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Blackpool Council

15 September 2020

To: Councillors Burdess, Callow, Collett, Cox, Critchley, Galley, Hugo, Mitchell and Roberts

The above members are requested to attend the:

AUDIT COMMITTEE

Thursday, 24 September 2020 at 6.00pm
Via Zoom

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 JUNE 2020 (Pages 1 - 8)

To agree the minutes of the last meeting of the Audit Committee held on 25 June 2020 as a true and correct record.

3 ADVERTISING AUDIT FOLLOW-UP (Pages 9 - 22)

To consider a progress report on the recommendations made in the internal audit report of Advertising issued on 30 September 2019.

4 STRATEGIC RISK REGISTER - SUSTAINABILITY OF THE COUNCIL (Pages 23 - 34)

To consider the controls being implemented to manage the strategic risk relating to sustainability.

5 RISK SERVICES QUARTER ONE REPORT (Pages 35 - 52)

To provide the Audit Committee with a summary of the work completed by Risk Services in quarter one of the 2020/2021 financial year.

6 EXTERNAL AUDIT INTERIM REPORT

To receive a verbal update from Deloitte on the ongoing Audit.

7 PUBLIC SECTOR INTERNAL AUDIT STANDARDS - SELF ASSESSMENT OF INTERNAL AUDIT (Pages 53 - 106)

To consider the self-assessment of the internal audit team against the Public Sector Internal Audit Standards.

8 DATE OF NEXT MEETING

To note the date and time of the next meeting of the Audit Committee as 30 November 2020, commencing at 6pm.

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

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Public Document Pack Agenda Item 2

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 25 JUNE 2020

Present:

Councillor Galley (in the Chair)

Councillors

Burdess
Collett

Cox
Critchley

Hugo
Mitchell

Roberts

In Attendance:

Mr Neil Jack, Chief Executive

Ms Tracy Greenhalgh, Head of Audit and Risk

Dr Arif Rajpura, Director of Public Health (Items 3-9 only)

Mr Philip Redmond, Chief Accountant

Mr Steve Thompson, Director of Resources

Mr Mark Towers, Director of Governance and Partnerships

Mrs Elaine Ireland, Senior Democratic Governance Adviser

Ms Nicola Wright, Deloitte Partner

Mr Nick Rayner, Deloitte Senior Manager

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 12 MARCH 2020

The Committee agreed that the minutes of the meeting held on 12 March 2020 be signed by the Chairman as a true and correct record.

3 STRATEGIC RISK REGISTER - PANDEMIC INFECTION

[Dr Arif Rajpura, Director of Public Health joined the meeting prior to consideration of this item].

The Committee considered a progress report outlining the individual risks identified within the Strategic Risk – Pandemic Infection, from the Council’s Strategic Risk Register.

Dr Arif Rajpura, Director of Public Health provided an overview of the sub-risk ‘Impacts on the Council's ability to deliver critical services and wider impacts on the Town’ in respect of the Covid-19 pandemic. Dr Rajpura outlined that the national message had been amplified locally, with the key role of the Council being to protect the vulnerable. He provided an overview of the provisions put in place in response to the pandemic, referencing the swift implementation of twelve Corona Kindness Community Hubs and the provision of accommodation for all homeless people within the town. The Corona Kindness Community

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 25 JUNE 2020

Hubs had provided valuable support to vulnerable people in the community by delivering essential support such as food and medicines, whilst Adult Social Care had created a dedicated Provider Support and Resilience Hub to provide practical support to any social care provider requiring assistance including supply of Personal Protective Equipment (PPE), infection control advice and urgent staffing support.

Dr Rajpura reminded the Committee that on 1 June 2020 the government had implemented phase two of the pandemic response which would include limited opening of primary schools along with some non-essential retail also opening. As the cases had declined and Blackpool moved into phase two of its response, there had been a move to the Test, Track and Isolate phase, which would be important in the Council's efforts to contain localised outbreaks.

The Committee was informed that phase three would commence on 4 July 2020 with further restrictions being lifted on the hospitality industry. Members were assured that all changes would be kept under strict review and that if cases started to increase again then stricter measures may be re-implemented. Dr Rajpura advised that Covid-19 would likely remain for the foreseeable future and further waves of infection in the months to come were a strong possibility.

Dr Rajpura stressed that current measures had been suppressing the number of cases and deaths and Blackpool had passed the peak, with reported cases and deaths in decline. Death Data from the Office of National Statistics (ONS) up to 17 April 2020 showed that Blackpool had a low death rate from Covid-19 when compared to other areas. He further reported that despite the tragic loss of life experienced across the town, its hospital care had never been overwhelmed by the number of cases and according to the reported figures up to the end of May 2020 the rates within Blackpool were close to the average for England and well below North West rates. Moving forward, Dr Rajpura explained, the Council's role would be to regulate establishments to ensure they were adequately 'Covid Secure' and adhering to government guidance.

A question was raised regarding the risk scores assigned to the pandemic, with a query around whether a net score of 15 was considered robust enough for such an unprecedented event. Dr Rajpura advised that a high risk score of 25 had originally been assigned at a time when the impact of the pandemic was unknown. As the situation progressed it had become evident that the previously anticipated volume of deaths had not occurred and as hospital admissions were now in decline the risk score was felt to be appropriate.

In response to a question around the media portrayal of high levels of cases in Blackpool in comparison with other regions, Dr Rajpura advised that the number of reported cases was dependent upon the extent of testing undertaken within each area. He suggested that all areas had not been carrying out testing to the same level as Blackpool which impacted the reporting figures from these areas. Further questioning continued around the referenced figures, with a Committee Member querying why April/May 2020 data had been used when figures for June 2020 were now available, as well as suggesting that Blackpool had experienced a higher level of deaths than the averages reported for England and Lancashire. Dr Rajpura responded by assuring the Committee that the only verified figures were those

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 25 JUNE 2020

issued by the ONS up to the end of May 2020 and agreed to circulate the data to all Committee Members for their information.

Further information was sought on the Test, Track and Isolate system within Blackpool. The Committee was informed that the system had been introduced approximately three weeks ago with anyone experiencing Coronavirus symptoms being asked to request a test. Once a positive test result had been received, the Test, Track and Isolate process would be initiated. Dr Rajpura explained that a three tier system had been introduced, with the majority of cases automatically being allocated to tiers two or three and dealt with at a national level. More complex cases would be escalated to tier one and dealt with locally by Public Health England and the Local Authority. Such cases would be those which required more local knowledge such as an outbreak within a school. The Committee was informed that Blackpool's outbreak management hub had been set up and was ready for use but had not as yet been required. Clarification was sought on whether the Test, Track and Isolate system would be implemented in incidences of deaths by Coronavirus, with Dr Rajpura confirming this to be the case. In response to a question on available capacity for testing should a surge in cases be experienced, Dr Rajpura confirmed that sufficient testing capacity would be available as required.

With regards to the number of participants contributing to the Test, Track and Isolate process, the question was raised of whether large enough numbers of cases had been reported through the system. Dr Rajpura informed the Committee that 160 cases had been reported from Blackpool and that the key messages regarding the importance of maintaining good hand hygiene as well as 'Don't be a contact' were being reiterated to encourage people to remain two metres apart to avoid the requirement to self-isolate if a contact tested positive. Dr Rajpura stressed that the Test, Track and Isolate system had only been implemented over recent weeks and that previously reported deaths from earlier in the pandemic would not have been included in the 160 reported cases. When questioned on why the Test, Track and Isolate system had not been introduced earlier in the pandemic as had been seen with some other Local Authorities, Mr Neil Jack, Chief Executive reiterated that the Council had been following national public health policy.

When questioned on plans for the future and preparations in place for a second wave of infection, Dr Rajpura informed the Committee that planning for winter had now become the priority with a full mechanism of delivery and oversight in place to assist in curbing the spread of any increase in infection rates, alongside the continued reiteration of key health messages. With reference to a vaccine for the virus, Dr Rajpura suggested that it could be several months before a vaccine was identified and tested but should one become available the main focus would be on the delivery of the vaccine to the vulnerable groups within the community.

The Committee questioned what the current situation within Blackpool care homes was and whether visits would now be permitted to residents. Dr Rajpura informed Committee Members that a support hub for care homes had been established and a system of daily telephone calls had been implemented to offer support and guidance as required to staff. PPE had also been provided in sufficient quantities to all care homes. Coronavirus testing of whole care homes, to include all residents and staff, had been introduced in order to

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 25 JUNE 2020

identify any asymptomatic cases. Visitors would be permitted at the current time, with one visitor per resident allowed and for visits to take place outside wherever possible, although Mr Jack identified that should a second wave of infection be identified, these measures would be reviewed in order to mitigate the risk of further infection as required.

The Committee questioned whether local businesses would be in receipt of the same level of support when reopening as schools had received. Mr Jack advised that the business community would require personalised approaches dependent upon the type and size of the business but confirmed that the national guidance would be shared across businesses and additional support provided as necessary.

Mr Jack was questioned regarding whether the Covid-19 response had impacted on the Council's ability to deliver statutory services elsewhere. Mr Jack reported that within the risk matrix, the only services which had not been fully provided were those which the government had advised not to such as some waste services and the full operation of household recycling centres. Children's Social Care had seen a reduction in the number of face-to-face appointments and had instead been making contact via a number of alternative methods.

In response to a question on the long-term financial impact and sustainability of the Council, Mr Jack advised that a second settlement from central government was anticipated imminently and assured the Committee that the Council was not in the same fragile position as a number of other Local Authorities which relied heavily upon external sources of income. Mr Steve Thompson, Director of Resources reported that the Council was in the process of ascertaining the full cost of the Covid-19 response, both via direct costs and loss of income and also via those experienced by the Council's Wholly Owned Companies. He advised that the Council had prudently carried forward earmarked reserves in the region of £47 million from the previous financial year and anticipated that much of these would be required in recovering from the impact of the pandemic.

4 EXTERNAL AUDIT INTERIM REPORT

Ms Nicola Wright, Partner and Mr Nick Rayner, Senior Manager, both Deloitte attended the meeting to provide a verbal update on the external audit interim report. Ms Wright advised that a revised timetable for the audit would be required as a result of the impact of the Covid-19 pandemic, with an amended start date for the audit having been agreed as 6 July 2020.

Mr Rayner informed the Committee that the work would be undertaken remotely due to restrictions preventing the external audit team from working on site and he anticipated the impact of Covid-19 to affect a number of accounting areas. He provided assurance to Committee Members that initial preparatory work had been commenced by the Council's finance team in anticipation of the audit. Ms Wright acknowledged that there would be a substantial amount of work to cover but that the team at Deloitte was experienced at managing complex projects.

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5 ANNUAL AUDIT OPINION

Ms Tracy Greenhalgh, Head of Audit and Risk presented a report setting out the individual and collective outcomes of the audit reviews undertaken over the financial year ending 31 March 2020. In addition the report provided an audit opinion on the control environment based on the audit work undertaken. Within her report, Ms Greenhalgh set out the proposed programme for Heads of Service to report progress against audit recommendations to the Audit Committee based on a random sample of audits.

Ms Greenhalgh reminded the Committee that as the Head of Audit and Risk she was responsible for the delivery of an annual audit opinion and report that could be used by the Council to inform its Annual Governance Statement. The annual opinion concluded on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving this opinion, assurance could never be absolute and therefore only reasonable assurance that there were no major weaknesses in the processes reviewed could be provided but she assured Committee Members that where high risk areas had been identified as part of audit reviews these would be subject to a follow-up process to ensure that effective controls were implemented.

Ms Greenhalgh reported that she was satisfied that sufficient assurance work had been carried out to allow the provision of a reasonable conclusion on the adequacy and effectiveness of the Council's internal control environment and that the overall control environment of the Council was adequate, however she recognised that there were significant issues faced by Children's Services as identified in the Ofsted report and ongoing overspends which needed to be addressed. The Covid-19 pandemic had also impacted on the control environment in March 2020 and this would continue to be monitored during 2020/2021 and steps taken to manage risk as effectively as possible given the challenging circumstances. Where weaknesses had been identified through internal audit work the team had worked with management to agree appropriate remedial actions and a timescale for improvement. This was particularly relevant in high risk areas where innovative solutions were being implemented to support future sustainability.

Within the report Ms Greenhalgh had identified four areas where planned internal audit work for 2019/2020 had not been undertaken and which included Homelessness; the Conference Centre; Children's Legal Services and Fostering. Councillor Mitchell, as Chair of the ongoing scrutiny review of Housing and Homelessness queried the lack of liaison between internal audit and the scrutiny working group and suggested that internal audit's input would be appreciated. Ms Greenhalgh confirmed that internal audit's support could be offered to the working group if any areas of risk were identified during its review.

The Committee queried the decision to defer the audit of the Conference Centre, stating that as a one-off occurrence if the construction process was not audited there would be no future opportunity to undertake this review. Ms Greenhalgh clarified that a full audit of the Conference Centre would be undertaken at a future date and that she had been involved throughout the project to ensure an overview of the adequate handling of risks.

With regards to the remaining deferred items of Children's Legal Services and Fostering, Ms

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Greenhalgh reported that these areas would both undergo an element of peer review or external scrutiny and internal audit would be made aware should any significant areas of risk or control be identified. The suggestion was made that the review of Fostering could benefit from involvement from the Children and Young People's Scrutiny Committee.

The Committee agreed: That involvement in the Fostering review be considered for inclusion within the Children and Young People's Scrutiny Committee's work plan.

6 RISK SERVICES REPORT QUARTER FOUR

The Committee considered the Risk Services Quarter Four report which provided a summary of the work completed by Risk Services in quarter four of the 2019/2020 financial year.

Ms Tracy Greenhalgh, Head of Audit and Risk reported that only fifteen per cent of risk registers had been updated by the end of the quarter but that due to the on-going Covid-19 situation services had not been actively chased for their submissions. Ms Greenhalgh advised that each service would have received an email reminder in late February/early March 2020 and the indicator would be revisited in quarter one of the new financial year to ensure a higher rate of compliance.

In relation to applications for Coronavirus business grants, the Committee questioned whether any potential risk of fraud had been identified and addressed. Ms Greenhalgh confirmed that internal audit had been heavily involved in the issuing of the grants along with the implementation of a post-payment support network to help ensure adequate due diligence had been maintained and therefore reduce the risk of fraudulent applications.

Ms Greenhalgh provided a summary of the audits undertaken over the period and highlighted to the Committee those areas which had been identified as 'Inadequate', these being 'Non-Contracted ICT Software' and 'Water Self Supply'. The Committee was informed that work was ongoing to address the identified weaknesses.

Ms Greenhalgh reported that the review of priority one audit recommendations would usually be undertaken at the end of each quarter, however due to the Council's ongoing response to the Covid-19 emergency the review had been delayed until the first quarter of 2020/2021.

7 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

Ms Tracy Greenhalgh, Head of Audit and Risk presented and sought approval of the Quality Assurance and Improvement Programme (QAIP) for the internal audit service for 2020/2021.

The Committee was informed that internal audit's QAIP was designed to provide reasonable assurance to stakeholders of internal audit that the service performed its work in accordance with its Charter whilst conforming to the requirements of the Public Sector Internal Audit Standards (PSIAS); operating in an effective and efficient manner and was perceived by stakeholders as adding value and improving operations. Internal audit's QAIP

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covered all aspects of the Internal Audit Service in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme).

