attend the:

AUDIT COMMITTEE

Thursday, 12 September 2019 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 either a

- (a) personal interest
- (b) prejudicial interest
- (c) disclosable pecuniary interest (DPI)

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 25 JULY 2019 (Pages 1 - 6)

To agree the minutes of the last meeting of the Audit Committee held on 25 July 2019 as a true and correct record.

3 STRATEGIC RISK REGISTER - UNSUSTAINABLE LOCAL ECONOMY AND INCREASED DEPRIVATION (Pages 7 - 18)

To consider the controls being implemented to manage the strategic risk relating to the unsustainable local economy and increased deprivation.

4 ANNUAL AUDIT LETTER

To receive a verbal update from Deloitte external auditors on the Annual Audit Letter.

5 STATEMENT OF ACCOUNTS 2018/2019

At the meeting of the Audit Committee on 25 July 2019 the Committee agreed to approve the Statement of Accounts for 2018/2019 subject to no material changes resulting from the outstanding work still to be completed. Further to that meeting, work remains ongoing from the Council's external auditors and as such the final accounts have yet to be agreed.

The Committee will receive a verbal update from Deloitte external auditors.

6 RISK SERVICES REPORT QUARTER ONE (Pages 19 - 44)

To consider a summary of the work completed by Risk Services in quarter one of the 2019/2020 financial year.

7 TRAMWAY AUDIT FOLLOW-UP (Pages 45 - 50)

To consider a progress report on the recommendations made in the internal audit report of the tramway extension project.

8 DATE OF NEXT MEETING

To note the date and time of the next meeting of the Committee as 14 November 2019, commencing at 6pm.

Venue information:

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

Other information:

For queries regarding this agenda please contact Elaine Ireland, Democratic Governance Senior Adviser, Tel: 01253 477255, e-mail elaine.ireland@blackpool.gov.uk

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

Present:

Councillor Galley (in the Chair)

Councillors

Burdess
Critchley

Cox
Mitchell

Hugo
D Scott

Mrs Callow JP

Ms Russell, Independent Member

In Attendance:

Mrs Tracy Greenhalgh, Head of Audit and Risk
Mr Neil Jack, Chief Executive
Ms Rebecca Maidment, Head of Safeguarding (Item 3 only)
Mr Les Marshall, Head of Adult Social Care (Item 3 only)
Mr Steve Thompson, Director of Resources
Ms Karen Tomlinson, Senior Accountant
Mr Mark Towers, Director of Governance and Partnerships
Ms Kirsten Whyatt, Finance Manager
Mrs Elaine Ireland, Democratic Governance Senior Adviser

Mr Nick Raynor, Senior Manager, Deloitte
Mr Paul Thomson, Risk Advisory Partner, Deloitte

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 13 JUNE 2019

The Committee agreed that the minutes of the meeting held on 13 June 2019 be signed by the Chairman as a true and correct record, subject to the amendment of Ms Yvonne Russell as an Independent member of the Committee.

3 ADULT SAFEGUARDING ENQUIRIES AUDIT UPDATE

Members were reminded that at its meeting on 13 June 2019, the Audit Committee had agreed to invite Heads of Service to meetings in order to provide updates in relation to internal audit recommendation implementation.

The Committee considered a progress report on the recommendations made in the internal audit report of Adult Safeguarding enquires issued on 13 November 2018.

Mr Les Marshall, Head of Adult Social Care, introduced the report and provided further

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 25 JULY 2019

information in relation to recommendations R1 and R2.

R1 The setting of timescales for addressing error report items should be considered and followed up accordingly by the relevant team manager.

Mr Marshall explained that this had been completed, with each team manager and deputy team manager having access to the report, which provided a live overview of any errors being addressed. Members were informed that operational errors still occurred but that they were now closely monitored and regularly updated.

R2 The introduction of a more formal reporting vehicle as part of the peer audit process should be considered to ensure that its benefits are maximised. This should include the effective and timeous communication of results to Safeguarding Leads and a regular review of the audit template.

Mr Marshall confirmed that the recommendation had been completed with the peer audit programme conducted on a rolling three month programme.

Ms Rebecca Maidment, Head of Safeguarding, addressed recommendations R3, R4 and R5.

R3 Adult Services should determine how the recording of the rationale for decisions and risk assessment outcomes can be improved.

Ms Maidment informed the Committee that this had been included as part of the peer audit programme and that she would be commencing additional management audits. Ms Maidment explained that the management audits would be trialled in July, with the intention of rolling them out across the senior management team in September.

R4 The position of the Quality Monitoring Officer (QMO) in the enquiry process should be reviewed.

The Committee was informed that the social worker based within the QMO team now acting as the Safeguarding Lead had been working well, with no further amendments required at present.

R5 Adult Services should determine how the communication of conclusions to interested parties (and recording of the communication) can be improved. This should include prompts within the appropriate screens to remind the user to consider whether a formal communication is required; and the recording of the rationale for not issuing a formal letter to interested parties on Mosaic.

Ms Maidment confirmed that a formal conclusion and response was now communicated to all attendees and interested parties following each meeting and that consideration of changes to the MOSAIC computer system was to be undertaken by the Adult Social Care Senior Management Team in July 2019.

The Chair thanked both officers for their contributions and the Committee noted the progress made in relation to the recommendations.

[Mr Marshall and Ms Maidment left the meeting on conclusion of this item.]

4 STRATEGIC RISK REGISTER - IMPACT OF BREXIT

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Members were reminded that at its meeting on 13 June 2019, the Audit Committee had agreed to continue to invite Strategic Risk Owners to attend future meetings to provide updates and progress reports in relation to the individual risks identified on the Strategic Risk Register.

Mr Steve Thompson, Director of Resources introduced a report outlining the controls that were being implemented to manage the strategic risk relating to the impact of Brexit. He informed members that a Council Task and Finish group had been established last year which currently met monthly, although it was anticipated that the frequency of meetings would increase as the October 2019 Brexit deadline approached.

The Committee reviewed the Strategic Risk Register progress report with Mr Thompson clarifying that a number of more detailed action plans were in place beneath the report, which contained more specific detail around the identified risks.

The Committee queried the relatively small size of the Task and Finish group for such a large undertaking and were reassured that the small coordinating team would communicate with all relevant departments and agencies, with key individuals being co-opted onto the group, as necessary.

It was acknowledged that the Council could not alleviate all the risks associated with Brexit but could prepare for the potential implications of them and produce prioritised action plans as required.

The Committee noted the report.

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

The Committee considered Deloitte's Governance Report and the audited Statement of Accounts for 2018/2019. Mr Thompson assured members that the finance department had been working tirelessly to ensure the deadline of 31 July 2019 would be met.

The Committee reviewed and considered the accounts, with questions of clarification being answered by the Director of Resources. Members queried the risk of the Council being over exposed in terms of its short and long-term borrowing, with Mr Neil Jack, Chief Executive explaining that any potential changes to interest rates were closely monitored and that loan terms could be changed should it be considered prudent to do so at any time.

Members noted the increase of 17 per cent to capital spending and questioned whether any delayed projects generated the risk of funding losses. Mr Thompson assured members that the funding streams and associated deadlines were being closely monitored in order to mitigate any such risks.

Mr Paul Thomson, Risk Advisory Partner at Deloitte informed the Committee that an

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outstanding area of work preventing the external auditors from concluding their work with the accounts at this stage was the potential financial impact of the McCloud ruling in relation to public sector pensions. The Committee heard that the Council had obtained an updated actuarial report to allow them to adjust the pension liability for the impact of the McCloud case and that the adjustment had been included in the latest version of the financial statements. The result was an increase in the net pension liability by £3.5 million. Deloitte's internal pension specialists were in the process of reviewing the updated report prior to final agreement of the accounts.

Mr Thomson highlighted a further significant risk in relation to the 2018 Ofsted inspection of Children's Services. Following this inspection Children's Services had been given an overall rating in the January 2019 report of 'Inadequate'. Deloitte had therefore identified a significant Value for Money (VfM) risk over the delivery of the improvements required as a result of the Ofsted report. Mr Thomson stressed that Deloitte had identified progress made towards delivering the actions required to address the Ofsted findings and that the Council had also dedicated significant attention, time and investment to this matter going forward into 2019/2020. Deloitte planned to issue an except for qualification to the VfM conclusion in relation to the Council's arrangements to plan, organise and develop the workforce to effectively deliver strategic priorities and regarding effective working with partners to deliver strategic priorities, specifically in Children's Services. Members requested that a statement be included to reflect the work and progress of the Council since the Ofsted inspection findings, which Mr Thomson agreed to include.

A final key area identified by Mr Thomson was that of the Council's Housing Revenue Account (HRA). As part of Deloitte's responsibilities as the appointed auditor to the Council they had been requested to undertake a review of Blackpool Council's accounting treatment in relation to its HRA and specifically the statutory ring-fence for the years ended 31 March 2017 and 31 March 2018. The most significant finding was connected to the external auditor's work on areas of expenditure where they had identified two transactions between Blackpool Coastal Housing (BCH) and the Council, where BCH had made a payment to the Council from its accumulated reserves. Whilst management had obtained legal advice on BCH's ability to make such payments and subsequently did not consider the transactions to be breaching the statutory ring-fence, Mr Thomson expressed concern that payments from BCH to the Council could be perceived as an inequitable allocation of resources between council tenants and the wide population represented by the Council. As a result, Deloitte had recommended that the Council did not repeat such transactions but reviewed the management fee paid to BCH to alleviate reserves being built up by BCH. The Director of Resources acknowledged Deloitte's concerns in relation to the HRA and assured members that there was no expectation of such a transfer reoccurring, with a Task and Finish group having been established specifically to monitor the issue.

The Committee agreed to approve the Statement of Accounts for 2018/2019 subject to no material changes resulting from the outstanding work still to be completed. Should any material change become apparent, the Committee would defer the agreement of the accounts to the next meeting of the Audit Committee on 12 September 2019.

[Councillor Mrs Callow left the meeting during consideration of this item.]