As the Head of Audit and Risk, Ms Greenhalgh advised that she would be responsible for the QAIP, which covered all types of internal audit activity, including advice and consulting. She highlighted that external review was recommended at least every five years and this period was now approaching.

The Committee questioned what succession planning or support was in place with regards to her role as Head of Audit and Risk. Ms Greenhalgh assured the Committee that the newly introduced structure had increased capacity at Senior Auditor level and she was working closely with her team to develop the necessary support skills yet further.

The Committee agreed: To approve Internal Audit's Quality Assurance and Improvement Programme 2020/2021.

8 AUDIT COMMITTEE SELF EVALUATION AND TRAINING PROGRAMME

Ms Tracy Greenhalgh, Head of Internal Audit and Risk introduced the results of the Audit Committee Self Evaluation and the resulting training programme for approval.

The Committee was reminded that the self-evaluation responses were used to inform the Committee's proposed training programme and as such it was important that all Committee Members completed and returned the information. Ms Greenhalgh acknowledged that on this occasion some Members of the Committee had experienced IT issues and due to the Covid-19 restrictions paper copies could not be made available but would be provided in future if necessary.

The Chair of the Committee highlighted that the Audit Committee was on a journey over a three year period, whereby Members' skills and knowledge continued to develop. He asserted that the Committee would be enhanced yet further by the recruitment of an independent member and extended his thanks to the Committee Members for their hard work and dedication.

The Committee agreed: To approve the Audit Committee training programme for 2020/2021.

9 DATE OF NEXT MEETING

The date and time of the next meeting of the Committee was noted as 24 September 2020, commencing at 6pm.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 25 JUNE 2020

Councillor Galley, Chairman

(The meeting ended at 7.55pm)

Any queries regarding these minutes, please contact:

Elaine Ireland, Senior Democratic Governance Adviser

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Report to:	AUDIT COMMITTEE
Relevant Officers:	Philip Welsh, Head of Tourism and Communications
Date of Meeting	24 September 2020

ADVERTISING 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 Advertising issued on 30 September 2019.

2.0 Recommendation(s):

- 2.1 To consider the actions being implemented to address the audit recommendations relating to Advertising.

3.0 Reasons for recommendation(s):

- 3.1 To enable the 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: Maximising growth and opportunity across Blackpool.

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 Advertising with the scope and assurance statement as follows:

Scope

The scope of the audit was to review:

- Advertising income generation;
- Organisational and operational efficiency;
- Financial Management; and
- Strategic Direction.

Overall Opinion and Assurance Statement

We did not find any significant control issues, however we found considerable scope to improve operational efficiency and effectiveness. We do however consider the controls in place to be adequate, with some risks identified and assessed and several changes necessary.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 3(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 None

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 Heads of Service and Chief Officers.

12.0 Background papers:

12.1 None.

APPENDIX 3(a)

Internal Audit Recommendations and Agreed Actions

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
<i>R1</i>	The training needs of staff involved in advertising and sponsorship should be reviewed to ensure that best practice and techniques are being deployed.	3	Agreed. Will be picked as part of the IPA process.	Head of Tourism and Communications	December 2019	A new business development manager was appointed earlier this year. He is in the process of developing training modules for staff within the Tourism & Communications department who have a commercial/sales role. These will be rolled out over the next few months.

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R2	A specific policy should be developed that governs the wider spectrum of advertising and sponsorship.	2	Agreed. It is currently in progress. High level advice has been sought which will contribute to the production of guidance for the Council.	Director of Communications and Regeneration	November 2019	A policy is being developed in association with the corporate policy team with the intention of producing a final version that is applicable, not just to advertising and sponsorship on assets such as tram and bus shelters, but also provides clear guidance for other Council-owned companies such as Blackpool Airport and Blackpool Transport.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R3	The production of an advertising and sponsorship strategy and operational plan should be seen as a priority.	2	Agreed.	Head of Tourism and Communications Business Development Manager	March 2020.	This has been delayed by the appointment of a business development manager. That person is now in place and has been tasked with producing a full business plan by the end of October.
R4	We recommend that the Advertising team updates their web presence and also the literature to promote their services, using good examples from other local authorities.	2	Agreed.	Head of Tourism and Communications Advertising Manager	March 2020	Web presence has been updated on the blackpool.gov site, though we are exploring other ways to make it more commercially appealing without breaching corporate guidelines

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R5	Any strategy or operational plan should also be supported by a risk register.	2	Agreed.	Head of Tourism and Communications Advertising Manager	March 2020	The risk register is being developed at the same time as the operational business plan with a view to having this in place by the end of October
R6	The responsibility for securing sponsorship should be clearly assigned and be part of the overall strategy.	2	Agreed. This will be looked at part of the strategy that will be written as per Recommendation 3.	Head of Tourism and Communications Business Development Manager	March 2020	The responsibility for securing sponsorship is now assigned to the new Business Development Manager role. This covers Illuminations, events and publications.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R7	Market testing of what an external advertising agency could offer to build on and enhance the current advertising function should be considered.	2	Agreed. Will test market to see whether an external agency can help deliver national advertising.	Head of Tourism and Communications	March 2020	We are in discussion with an external agency to explore the cost v benefit of outsourcing the sale of national advertising on to our assets. Initial discussions suggest that this will require an upgrade of some tram and bus shelters so that they are capable of carrying digital advertising.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R8	The Advertising team should conduct a stock-take to ascertain the entirety of advertising assets maintained by the Council. This stock-take should include assets that are little used, such as litter bins and also vehicle advertising. It should also include the Councils digital and social media platforms.	2	Agreed. Will need to capture assets from across the Council.	Head of Tourism and Communications Advertising Manager	March 2020	A detailed audit has been carried out for the assets that fall within the remit of the Communications & Regeneration directorate. This comprises bus and tram shelters, billboards, poster sites, the screens in Bickerstaffe, and free-standing pods and panels. It also includes the digital and social media platforms. Further work is being done on identifying assets in other directorates and arms-length companies.
R9	A central asset register should be established by the Advertising team.	2	Agreed. As above	Head of Tourism and Communications	March 2020	This will be finalised once the full stock-take of all Council assets has been completed.

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
<i>R10</i>	A comprehensive and supported rate card for the advertising assets should be maintained.	2	Agreed. Head of Tourism and Communications felt that this was already in place for Visit Blackpool, and will check. However these need to be in place across all advertising assets, with necessary baselines and volume discounts.	Head of Tourism and Communications Business Development Manager	March 2020	Rate-cards are in place for the assets and products that sit within the Tourism & Communications services. This will form the basis of a uniform rate-card that can be utilised across all Council assets.
<i>R11</i>	Charge rates should be benchmarked periodically with similar and/or nearby local authorities to ensure that a fair market rate is being achieved.	2	Agreed.	Head of Tourism and Communications	March 2020	This is undertaken on a regular basis.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R12	The Advertising team should conduct an analysis on achieving an effective balance between selling Council advertising space primarily to external advertisers as opposed to internal council customers within the context of a potentially increased advertising offer.	2	Agreed. Campaigns – consider assets (if appropriate) before spending on external advertising. Some free capacity is already being given to Council Services.	Head of Tourism and Communications Business Development Manager	March 2020	We work closely with other Council services so that they are able to access advertising platforms where appropriate. This can be done without charge (subject to availability) or at discounted rates if advertising space needs to be guaranteed.
R13	As part of the above assessment the Advertising team should assess their income models to allow for internal customers to access advertising space at a reduced rate where mutually beneficial.	2	Agreed. This will be linked to Recommendation 12 (Rate Card). Free space is offered to Council services presently, but not everything can be free.	Head of Tourism and Communications	March 2020	As above.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R14	The Advertising team should incorporate the leisure centres and other customer facing buildings as part of their overall Council advertising assets and look to actively place appropriately selected adverts, even if it is to advertise local council services.	3	Agreed. Will discuss with Head of Leisure, Catering and Parks, to ascertain what opportunities exist.	Head of Tourism and Communications	March 2020	Discussions on how to integrate assets that sit in other Council buildings such as leisure centres have been delayed due to the pandemic, but these will be resumed over the coming weeks. During lockdown we have experimented with the use of hired digital screens in reception areas such as Customer First for COVID-related public information messages.
R15	A thorough review of the current physical advertising asset base should be undertaken to produce a scheduled maintenance and replacement programme.	2	Agreed.	Head of Tourism and Communications Advertising Manager	March 2020	Review temporarily delayed due to the COVID impact but the review is now underway with a view to completion by the end of October.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
<i>R16</i>	On future advertising related projects, a closer working arrangements should be established with Planning and Highways to allow for problems and issues to be discussed and rectified earlier in the process.	2	Agreed.	Head of Tourism and Communications	March 2020	Arrangements in place for future projects such as a potential roll out of digital screen technology.
<i>R17</i>	The advertising business and strategic plans, when developed should incorporate planned increases to the advertising assets.	2	Agreed.	Head of Tourism and Communications	March 2020	These will form part of the business plan under development.
<i>R18</i>	The Advertising team should engage with the relevant teams within the Council to influence the creation of advertising assets in key new development locations.	2	Agreed.	Head of Tourism and Communications	March 2020	The development of new advertising assets (and particularly digital technology) now forms part of the Growth & Prosperity agenda.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R19	The Advertising team should review the feasibility and the income generation potential from advertising on websites, which should at a minimum include advertising local Council Services.	3	Agreed. Head of Tourism and Communications asked that Internal Audit send some examples of other Councils advertising on their websites.	Head of Tourism and Communications	March 2020	An initial proposal has been put forward by an external agency that specialises in placement of advertising on local government websites. We are exploring how this might work without damaging the integrity of our site and also what level of income might be generated.

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Report to:	AUDIT COMMITTEE
Relevant Officers:	Steve Thompson, Director of Resources Diane Booth, Director of Children’s Services Karen Smith, Director of Adult Services Neil Jack, Chief Executive
Date of Meeting	24 September 2020

STRATEGIC RISK REGISTER – SUSTAINABILITY OF THE COUNCIL

1.0 Purpose of the report:

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

2.0 Recommendation(s):

2.1 To consider the controls being implemented to manage the strategic risk relating to sustainability.

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: Maximising growth and opportunity across Blackpool.

5.0 Background Information

5.1 At its meeting in March 2020, the Audit Committee agreed to continue to invite Strategic Risk Owners to attend future meetings to provide updates and progress reports in relation to the individual risks identified on the Strategic Risk Register.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 4(a) - Strategic Risk Register Progress Report – Sustainability.

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 None

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 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.

Strategic Risk Register Progress Report

Strategic Risk: Sustainability of the Council

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									
2	Sustainability of the Council	2a	Insufficient funding to deliver services.	30%	Insufficient capacity to deliver stretched budget savings plans, income recovery and external funding applications.	Income generation opportunities.	5	5	25	Six Year Financial Sustainability Strategy in Place.	5	3	15	Ongoing financial modelling to assess the impact of funding cuts particularly given the level of uncertainty beyond 2020/21 such as the review of the Fair Funding Formula, Business Rate Retention and New Homes Bonus.	Chief Accountant	Director of Resources	December 2020	Organisational Resilience				
					Unplanned overspends for a variety of reasons including demographic pressures, political and /or economic factors such as interest rate rises.	Partnership working.				Statutory requirement to balance the budget.												
					Erosion of working balances and earmarked reserves.	Mid-year budget reviews.				Financial assurance processes set out in the Medium Term Financial Plan.									Priority led budgeting process including investment of resources where needed.			
					Impact on staff morale and recruitment and retention.					Monthly financial monitoring including achievement of saving targets and collection of income.									Financial governance including Statutory Finance Officer, Corporate Leadership Team, Treasury Management Panel, Executive, Scrutiny Committee, Audit Committee and Full Council.			

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					
2	Sustainability of the Council	2b	Insufficient central government funding for Social Care.	50%	Council unable to balance budget.	Consider options for shared services and opportunities for flexible use of new funding streams.	5	5	25	Priority led budgeting process including investment of resources where needed.	5	4	20	Participate in financial modelling exercises to challenge government assumptions and support lobbying for resource.	Heads of Services	Director of Adult Services / Director of Children's Services	March 2021	Organisational Resilience
					Council unable to meet statutory duties and deliver reforms.					Head of Service report budget issues to the Directors so that these can be addressed.								
					External care market becomes unsustainable.					Heads of Services actively contribute to commissioning reviews and potential service developments.								
					Lack of clarity around the Adult Social Care Green paper which has yet to be issued.					Performance and quality impact information is accurate and kept up to date to ensure a comprehensive view of actual performance.								
									Use of the CIPFA predictive financial model for Adult Services to help budget setting.									
		2c	Climate emergency / unsustainable carbon emissions.	20%	Global warming and rising sea levels.	Strong policies to cut emissions have associated health, wellbeing and economic benefits.	5	5	25	Establishment of four workstreams to consider how the Council can reduce emissions, change organisational culture, engage the town and influence national policy.	5	4	20	Implement robust plans in order to make the Council's activities net-zero carbon by 2030.	Head of Commissioning, Performance and Corporate Development	Chief Executive	January 2030	Organisational Resilience
					Reputational damage due to the Council if not taking robust action to reduce carbon.	Preserve Blackpool's ecological and environmental heritage.				Climate Emergency Working Group established to consider emerging solutions and funding bids, and ensure the systematic consideration of potential change impact of each area of Council's activities.				Establish a Climate Change Partnership group to consider strategies and actions being developed by the Council and other partner organisations.	Head of Commissioning, Performance and Corporate Development	Chief Executive	March 2021	Organisational Resilience
														Ensure that the Council's energy management arrangements are robust.	Head of Procurement	Director of Resources	March 2021	Organisational Resilience
Overall Nett Risk Score											18.5							

Strategic Risk Register Progress Report

Sub-Risk: Insufficient funding to deliver services. (weighting 30%)		Gross Risk Score	Nett Risk Score
		25	15
<i>Risk Score in 2019/20</i>		25	15
Risk Owner: Director of Resources			
Existing Controls in Place:			
<ul style="list-style-type: none"> • Six Year Financial Sustainability Strategy in Place. • Statutory requirement to balance the budget. • Financial assurance processes set out in the Medium Term Financial Plan. • Priority led budgeting process including investment of resources where needed. • Monthly financial monitoring including achievement of saving targets and collection of income. • Financial governance including Statutory Finance Officer, Corporate Leadership Team, Treasury Management Panel, Executive, Scrutiny Committee, Audit Committee and Full Council. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
Ongoing financial modelling to assess the impact of funding cuts, particularly given the level of uncertainty beyond 2020/21, such as the review of the Fair Funding Formula, Business Rate Retention, and New Homes Bonus. (Target Date: December 2020)	Chief Accountant	<ul style="list-style-type: none"> • The introduction of the Fair Funding Formula and New Homes Bonus have been delayed by at least a year with Business Rate revaluations being postponed for two years, all which creates uncertainty when planning for the Council's future. • Budget monitoring has taken place from month 0 including forecasting the impact that the pandemic has had on the Council's financial position. • This year is unprecedented in the operational and consequential financial demands being placed upon the Council from the very outset, with the introduction of the Government's lockdown and restriction measures resulting from the 	<ul style="list-style-type: none"> • Evidence solvency of the Council. • Provision of financial data to assist with lobbying government with regards to key areas of pressure.

Strategic Risk Register Progress Report

		<p>Covid-19 pandemic. This has impacted in a variety of ways; from increasing service demand and cost, to curtailing income sources, and not just for Council services, but also its private sector providers, wholly owned companies and its partners.</p> <ul style="list-style-type: none">• This has necessitated budgetary overspends, supplier reliefs and subsidies, cash flow loans, and other support measures besides implementing at short notice Government policy initiatives such as business support grants, business rate reliefs and infection prevention and control grants.• It has been indicated that the Government's Autumn Statement will cover the period of 2021/22 to 2023/24. It is hoped that by the end of the calendar year there will be sufficient clarity regarding Covid-19, and future funding policies for local government to enable a refresh of the medium-term financial sustainability strategy together with an updated medium term financial plan of at least 5 years' horizon.• There is potential for Local Government devolution across Lancashire which would see a reorganisation of local government. A White Paper is expected in autumn relating to this.• The Council has also been invited by the LGA to participate in a group looking at financial sustainability in coastal towns.	
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Strategic Risk Register Progress Report

Sub-Risk: Insufficient central government funding for Social Care. (weighting 50%)		Gross Risk Score	Nett Risk Score
		25	20
		<i>Risk Score in 2019/20</i>	15
Risk Owner: Director of Adult Services / Director of Children's Services			
Existing Controls in Place:			
<ul style="list-style-type: none"> • Priority led budgeting process including investment of resources where needed. • Heads of Services report budget issues to the Directors so that these can be addressed. (please note that although copied directly from the SRR it should be plural. • Heads of Services actively contribute to commissioning reviews and potential service developments. • Performance and quality impact information is accurate and kept up to date to ensure a comprehensive view of actual performance. • Use of the CIPFA predictive financial model for Adult Services to help budget setting. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
Participate in financial modelling exercises to challenge government assumptions and support lobbying for resource. (Target Date: March 2021)	Heads of Services	<u>Children's Services</u> <ul style="list-style-type: none"> • The drivers for rising expenditure in children's services are well understood and have been for some time: the number of children in care, and the number of those children in costly residential placements or independent fostering agency foster homes. • An ambitious and updated Children's Services Medium Term Financial Strategy is in place which is necessary given the current level of expenditure on Children's social care. 	<ul style="list-style-type: none"> • Value for money and positive outcomes for those residents who are in the Council's care. • Aspire to deliver services within the allocated budget. • Effective support for our residents and front line workers during the current pandemic.

Strategic Risk Register Progress Report

		<ul style="list-style-type: none">• Considerable progress has been made in the quality and robustness of services provided for vulnerable local children and families, but it is critical that the financial pressure arising from children in care and the cost of their placements are addressed. The Council's exposure to the external market in placements for children in care needs to be reduced and limited.• Supported by ongoing investment by the Council and under the oversight of the Department for Education Commissioner and Advisor, over the past 15 months, Children's Social Care has been reviewed and redesigned. This has led to a much more robust, resilient service overall. It has also led to legacy issues being addressed, especially around long-term neglect and children and families with repeated cycles of Children's Social Care involvement. This, in turn, has led to an increase in the number of children in care from the late autumn of 2019 and into 2020.• The growth in the number of children in care has substantially increased the pressure on Children's Services budgets, as the Council's own foster home capacity was exhausted. This has led to an increase in the number of children placed in foster homes purchased from independent fostering agency placements, in addition to increased fragility in placements and escalation of a steady number of young people into the most expensive placements of all - children's homes.	
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Strategic Risk Register Progress Report

		<ul style="list-style-type: none"> • The Medium-Term forecast – jointly developed by colleagues in the Corporate Delivery Unit and Finance department - on the basis of already agreed projects and approaches, foresees a moderation in expenditure over the next five years. <p><u>Adult Services</u></p> <ul style="list-style-type: none"> • The service has experienced additional costs as a result of the pandemic particularly in relation to the purchase of PPE, uplifts to providers, and also changes to hospital discharges. • A consolidated financial position relating to the impact of Covid is in place as part of the Healthy Lancashire and South Cumbria partnership. • The Council continues to work with care providers as part of the Regulated Care Group, and provides support as required. The feedback from suppliers in relation to the work that Blackpool Council has done has been positive. • There are ongoing national issues in relation to the funding of adult social care which are well documented and known. • The Council continues to monitor the financial position to support the sustainability of providers to ensure that service users have access to appropriate support when they need it. • Improved transparency in recent years regarding provider costs has assisted in 	
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Strategic Risk Register Progress Report

		Council decision making regarding setting fee rates at a level that supports provider sustainability.
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Sub-Risk: Climate emergency / unsustainable carbon emissions. (weighting 20%)		Gross Risk Score	Nett Risk Score
		25	20
		<i>Risk Score in 2019/20</i>	N/A
Risk Owner: Chief Executive / Director of Resources			
Existing Controls in Place:			
<ul style="list-style-type: none"> Establishment of four workstreams to consider how the Council can reduce emissions, change organisational culture, engage the town, and influence national policy. Climate Emergency Working Group established to consider emerging solutions and funding bids, and ensure the systematic consideration of potential change impact of each area of Council's activities. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
Implement robust plans in order to make the Council's activities net-zero carbon by 2030. (Target Date: January 2030)	Head of Commissioning, Performance and Corporate Development	<ul style="list-style-type: none"> At its meeting of 26th June 2019, the Council passed a motion proposed by the Council Leader to declare a Climate Emergency noting the impacts of climate breakdown around the world and that the Authority had a duty to take action to address these issues, with the reductions of emissions also being associated with positive health, wellbeing and economic benefits. The declaration particularly covers a reduction in emissions of the Council and across the town generally, engagement 	<ul style="list-style-type: none"> The primary commitments made are to make the Council's activities net-zero carbon by 2030, and achieve 100% clean energy across the Council's full range of functions by the same date.

Strategic Risk Register Progress Report

		<p>with the public and stakeholders, effecting a culture change across our organisation, wholly-owned companies, staff and partners, and taking a role to exert wider influence beyond Blackpool on this issue.</p> <ul style="list-style-type: none">• An action plan has been developed, with progress made so far including:<ul style="list-style-type: none">○ Switching to a 100% renewable and non-nuclear electricity supply across all Council companies, except Blackpool Transport (who have their own supply arrangements in place) from 1st April 2020.○ Undertaking fleet data analysis and an option appraisal for introducing electric vehicles.○ Establishing a Climate Emergency Steering Group○ Introducing a new emissions-based staff travel hierarchy.○ Reviewing Council strategy and approval procedures to ensure sustainability and the environment is considered in the decision-making process.○ Introducing a Sustainability Impact Assessment process.• Consideration is also being given to the staffing requirements of implementing activity to deliver this target. A list of potential interventions and projects has been drawn up, which will be considered as part of the Climate Assembly process, and lead to the production of an enhanced	
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Strategic Risk Register Progress Report

		action plan which seeks to tackle the issues proactively, including via external partnerships and seeking grant funding.	
<p>Establish a Climate Change Partnership group to consider strategies and actions being developed by the Council and other partner organisations.</p> <p>(Target Date: March 2021)</p>	<p>Head of Commissioning, Performance and Corporate Development</p>	<ul style="list-style-type: none"> • Steps are being taken to set up the Climate Action Partnership / Working Group with appropriate representatives being identified. • Discussions are ongoing to identify budget to host a Climate Assembly, which will be the start of mass public discussion and involvement in the creation of an action plan, and to partner with an expert organisation on creating a roadmap to net-zero across the Council and town. 	<ul style="list-style-type: none"> • Stakeholder engagement contributing to the Council's climate emergency agenda.
<p>Ensure that the Council's energy management arrangements are robust.</p> <p>(Target Date: March 2021)</p>	<p>Head of Procurement</p>	<ul style="list-style-type: none"> • An internal audit of energy management is scheduled to take place this financial year which will provide independent assurance on the robustness of the Council's energy management approach. • An Energy Management Group is in place, which meets on a regular basis, which is chaired by the Director of Resources and attended by the Director of Communications and Regeneration, Head of Procurement, Energy Manager, Head of Property Services, and Transformation Manager. • Steps are being taken to assess the feasibility of linking energy efficiency schemes with the budget / final accounts so that the impact of such schemes can be demonstrated. 	<ul style="list-style-type: none"> • Efficient energy management arrangements in place.

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	24 September 2020

RISK SERVICES QUARTER ONE REPORT

1.0 Purpose of the report:

1.1 To provide the Audit Committee with a summary of the work completed by Risk Services in quarter one of the 2020/2021 financial year.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to note 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 prior to being presented at 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 5(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 None

8.0 Equalities considerations:

8.1 None

9.0 Financial considerations:

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

10.0 Risk management considerations:

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

11.0 Ethical considerations:

11.1 None

12.0 Internal/ External Consultation undertaken:

12.1 The Risk Services Quarterly Report was approved by the Corporate Leadership Team on 8 September 2020.

13.0 Background papers:

13.1 None

Risk Services Quarter One Report 1st April to 30th June 2020

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The Regulation of Investigatory Powers Act 2000	12
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Blackpool Council: Risk Services

Quarter One 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">• Personal Health Budgets
Children's Services	<ul style="list-style-type: none">• Opportunity Area Funding
Chief Executives	<ul style="list-style-type: none">• Commissioning (currently paused until further notice)• Research and Data Analysis (currently paused until further notice)
Communication and Regeneration	<ul style="list-style-type: none">• Parking Services• Corporate Print Services
Community and Environmental	<ul style="list-style-type: none">• Flood Management• CCTV
Corporate	<ul style="list-style-type: none">• Business Loans Fund
Governance and Partnerships	<ul style="list-style-type: none">• Information Governance• Election Process
Resources	<ul style="list-style-type: none">• Treasury Management• Business Rates Financial Control Assurance Testing

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.

Internal audit work was initially paused at the beginning of the financial year as the Council dedicated its resources to responding to the Covid-19 incident. Audit work came back on line during the quarter using virtual audit methods which were developed in order to continue to deliver the service during a pandemic.

Two members of the internal audit team were redeployed to support the Community Hubs through the provision of administration and telephone support and they have now returned back to internal audit full time.

1.2 Corporate Fraud

The Senior Counter Fraud Advisor has continued to support the Head of Revenues and Exchequer Services and the Head of Economic and Cultural Services in the administration of the Small Business, Retail and Hospitality and Discretionary Grant Funding Schemes as part of the response to COVID-19. Work is underway in developing a co-ordinated post-payment assurance plan.

The scheduled six-monthly proactive review of Purchase Card expenditure for the period 1st October 2019 to 31st March 2020 has been completed. The results of the review has shown a slight overall increase in compliance in respect of the attachment of receipts and approvals across the Council. The Corporate Leadership Team have been notified of the results for their individual Directorates.

The team has continued the coordination and delivery of the National Fraud Initiative 2018, with a higher number of matches being examined than in previous exercises. Other proactive work in relation to new starter checks and temporary housing benefits is continuing.

A Corporate Fraud Officer was redeployed to support the Community Hub in the delivery of food parcels to local residents and has now returned full time to the team.

Blackpool Council: Risk Services

1.3 **Risk and Resilience**

The team have continued to be involved in the Covid-19 response initially focused on ensuring that all services had business continuity plans in place and latterly working with services to ensure that they have robust recovery / transition plans in place as we move to the 'new normal'.

Only 40% of scheduled risk management groups were held in the quarter predominately due to resource being re-prioritised to focus on the pandemic response. All these meetings have been rearranged and should take place in quarter two.

The team have continued to provide insurance advice and guidance during the quarter and are working closely with the Growth and Prosperity Team to consider the insurance implications associated with the ongoing regeneration work across the town.

1.4 **Health and Safety**

The team have had a key role in providing advice, support and guidance to all Council services and schools with regards to safe working practices during the Covid-19 pandemic. This has included reviewing all Covid Secure risk assessments which have been developed for each Council service and the risk assessments implemented to enable a safe return to Blackpool schools.

In addition the team have developed a suite of Covid Secure resources for the Council which take account of the Government guidance relating to health and safety in the workplace during the pandemic. These include a monitoring system for managers to help ensure ongoing compliance with Covid Secure risk assessments, a Covid Secure FAQs, a temporary home working checklist to help staff work safety from home and a mechanism for employees to report any Covid Secure concerns through to the health and safety team.

Health and safety training was paused during the quarter due to the pressures of dealing with the pandemic and steps are being taken to assess how training can be delivered virtually / in small socially distanced groups going forward.

1.5 **Equality and Diversity**

The service has provided equality impact advice for managers during the Covid Pandemic including general advice on matters which need to be considered as part of recovery planning. In addition, the service is representing the Council on the Lancashire Resilience Forum with regards to BAME health inequalities and Covid impacts.

The compliance assessment of the Councils wholly owned companies with the Public Sector Equality Duty has commenced with the first area of focus being Blackpool Transport Services.

A new training course has been developed to help managers and other staff involved in decision making to understand their responsibilities in the Public Sector Equality duty and consideration is currently being given as to how to roll this out given the current pandemic.

The service has provided operational advice in response to local issues arising from the Black Lives Matter movement.

Performance

Risk Services performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Professional and technical qualification as a percentage of the total.	85%	72%

Blackpool Council: Risk Services

Internal Audit Team performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Percentage audit plan completed (annual target).	90%	7%
Percentage draft reports issued within deadline.	96%	100%
Percentage audit work within resource budget.	92%	100%
Percentage of positive satisfaction surveys.	85%	93%
Percentage compliance with quality standards for audit reviews.	85%	88%

Risk and Resilience Team performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Percentage of Council service business continuity plans up to date.	100%	100%
Percentage of risk registers revised and up to date at the end of the quarter.	100%	60%
Number of risk and resilience training and exercise sessions held (annual target).	6	0
Number of trained Emergency Response Group Volunteers. (for monitoring purposes only – responsibility lies with Adult Social Care)	50	33
Percentage of property risk audit programme completed (annual target).	100%	0%

A further breakdown of the risk registers received by the end of the quarter can be seen in the following table:

Risk Management Group	Percentage Updated In Quarter One	Risk Registers Not Updated
Adult Services	50%	Adult Social Care Adult's Commissioning
Central Support Services	71%	Corporate Delivery Executive Support Housing Property Services
Children's Services	66%	Children's Commissioning
Communications & Regeneration	60%	Economic Development Growth & Prosperity Parking Admin Communications Visit Blackpool (Tourism) Museum
Community & Environmental Services	40%	Catering & Building Cleaning

Blackpool Council: Risk Services

Risk Management Group	Percentage Updated In Quarter One	Risk Registers Not Updated
		Coastal & Environmental Partnerships Integrated Transport Leisure Parks Public Protection
Public Health	100%	

Health and Safety performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
RIDDOR Reportable Accidents for Employees	0	2
Training Delivered to quarterly plan	100%	0%

There were two RIDDOR cases relating to employees reported in the quarter which included:

- Highways and Traffic Management – Employee trapped their finger – absent for more than 7 days.
- Parks Services - Employee tripped over a rabbit hole – absent for more than 7 days.