6 PUBLIC SECTOR INTERNAL AUDIT STANDARDS EXTERNAL ASSESSMENT

Mrs Tracy Greenhalgh, Head of Audit and Risk informed the Committee that Public Sector Internal Audit Standards (PSIAS) required that an external assessment of an organisation's internal audit function be carried out once every five years by a qualified, independent assessor or assessment team. Such external assessments could be in the form of a full external assessment, or a self-assessment with independent external validation. Mrs Greenhalgh wished to seek approval for the method by which the external assessment would be undertaken at the Council.

The Committee was informed that the Council had obtained quotations from a number of external providers who could undertake the external assessment, however quotations received were in the region of £9000 to £11000. An alternative suggestion was a peer review process developed by the Lancashire Districts Chief Auditor Group (LDCAG) which would address the requirement of a self-assessment with independent external validation.

Participating in the peer review process would incur no direct costs, although there would be a time commitment for the Head of Audit and Risk to become a reviewer or moderator for another authority. It would be for the LDCAG to ensure that the time burden was evenly spread with each participating authority taking its share.

Mrs Greenhalgh informed members that the external assessments were unlikely to take place until 2020/2021 but that a decision would be required at this stage to ensure that the peer review process could be robustly planned and timetabled.

Prior to undertaking the external assessment a full self-assessment would be carried out by the Head of Audit and Risk and the results provided to Audit Committee for consideration.

Mrs Greenhalgh informed the Committee that she considered that validation of the self-assessment by an external body would be the most efficient and cost effective use of resources. The LDCAG Peer Review process would involve a pre-review element where the self-assessment and supporting documentation would be reviewed by the peer review team. In addition, a questionnaire would be issued to key stakeholders at the Council to obtain feedback. An on-site review would then take place and the Council would be assessed against key themes which would form the basis of the standards.

Following this, a report would then be issued which would state whether the internal audit team conformed, partially conformed or did not conform to the standards. This report would then be presented to the Audit Committee and would form part of the internal audit team's Quality Assurance and Improvement Programme.

Mrs Greenhalgh informed members that she was satisfied that the other organisations involved in the peer review had the appropriate qualifications and independence to undertake the review.

The Committee approved the Council's participation in the peer review process developed

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by the Lancashire Districts Chief Auditor Group.

7 DATE OF NEXT MEETING

The date and time of the next meeting of the Committee was noted as 12 September 2019, commencing at 6pm.

Chairman

(The meeting ended at 7.25 pm)

Any queries regarding these minutes, please contact:
Elaine Ireland, Democratic Governance Senior Adviser
Tel: 01253 477255
E-mail: elaine.ireland@blackpool.gov.uk

Report to:	AUDIT COMMITTEE
Relevant Officers:	Paul Turner, Head of Schools, Standards and Effectiveness Alan Cavill, Director of Communications and Regeneration Antony Lockley, Director of Strategy and Assistant Chief Executive John Blackledge, Director of Community and Environmental Services
Date of Meeting	12 September 2019

STRATEGIC RISK REGISTER – UNSUSTAINABLE LOCAL ECONOMY AND INCREASED DEPRIVATION

1.0 Purpose of the report:

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

2.0 Recommendation(s):

- 2.1 To consider the controls being implemented to manage the strategic risk relating to the unsustainable local economy and increased deprivation.

3.0 Reasons for recommendation(s):

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

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

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

3.3 Other alternative options to be considered:

N/a

4.0 Council Priority:

- 4.1 The relevant Council priority is organisational resilience.

5.0 Background Information

- 5.1 At its meeting in June 2019, the Audit Committee agreed to continue to invite Strategic Risk Owners to attend future meetings to provide updates and progress reports in relation to the individual risks identified on the Strategic Risk Register.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 3(a): Strategic Risk Register Progress Report – Unsustainable Local Economy and Increased Deprivation

6.0 Legal considerations:

- 6.1 Risks need to be effectively managed in order to comply with relevant legislation.

7.0 Human Resources considerations:

- 7.1 The controls being implemented will be undertaken by current employees.

8.0 Equalities considerations:

- 8.1 N/a

9.0 Financial considerations:

- 9.1 The controls being implemented will be done so within current budget constraints.

10.0 Risk management considerations:

- 10.1 To enable Audit Committee to gain assurance that strategic risks are being effectively managed.

11.0 Internal/ External Consultation undertaken:

- 11.1 The progress report has been prepared in conjunction with risk managers and/or risk owners.

12.0 Background papers:

- 12.1 None.

APPENDIX 3(a)
Strategic Risk Register Progress Report

Strategic Risk: Unsustainable Local Economy and Increased Deprivation

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority
							I	L	GS		I	L	NS					
8	Unsustainable Local Economy / Increased Deprivation.	8a	Increased deprivation and unemployment.	30%	Over dependency on Council services.	Better opportunities for Blackpool residents.	4	5	20	Introduction of Joseph Rowntree living wage for Council staff, Council wholly owned companies and promoting this with contractors.	4	3	12	Implement the Blackpool Enterprise Zone Delivery Plan, facilitating the growth of energy, aviation and food sectors.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2022	Economy
														Get hundreds of people back into work via job schemes for the most vulnerable and disadvantaged through schemes such as Health Works and More Positive Together.	Head of Economic Development	Director of Communication and Regeneration	March 2021	
														Support local businesses to grow and expand by maximising take up of the Business Loan Fund.	Head of Economic Development	Director of Communication and Regeneration	March 2020	
														Finalise the masterplan and commence delivery of the Central Leisure Quarter.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2022	
														Complete development of 21st Century conference offer at the Winter Gardens and increase numbers of new conferences and events.	Head of Strategic Leisure Assets	Director of Communication and Regeneration	March 2020	
														Deliver extensions to the Central Business District at Talbot Gateway.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2022	
														Secured the status of the Blackpool Airport Enterprise Zone.				
8b	Large, poor quality, private rented sector in inner Blackpool continues to drive transience and deprivation.	30%	Negative impact on local economy.	4	4	16	4	4	16	Effective regulation of private rented sector, linked to proactive community support.	4	3	12	Complete the development of 400 new family homes at Foxhall Village and initiate plans for a second phase of homes to deliver a significant new neighbourhood of high quality homes.	Head of Housing	Director of Strategy (Assistant Chief Executive)	March 2020	Economy
														Assist Blackpool Housing Company to expand the reach of its work and tackle existing HMOs through the use of grant funding.	Head of Housing	Director of Strategy (Assistant Chief Executive)	March 2020	
														Work with My Blackpool Home to create at least 455 new homes out of existing substandard accommodation.	Head of Housing	Director of Strategy (Assistant Chief Executive)	March 2022	
														Enable further housing delivery through proactive assistance to developers including use of CPO powers where necessary.	Head of Housing	Director of Strategy (Assistant Chief Executive)	March 2020	
														Stabilise our communities through additional activity to regular private sector housing, reducing supply and improving quality.	Head of Housing	Director of Strategy (Assistant Chief Executive)	March 2020	
														Improve the social housing available including development at Troutbeck.	Head of Housing	Director of Strategy (Assistant Chief Executive)	March 2020	
														Review the use of the Council's land assets and the Housing Revenue Account to maximise investment in new Council homes and facilitate investment by housing associations.	Head of Housing	Director of Strategy (Assistant Chief Executive)	March 2020	
Perpetuation of poor social outcomes for residents.	Support town centre businesses and drive economic resurgence.	My Blackpool Home delivering better quality private rented housing.																
Poorly managed HMO proliferation in communities and holiday areas.		Delivered 191 new council homes at Queens Park.																
		Improved property standards through rigorous enforcement and extension of the selective licensing schemes.																
		Quality affordable rented offer, with more new Council / housing association homes.																

APPENDIX 3(a)

Strategic Risk Register Progress Report

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority
							I	L	GS		I	L	NS					
8	Unsustainable Local Economy / Increased Deprivation.	8c	Lack of appropriate transport infrastructure.	20%	Loss of trade, reputation and confidence from residents.	Improve transport infrastructure for the benefit of residents and visitors.	4	5	20	Road Asset Management Strategy in place which sets out budget requirements based on whole life costs and the Department for Transport Code of Practice.	4	3	12	Complete the tram extension, transport interchange and new 4* hotel at Blackpool North Station.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2021	Economy
										Making Blackpool Roads Work Project Board to review network capacity and regeneration of the town.				Further invest in highways, including completing the Quality Corridor Programme, Yeadon Way upgrade and bridge renewal programme.	Head of Highways and Traffic Management	Director of Community and Environmental Services	March 2020	
						Good parking infrastructure is part of the customer experience.				Highways Risk Management Group in place which meets quarterly.				Develop a parking strategy which will identify permanent locations for parking.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	July 2019	
										Blackpool Transport Services ticketing app with live travel information in place.				Transportation Strategy to be prepared and implemented.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	July 2019	
		8d	Lack of educational attainment / appropriate training to meet the needs of the economy.	20%	Loss of, or lack of, talent to take up employment in Blackpool.	Schools Improvement Funding.	4	5	20	School Improvement Board in place.	4	4	16	Implement the tracking system for school performance and work in conjunction with the Regional Schools Commissioner to hold schools to account.	Head of Schools, Standards and Effectiveness	Director of Children's Services	July 2019	Economy
										Links with the Regional Schools Commissioner and OFSTED embedded.				Develop an Inclusion Plan for schools.	Head of Schools, Standards and Effectiveness	Director of Children's Services	July 2019	
										School improvement strategy in place which is challenged through the school improvement governance structure.				Work with partners to deliver the Opportunity Area programme, raising attainment and aspirations of our young people.	Head of Adult Learning / Senior Programme Manager (Opportunity Areas)	Director of Communication and Regeneration	March 2021	
										Behaviour and attendance partnership in place.				Support a school led system which improves attainment at Key Stage 4.	Head of Schools, Standards and Effectiveness	Director of Children's Services	March 2021	
										School Organisation Plan in place to predict requirements for school places so that provision can be made as demand increases.				Review the procedures for making referrals to the Pupil Referral Units and ensure a robust Admissions Policy and Right of Appeal is in place.	Head of Schools, Standards and Effectiveness	Director of Children's Services	September 2019	
Overall Nett Risk Score											12.80							