Equality and Diversity performance indicators

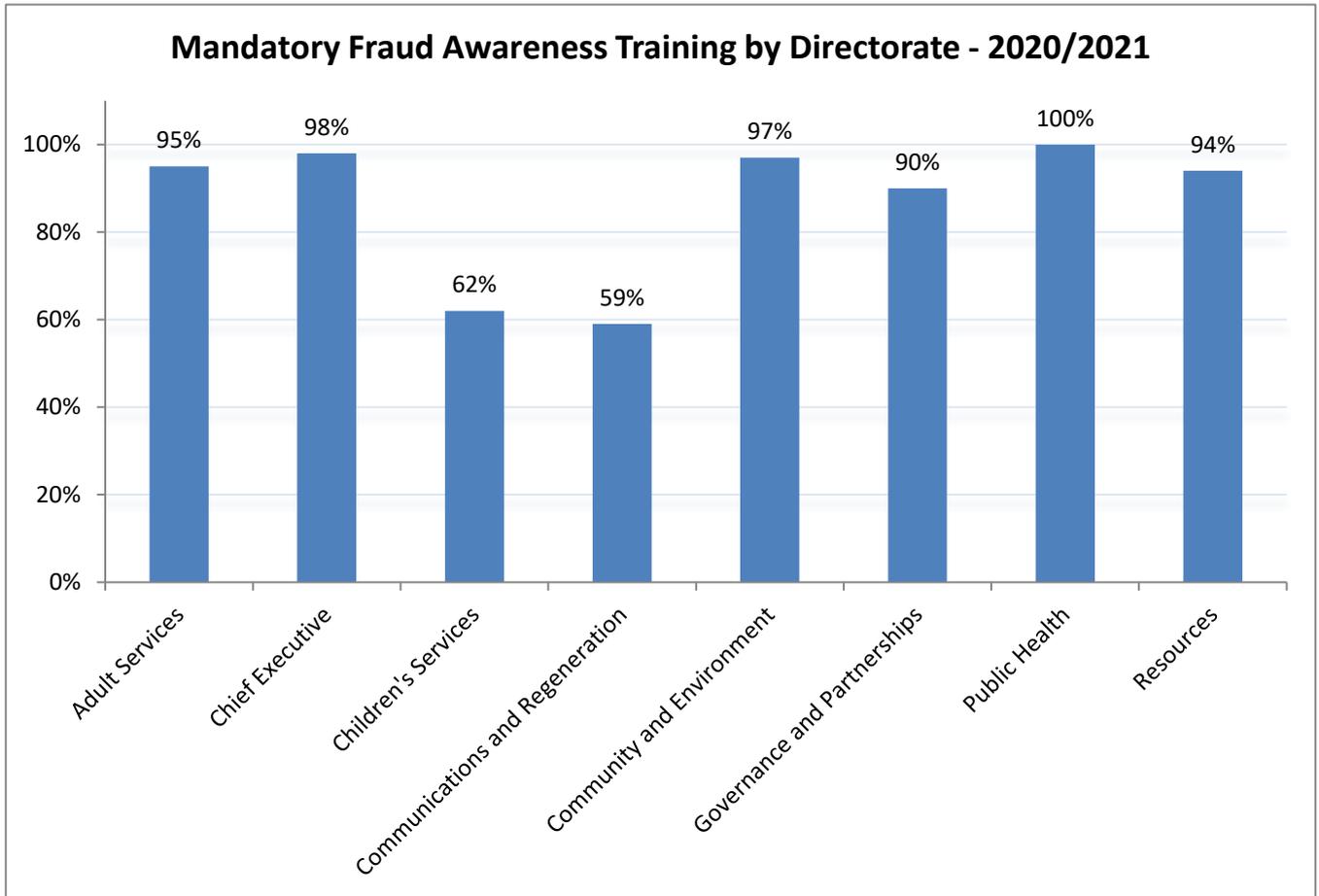
Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Percentage of Executive Decisions made with evidence of Equality Impact Assessments or due regard.	100%	100%
Percentage take up of Equality i-Pool course.	100%	81%

Corporate Fraud Team performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
% of agreed Council employees completed i-Pool fraud awareness course.	100%	82%

Blackpool Council: Risk Services

This overall figure is broken down by directorate in the following graph:



Blackpool Council: Risk Services

<u>CORPORATE FRAUD STATISTICS - 2020/2021</u>	Number of Cases Brought Forward from 2019/20	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 2020-21										
Council Tax - Single Person Discount	14	11	5	6	£2,588.34	11	0	0	0	0	14	
Council Tax Reduction (CTR)	4	4	0	2	-	2	0	0	0	0	6	
Business Rates	3	1	0	1	-	1	0	0	0	0	3	
Procurement	0	1	0	1	-	1	0	0	0	0	0	
Fraudulent Insurance Claims	8	0	0	0	-	0	0	0	0	0	8	
Social Care	1	0	0	0	-	0	0	0	0	0	1	
Economic & Third Sector Support	0	0	0	0	-	0	0	0	0	0	0	
Gross Misconduct (Disciplinary Code)	2	1	0	1	-	1	0	0	0	0	2	
Pension	0	0	0	0	-	0	0	0	0	0	0	
Investment	0	0	0	0	-	0	0	0	0	0	0	
Payroll & Employee Contract Fulfilment	0	0	0	0	-	0	0	0	0	0	0	
Expenses	0	0	0	0	-	0	0	0	0	0	0	
Abuse of Position - Financial Gain	2	0	0	0	-	0	0	0	0	0	2	
Abuse of Position - Manipulation of Financial or Non-Financial Data	0	1	0	0	-	0	0	0	0	0	1	
General Financial Fraud	2	8	0	3	-	3	0	0	0	0	7	
Disabled parking concessions	2	0	0	1	-	1	0	0	0	0	1	
NFI 2018	58	2,949	517	2,449	£263,561.42	2,966	0	0	0	0	41	
Totals:	96	2,976	522	2,464	£266,149.76	2,986	0	0	0	0	86	

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

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement							
Adult Services	Executive Decisions	<p><u>Scope</u></p> <p>The scope of this review was to:</p> <ul style="list-style-type: none"> • Establish the roles and responsibilities and breadth and depth of knowledge of the Council's decision making procedures within the Adult Services directorate; • Review a sample of decisions made within the Adult Services directorate in order to establish whether the Council's decision making procedures are being followed correctly, or whether there are valid reasons for not doing so that would inform any future review of the decision making process; and • Identify any items that should have followed the decision making process through a review of meeting minutes, large items of expenditure, plans, strategies and bid documents and establish any reasons for not following the appropriate procedures and whether there are valid reasons for not doing so that would inform any future review of the decision making process. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 1267 1465 1308"> <tr> <td style="text-align: center;">Good</td> </tr> </table> <p>We consider that the controls in place are good with some minor control improvements required.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1447 1465 1559"> <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;">2</td> </tr> </table> <p><u>Management Response</u></p> <p>Management will continue to check decisions with Democratic Governance to ensure that correct procedures are adhered to and continue to ensure that action notes are kept of key meetings.</p>	Good	Priority 1	0	Priority 2	0	Priority 3	2
Good									
Priority 1	0								
Priority 2	0								
Priority 3	2								

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Children's Services	Troubled Families Grant Compliance	<p><u>Scope</u></p> <p>Our agreed testing of the 2019-2020 returns involved undertaking the following compliance tests:</p> <ul style="list-style-type: none"> • For a sample of at least 10% of families per the claim, check that the family was eligible to be selected for the programme and met at least two of the selection criteria; • For a sample of at least 10% of families per the claim, check that the results have been attained for each of the criteria identified for each of the families tested (Education/Crime/ASB, Progress to Work and Continuous Employment outcomes); • Check for duplication between this claim and the previous claims to ensure that results are not claimed twice for the same family; and • Check for duplication within the current claim to ensure that results are not claimed twice. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td colspan="2">Adequate</td> </tr> </table> <p>Having carried out an appropriate level of testing we are satisfied that the Troubled Families Payments by Results returns submitted in June 2019, September 2019, February 2020 and March 2020 are satisfactory and comply with the DCLG Financial Framework updated in January 2018 (note: a new Financial Framework has been published in April 2020). We identified one claim that was still open to Children's Social Care at the time of submission although the outcomes had been recorded. This case was removed from the submission.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 70%;">Priority 1</td> <td style="width: 30%;">0</td> </tr> <tr> <td>Priority 2</td> <td>0</td> </tr> <tr> <td>Priority 3</td> <td>0</td> </tr> </table> <p><u>Management Response</u></p> <p>Management were grateful that the assurance work did not identify any significant issues which warranted the issues of any recommendations.</p>	Adequate		Priority 1	0	Priority 2	0	Priority 3	0
Adequate										
Priority 1	0									
Priority 2	0									
Priority 3	0									

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement							
Governance and Partnerships	Wedding Chapel	<p><u>Scope</u></p> <p>The objective of the audit was to assess the controls in place for handling cash within the Wedding Chapel and confirm that the following arrangements are in place:</p> <ul style="list-style-type: none"> • Establish the controls required to minimise the risk of shortfalls to the cash taken; • Review the current procedures in place to reconcile the amount of cash taken to the amount of income due; • Establish the process for investigating discrepancies; and • Review the outcome of the external review of security/stocktake arrangements. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some risk identified and assess, several changes necessary. Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">Priority 2</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">Priority 3</td> <td style="text-align: center;">5</td> </tr> </table> <p><u>Management Response</u></p> <p>Management agreed to explore the potential to introduce drop down menus in the payment system to reduce the risk of incorrect input.</p> <p>A set of formal procedures will be produced to ensure all staff are carrying out the process in a consistent manner.</p> <p>All staff that prepare the daily cashing will be reminded to check cash levels on site.</p> <p>The written procedure for spoiled certificates will include details of the date of review, document owner and date of next review.</p>	Adequate	Priority 1	0	Priority 2	0	Priority 3	5
Adequate									
Priority 1	0								
Priority 2	0								
Priority 3	5								

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Resources	Council Tax 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 the council tax system.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <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 Council Tax system. However there is scope to further enhance controls by some targeted training, supported by procedure notes to ensure consistent application of rules and regulations.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 70%;">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;">6</td> </tr> </table> <p><u>Management Response</u></p> <p>Management agreed to prepare up to date documented procedures.</p> <p>It was agreed that quality checks would be undertaken as resource allows however previous checking has yielded no concerns.</p> <p>Teams will be reminded of the requirement to enter an end date for student exemptions, supported by targeted guidance and training.</p> <p>A scheme of delegation will be introduced to ensure appropriate levels of authorisation limits are in place should higher levels of refunds require authorisation.</p> <p>Regular authorisation of write-on balances will be undertaken.</p>	Adequate		Priority 1	0	Priority 2	0	Priority 3	6
Adequate										
Priority 1	0									
Priority 2	0									
Priority 3	6									

Progress with Priority 1 audit recommendations

A number of priority one recommendations have been completed in the quarter and these include:

- Public Health Outcomes x 1
- Extra Support Service x 1
- Coopers Way x 1
- Contract Management and Social Value x 1
- Water Self-Supply x 1

A number of priority one recommendations which were due in the quarter have had their deadline extended following discussion between the relevant Chief Officer and the Head of Audit and Risk and these include:

- ICT Security / Unstructured file stores x 1
- Community Engagement x 1
- Contract Management and Social Value x 1
- Water Self-Supply x 2

Blackpool Council: Risk Services

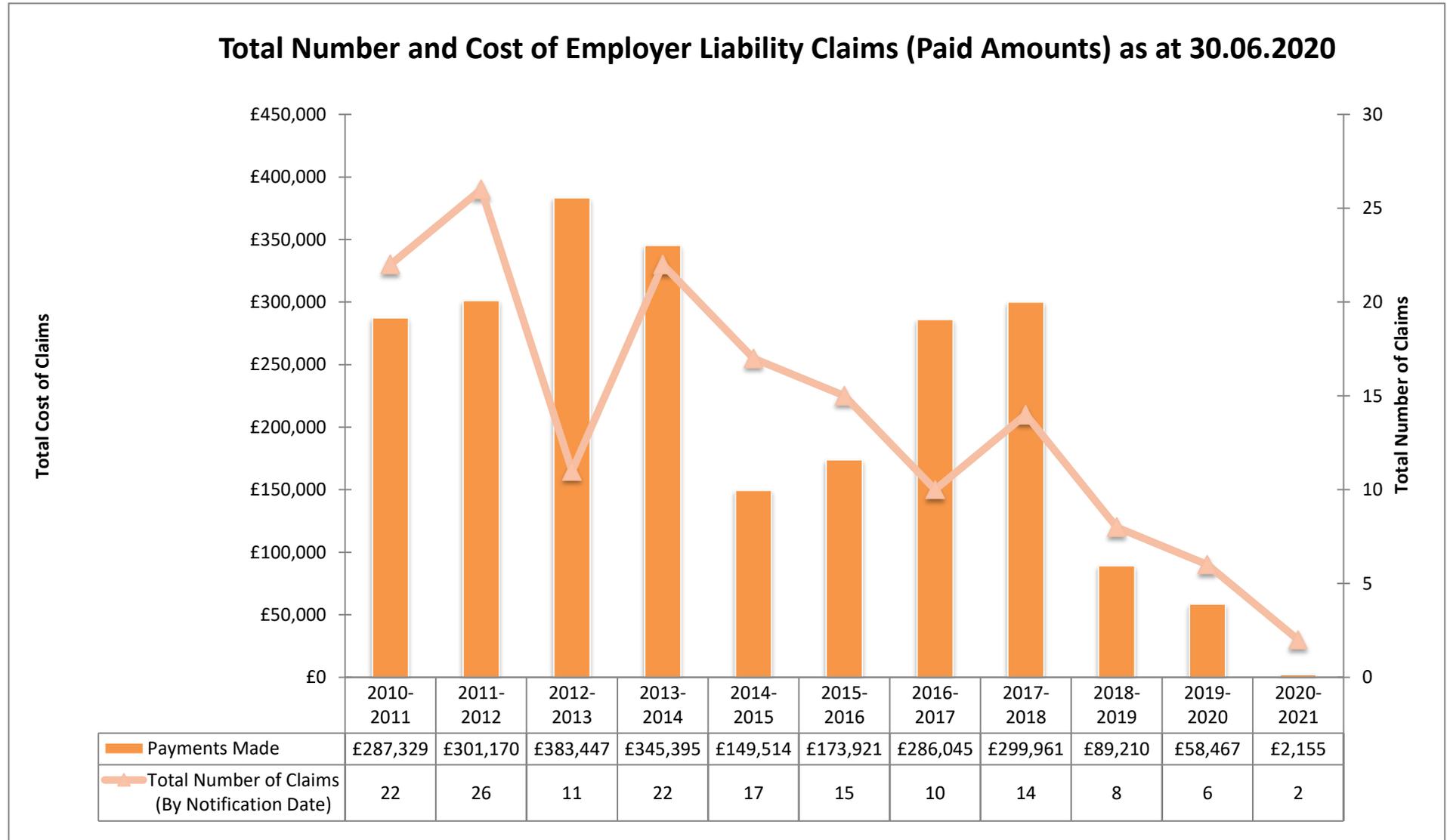
The Regulation of Investigatory Powers Act 2000

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 2020 the Council authorised no RIPA's.

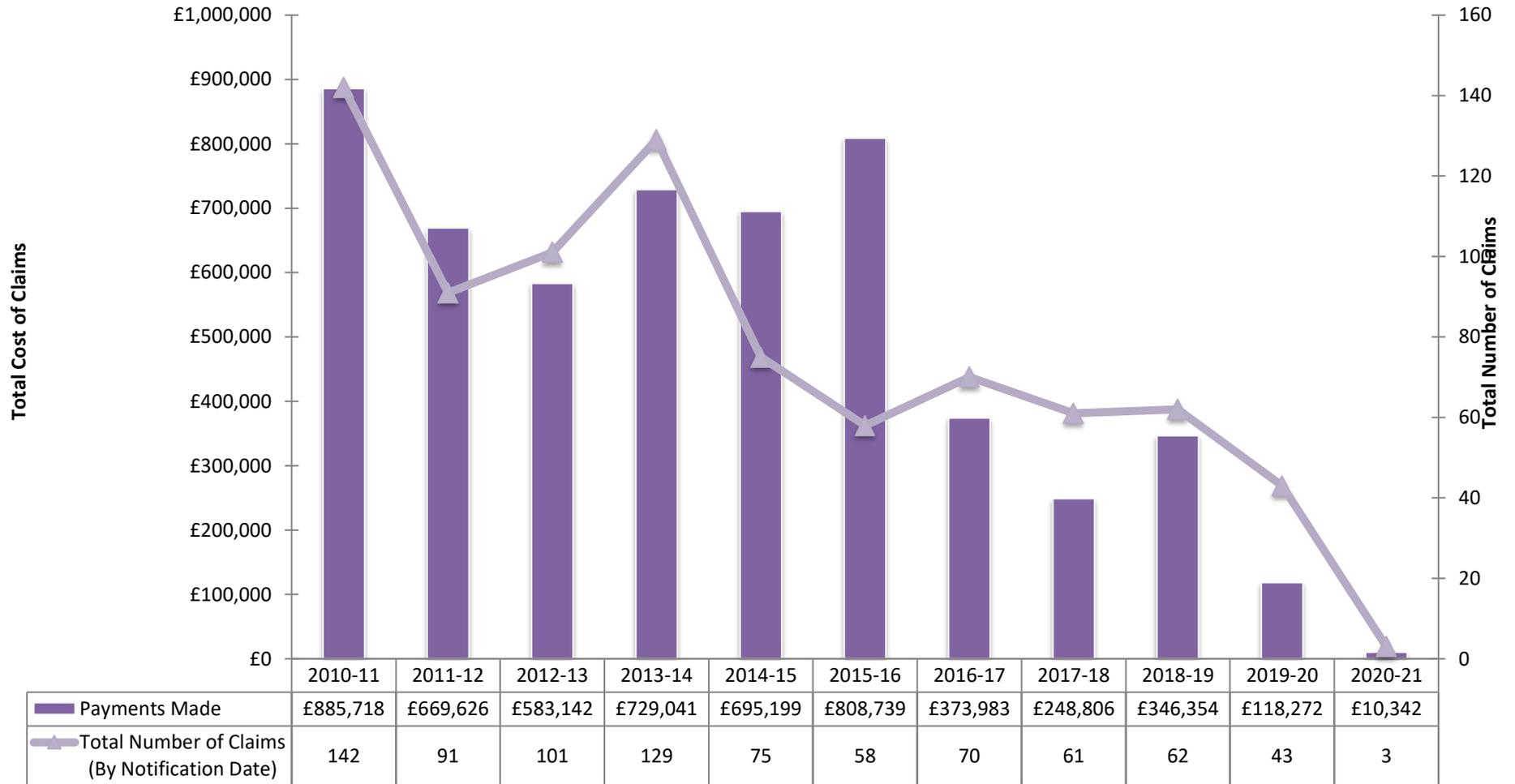
Insurance claims data

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

3. Appendix B – Insurance Claim Payments by Financial Year



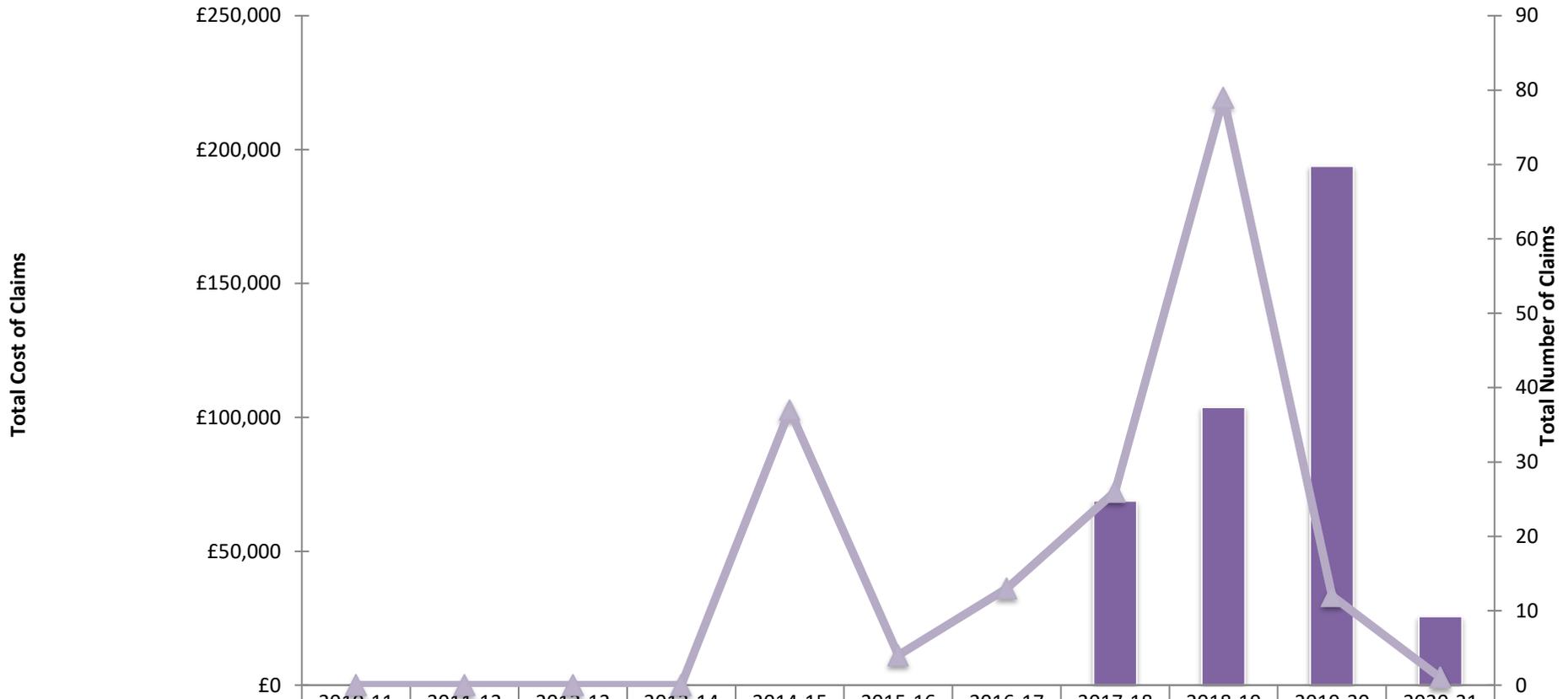
Total Number and Cost of Public Liability Claims (Paid) as at 30.06.2020



Total Number and Cost of Public Liability Highways Claims (Paid) as at 30.06.2020



Total Number and Cost of Sensitive Claims/Notifications (Paid) as at 30.06.2020



■ Payments Made	£0	£0	£0	£0	£0	£0	£0	£68,803	£103,722	£193,832	£25,598
▲ Total Number of Claims/Notifications (By Notification Date)	0	0	0	0	37	4	13	26	79	12	1

Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	24 September 2020

PUBLIC SECTOR INTERNAL AUDIT STANDARDS SELF-ASSESSMENT

1.0 Purpose of the report:

1.1 To consider the self-assessment of the internal audit team against the Public Sector Internal Audit Standards.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to consider the self-assessment of the internal audit team against the Public Sector Internal Audit Standards.

3.0 Reasons for recommendation(s):

3.1 Prior to undertaking the external assessment, a full self-assessment must be carried out and considered by senior managers and 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: Maximising growth and opportunity across Blackpool.

5.0 Background Information

5.1 The Public Sector Internal Audit Standards (PSIAS) require that an external assessment of an organisation's internal audit function is carried out once every five years by a qualified, independent assessor or assessment team. External assessments can be in the form of a full external assessment or a self-assessment with independent external validation.

In June/July 2019 the Corporate Leadership Team and the Audit Committee approved that Blackpool Council participate in the peer review process developed by the Lancashire Districts Chief Auditor Group (LDCAG) which will address the requirement of a self-

assessment with independent external validation.

In preparation for the external assessment the internal audit team have undertaken a self-assessment which needs to be considered by the Corporate Leadership Team and Audit Committee prior to the external validation exercise.

The Public Sector Internal Audit Standards (PSIAS) set out a range of criteria which must be met. The self-assessment has identified that the Council continues to conform to the vast majority of these requirements and has identified some best practice recommendations on how to make further improvements.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 7(a) - PSIAS Self-Assessment 2020

6.0 Legal considerations:

6.1 The Accounts and Audit (England) Regulations 2011 state that *'A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.'*

Section 151 of the Local Government Act 1972 states that every local authority in England and Wales should *'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'*. The Chartered Institute of Public Finance and Accountancy (CIPFA) has defined *'proper administration'* in that it should include *'compliance with the statutory requirements for accounting and internal audit'*.

7.0 Human Resources considerations:

7.1 The resources required for the implementation of the recommendations will be met from the existing resources in the internal audit team.

8.0 Equalities considerations:

8.1 None

9.0 Financial considerations:

9.1 The recommendations will be delivered in line with the previously approved internal audit budget.

10.0 Risk management considerations:

10.1 The self-assessment has identified that the internal audit service is effectively delivering a risk based audit service.

11.0 Ethical considerations:

11.1 None

12.0 Internal/ External Consultation undertaken:

12.1 None

13.0 Background papers:

13.1 None

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Questions to consider	Evidence / comments
1 Mission of Internal Audit	
<p>Based on your review of conformance with other requirements of the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), does the internal audit activity aspire to accomplish the Mission of Internal Audit as set out in the PSIAS?</p> <p><i>To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.</i></p>	<p>Conforms The mission statement of Internal Audit conforms to the PSIAS requirements and is set out in the Internal Audit Charter 2020 – 21.</p>
2 Definition of Internal Auditing	
<p>Based on your review of conformance with other requirements of the PSIAS and LGAN, is the internal audit activity independent and objective?</p>	<p>Conforms The approach to independence and objectivity is set out in the Internal Audit Charter 2020 – 21.</p>
<p>Based on your review of conformance with other requirements of the PSIAS and LGAN, does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?</p>	<p>Conforms The mission statement of Internal Audit conforms to the PSIAS requirements in this area and is set out in the Internal Audit Charter 2020 – 21. It is also included in audit scope and responsibilities section of the Audit Charter.</p> <p>This approach is confirmed in other evidence in this self-assessment including the areas of audit coverage in the Internal Audit Annual Plan 2020 -21.</p>
3 Core Principles	
<p>Demonstrates integrity. Having regard to your review of conformance with the Code of Ethics (Integrity, Seven Principles</p>	<p>Conforms The approach to integrity is set out in the Internal Audit Charter 2020 – 21, ethics and professionalism section.</p>

Questions to consider	Evidence / comments
<p>of Public Life), do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating integrity?</p>	<p>In addition, audit staff are required to comply with the Council's Code of Conduct for staff.</p>
<p>Demonstrates competence and due professional care. Having regard to your review of conformance with the Code of Ethics (Competence, Confidentiality, Seven Principles of Public Life) and any other evidence from the review of conformance with Standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating competence and due professional care?</p>	<p>Conforms The approach to demonstrating competence and due professional care is set out in the Quality Assurance Improvement Programme (QAIP) and through quality monitoring processes.</p>
<p>Is objective and free from undue influence (independent). Having regard to your review of conformance with the Code of Ethics (Objectivity, Seven Principles of Public Life) and any other evidence from the review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being objective and free from undue influence (independent)?</p>	<p>Conforms See above evidence, including in the Internal Audit Charter 2020 – 21, organisation section and independence and objectivity section.</p>
<p>Aligns with the strategies, objectives, and risks of the organisation. Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being aligned with the strategies, objectives, and risks of the organisation?</p>	<p>Conforms This is achieved through the Internal Audit planning process including linkage to the strategic risk register, prioritisation of the audit universe using a risk based methodology and discussion of the plan with directorate management teams.</p>
<p>Is appropriately positioned and adequately resourced. Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being appropriately positioned and adequately resourced?</p>	<p>Conforms The positioning of Audit is appropriate and is set out in the Internal Audit Charter 2020 – 21. Internal audit resourcing is set out in the internal audit annual plan. Resourcing has recently been reviewed and a new staffing structure</p>

Questions to consider	Evidence / comments
	has been implemented to ensure appropriate resources are in place to meet needs going forward.
<p>Demonstrates quality and continuous improvement.</p> <p>Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating quality and continuous improvement?</p>	<p>Conforms</p> <p>The approach to demonstrating quality and continuous improvement is set out in the Quality Assurance Improvement Programme and through quality monitoring, including through reporting on performance measures.</p> <p>The approach is also set out in the Internal Audit manual.</p>
<p>Communicates effectively.</p> <p>Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by communicating effectively?</p>	<p>Conforms</p> <p>A number of key communication mechanisms are in place including quarterly Risk Services reports and annual audit reporting to the Audit Committee and Corporate Leadership Team.</p>
<p>Provides risk-based assurance.</p> <p>Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by providing risk-based assurance, based on adequate risk assessment?</p>	<p>Conforms</p> <p>This is set out in the Internal Audit Manual which details the approach to risk based assurance.</p> <p>Risk based assessment is set out in the audit planning process including assignment planning and the use of Internal Control Evaluation forms identifying risks and controls for areas that are audited.</p>
<p>Is insightful, proactive, and future-focused.</p> <p>Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being insightful, proactive, and future-focused?</p>	<p>Conforms</p> <p>Proactivity and future focus is evidenced through the audit planning process, Head of Audit and Risk's involvement in advice roles in corporate initiatives and corporate risk management.</p>

Questions to consider	Evidence / comments
<p>Promotes organisational improvement.</p> <p>Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by promoting organisational improvement?</p>	<p>Conforms</p> <p>This is evidenced through the audit approach taken, confirmed by the QAIP including quality monitoring and Head of Audit and Risk reviews of audits undertaken.</p> <p>Also by promoting organisational improvement through audit advice and consultancy work.</p> <p>The Internal Audit Manual sets out the risk based approach taken.</p>
4 Code of Ethics	
<p>Integrity</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display integrity by:</p> <ul style="list-style-type: none"> • Performing their work with honesty, diligence and responsibility? • Observing the law and making disclosures expected by the law and the profession? • Not knowingly partaking in any illegal activity nor engaging in acts that are discreditable to the profession of internal auditing or to the organisation? • Respecting and contributing to the legitimate and ethical objectives of the organisation? 	<p>Conforms</p> <p>Quality monitoring procedures confirm that no issues have arisen in these areas.</p>
<p>Objectivity</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display objectivity by:</p> <ul style="list-style-type: none"> • Not taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? • Not accepting anything that may impair or be presumed to impair their professional 	<p>Conforms</p> <p>Quality monitoring procedures confirm that no issues have arisen in these areas.</p> <p>The approach to independence and objectivity is set out in the Internal Audit Charter 2020 – 21.</p>