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Strategic Risk Register Progress Report

Sub-Risk: Lack of educational attainment / appropriate training to meet the needs of the economy. (weighting 20%)		Gross Risk Score	Nett Risk Score
		20	16
		<i>Risk Score in 2018/19</i>	15
Risk Owner: Director of Children's Services / Director of Communication and Regeneration			
Existing Controls in Place:			
<ul style="list-style-type: none"> • School Improvement Board in place. • Links with the Regional Schools Commissioner and OFSTED embedded. • School improvement strategy in place which is challenged through the school improvement governance structure. • Behaviour and attendance partnership in place. • School Organisation Plan in place to predict requirements for school places so that provision can be made as demand increases. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
Implement the tracking system for school performance and work in conjunction with the Regional Schools Commissioner to hold schools to account. (Target Date: July 2019)	Head of Schools, Standards and Effectiveness	<ul style="list-style-type: none"> • A performance tracking system is now in place. • Performance information is a standard item on the Blackpool Schools Improvement Board agenda which is attended by the Regional Schools Commissioner. • A Standards Meeting is also held with schools in September each year. 	<ul style="list-style-type: none"> • Improvements at Key Stage 2 are occurring. • The results at Key Stage 4 have shown a slight improvement, with some indicators of better performance, in some schools. However, largely, they are consistently lower than national average across every indicator.
Develop an Inclusion Plan for schools. (Target Date: July 2019)	Head of Schools, Standards and Effectiveness	<ul style="list-style-type: none"> • An Inclusions Plan is now in place and this is being revisited in terms of the alternative provision landscape. • It should be noted that a negative inspection result at one Council secondary school clouds the Council's overall results in terms of improvement and inclusion. 	<ul style="list-style-type: none"> • Improved inclusion in schools.

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Strategic Risk Register Progress Report

Work with partners to deliver the Opportunity Area programme, raising attainment and aspirations of our young people. (Target Date: March 2021)	Head of Adult Learning / Senior Programme Manager (Opportunity Areas)	<ul style="list-style-type: none"> The funding received for the Opportunity Area Programme is now substantially committed. The Council are participating in a Central Government exercise to determine whether an extension of the scheme would be beneficial. 	<ul style="list-style-type: none"> Increased attainment for our young people.
Support a school led system which improves attainment at Key Stage 4. (Target Date: March 2021)	Head of Schools, Standards and Effectiveness	<ul style="list-style-type: none"> This has been improved through the implementation of the aforementioned performance tracking process. A school led governance system has now been established which supports collaboration and partnership working which is supplemented by the Opportunity Area Projects. 	<ul style="list-style-type: none"> The results at Key Stage 4 have shown a slight improvement, with some indicators of better performance, in some schools. However, largely, they are consistently lower than national average across every indicator.
Review the procedures for making referrals to the Pupil Referral Units and ensure a robust Admissions Policy and Right of Appeal is in place. (Target Date: September 2019)	Head of Schools, Standards and Effectiveness	<ul style="list-style-type: none"> A new process for admissions to Pupil Referral Units will be implemented from September 2019. This new approach includes the local authority managing admissions to PRUs which will improve consistency. A Right of Appeal to PRUs is in place as it is with all other schools. 	<ul style="list-style-type: none"> A monitoring system is in place which will enable the outcomes of these changes to be reviewed going forward. The ultimate aim is to ensure that the right children are in the right place which will help drive improvements.

Sub-Risk: Increased deprivation and unemployment (weighting 30%)	Gross Risk Score	Nett Risk Score
	20	12
	<i>Risk Score in 2018/19</i>	12
Risk Owner: Director of Communication and Regeneration		
Existing Controls in Place:		

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Strategic Risk Register Progress Report

<ul style="list-style-type: none"> • Introduction of Joseph Rowntree living wage for Council staff, Council wholly owned companies and promoting this with contractors. 			
<ul style="list-style-type: none"> • Social value an integral part of the Council's procurement process include opportunities such as job creation for local people. 			
<ul style="list-style-type: none"> • Commitment to use local suppliers where possible. 			
<ul style="list-style-type: none"> • Secured the status of the Blackpool Airport Enterprise Zone. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
Implement the Blackpool Enterprise Zone Delivery Plan, facilitating the growth of energy, aviation and food sectors. (Target Date: March 2022)	Growth and Prosperity Programme Director	<ul style="list-style-type: none"> • Good progress is being made in terms of the creation of new jobs and companies at the Enterprise Zone. • There have been some initial delays to the infrastructure works and associated planning application however steps are being taken to progress these. 	<ul style="list-style-type: none"> • Positive impact on the local economy through the creation of new jobs and companies.
Get hundreds of people back into work via job schemes for the most vulnerable and disadvantaged through schemes such as Health Works and More Positive Together. (Target Date: March 2021)	Head of Economic Development	<ul style="list-style-type: none"> • The Health Works and More Positive Together schemes have been successful with hundreds of vulnerable people accessing employment opportunities. • The team have been successful in securing other funding streams to continue work in this area. 	<ul style="list-style-type: none"> • Increased access to employment opportunities for vulnerable / disadvantaged residents.
Support local businesses to grow and expand by maximising take up of the Business Loan Fund. (Target Date: March 2022)	Head of Economic Development	<ul style="list-style-type: none"> • A successful loans programme in place supporting the delivery of key regeneration projects. 	<ul style="list-style-type: none"> • Accelerated regeneration of the town whilst also generating an income for the Council.
Finalise the masterplan and commence delivery of the Central Leisure Quarter. (Target Date: March 2019)	Growth and Prosperity Programme Director	<ul style="list-style-type: none"> • The Masterplan is completed and approved with outline Heads of Terms prepared. • It is anticipated that the Heads of Terms will be signed off in Autumn with final agreements in place by the end of the calendar year. • Once final agreements are in place the process of preparing and submitting planning applications will commence. 	<ul style="list-style-type: none"> • The creation of a new world class leisure facility in the centre of town.

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Strategic Risk Register Progress Report

<p>Complete development of a 21st Century conference offer at the Winter Gardens and increase numbers of new conferences and events.</p> <p>(Target Date: March 2020)</p>	<p>Head of Strategic Leisure Assets</p>	<p>Site Preparation and Superstructure</p> <ul style="list-style-type: none"> • All demolitions and existing Winter Gardens complex repairs are now complete with the exception of a small element of façade renewal to the east Opera House. • Structural openings to the existing building are complete except the renewed east Ballroom Balcony/seating area • All groundworks to include site remediation, drainage, piling, pile caps and utility/service connections complete. • Primary steel frame is now fully erected, including structural connections to the Opera House and Ballroom Foyer. • All pre-cast concrete stairs, floors and upstands have been installed. <p>Building Envelope</p> <ul style="list-style-type: none"> • The roof (both concrete and composite panel) is fully installed. • All secondary steel including cladding support, high level parapets, roof light upstands and gutter supports finished. • Cladding to the west and north elevations is complete. • Cladding to the east and south elevations began W/C 19th August. <p>Mechanical and Electrical</p> <ul style="list-style-type: none"> • Air Conditioning Plant to the roof of the Empress ballroom has been installed and connected where currently possible. • Completely new electrical switch and distribution unit serving both the new and existing building installed and operational. • New gas main serving the whole complex commissioned and operational. 	<ul style="list-style-type: none"> • Provision of a new Conference Centre in the town.
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Strategic Risk Register Progress Report

		<ul style="list-style-type: none"> Internal ducting and containment routes installed to the new build where possible. 	
Deliver extensions to the Central Business District at Talbot Gateway. (Target Date: March 2022)	Growth and Prosperity Programme Director	<ul style="list-style-type: none"> Phase two of the scheme which includes the development of a hotel and restaurant, with the demolition of property on the current site currently out to tender. Preparations also underway for further potential investment in Phase 3. 	<ul style="list-style-type: none"> Fully operational tramway extension linking together the transport infrastructure. Development of a new 4 star quality hotel in the town.

Sub-Risk: Large, poor quality, private rented sector in inner Blackpool continues to drive transience and deprivation. (weighting 30%)	Gross Risk Score	Nett Risk Score	
	16	12	
	<i>Risk Score in 2018/19</i>		20
Risk Owner: Director of Strategy (Assistant Chief Executive)			
Existing Controls in Place:			
<ul style="list-style-type: none"> Effective regulation of private rented sector, linked to proactive community support. My Blackpool Home delivering better quality private rented housing. Delivered 191 new council homes at Queens Park. Improved property standards through rigorous enforcement and extension of the selective licensing schemes. Quality affordable rented offer, with more new Council / housing association homes. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
Complete the development of 400 new family homes at Foxhall Village and initiate plans for a second phase of homes to deliver a significant new neighbourhood of high quality homes. (Target Date: March 2020)	Head of Housing	<ul style="list-style-type: none"> The initial scheme, which consists of four phases, is underway with the Council handing the land over to the developer to start phase three. It has been agreed that 40 of the properties being developed in the current phase will be affordable rent houses and a buyer has been secured for these. 	<ul style="list-style-type: none"> The development of 410 family homes in central Blackpool.