Questions to consider	Evidence / comments
<p>judgement?</p> <ul style="list-style-type: none"> Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review? 	
<p>Confidentiality</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display due respect and care by:</p> <ul style="list-style-type: none"> Acting prudently when using information acquired in the course of their duties and protecting that information? Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation? 	<p>Conforms</p> <p>Quality monitoring procedures confirm that no issues have arisen in these areas.</p> <p>The approach to confidentiality is included in the Code of Ethics section of the Internal Audit Manual.</p>
<p>Competency</p> <p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display competence by:</p> <ul style="list-style-type: none"> Only carrying out services for which they have the necessary knowledge, skills and experience? Performing services in accordance with the PSIAS? Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes? 	<p>Conforms</p> <p>The approach to competency is set out in the Internal Audit Charter 2020 – 21 and compliance with standards is ensured through quality monitoring processes.</p> <p>Engagement planning ensures that auditors have the necessary skills for carrying out assignments that are allocated.</p> <p>Two members of the team are Chartered Internal Auditors and a further two hold the Association of Accounting Technician qualification. Three members of the team are undertaking professional studies.</p> <p>All staff are involved in regular Individual Performance Appraisal processes which identifies development needs for the coming year.</p>
<p>Seven Principles of Public Life</p>	<p>Conforms</p>

Questions to consider	Evidence / comments
<p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors, whether consciously or through conformance with organisational procedures and norms, have due regard to the Committee on Standards of Public Life's <i>Seven Principles of Public Life</i>?</p>	<p>The approach to integrity is set out in the Internal Audit Charter 2020 – 21, ethics and professionalism section.</p> <p>In addition, audit staff are required to comply with the Council's Code of Conduct for staff.</p>
<p>5 Attribute Standards</p>	
<p>5.1 1000 Purpose, Authority and Responsibility</p>	
<p>Does the internal audit charter conform with the PSIAS by including a formal definition of:</p> <ul style="list-style-type: none"> • the purpose • the authority, and • the responsibility <p>of the internal audit activity consistent with the Public Sector Internal Audit Standards (PSIAS)?</p>	<p>Conforms</p> <p>The Internal Audit Charter 2020/21 includes the relevant formal definitions consistent with the PSIAS.</p>
<p>Does the internal audit charter conform with the PSIAS by clearly and appropriately defining the terms 'board' and 'senior management' for the purposes of the internal audit activity?</p> <p>Note that it is expected that the audit committee will fulfil the role of the board in the majority of instances.</p>	<p>Conforms</p> <p>The Internal Audit Charter 2020 – 21 defines the board as being the Audit Committee and senior management as being the Corporate Leadership Team.</p>
<p>Does the internal audit charter also:</p> <ul style="list-style-type: none"> • Set out the internal audit activity's position within the organisation? • Establish the chief audit executive's (CAE) functional reporting relationship with the 	<p>Conforms</p> <p>The Internal Audit Charter 2020 - 21 sets out the relevant requirements consistent with the PSIAS.</p>

Questions to consider	Evidence / comments
<p>board?</p> <ul style="list-style-type: none"> • Establish the accountability, reporting line and relationship between the CAE and those to whom the CAE may report administratively? Where applicable, this will need to encompass shared service or external providers of internal audit, and the role of the contract manager. • Establish the responsibility of the board and also the role of the statutory officers (such as the CFO, the monitoring officer and the head of paid service) with regards to internal audit? • Establish internal audit's right of access to all records, assets, personnel and premises and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities? • Define the scope of internal audit activities? • Recognise that internal audit's remit extends to the entire control environment of the organisation? • Establish the organisational independence of internal audit? • Cover the arrangements for appropriate resourcing? • Define the role of internal audit in any fraud-related work? • Set out the existing arrangements within the organisation's anti-fraud and anti-corruption policies, requiring the CAE to be notified of all suspected or detected fraud, corruption or impropriety? • Include arrangements for avoiding conflicts of interest if internal audit or the CAE undertakes non-audit activities? • Define the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation? • Define the nature of consulting services? 	

Questions to consider	Evidence / comments
<ul style="list-style-type: none"> Recognise the mandatory nature of the PSIAS? 	
<p>Does the CAE periodically review the internal audit charter and present it to senior management and the board for approval?</p>	<p>Conforms The Internal Audit Charter is reviewed by the Head of Audit and Risk annually and presented to the Audit Committee and CLT for approval.</p>
5.2 1100 Independence and Objectivity	
<p>Does the CAE have direct and unrestricted access to senior management and the board? Does the CAE have free and unfettered access to, as well as communicate effectively with, the chief executive or equivalent and the chair of the audit committee?</p>	<p>Conforms The Head of Audit and Risk reports direct to the Section 151 Officer and has a dotted reporting line to the Chief Executive.</p> <p>The Head of Audit and Risk is a member of the Senior Leadership Team and is able to request an audience with the Corporate Leadership Team as required.</p> <p>The Head of Audit and Risk can also report direct to the Chair of the Audit Committee if necessary and works closely with the Council's Monitoring Officer.</p>
<p>Does the CAE attend audit committee meetings? Does the CAE contribute to audit committee agendas?</p>	<p>Conforms The Head of Audit and Risk attends all Audit Committee meetings. On the few occasions where they are not available, the Senior Auditor will deputise and attend.</p> <p>Democratic Governance draft a work programme for Audit Committee and the Head of Audit and Risk and Section 151 Officer are asked to review and amend this as appropriate.</p>

Questions to consider	Evidence / comments
	<p>Prior to a Committee meeting a draft agenda is sent to the Head of Audit and Risk for review and they have the ability to add to this when appropriate. The Head of Audit and Risk also meets with the Chair and Deputy Chair of the Committee four weeks before the actual meeting to discuss areas of concern and points which the Chair may wish to see on the agenda.</p>
<p>Are threats to objectivity identified and managed at the following levels:</p> <ul style="list-style-type: none"> • Individual auditor? • Engagement? • Functional? • Organisation? 	<p>Conforms The Internal Audit Manual as well as the Internal Audit Charter 2020 – 21 outline the processes for managing this.</p>

Questions to consider	Evidence / comments
1110 Organisational Independence	
<p>Does the CAE report to an organisational level equal or higher to the corporate management team?</p> <p>Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?</p>	<p>Conforms</p> <p>The Head of Audit and Risk is a Head of Service and part of the Senior Leadership Team. The Head of Audit and Risk reports directly to the Section 151 Officer, the Director of Resources, who is a member of the Corporate leadership Team.</p>
<p>Does the CAE's position in the management structure:</p> <ul style="list-style-type: none"> • Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? • Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management? 	<p>Conforms</p> <p>The Head of Audit and Risk is a Head of Service and part of the Senior Leadership Team. The Head of Audit and Risk reports directly to the Section 151 Officer, the Director of Resources, who is a member of the Corporate leadership Team.</p> <p>See above also in relation to Head of Audit and Risk's role with the Audit Committee.</p>
<p>Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent?</p>	<p>Conforms</p> <p>This is incorporated in the Internal Audit Charter 2020-21 which details arrangements for independence.</p>

Questions to consider	Evidence / comments
<p>Is the organisational independence of internal audit realised by functional reporting by the CAE to the board?</p> <p>The 'Interpretation' to PSIAS 1110 provides examples of factors which may indicate that the CAE reports functionally to the Board, which include where the board:</p> <ul style="list-style-type: none"> • approves the internal audit charter • approves the risk-based audit plan • approves the internal audit budget and resource plan • receives communications from the CAE on the activity's performance (in relation to the plan, for example) • approves decisions relating to the appointment and removal of the CAE • approves the remuneration of the CAE • seeks reassurance from management and the CAE as to whether there are any inappropriate scope or resource limitations. 	<p>Conforms</p> <p>There is extensive reporting to the Audit Committee including approving the internal audit charter, approving the internal audit plan and quarterly Risk Services reports including reporting on audit performance.</p> <p>The Chair of the Audit Committee has not been involved in the appointment of the Head of Audit and Risk and this is in line with the Councils HR procedures.</p> <p>The Individual Performance Appraisal process adopted by the Council is one in which the Director of Resources sets the objectives for and appraises the performance of the Head of Audit and Risk. The Director of Resources would be able to request input from the Chair of the Audit Committee if required.</p>
<p>1111 Direct Interaction with the Board</p>	
<p>Does the CAE communicate and interact directly with the board?</p>	<p>Conforms</p> <p>The Head of Audit and Risk attends Audit Committee meetings, is involved in the agenda setting process and reports regularly to the Committee. Minutes of the meetings which evidence interaction can be found on the Council's website.</p>
<p>1112 Chief Audit Executive Roles Beyond Internal Auditing</p>	
<p>Where the CAE has roles or responsibilities that fall outside of internal auditing, are adequate safeguards in place to limit impairments to independence or objectivity?</p>	<p>Conforms</p> <p>The Head of Audit and Risk is responsible for a number of other</p>

Questions to consider	Evidence / comments
Does the board periodically review these safeguards?	risk related functions across the Council. The safeguards around limiting independence in these areas are set out in the annual Internal Audit Charter.
<i>1120 Individual Objectivity</i>	
Do internal auditors have an impartial, unbiased attitude?	Conforms The Internal Audit Manual sets out the approach and compliance is confirmed by quality monitoring processes.
Do internal auditors avoid any conflict of interest, whether apparent or actual?	Conforms The Internal Audit Manual sets out the approach and compliance is confirmed by quality monitoring processes.
<i>1130 Impairment to Independence or Objectivity</i>	
If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties (depending on the nature of the impairment and the relationship between the CAE and senior management/the board as set out in the internal audit charter)?	Conforms This is assessed for each audit assignment and any concerns would be disclosed by the Head of Audit and Risk.

Questions to consider	Evidence / comments
Does review indicate that work allocations have operated so that internal auditors have not assessed specific operations for which they have been responsible within the previous year?	<p>Conforms</p> <p>The internal audit charter engagement planning section sets out the limitations for an auditor undertaking an audit of an area they have previously had operational involvement in – this is for a 3 year period.</p>
If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?	<p>Conforms</p> <p>The internal audit charter engagement planning section sets out the arrangements for auditing other areas which the Head of Audit and Risk has responsibility for. This is implemented in practice e.g. for audit reviews of Risk Management and Health and Safety which the Head of Audit and Risk also has responsibility for.</p>
Is the risk of over-familiarity or complacency managed effectively: for example by rotating assignments for ongoing assurance engagements and other audit responsibilities periodically within the internal audit team?	<p>Conforms</p> <p>This is done as far as possible over time and is managed by the Senior Auditors on an assignment by assignment basis. It is more difficult to ensure rotation with the size of the audit team and the need to ensure all audit resources are used efficiently.</p>
Have internal auditors declared interests in accordance with organisational requirements?	<p>Conforms</p> <p>All staff complete the online register of interest form at least annually (or more frequently if a change occurs in year).</p>
Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties (other than as may be allowed by the organisation's own policies), has this been declared and investigated fully?	<p>Conforms</p> <p>There have been no instances when auditors have done this. Any issues identified would be fully investigated. Staff are required to adhere to the Councils policy in relation to this.</p>
Does review indicate that no instances have been identified where an internal auditor has used information obtained during the course of duties for personal gain?	<p>Conforms</p> <p>No such incidents have been identified and therefore further investigation has not been required.</p>

Questions to consider	Evidence / comments
Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	Conforms This is addressed through quality monitoring processes including review of working paper files and of audit reports to ensure compliance.
If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting services engagement, was this disclosed to the engagement client before the engagement was accepted?	Conforms No issues such as these have been identified.
Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	Conforms If the consultancy assignment was significant then a change to the audit plan would be initiated which would be approved by the Section 151 Officer and reported to the Audit Committee.
5.3 1200 Proficiency and Due Professional Care	
<i>1210 Proficiency</i>	
Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent? Is the CAE suitably experienced?	Conforms The Head of Audit and Risk is CMIIA qualified and has a Master's degree in Audit Management and Consultancy and a Master's degree in Counter Fraud and Corruption. The Head of Audit and Risk has 20 years' experience in audit, including 5 years as Audit Manager and 7 years as Head of Audit and Risk.
Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes? Does the CAE ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills,	Conforms The Head of Audit and Risk is responsible for the recruitment of appropriate internal audit staff in accordance with Council HR processes. The audit team has gone through a restructure exercise in 2019, with updated job descriptions and person specifications

Questions to consider	Evidence / comments
experience and personal attributes?	developed.
<p>Having regard to the answers to the other questions in this section and other matters, does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?</p> <p>Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?</p>	<p>Conforms The Council's audit restructure undertaken ensures that it has the right, skills knowledge and competencies. The internal audit team has several highly experienced staff.</p>
<p>Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?</p>	<p>Conforms The internal audit team have an awareness of fraud. Internal audit staff complete the Council's I Pool training course on fraud awareness.</p> <p>The Council' Counter Fraud Team is also the responsibility of the Head of Audit and Risk. Therefore more specialist skills are available within the wider Audit and Risk Team if required.</p>
<p>Do internal auditors have sufficient knowledge of key information technology risks and controls?</p>	<p>Conforms Lack of in-house specialist ICT audit skills in a small audit team is a weakness that was previously identified in the Strategic Audit Plan. However, to bridge this gap there is an arrangement in place with local authority partners to call off the specialist ICT audit services of Mersey Internal Audit Agency if this is needed.</p>
<p>Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?</p>	<p>Conforms The team have access to IDEA file interrogation software and training on its use have been provided to some of the team.</p>

Questions to consider	Evidence / comments
<i>1220 Due Professional Care</i>	
<p>Do internal auditors exercise due professional care by considering the:</p> <ul style="list-style-type: none"> • Extent of work needed to achieve the engagement’s objectives? • Relative complexity, materiality or significance of matters to which assurance procedures are applied? • Adequacy and effectiveness of governance, risk management and control processes? • Probability of significant errors, fraud, or non-compliance? • Cost of assurance in relation to potential benefits? <p>In doing the above, internal auditors must also consider how technology-based audit and other data analysis techniques can provide assurance.</p>	<p>Conforms The internal audit manual sets out the process to ensure due professional care is applied to all engagements, confirmed by quality monitoring procedures in place.</p>
<p>Do internal auditors exercise due professional care during a consulting engagement by considering the:</p> <ul style="list-style-type: none"> • Needs and expectations of clients, including the nature, timing and communication of engagement results? • Relative complexity and extent of work needed to achieve the engagement’s objectives? • Cost of the consulting engagement in relation to potential benefits? 	<p>Conforms The internal audit manual sets out the process to ensure due professional care is applied to all engagements, confirmed by quality monitoring procedures in place.</p>

Questions to consider	Evidence / comments
1230 Continuing Professional Development	
<p>Has the CAE defined the skills and competencies for each level of auditor?</p> <p>Does the CAE periodically assess individual auditors against the predetermined skills and competencies?</p>	<p>Conforms Skills and competencies have been defined in the job descriptions and person specifications compiled as part of the audit restructure.</p> <p>Periodic assessment is through the regular Individual Performance Appraisal process.</p>
<p>Do internal auditors undertake a programme of continuing professional development?</p> <p>Do internal auditors maintain a record of their professional development and training activities?</p>	<p>Conforms A number of internal audit staff are undertaking professional studies.</p> <p>Auditors record their professional development and training activity information in the individual performance appraisal system.</p>
5.4 1300 Quality Assurance and Improvement Programme	
<p>Has the CAE developed a QAIP that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?</p> <p>Does the QAIP assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement?</p> <p>Does the CAE maintain the QAIP?</p> <p>Are any statutory requirements for review of the internal audit activity satisfied?</p>	<p>Conforms A QAIP covering all aspects of audit activity and enabling evaluation of PSIAS conformance is in place.</p> <p>The QAIP covers the efficiency and effectiveness of activity and identifies opportunities for improvement.</p> <p>The QAIP is maintained by the Senior Auditors and the Head of Audit and Risk.</p>

Questions to consider	Evidence / comments
<i>1310 Requirements of the Quality Assurance and Improvement Programme</i>	
Does the QAIP include both internal and external assessments?	Conforms Both types of assessment are covered in the QAIP.
<i>1311 Internal Assessments</i>	
Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	Conforms The Senior Auditors, in conjunction with the Head of Audit and Risk, are responsible for ensuring that members of the internal audit team are allocated work which is appropriate to them. Any issues or concerns are raised through the monthly one to one process.
Do internal assessments include ongoing monitoring of the internal audit activity, such as: <ul style="list-style-type: none"> • Routine quality monitoring processes? • Periodic assessments for evaluating conformance with the PSIAS? 	Conforms Internal assessments include both ongoing reviews and periodic reviews.
Does ongoing performance monitoring contribute to quality improvement through the effective use of performance targets? <ul style="list-style-type: none"> • Is there a set of comprehensive targets which between them encompass all significant internal audit activities? • Are the performance targets developed in consultation with appropriate parties and included in any service level agreement? • Does the CAE measure, monitor and report on progress against these targets? 	Conforms An agreed suite of performance indicators are in place covering significant activities. The key performance indicators and targets for the service are included in the Strategic Audit Plan which is agreed with the Corporate Leadership Team and Audit Committee. The agreed targets include:

Questions to consider	Evidence / comments
<ul style="list-style-type: none"> Does ongoing performance monitoring include obtaining stakeholder feedback? 	<p>% Audit Plan Completed % Audits Delivered in Resource % Audits Delivered by Deadline % Positive Customer Satisfaction % Compliance with Head of Audit and Risk quality review</p> <p>The targets for the above are reviewed each year and agreed with the Director of Resources. Progress against targets is monitored by and reported by the Head of Audit and Risk in quarterly reports to the Audit Committee and CLT.</p> <p>A customer satisfaction survey is issued at the end of each audit assignment and the results are reported to the Corporate Leadership Team and Audit Committee as part of the suite of internal audit PIs.</p>
<p>Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices?</p> <p>Sufficiency would require knowledge of the PSIAS and the wider guidance available such as the Local Government Application Note and/or IIA practice advisories, etc.</p>	<p>Conforms Internal and external assessments are considered. The last external assessment undertaken was in 2016. Internal reviews have been undertaken as part of the approach to service improvement.</p> <p>Benchmarking with other local authorities has also been undertaken to assess performance.</p>
<p>Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?</p>	<p>Conforms The Head of Audit and Risk review of activity against the risk based plan is part of the QAIP and performance indicators and quarterly Risk Services reporting to the Audit Committee and CLT.</p>

Questions to consider	Evidence / comments
1312 External Assessments	
<p>Has an external assessment been carried out, or is one planned to be carried out, at least once every five years?</p> <p>Has the CAE discussed the alternative approaches to external assessment with the board? This should reflect the relative costs of the different approaches, the potential advantages of an external viewpoint, and whether there are factors which might be considered to warrant a demonstrably independent assessment.</p>	<p>Conforms An external assessment was carried out in 2016 as part of the North West Chief Auditors Group peer review process.</p> <p>The Head of Audit and Risk has considered the options available and discussed the approach to external assessment with the Corporate Leadership Team in June 2019 and the Audit Committee in July 2019. The self-assessment plus independent validation by Lancashire Chief Auditor Group members is deemed to be the most appropriate approach and to be the best value for money.</p>

Questions to consider	Evidence / comments
<p>Has the CAE properly discussed the qualifications and independence of the assessor or assessment team with the board?</p> <p>In doing this, the CAE should consider whether the assessor or assessment team has demonstrated its competence in both the professional practice of internal auditing <i>and</i> the external assessment process. Competence can be demonstrated through both experience and theoretical learning. Experience of similar organisations or sectors is more valuable than less relevant experience. In the case of an assessment team, not all members need to have all the competencies – it is the team as a whole that is qualified.</p> <p>If the capability of the assessor or assessment team is not immediately obvious, the CAE should document how they used professional judgement to decide whether this is sufficient to carry out the external assessment.</p> <p>If the assessor or assessment team has any real or apparent conflicts of interest with the organisation, this should be clearly explained to the board, and safeguards should be put in place to minimise the effect of this on the conduct of the external assessment.</p> <p>Conflict of interest may include, but is not limited to, being a part of or under the control of the organisation to which the internal audit activity belongs.</p>	<p>Conforms</p> <p>The Council is participating in the Lancashire Chief Auditors Group peer review process where members have appropriate qualifications, independence and knowledge of local government to undertake the external assessment. Blackpool’s external assessment will take place in 2020 / 21.</p>
<p>Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?</p> <p>The CAE should also agree this scope with the external assessor or assessment team.</p>	<p>Conforms</p> <p>The independent validation of a self -assessment against the PSIAS was agreed at the Audit Committee meeting on 25th July 2019.</p> <p>The scope of the forthcoming external assessment will be agreed by the Head of Audit and Risk with the external assessment team.</p>

Questions to consider	Evidence / comments
1320 Reporting on the Quality Assurance and Improvement Programme	
<p>Has the CAE reported the results of the QAIP to senior management and the board?</p> <p>Note that:</p> <ul style="list-style-type: none"> the results of both external and periodic internal assessment must be communicated upon completion the results of ongoing monitoring must be communicated at least annually the results must include the assessor's or assessment team's evaluation with regards to the degree of the internal audit activity's conformance with the PSIAS. 	<p>Conforms</p> <p>The results of the QAIP ongoing performance monitoring are reported to the Audit Committee and CLT in quarterly Risk Services reports.</p> <p>The results of the external assessment against the PSIAS were reported to the Audit Committee and CLT.</p>
<p>Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?</p>	<p>Partially Conforms</p> <p>The results are included in the QAIP rather than annual report and both these documents are reviewed on an annual basis and reported to the Audit Committee at the same time.</p> <p>Recommendation: Reference to progress against the QAIP action plan will also be included in the Annual Report.</p>
1321 Use of 'Conforms with the International Standards for the Professional Practice of Internal Auditing'	
<p>Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?</p>	<p>Conforms</p> <p>QAIP results support conformance with PSIAS.</p>
1322 Disclosure of Non-conformance	
<p>Has the CAE reported any instances of non-conformance with the PSIAS to the board?</p>	<p>Conforms</p>

Questions to consider	Evidence / comments
	No instances of non –conformance have been identified.
If appropriate, has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	<p>Conforms</p> <p>The self-assessment against the PSIAS has not identified any significant deviations. However, should any be identified as part of the external review then these would be considered as part of the Annual Governance Statement.</p>
6 Performance Standards	
6.1 2000 Managing the Internal Audit Activity	
<i>2010 Planning</i>	
<p>Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation’s goals?</p> <p>Does the risk-based plan take into account the requirement to produce an annual internal audit opinion?</p> <p>Does the risk-based plan incorporate or is it linked to a strategic or high-level statement of:</p> <ul style="list-style-type: none"> • How the internal audit service will be delivered? • How the internal audit service will be developed in accordance with the internal audit charter? • How the internal audit service links to organisational objectives and priorities? 	<p>Conforms</p> <p>A risk based plan has been developed. This is achieved through the Internal Audit planning process including linkage to the strategic risk register, prioritisation of the audit universe using a risk based methodology and discussion of the plan with directorate management teams. The audit annual plan links to the strategic audit plan.</p>

Questions to consider	Evidence / comments
<p>Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?</p> <p>In developing the risk-based plan, has the CAE taken into account the organisation's risk management framework and relative risk maturity of the organisation?</p> <p>If such a risk management framework does not exist, has the CAE used their judgement of risks after input from senior management and the board and evidenced this?</p>	<p>Conforms</p> <p>Local and national issues and risks are considered in the internal audit risk based planning process which determines the content of the risk based plan.</p> <p>The Head of Audit and Risk is also responsible for the Council's risk management framework and overseeing the strategic risk register and therefore has a good insight into areas of specific concern.</p>
<p>Does the risk-based plan set out the:</p> <ul style="list-style-type: none"> • Audit work to be carried out? • Respective priorities of those pieces of audit work? • Estimated resources needed for the work? <p>Does the risk-based plan differentiate between audit and other types of work?</p> <p>Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation?</p>	<p>Partially Conforms</p> <p>The audit plan sets out the work to be done, resources and differentiates between types of work. Priorities were assessed as part of drawing up the audit plan but are not highlighted within it.</p> <p>If new risks emerge in year then the Head of Audit and Risk has the option to make a change to the plan and seeks approval for this from the Section 151 Officer and reports to the Audit Committee.</p> <p>Audit assignments are normally planned on a quarterly basis which helps ensure flexibility should risks change in the year.</p> <p>Recommendation: Consider including priorities for delivery of internal audit reviews in the internal audit plan.</p>
<p>Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary in response to changes in the organisation's business, risks, operations, programmes, systems and controls?</p>	<p>Conforms</p> <p>Any changes to the audit plan are reported to Audit Committee as part of the Risk Services Quarterly Report.</p>
<p>Is the internal audit activity's plan of engagements based on a documented risk assessment?</p>	<p>Conforms</p>

Questions to consider	Evidence / comments
Is the risk assessment used to develop the plan of engagements undertaken at least annually?	Internal audit planning includes an annual documented risk assessment of the audit universe.
<p>In developing the risk-based plan, has the CAE also given sufficient consideration to:</p> <ul style="list-style-type: none"> • Any declarations of interest (for the avoidance for conflicts of interest)? • The requirement to use specialists, eg IT or contract and procurement auditors? • Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? • The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion? 	<p>Conforms This is allowed for in the internal audit plan, including audit management time allocation.</p>
<p>In developing the risk-based plan, has the CAE consulted with senior management and the board to obtain an understanding of the organisation’s strategies, key business objectives, associated risks and risk management processes?</p> <p>Does the CAE identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinion and any other conclusions?</p>	<p>Conforms At an internal audit team audit planning meeting each member of the team is asked to give a presentation on what they feel that the key risks faced by the organisation are in the coming financial year. This is followed by a risk assessment against the audit universe.</p> <p>The Head of Audit and Risk then attends all Departmental Management Teams to obtain senior management input into key risks to be covered in the internal plan and has individual meetings with the Section 151 Officer and Chief Executive.</p> <p>This information is used to produce a full list of potential areas of coverage and then this is assessed by the Head of Audit and Risk and matched against available audit resource for the new financial year.</p>

Questions to consider	Evidence / comments
<p>Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?</p> <p>Are consulting engagements that have been accepted included in the risk-based plan?</p>	<p>Conforms</p> <p>The approach to consultancy, advice and support is outlined in the internal audit plan.</p> <p>Any consulting engagements that would be accepted would be included in the provision in internal audit plan. Contingency is built into the plan to enable these to be undertaken when appropriate to do so.</p>
<p><i>2020 Communication and Approval</i></p>	
<p>Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval?</p> <p>Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?</p>	<p>Conforms</p> <p>The internal audit plan is considered and approved by the Audit Committee and the CLT.</p> <p>Any changes to the plan or resource requirements would be reported in the Risk Services Quarterly Report which goes to the Corporate Leadership Team and Audit Committee.</p>
<p>Has the CAE communicated the impact of any resource limitations to senior management and the board?</p>	<p>Conforms</p> <p>Resource requirement are set out in the Audit Plan and any issues would be reported via the Risk Services Quarterly Report.</p>
<p><i>2030 Resource Management</i></p>	
<p>Does the risk-based plan explain how internal audit's resource requirements have been assessed?</p>	<p>Conforms</p> <p>The resource requirements are assessed through the internal audit planning process including an internal audit resource analysis and potential audits are prioritised for completion within the annual audit plan as either higher perceived risk or have not recently</p>

Questions to consider	Evidence / comments
	been subject to audit activity.
Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise disruption to the functions being audited, subject to the requirement to obtain sufficient assurance?	Conforms The timing of individual engagements is planned with management and an agreed client notification is issued.
<p>If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board?</p> <p>This may include an imbalance between the work plan and resource availability and/or other significant matters that jeopardise the delivery of the plan or require it to be changed.</p>	Conforms Any issues with delivering the plan would be reported via the Risk Services Quarterly Report.
<i>2040 Policies and Procedures</i>	
<p>Has the CAE developed and put into place policies and procedures to guide the internal audit activity?</p> <p>Examples include maintaining an audit manual and/or using electronic management systems to guide staff in performing their duties in a manner that conforms to the PSIAS.</p> <p>Are the policies and procedures regularly reviewed and updated to reflect changes in working practices and standards?</p>	Conforms This is incorporated into the internal audit manual which is reviewed and updated. Annual service improvement days are held which give the opportunity for policies and procedures to be reviewed.

Questions to consider	Evidence / comments
2050 Coordination	
<p>Does the risk-based plan include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources?</p> <p>The CAE should generally share information and coordinate activities with other internal and external providers of assurance and consulting services. They may also carry out an assurance mapping exercise, or make use of assurance mapping carried out by other assurance providers. They should also meet regularly with the nominated external audit representative to consult on and coordinate their respective audit plans.</p> <p>Where key organisational risks relate to work undertaken through partnerships, the auditor may be able to take assurance from work undertaken by others, or by obtaining assurance directly.</p>	<p>Partially Conforms</p> <p>This is discussed with senior managers when the Head of Audit and Risk attends Departmental Management Teams as part of the audit planning process and any external inspections may influence whether a review will be included on the audit annual plan e.g. Ofsted inspection results.</p> <p>Periodic meetings take place between the Head of Audit and Risk and the Council's external auditors and key findings shared as appropriate. Both parties also attend all Audit Committees.</p> <p>Recommendation: Further improve the documentation of other sources of assurance which are considered when preparing the internal audit plan.</p>
2060 Reporting to Senior Management and the Board	
<p>Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?</p> <p>Does the periodic reporting also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board?</p> <p>Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board?</p>	<p>Conforms</p> <p>This is done via the Risk Services Quarterly Report which is taken to the Corporate Leadership Team and Audit Committee and which includes risks and issues identified through internal audit work.</p> <p>If an urgent matter came to light this would be raised immediately by the Head of Audit and Risk rather than waiting for the formal quarterly reporting cycle.</p>

Questions to consider	Evidence / comments
<i>2070 External Service Provider and Organisational Responsibility for Internal Auditing</i>	
Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	Not applicable.
6.2 2100 Nature of Work	
<i>2110 Governance</i>	
<p>Does the internal audit activity assess and make appropriate recommendations to improve the organisation's governance processes for:</p> <ul style="list-style-type: none"> • Making strategic and operational decisions? • Overseeing risk management and control? • Promoting appropriate ethics and values within the organisation? • Ensuring effective organisational performance management and accountability? • Communicating risk and control information to appropriate areas of the organisation? • Coordinating the activities of and communicating information among the board, external and internal auditors and management? 	<p>Conforms This is built into the audit processes as defined in the internal audit manual.</p>
Has the internal audit activity evaluated the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities? This is an area where the CAE may be able to use other sources of assurance.	<p>Conforms The Head of Audit and Risk was part of the consultation process for the development of the Employees Code of Conduct. Periodic internal audits of culture take place. The Council also actively uses LGA Peer reviews which provide some level of assurance in these areas and the Head of Audit and Risk participates in these as</p>