APPENDIX 3(a)
Strategic Risk Register Progress Report

		<ul style="list-style-type: none"> • Positive sales have been experienced in the first six months of this year which have been encouraged through the shared ownership offer which has been introduced. • The second phase of homes is currently on hold as this would require both securing external funding and relocating the Bus Depot which is not currently financially viable. 	
<p>Assist Blackpool Housing Company to expand the reach of its work and tackle existing HMOs through the use of grant funding.</p> <p>(Target Date: March 2019)</p>	Head of Housing	<ul style="list-style-type: none"> • An initial letter has been sent to the social housing regulator to request that Blackpool Housing Company become a registered provider. It is anticipated that this process could take 12 months. 	<ul style="list-style-type: none"> • If registration is achieved this would enable the company to draw down grant funding which is available for social housing.
<p>Work with My Blackpool Home to create at least 425 new homes out of existing substandard accommodation.</p> <p>(Target Date: March 2022)</p>	Head of Housing	<ul style="list-style-type: none"> • The Council has loaned the company £41m in order for them to continue their property development work. • The aim is that the company will have improved 425 homes by the end of this financial year (301 of which was achieved in the first three years of trading). 	<ul style="list-style-type: none"> • Improved standard of private sector accommodation.
<p>Enable further housing delivery through proactive assistance to developers including use of CPO powers where necessary.</p> <p>(Target Date: March 2020)</p>	Head of Housing	<ul style="list-style-type: none"> • There have been no requests from developers for future housing on brownfield sites at this stage but support will be considered as required. 	<ul style="list-style-type: none"> • Supporting private sector new housing developments.
<p>Stabilise our communities through additional activity to regulate private sector housing, reducing supply and improving quality.</p> <p>(Target Date: March 2020)</p>	Head of Housing	<ul style="list-style-type: none"> • The selective licencing scheme has now been rolled out across the Central area. • New powers, including civil penalties, are now been utilised as part of the Council's housing enforcement activities. 	<ul style="list-style-type: none"> • Improved standard of private sector accommodation.

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<p>Improve the social housing available including development at Troutbeck.</p> <p>(Target Date: March 2020)</p>	Head of Housing	<ul style="list-style-type: none"> • Planning approval is in place and the tender process completed. • Demolition is underway and construction on site will commence in Autumn. 	<ul style="list-style-type: none"> • The creation of 75 council homes.
<p>Review the use of the Council's land assets and the Housing Revenue Account to maximise investment in new Council homes and facilitate investment by housing associations.</p> <p>(Target Date: March 2020)</p>	Head of Housing	<ul style="list-style-type: none"> • An exercise has been undertaken to identify council owned in-fill sites. • Steps still need to be taken to identify financial capacity and development of a more detailed plan. 	<ul style="list-style-type: none"> • Maximise social housing in the town.

<p>Sub-Risk: Lack of appropriate transport infrastructure. (weighting 20%)</p>		Gross Risk Score	Nett Risk Score
		20	12
		<i>Risk Score in 2018/19</i>	16
<p>Risk Owner: Director of Strategy (Assistant Chief Executive)</p>			
<p>Existing Controls in Place:</p> <ul style="list-style-type: none"> • Road Asset Management Strategy in place which sets out budget requirements based on whole life costs and the Department for Transport Code of Practice. • Making Blackpool Roads Work Project Board to review network capacity and regeneration of the town. • Highways Risk Management Group in place which meets quarterly. • Blackpool Transport Services ticketing app with live travel information in place. 			
<p>Actions:</p>			
Actions	Risk Manager	Current Position	Outcomes / Results
<p>Complete the tram extension, transport interchange and new 4* hotel at Blackpool North Station.</p> <p>(Target Date: March 2021)</p>	<p>Growth and Prosperity Programme Director</p>	<ul style="list-style-type: none"> • The tramway extension will be substantially completed and operational by 2021 and the construction of the hotel underway. 	<ul style="list-style-type: none"> • Operational tramway extension linking together the transport infrastructure. • Development of a new quality hotel in the town.

APPENDIX 3(a)
Strategic Risk Register Progress Report

<p>Further invest in highways, including completing the Quality Corridor Programme, Yeadon Way upgrade and bridge renewal programme.</p> <p>(Target Date: March 2020)</p>	<p>Head of Highways and Traffic Management</p>	<ul style="list-style-type: none"> • The £11.6million bridge programme has been successfully completed and the LEP are satisfied that the project governance was appropriate and goals were achieved. • Going forward a Bridge Asset Management Plan is being prepared to cover the 33 bridge structures in Blackpool. This will take effect from the new financial year. • The first two phases of the quality corridors scheme have been completed including Church Street, Dickson Road and Cookson Street. Work is starting on Deansgate and Edward Street and this will be followed by Topping Street and Leopold Grove. • Phase one of the Yeadon Way work has been completed with the £3million phase two scheme scheduled for after the illuminations. 	<ul style="list-style-type: none"> • Improvement of 9 bridges in the town with the two major schemes being Plymouth Road and Squires Gate Lane. • Improved appearance of key roads leading to the town centre. • Reinforced structure and carriageway at Yeadon Way.
<p>Develop a parking strategy which will identify permanent locations for parking.</p> <p>(Target Date: July 2019)</p>	<p>Growth and Prosperity Programme Director</p>	<ul style="list-style-type: none"> • A parking strategy has been developed and approved. 	<ul style="list-style-type: none"> • Parking strategy in place which outlines approach to provision going forward.
<p>Transportation Strategy to be prepared and implemented.</p> <p>(Target Date: July 2019)</p>	<p>Growth and Prosperity Programme Director</p>	<ul style="list-style-type: none"> • The Local Transport Plan has been developed and approved. 	<ul style="list-style-type: none"> • Local Transport Plan now in place.

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	12 September 2019

RISK SERVICES QUARTER ONE REPORT

1.0 Purpose of the report:

1.1 To consider a summary of the work completed by Risk Services in quarter one of the 2019/2020 financial year.

2.0 Recommendation(s):

2.1 Audit Committee is asked to consider the content of the report.

3.0 Reasons for recommendation(s):

3.1 To ensure that the Council has effective risk management processes in place.

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 work of Risk Services contributes to the delivery of all of the Council's priorities.

5.0 Background Information

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

The Risk Services Quarterly Report is reported to the Corporate Leadership Team and

Audit Committee.

On the completion of each audit an overall assurance statement is provided which summarises the strength of controls in the area being audited. The opinions can provide positive assurance, such as when controls are identified to be good or adequate, or negative assurance when the controls are considered to be inadequate or uncontrolled.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 6(a) - Risk Services Quarter One 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 that 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 Corporate Leadership Team on 20 August 2019.

13.0 Background papers:

13.1 N/a

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Risk Services Quarter One Report 1st April to 30th June 2019

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2. Appendix A: Performance & Summary Tables for Quarter One	8
Progress with Priority 1 audit recommendations	17
The Regulation of Investigatory Powers Act 2000	17
Insurance claims data.....	17
3. Appendix B – Insurance Claim Payments by Financial Year	18

First Quarter Summary**Service Developments****1.1 Internal Audit**

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

Directorate	Internal Audits
Adult Services	<ul style="list-style-type: none"> • Volunteering • Vitaline • Direct Payments • Extra Support Supported Living Scheme • Coopers Way Respite Care
Children's Services	<ul style="list-style-type: none"> • Fostering Service • Early Help Sustainability • Children's Homes • Post OFSTED and YOT Improvement Arrangements
Communication and Regeneration	<ul style="list-style-type: none"> • Advertising • Business Support
Community and Environmental	<ul style="list-style-type: none"> • Leisure Centres
Corporate	<ul style="list-style-type: none"> • Information Governance • Contract Management and Social Value • Impact of Brexit • Complaints • Corporate Governance • Covert Surveillance • Managing Leavers
Resources	<ul style="list-style-type: none"> • Non-contracted ICT software • Creditors financial control assurance testing • Water Self-Supply Licence
Schools	<ul style="list-style-type: none"> • Holy Family RC Primary School • St John Vianney Primary School

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

1.2 Corporate Fraud

The focus of the team's proactive work in the quarter has been predominately focused on the coordination and delivery of the National Fraud Initiative, purchase card checking and the implementation of the procedures to enable joint investigations for the Department for Work and Pensions.

1.3 Risk and Resilience

The team have facilitated the provision of two training sessions / exercises for the Council in the quarter including an information governance business continuity exercise and counter terrorism awareness training for the Senior Leadership Team.

The team is currently updating the template for business continuity plans to streamline the document. Once an agreed template is in place the team will be meeting with all services across the Council in order to review the business continuity programme and update plans.

The Major Emergency Plan for a Flooding Response has been updated and work is underway with the Community and Environmental Directorate to look at how best to provide proactive support to communities to help prepare for flooding.

As part of the revised Risk Management Framework it was agreed to report to Audit Committee the progress in terms of the use of SharePoint and the Risk Management Groups which were held in the quarter. All risk management groups were held in the quarter as per the agreed schedule. There is still one risk management group not using SharePoint for the circulation which is equality and diversity.

1.4 **Health and Safety**

The team have introduced a quarterly newsletter which focuses on key topics for managers to use to inform their staff of important health and safety news. This quarter's newsletter included details about health and safety training and toolbox talks.

The team have completed a number of health and safety management system audits in the quarter including for beach patrol, household waste recycling centre and the control of contractors.

Current projects being undertaken by the team include a review of the corporate warning register and an assessment of the cost benefit of a bespoke health and safety system to help streamline reporting arrangements and increase corporate oversight.

Support continues to be provided to all managers across the Council through the provision of health and safety advice as required with the focus in the quarter on the insourcing of the domestic waste service.

1.5 **Equality and Diversity**

The service has been working closely with HR to develop guidance for gender reassignment in the workplace. The next stage is to commence a consultation and approval process before formal adoption of the guidance.

The compliance assessment of the Chief Executive's department with the Public Sector Equality Duty is currently in progress with the final department, Children's Services, scheduled to take place over the next quarter.

Performance

Risk Services performance indicators

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
Professional and technical qualification as a percentage of the total.	85%	82%

Internal Audit Team performance indicators

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
Percentage audit plan completed (annual target).	90%	15%
Percentage draft reports issued within deadline.	96%	100%
Percentage audit work within resource budget.	92%	90%
Percentage of positive satisfaction surveys.	85%	93%
Percentage compliance with quality standards for audit reviews.	85%	93%

Risk and Resilience Team performance indicators

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
Percentage of Council service business continuity plans up to date.	100%	78%*
Percentage of risk registers revised and up to date at the end of the quarter.	100%	100%
Number of risk and resilience training and exercise sessions held (annual target).	6	2
Number of trained Emergency Response Group Volunteers. (for monitoring purposes only – responsibility lies with Adult Social Care)	50	39
Percentage of property risk audit programme completed (annual target).	100%	0%

Whilst 96% of Business Continuity Plans are in place across the Council 78% have been updated in the last 12 months.

The following services have fully updated all of their plans:

- Adult Services
- Chief Executives
- Public Health
- Resources
- Governance and Partnerships

Plans which are outstanding or have not been updated in the other directorates is as follows:

Children's Services

- Emergency Duty Team
- Duty, MASH, Awaken
- Safeguarding, Quality and Review
- Permanence
- Contact Centre
- 331 Bispham Road
- 167 Hornby Road
- Adoption
- Children with Complex Needs
- Safeguarding 1-6
- The Link
- Families In Need

Communications & Regeneration

- Adult Learning
- Leisure Assets
- Communications
- Museum Project

Community & Environmental Services

- Central Vehicle Maintenance Unit

Health and Safety performance indicators

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
RIDDOR Reportable Accidents for Employees	0	0
Training Delivered to quarterly plan	100%	100%

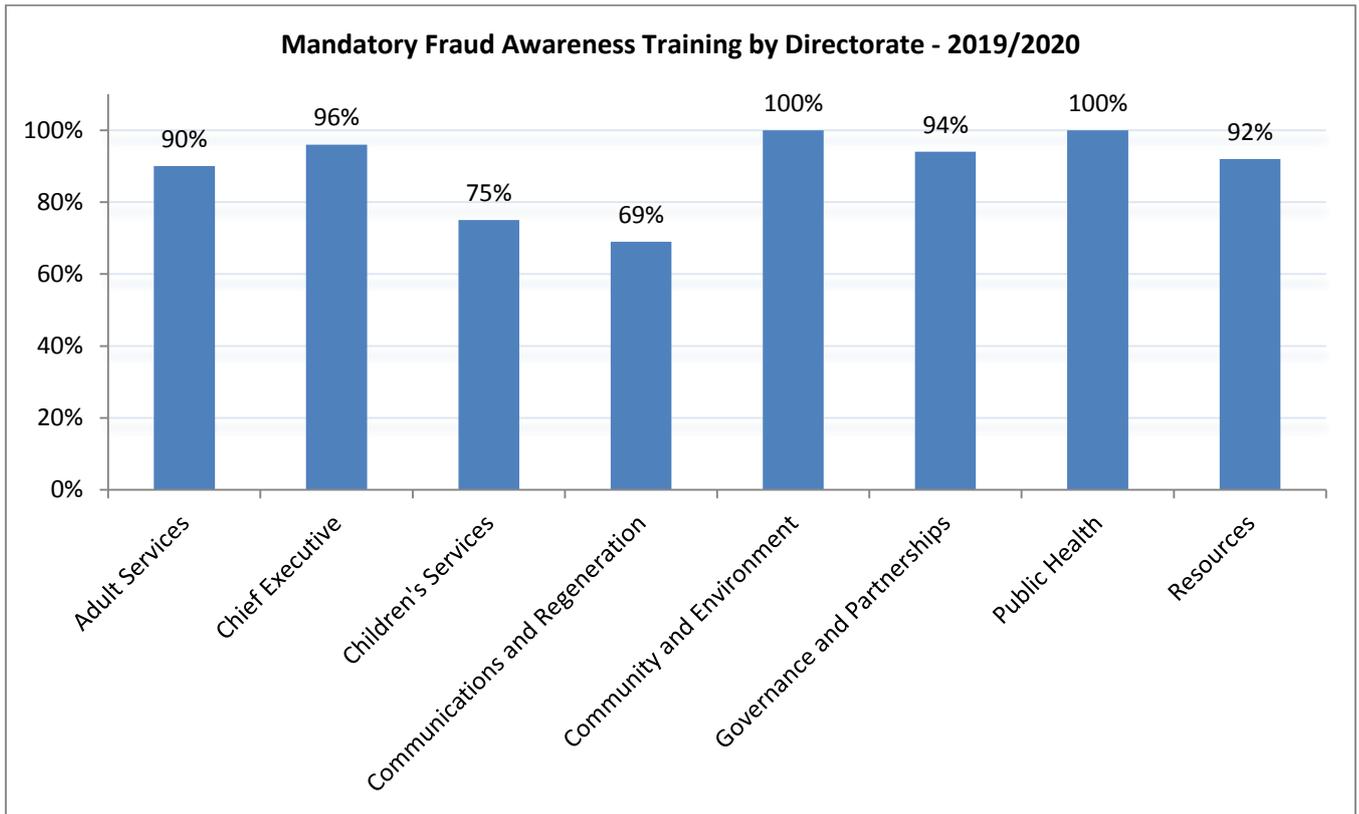
No new RIDDOR cases relating to employees were reported in the quarter.

Equality and Diversity performance indicators

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
Percentage of Executive Decisions made with evidence of Equality Impact Assessments or due regard.	100%	100%
Percentage take up of Equality i-Pool course.	100%	81%

Corporate Fraud Team performance indicators

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
% of agreed Council employees completed i-Pool fraud awareness course.	100%	85%



CORPORATE FRAUD STATISTICS - 2019/2020	Number of Cases Brought Forward from 2018/19	Total Number of Referrals Received	Case Closures		Total Value of Fraud Proven / Error Identified	Action Taken on Closed Cases					Number of Cases Currently Under Investigation
			Fraud/Error Proven	No Fraud/Error Identified		No Further Action	Recommendation	Disciplinary	Administrative Penalty	Prosecution	
Type of Fraud		ANNUAL SUMMARY 2018-19									
Council Tax - Single Person Discount	9	14	5	6	£1,454.91	11	0	0	0	0	12
Council Tax Reduction (CTR)	3	7	0	1	0	1	0	0	0	0	9
Business Rates	0	0	0	0	0	0	0	0	0	0	0
Procurement	1	0	0	0	0	0	0	0	0	0	1
Fraudulent Insurance Claims	7	1	0	0	0	0	0	0	0	0	8
Social Care	2	0	0	0	0	0	0	0	0	0	2
Economic & Third Sector Support	0	0	0	0	0	0	0	0	0	0	0
Gross Misconduct (Disciplinary Code)	1	1	1	0	0	0	0	1	0	0	1
Pension	0	0	0	0	0	0	0	0	0	0	0
Investment	0	0	0	0	0	0	0	0	0	0	0
Payroll & Employee Contract Fulfilment	0	0	0	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0	0	0	0
Abuse of Position - Financial Gain	1	0	0	0	0	0	0	0	0	0	1
Abuse of Position - Manipulation of Financial or Non-Financial Data	0	0	0	0	0	0	0	0	0	0	0
Fraudulent Financial Fraud	0	1	0	0	0	0	0	0	0	0	1
Disabled parking concessions	1	1	0	0	0	0	0	0	0	0	2
NFI 2018/19 *	82	1945	327	1624	£109,425.00	1951	0	0	0	0	76
Totals:	107	1970	333	1631	£110,879.91	1963	0	1	0	0	113

* 82 Data Matches were transferred from 2016/17 NFI Exercise

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

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement								
Children's Services	Early Years Financial System	<p><u>Scope</u></p> <p>The scope of our audit was to review whether there is compliance with system controls and whether systems controls ensure that appropriate payments are made to providers.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 663 1465 701"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that there is an adequate system of controls in place to ensure that appropriate payments are made to providers. Controls over changes to system manual override data and enforcement of segregation of duties should be enhanced to further reduce the risk of incorrect or inappropriate payments.</p> <p>Our testing revealed minor lapses in compliance with the controls in place.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1088 1465 1200"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">1</td> </tr> </table> <p><u>Management Response</u></p> <p>Management agreed that the service should review the settings within the database to ensure that user and date stamp information is recorded.</p> <p>Management agreed that, where changes can be made to default information within the system, a report should be developed to assist management to evidence that checks have been made and verify that these are appropriate.</p> <p>Management agreed that the management checks that take place, of the day to day processing of information, should be recorded to provide assurance that data manually entered is accurate.</p> <p>Management agreed that evidence of checks made on relevant documentation to support miscellaneous payments should be incorporated into management checks.</p> <p>Management agreed that internal processes should be documented that detail the day to day operations of the service and determine the appropriate segregation of duties and management checks.</p>	Adequate		Priority 1	0	Priority 2	5	Priority 3	1
Adequate										
Priority 1	0									
Priority 2	5									
Priority 3	1									

Directorate	Review Title	Assurance Statement							
Children's Services	Detailed Follow-Up - Payments	<p><u>Scope</u></p> <p>The scope of our audit was to review progress against the agreed actions from the previous internal audit report in November 2017 on Children's Services Payments. The scope of the original review was to examine:</p> <ul style="list-style-type: none"> • Financial systems, policies and processes and whether these promote value for money; • Scheme of delegation, and • Consistency of application of policy and approach. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 719 1465 757"> <tr> <td style="text-align: center;">Adequate</td> </tr> </table> <p>The internal audit in 2017 relating to this area resulted in an inadequate assessment and found unsatisfactory compliance with the controls. As part of this review we have been able to assess that progress has been achieved in a number of the areas but some further work is still required to fully address all recommendations.</p> <p>We acknowledge that improvements have been made and therefore consider the control environment to be adequate however recognise that work in this area needs to continue to further strengthen the controls relating to payments.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1216 1465 1328"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">6</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">0</td> </tr> </table> <p><u>Management Response</u></p> <p>Management agreed to continue to develop the processes in place for electronic payment processes.</p> <p>Management acknowledged that one of the concerns in relation to the consistent application of processes was due to management turnover and will implement financial management training to address this.</p> <p>The Leaving Care Payments Policy has been reviewed and will be implemented once authorised.</p>	Adequate	Priority 1	0	Priority 2	6	Priority 3	0
Adequate									
Priority 1	0								
Priority 2	6								
Priority 3	0								

Directorate	Review Title	Assurance Statement							
<p>Communication and Regeneration</p>	<p>Growth and Prosperity</p>	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Progress on the Growth and Prosperity programme; • Monitoring against objectives and targets; and • Implementation of the recommendations from the 2017/18 internal audit review. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 573 1465 611"> <tr> <td style="text-align: center;">Inadequate</td> </tr> </table> <p>Our review in November 2017 found that processes and documentation for the programme as a whole had yet to be sufficiently developed and there were concerns over capacity to facilitate effective delivery. Since this time, the commitment of the Growth and Prosperity team has ensured that significant progress has been made on developing the programme in the town and establishing processes and governance arrangements.</p> <p>There are issues to be resolved concerning the governance arrangements for the new company for property investment. At this stage therefore the controls are assessed as inadequate but it is recognised that steps are being taken to address these issues.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1155 1465 1267"> <tr> <td>Priority 1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">12</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">0</td> </tr> </table> <p><u>Management Response</u></p> <p>Management agreed that, as a matter of urgency, the LMOL Company Governance Action Plan should be implemented and monitored to ensure that timely delivery takes place.</p> <p>Given the significant programme in place for the Growth and Prosperity scheme the area will continue to be subject to an annual review by internal audit.</p>	Inadequate	Priority 1	1	Priority 2	12	Priority 3	0
Inadequate									
Priority 1	1								
Priority 2	12								
Priority 3	0								

Directorate	Review Title	Assurance Statement								
Corporate	Transformation Fund	<p><u>Scope</u></p> <p>The scope of our audit was to review the Transformation Fund and impacts from individual projects supported by the Fund.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 495 1465 533"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>It is considered overall that there adequate controls in place regarding the Transformation Fund, with a number of projects supported from the Transformation Fund having identified substantial potential benefits and with some risks identified and several changes necessary to improve controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 815 1465 927"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">0</td> </tr> </table> <p><u>Management Response</u></p> <p>Management agreed that the future of the Transformation Fund will be considered as part of the next iteration of the Medium Term Financial Sustainability Strategy. The current view is that future spend to save initiatives will be judged on a case by case basis on their particular merits and that a specific fund may not be part of future plans.</p> <p>Management agreed that, if the scheme is to continue, the use of Transformation Fund bid framework templates should be considered for future submissions to CLT for funding in order to support effective corporate decision making processes.</p> <p>Management agreed that, a formal process of reporting to CLT on progress on Transformation Fund projects should be considered. This will be looked at as part of the Medium Term Financial Sustainability Strategy. Continued funding for areas such as channel shift and the Corporate Delivery Unit do not depend on having a Transformation Fund.</p> <p>Management agreed that arrangements for longer term funding for the CDU after 2019/20 should be considered. It was agreed that, depending on the future funding for the CDU and the intended programme of work, consideration should be given to impact evaluation mechanisms for the chosen types of work.</p>	Adequate		Priority 1	0	Priority 2	5	Priority 3	0
Adequate										
Priority 1	0									
Priority 2	5									
Priority 3	0									

Directorate	Review Title	Assurance Statement							
Resources	ICT Security and Unstructured File Store	<p><u>Scope</u></p> <p>The scope of our audit was:</p> <ul style="list-style-type: none"> • To establish how well embedded the new ICT security policy and associated staff training is; • To determine the effectiveness of the Council’s file store systems (both electronic and paper). <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 577 1465 613"> <tr> <td style="text-align: center;">Split Assurance</td> </tr> </table> <p>Due to continually emerging threats, ICT security remains one of the highest risks the Council faces. The ICT service has been proactive in addressing cyber threat. However at the time of our audit there were still a number of employees who had not completed the mandatory ICT and cyber security training aimed at ensuring that vulnerabilities associated with system end users are minimised. Plans are in place to address this issue via the Corporate Leadership Team. We therefore consider the embedding of the new ICT security policy and associated staff training to be adequate with some risks identified and assessed, and several changes necessary.</p> <p>We acknowledge the complexities of the plan to move towards a system which will enable the Council to demonstrate it has policies in place to manage the risk associated with unstructured file stores and email in line with retention policies. While there are plans in place the inevitable extended timescales associated with the work required means that risks are greater than is desirable during the implementation period. We therefore consider the effectiveness of unstructured file stores remains inadequate at present.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1503 1465 1615"> <tr> <td>Priority 1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><u>Management Response</u></p> <p>Management agreed that regular CLT reporting, detailing phishing attacks prevented (for example), should be re-introduced to help CLT understand the level of risk.</p> <p>Management agreed that priority should be given to minimising electronic filestore risks with a project plan with appropriate timescales being developed, approved and communicated. This will be addressed through the Corporate GDPR Working Group.</p>	Split Assurance	Priority 1	1	Priority 2	4	Priority 3	3
Split Assurance									
Priority 1	1								
Priority 2	4								
Priority 3	3								

Directorate	Review Title	Assurance Statement								
Resources	Housing Benefit Financial Control Assurance Testing	<p><u>Scope</u></p> <p>The scope of the audit was to ensure that adequate and effective controls are in place to minimise financial risk in relation to housing benefit.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 495 1465 533"> <tr> <td colspan="2" style="text-align: center;">Good</td> </tr> </table> <p>Overall we have assessed that there is a good system of controls over the Housing Benefits system. However there is scope to evidence the regular review and updating of policies and procedures.</p> <p>Furthermore where we sought evidence of compliance with the key financial controls it was found that the evidence demonstrated that there was a good level of compliance in all areas tested.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 920 1465 1032"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">1</td> </tr> </table> <p><u>Management Response</u></p> <p>It was agreed that policies and procedures should be reviewed on a regular basis and include version control.</p>	Good		Priority 1	0	Priority 2	0	Priority 3	1
Good										
Priority 1	0									
Priority 2	0									
Priority 3	1									

Directorate	Review Title	Assurance Statement								
Resources	Payroll Financial Control Assurance Testing	<p><u>Scope</u></p> <p>The scope of the audit was to ensure that adequate and effective controls are in place to minimise financial risk in relation to payroll.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 495 1465 533"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>Overall we have assessed that there is an adequate system of controls over the payroll system. We did note that many of the controls are reliant on manual processes implemented by the payroll team rather than enforced by software controls. The risks associated with this should be considered when developing the specification for the new payroll software as system enforced segregation of duties are inherently more robust than relying on manual intervention.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 920 1465 1032"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">5</td> </tr> </table> <p><u>Management Response</u></p> <p>Management agreed that consideration should be given to ensuring improved system controls in any future system developments.</p> <p>Management agreed that bank account changes should be processed and checked by two payroll officers and evidence of this retained.</p> <p>Management agreed that management checks carried out by the Payroll Team Specialist on rule infringement reports should be documented.</p> <p>Management agreed that consideration should be given to ensuring that a second officer checks the accuracy of timesheet input or management sample checks are carried out.</p>	Adequate		Priority 1	0	Priority 2	5	Priority 3	5
Adequate										
Priority 1	0									
Priority 2	5									
Priority 3	5									

Directorate	Review Title	Assurance Statement							
Schools	Moor Park Primary School	<p><u>Scope</u></p> <p>The audit testing which was carried out included:</p> <ul style="list-style-type: none"> • Governance • Risk Management • Financial Planning & Budgetary Control • Payroll / HR Management • Expenditure • Income • Unofficial Funds • Security Of Assets • Core Assurance Testing <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 757 1465 797"> <tr> <td style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and assessed, several changes necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1077 1465 1189"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">8</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><u>Management Response</u></p> <p>It was agreed that a schedule for updating and reviewing policies and procedures across all aspects of the school would be developed which would include financial procedures, whistleblowing policy and a lettings policy. This would include developing guidance for the use of purchase cards.</p> <p>It was agreed that the current Governors Register of Interests would be uploaded to the school website.</p> <p>It was agreed that the unofficial school fund would be independently audited and that segregation of duties would be introduced in the reconciliation process.</p> <p>It was agreed that the asset register would be further developed.</p>	Adequate	Priority 1	0	Priority 2	8	Priority 3	3
Adequate									
Priority 1	0								
Priority 2	8								
Priority 3	3								

Directorate	Review Title	Assurance Statement							
Schools	Layton Primary School	<p><u>Scope</u></p> <p>The audit testing which was carried out included:</p> <ul style="list-style-type: none"> • Governance • Risk Management • Financial Planning & Budgetary Control • Payroll / HR Management • Expenditure • Income • Unofficial Funds • Security Of Assets • Core Assurance Testing <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 757 1465 797"> <tr> <td style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and assessed, several changes necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1077 1465 1189"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">7</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><u>Management Response</u></p> <p>It was agreed that the financial procedures would be agreed by the Governors and that a debt policy would be developed.</p> <p>Changes will be made to the governance structure to help ensure that all meetings are quorate.</p> <p>It was agreed that the current Governors Register of Interests would be uploaded to the school website.</p> <p>Enhancements would be made to the bank reconciliation process to ensure that interest payments are correctly accounted for and that senior management has oversight of the reconciliation process.</p> <p>It was agreed that the unofficial school fund would be independently audited and that guidance would be sought on the appropriate use of the fund.</p> <p>The asset register would be updated and reviewed termly going forward.</p>	Adequate	Priority 1	0	Priority 2	7	Priority 3	3
Adequate									
Priority 1	0								
Priority 2	7								
Priority 3	3								

Progress with Priority 1 audit recommendations

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

- Rideability x 1 recommendations
- Children's Services Payments x 13 recommendations

Some priority one recommendations had not been fully addressed by the agreed target date however reasons have been provided for the delays and new completion dates agreed. These include:

- Public Health Outcomes x 1 recommendation
- Estates and Investment Portfolio x 1 recommendation
- Community Engagement x 1 recommendation

The Regulation of Investigatory Powers Act 2000

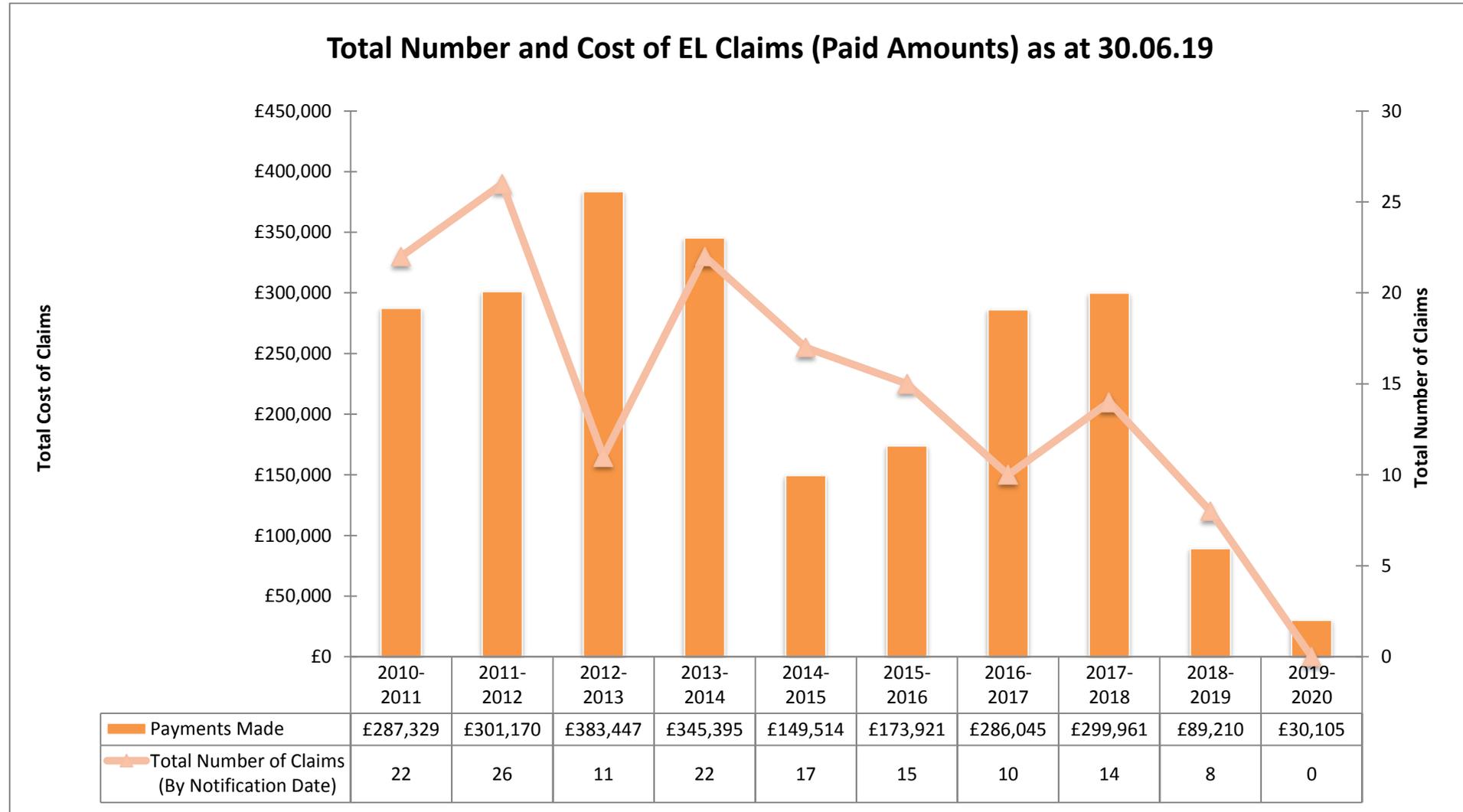
In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between April and June 2019 the Council authorised one RIPA which related to a Trading Standards operation.

Insurance claims data

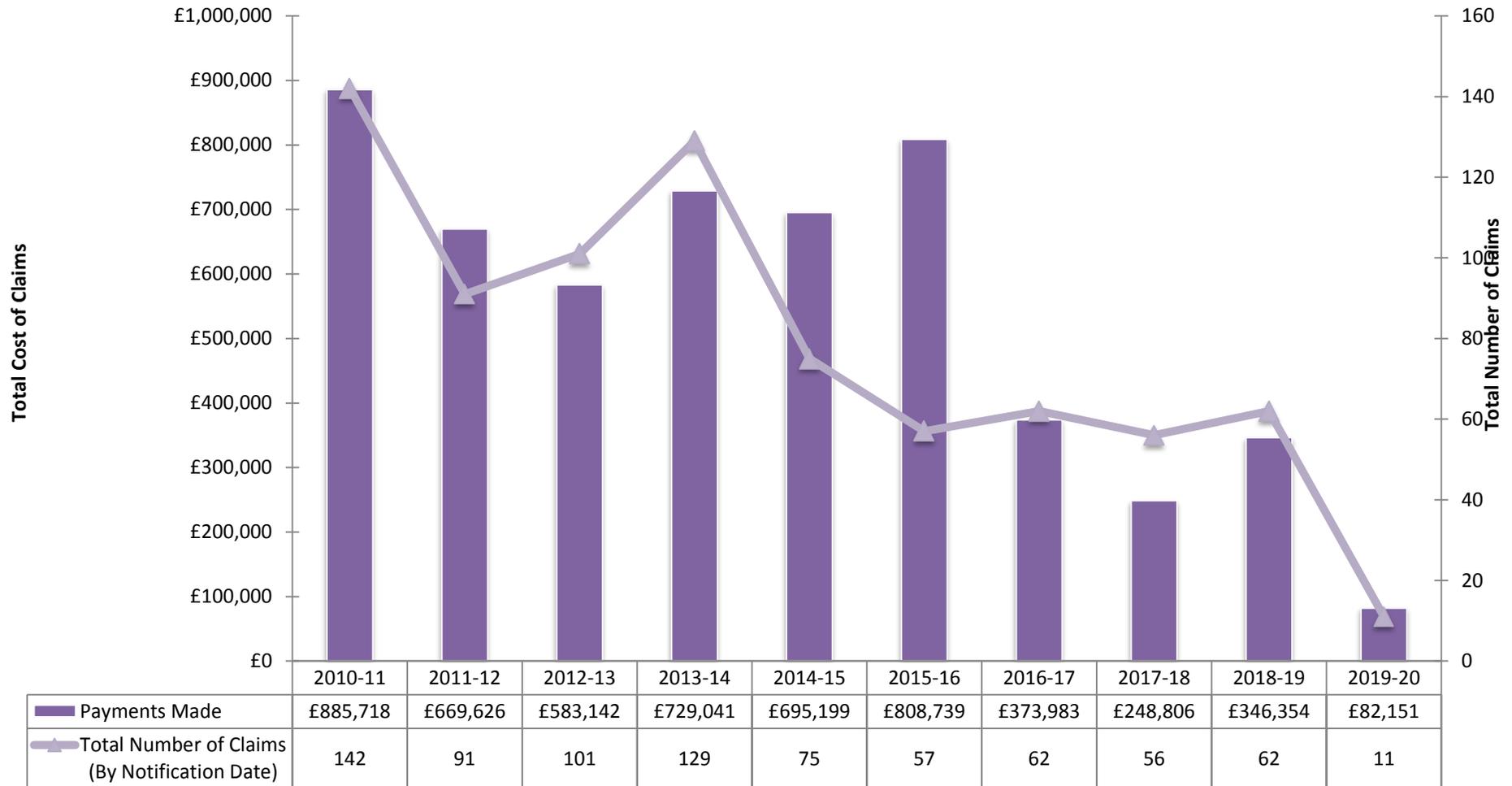
The graphs at Appendix B show the cost of liability insurance claims paid to date each financial year by the Council. These include a new graph relating to sensitive claims as this is an emerging risk area and therefore we intend to report on this separately to enable trends to be monitored.

3. Appendix B – Insurance Claim Payments by Financial Year

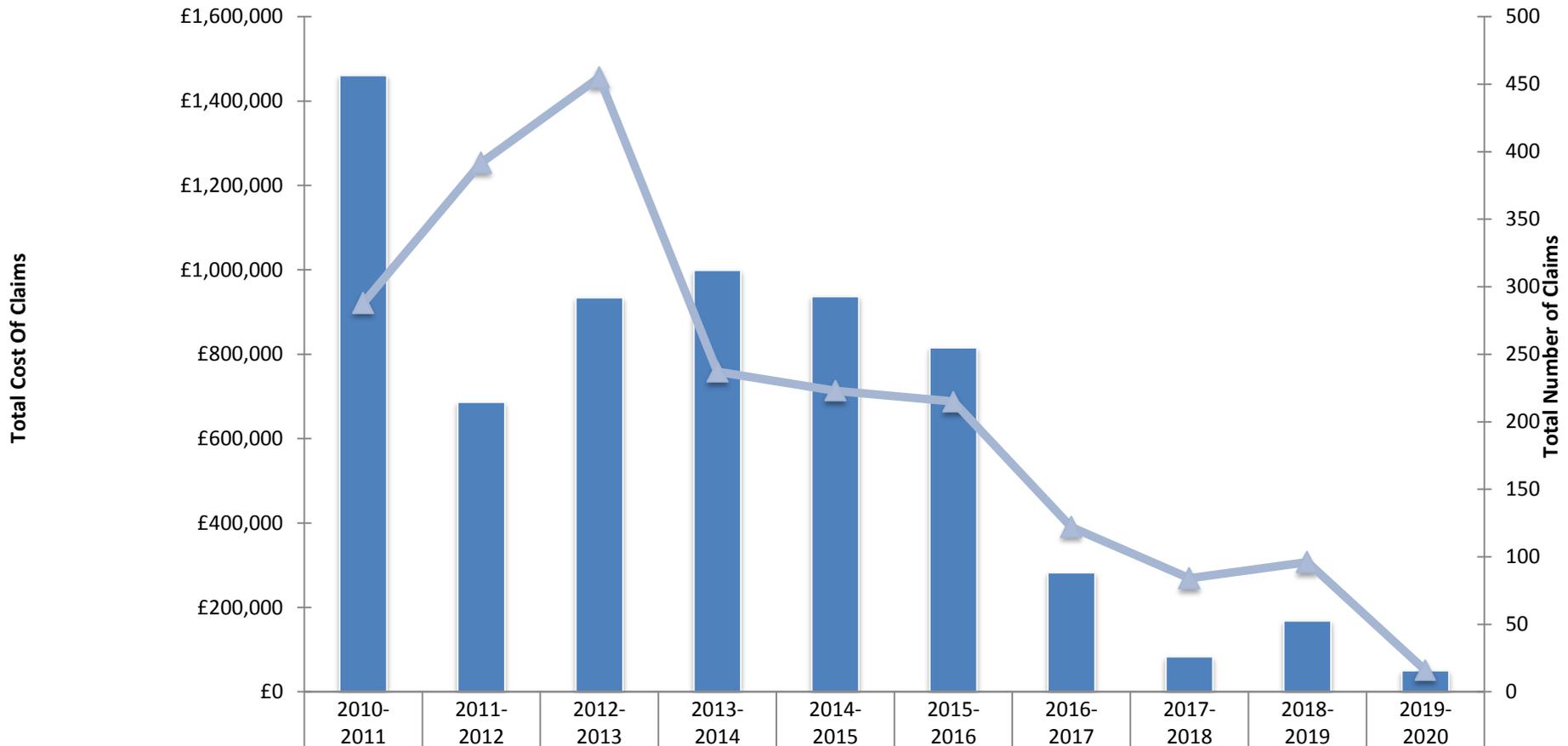
Page 40



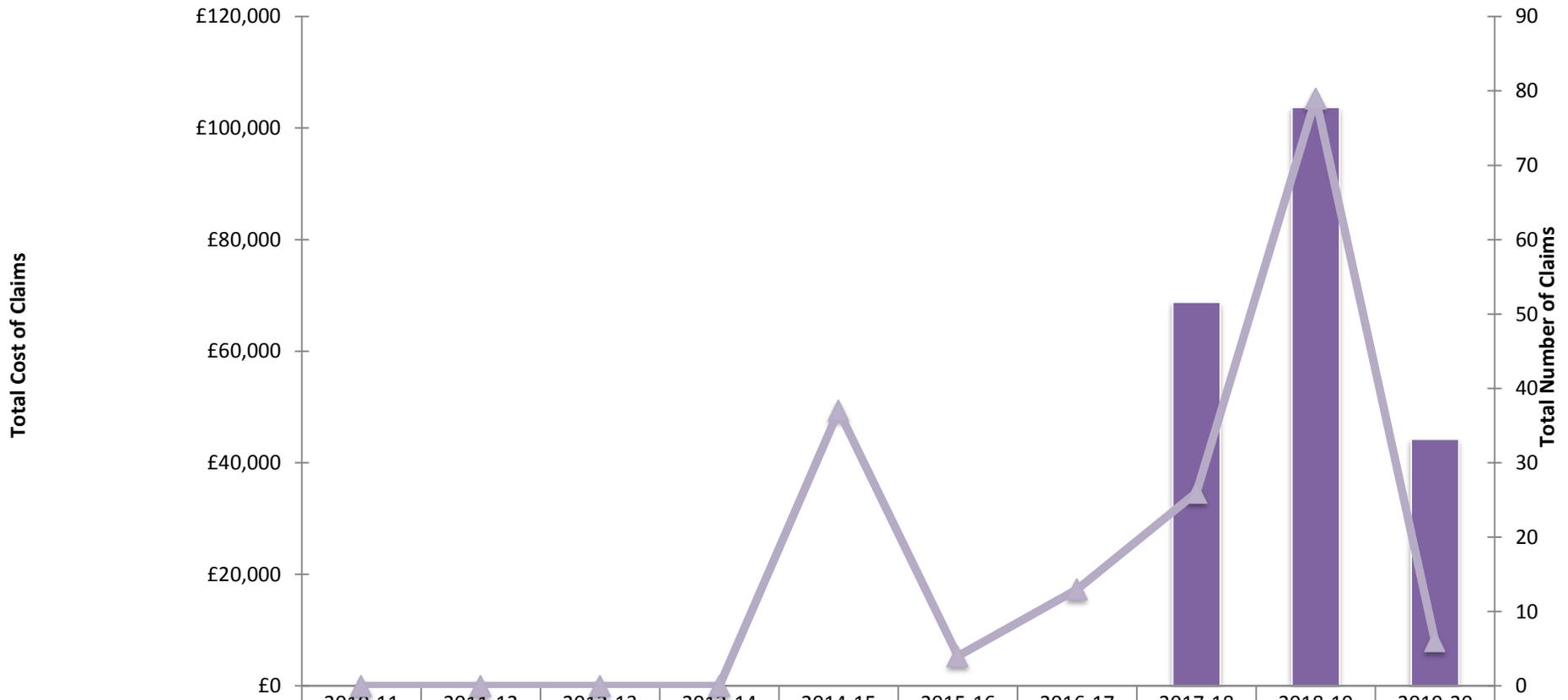
Total Number and Cost of PL Claims (Paid) as at 30.06.19



Total Number and Cost of PLH Claims (Paid) as at 30.06.19



Total Number and Cost of Sensitive Claims/Notifications (Paid) as at 30.06.19



Payments Made	£0	£0	£0	£0	£0	£0	£0	£68,803	£103,722	£44,230
Total Number of Claims/Notifications (By Notification Date)	0	0	0	0	37	4	13	26	79	6

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Report to:	AUDIT COMMITTEE
Relevant Officers:	Alan Cavill, Director of Communication and Regeneration
Date of Meeting	12 September 2019

TRAMWAY EXTENSION PROJECT AUDIT FOLLOW-UP

1.0 Purpose of the report:

- 1.1 To consider a progress report on the recommendations made in the internal audit report of the tramway extension project issued on 18 June 2018.

2.0 Recommendation(s):

- 2.1 To consider the actions being implemented to address the audit recommendations relating to the Tramway Extension project.

3.0 Reasons for recommendation(s):

- 3.1 To enable Audit Committee to consider an update and progress report on the audit 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:

N/a

4.0 Council Priority:

- 4.1 The relevant Council priority is organisational resilience.

5.0 Background Information

- 5.1 At its meeting in June 2019, the Audit Committee agreed to invite Heads of Service to the meeting to provide an update in relation to internal audit recommendation implementation.

The report being considered at this meeting relates to the Tramway Extension project with the scope and assurance statement as follows:

Scope

The scope of the audit was to review the project and contract management arrangements in place to ensure the effective delivery of the tramway extension including the interaction with other associated regeneration projects.

Overall Opinion and Assurance Statement

It is considered that the current controls are adequate, with some risks identified and assessed and some changes necessary. There is scope for improvement in the operation of the Project Board being more closely aligned to their documented roles and responsibilities.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 7(a): Internal Audit Recommendations and Agreed Actions.

6.0 Legal considerations:

6.1 Risks need to be effectively managed in order to comply with relevant legislation.

7.0 Human Resources considerations:

7.1 The controls being implemented will be undertaken by current employees.

8.0 Equalities considerations:

8.1 N/a

9.0 Financial considerations:

9.1 The controls being implemented will be done so within current budget constraints.

10.0 Risk management considerations:

10.1 To enable the Audit Committee to gain assurance that risks are being effectively managed.

11.0 Internal/ External Consultation undertaken:

11.1 The progress report has been prepared in conjunction with the relevant Chief Officer.

12.0 Background papers:

12.1 None.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R1	The relationship with the Project Manager (PM) should be kept under review to ensure that the original assessment of compliance with IR35 regulations remains valid.	2	Agreed that the risk still remains and will be kept under review.	Director of Communication and Regeneration	Ongoing	This is kept under review as part of periodic examinations of the PM's contract.
R2	Arrangements should be made to record and document the current position of the project, which would allow another officer or a substitute provided by the PM to continue the project should the need arise.	2	Agreed.	Director of Communication and Regeneration	30th September 2018	A digital record of project documentation is accessible by the Council.
R3	The roles and responsibilities of the Project Board should be reviewed to ensure the Board is fulfilling its remit.	2	Agreed.	Director of Communication and Regeneration	31st October 2018	The Terms of Reference have been reviewed, agreed and implemented.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R4	The Project Board should re-assess and strengthen its project assurance approach.	2	Agreed.	Director of Communication and Regeneration	31st October 2018	This was addressed as part of the review of the Terms of Reference.
R5	The PM team should document its operation model.	2	Agreed.	Director of Communication & Regeneration	30th September 2018	This was addressed as part of the review of the Terms of Reference.
R6	The financial position of the project should be discussed as a standing agenda item at all Project Boards, as per the documented project governance arrangements.	2	Agreed.	Director of Communication & Regeneration	31st July 2018	Regular meetings are held with Finance to discuss the financial position and any anomalies reported to the Project Board.
R7	The Board should formally close off the risks no longer relevant or applicable to the project, and review and update the remaining risks to ensure that they capture the risk profile of the project adequately.	2	Agreed.	Director of Communication & Regeneration	31st July 2018	A review of the risk register has been undertaken.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R8	The Project Board should assess specific risks on the interdependencies between Tramway Extension and Quality Corridor's and any other associated ongoing works.	2	Agreed. They do assess this at the Project Board but agreed that they need to document it appropriately.	Director of Communication & Regeneration	30th September 2018	A Town Centre Coordination Group is in place which meets monthly. As part of this a plan showing the schedule of road closures, including capital projects and statutory undertakings, is in place and reviewed at each meeting.
R9	The Project Board should identify any opportunities for an appropriate Council Employee to work with the PM to aid successful skills transfer.	3	Agreed. They have previously identified someone, which they will reassert.	Director of Communication & Regeneration	31st July 2018	An appropriate Council employee now spends half a day a week with the project manager to enable skills transfer to take place.

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