Questions to consider	Evidence / comments
	<p>appropriate.</p> <p>In addition, the Head of Audit and Risk participates in the Good Governance Group which is chaired by the Council's Monitoring Officer.</p>
<p>Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives? This is an area where the CAE may be able to use other sources of assurance.</p>	<p>Conforms Information governance, ICT security and ICT software are subject to audit reviews. Information security also is covered on a system to system basis.</p>
<p><i>2120 Risk Management</i></p>	
<p>Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes by determining that:</p> <ul style="list-style-type: none"> • Organisational objectives support and align with the organisation's mission? • Significant risks are identified and assessed? • Appropriate risk responses are selected that align risks with the organisation's risk appetite? • Relevant risk information is captured and communicated in a timely manner across the organisation, thus enabling the staff, management and the board to carry out their responsibilities? 	<p>Conforms The Head of Audit and Risk is also responsible for setting the Council's Risk Management Framework and therefore is able to influence whether the Council is taking adequate steps to effectively manage risk.</p> <p>A recent audit of corporate risk management processes has taken place which found that the controls in place were good.</p> <p>Risk registers are looked at routinely as part of audit reviews to ensure that these are in place.</p>

Questions to consider	Evidence / comments
<p>Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems regarding the:</p> <ul style="list-style-type: none"> • Achievement of the organisation's strategic objectives? • Reliability and integrity of financial and operational information? • Effectiveness and efficiency of operations and programmes? • Safeguarding of assets? • Compliance with laws, regulations, policies, procedures and contracts? 	<p>Conforms This is built into the audit process as identified in the internal audit manual and the responsibility section of the internal audit charter.</p>
<p>Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?</p> <p>CIPFA has issued a <i>Code of Practice on Managing the Risk of Fraud and Corruption</i>, and strongly recommends that it is used as the basis for assessment of how an authority manages its fraud risk.</p>	<p>Conforms The potential for fraud is considered as part of the annual audit planning process.</p> <p>The Head of Audit and Risk oversees the counter fraud framework and there is a fraud prevention charter in place which is reviewed annually.</p>
<p>Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?</p> <p>Are internal auditors alert to other significant risks when undertaking consulting engagements?</p> <p>Do internal auditors incorporate knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes?</p>	<p>Conforms A consultancy engagement would only be accepted by the Head of Audit and Risk if it focused on risk and control issues.</p>

Questions to consider	Evidence / comments
Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	Conforms Any risks identified are reported through an internal audit report for action by the relevant service rather than the internal audit team.
<i>2130 Control</i>	
Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems regarding the: <ul style="list-style-type: none"> • Achievement of the organisation's strategic objectives? • Reliability and integrity of financial and operational information? • Effectiveness and efficiency of operations and programmes? • Safeguarding of assets? • Compliance with laws, regulations, policies, procedures and contracts? 	Conforms This is achieved through following the procedures outlined in the internal audit manual and using the suite of core audit documents.
Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	Conforms All members of the audit team feed control knowledge into the planning process, both annual audit planning and engagement planning through identifying ideas on risks and controls.

Questions to consider	Evidence / comments
6.3 2200 Engagement Planning	
<p>Do internal auditors develop and document a plan for each engagement?</p> <p>Does the engagement plan include the engagements:</p> <ul style="list-style-type: none"> • Objectives? • Scope? • Timing? • Resource allocations? 	<p>Conforms</p> <p>A client notification is issued for every assignment.</p>
<p>Do internal auditors consider the following in planning an engagement, and is this documented:</p> <ul style="list-style-type: none"> • The objectives of the activity being reviewed? • The means by which the activity controls its performance? • The significant risks to the activity being audited? • The activity's resources? • The activity's operations? • The means by which the potential impact of risk is kept to an acceptable level? • The adequacy and effectiveness of the activity's governance, risk management and control processes compared to a relevant framework or model? • The opportunities for making significant improvements to the activity's governance, risk management and control processes? 	<p>Conforms</p> <p>This is set out in the internal audit manual and through the completion of the client notification and internal control evaluation forms.</p>

Questions to consider	Evidence / comments
<p>Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party about the following:</p> <ul style="list-style-type: none"> • Objectives? • Scope? • The respective responsibilities and other expectations of the internal auditors and the outside party (including restrictions on distribution of the results of the engagement and access to engagement records)? 	<p>Conforms This would be no different to undertaking an internal assignment and a client notification would be issued including this information.</p> <p>Client notifications are used for assignments undertaken by the internal audit team with the Council's wholly owned companies.</p>
<p>For consulting engagements, have internal auditors established an understanding with the engagement clients about the following:</p> <ul style="list-style-type: none"> • Objectives? • Scope? • The respective responsibilities of the internal auditors and the client and other client expectations? <p>For significant consulting engagements, has this understanding been documented?</p>	<p>Conforms This would be discussed and agreed on an assignment by assignment basis and a client notification issued as appropriate.</p>

Questions to consider	Evidence / comments
2210 Engagement Objectives	
<p>Have objectives been agreed for each engagement?</p> <p>Have internal auditors carried out a preliminary risk assessment of the activity under review?</p> <p>Do the engagement objectives reflect the results of the preliminary risk assessment that has been carried out?</p> <p>Have internal auditors considered the probability of the following when developing the engagement objectives:</p> <ul style="list-style-type: none"> • Significant errors? • Fraud? • Non-compliance? • Any other risks? 	<p>Conforms</p> <p>Objectives are agreed with the client at the scoping meeting and then formalised in a client notification.</p>
<p>Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether organisational objectives and goals have been accomplished?</p>	<p>Conforms</p> <p>Internal audit undertake periodic reviews of performance management across the Council.</p> <p>The need for review of performance management is identified as part of the annual audit planning risk assessment process.</p>
<p>If the criteria has been deemed adequate, have the internal auditors used the criteria in their evaluation of governance, risk management and controls?</p>	<p>Conforms</p> <p>Performance management is an area which is picked up as a standard control in audit assignments.</p>
<p>If the criteria has been deemed inadequate, have the internal auditors worked with management and/or the board to develop appropriate evaluation criteria?</p>	<p>Conforms</p> <p>Such issues would be reported in an audit review of performance management and agreement to the recommendations would be</p>

Questions to consider	Evidence / comments
	obtained from senior management.
If the value for money criteria has been referred to, has the use of all the organisation's main types of resources been considered, including money, people and assets?	Conforms Value is one of the control objectives used in all audit reviews.
Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client? Are the objectives set for consulting engagements consistent with the organisation's own values, strategies and objectives?	Conforms This would be agreed on a case by case basis with the client for each consultancy assignment. The Head of Audit and Risk would make an assessment based on the request for consultancy engagement to determine whether it was consistent with the Council's objectives. If not, the assignment would not be accepted.
2220 Engagement Scope	
Is the scope that is established for each engagement generally sufficient to satisfy the engagement's objectives? Does the scope for each engagement include consideration of relevant systems, records, personnel and physical properties? Does this consideration include areas under the control of outside parties, where appropriate?	Conforms The precise scope would be confirmed in the client notification, once agreed with the customer at a scoping meeting.
Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up? Where significant consulting opportunities have arisen during an assurance engagement, were the results of the subsequent engagement communicated in accordance with the relevant consulting standards?	Conforms This would be agreed on a case by case basis dependent on the nature of the consulting assignment and reflected in the client notification.

Questions to consider	Evidence / comments
<p>For each consulting engagement, was the scope of the engagement generally sufficient to address any agreed-upon objectives?</p> <p>If the internal auditors developed any reservations about the scope of a consulting engagement while undertaking that engagement, did they discuss those reservations with the client and therefore determine whether or not to continue with the engagement?</p> <p>During consulting engagements, did internal auditors address the controls that are consistent with the objectives of those engagements?</p> <p>During consulting engagements, were internal auditors alert to any significant control issues?</p>	<p>Conforms This would be agreed with the client at the scoping meeting and reflected in the client notification.</p> <p>Any concerns would be flagged with the Head of Audit and Risk / Senior Auditor who would raise this with the client.</p> <p>Prior to the issue of consultancy advice this would be reviewed by the Senior Auditor / Head of Audit and Risk. This review process ensures that the controls have been sufficiently addressed.</p> <p>Internal auditors are mindful of control issues and if a matter was significant enough this would be reported to the Head of Audit and Risk / Senior Auditor.</p>
<p>2230 Engagement Resource Allocation</p>	
<p>Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of each engagement based on:</p> <ol style="list-style-type: none"> The nature and complexity of the individual engagement? Any time constraints? The resources available? 	<p>Conforms An estimated resource is included in the internal audit plan at the outset of each financial year. These timescales are usually adhered to unless there is a reason to amend.</p> <p>Any requirement for increased resource will be considered by the Head of Audit and Risk once an issue has been flagged by the auditor.</p> <p>If the allocated number of days are not required then the auditor</p>

Questions to consider	Evidence / comments
	has the flexibility to deliver under planned resource as long as the objectives of the scope have been met, which is confirmed by management review of working papers and reports.
2240 Engagement Work Programme	
<p>Have internal auditors developed and documented work programmes that achieve the engagement objectives?</p> <p>Do the engagement work programmes include procedures for:</p> <ul style="list-style-type: none"> • Identifying information? • Analysing information? • Evaluating information? • Documenting information? <p>Were work programmes approved prior to implementation for each engagement?</p> <p>Were any adjustments required to work programmes approved promptly?</p>	<p>Conforms</p> <p>The approach to work programmes is set out in the internal audit manual and involves the completion of core audit documents. There are standard financial control assurance testing templates in place.</p> <p>The work programme / internal control evaluation template and test schedules are approved by the Senior Auditor.</p> <p>Any adjustments would be approved by the Senior Auditor and if necessary and significant by the Head of Audit and Risk as required.</p>
6.4 2300 Performing the Engagement	
2310 Identifying Information	
Do internal auditors generally identify (sufficient, reliable, relevant and useful) information which supports engagement results and conclusions?	<p>Conforms</p> <p>This is achieved through the completion of the core audit documents in line with the requirements of the internal audit manual. This is confirmed as part of the audit management review process.</p>

Questions to consider	Evidence / comments
2320 Analysis and Evaluation	
Have internal auditors generally based their conclusions and engagement results on appropriate analyses and evaluations?	<p>Conforms</p> <p>This is achieved through the completion of the core audit documents in line with the requirements of the internal audit manual. This is confirmed as part of the audit management review process.</p>
<p>Have internal auditors generally remained alert to the possibility of the following when performing their individual audits, and has this been documented:</p> <ul style="list-style-type: none"> • Intentional wrongdoing? • Errors and omissions? • Poor value for money? • Failure to comply with management policy? • Conflicts of interest? 	<p>Conforms</p> <p>As part of each assignment the auditor needs to complete an internal control evaluation form which lists all relevant risks, expected controls, actual controls and then an evaluation of the outcome. As part of this the template includes a number of specific risks which should be considered during audits.</p>
2330 Documenting Information	
<p>Have internal auditors documented the relevant information required to support engagement conclusions and results?</p> <p>Are working papers sufficiently complete and detailed to enable another experienced internal auditor with no previous connection with the audit to ascertain what work was performed, to re-perform it if necessary and to support the conclusions reached?</p>	<p>Conforms</p> <p>The relevant information is recorded on the suite of core documents as defined in the internal audit manual.</p> <p>There is documented review of working papers by the Senior Auditor to ensure that working papers are sufficiently complete and detailed.</p>

Questions to consider	Evidence / comments
<p>Does the CAE control access to engagement records?</p> <p>Has the CAE obtained the approval of senior management and/or legal counsel as appropriate before releasing such records to external parties?</p> <p>Has the CAE developed and implemented retention requirements for all types of engagement records?</p>	<p>Conforms Access to engagement records is controlled by the Head of Audit and Risk.</p> <p>The retention policy is set out in the internal audit manual and is consistent with relevant guidelines.</p>
<p>Are the retention requirements for engagement records consistent with the organisation's own guidelines as well as any relevant regulatory or other requirements?</p>	<p>Conforms Retention requirements for internal audit are included in the Council's overall retention schedule.</p>
2340 Engagement Supervision	
<p>Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?</p> <p>Is appropriate evidence of supervision documented and retained for each engagement?</p>	<p>Conforms The Senior Auditor attends the scoping meeting with the auditor to ensure a shared knowledge of the objectives of the assignment.</p> <p>A management review process is built in through the assignments to ensure that adequate supervision arrangements are in place.</p>

Questions to consider	Evidence / comments
6.5 2400 Communicating Results	
2410 Criteria for Communicating	
<p>Do the communications of engagement results include the following:</p> <ul style="list-style-type: none"> • The engagement’s objectives? • The scope of the engagement? • Applicable conclusions? • Recommendations and action plans, if appropriate? 	<p>Conforms</p> <p>Communication of engagement results include these areas in draft and final reports issued by the Head of Audit and Risk. Standard report templates are used which ensure that the scope of the audit, executive summary, assurance statement, findings and recommendations and action plan are completed for each review.</p>
<p>Do internal auditors generally discuss the contents of the draft final reports with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?</p>	<p>Conforms</p> <p>The auditor and Senior Auditor attend the close-out meeting to discuss draft reports and recommendations and to agree the action plan for the final report.</p>
<p>If recommendations and an action plan have been included, are recommendations prioritised according to risk?</p> <p>If recommendations and an action plan have been included, does the communication also state agreements already reached with management, together with appropriate timescales?</p> <p>If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?</p>	<p>Conforms</p> <p>All recommendations are graded with a priority one being high risk, priority two medium risk and priority three low risk / best practice.</p> <p>The agreed action plan is included in the final report and incorporates timescales and responsible officers.</p> <p>Areas of disagreement which cannot be resolved happen very rarely as agreement is reached through negotiation. If a recommendation could not be agreed then it would be recorded as ‘Not Agreed’ in the action plan and included in the final audit report which goes to the Section 151 Officer. Such information</p>

Questions to consider	Evidence / comments
	would also be reported to the Corporate Leadership Team and Audit Committee as part of the Risk Services Quarterly Report.
<p>Subject to confidentiality requirements and other limitations on reporting, do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice?</p> <p>When an opinion or conclusion is issued, are the expectations of senior management, the board and other stakeholders taken into account?</p>	<p>Conforms Auditors are expected to disclose material facts in the report and this is checked by the Senior Auditor when reviewing the fieldwork.</p> <p>On rare occasions, the Section 151 Officer may deem it to not be appropriate for a report to go in the public domain via Audit Committee due to the confidentiality of the information. Where this is the case the Monitoring Officer and Chair of Audit Committee are notified and briefed as to the reasons why this decision has been taken.</p> <p>If fraud had been identified as part of the audit this would be referred to the Head of Audit and Risk who would reallocate the element of the work to the Corporate Fraud Team for further investigation (criminal, civil or disciplinary as appropriate).</p>
<p>Opinions should be supported by sufficient, reliable, relevant and useful information (in line with responses to questions for PSIAS 2300).</p> <p>Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?</p>	<p>Conforms This is achieved through the internal auditors and audit management complying with the requirements of the Audit Manual, confirmed by audit management review.</p> <p>If identified good practice is included in the audit reports and the assurance statements allow for 'good' to be stated as the overall conclusion for an assignment.</p>
<p>When engagement results have been released to parties outside of the organisation, does the</p>	<p>Conforms</p>

Questions to consider	Evidence / comments
communication include limitations on the distribution and use of the results?	Only the Head of Audit and Risk has the authority to release reports with the approval of the relevant Director or Section 151 Officer.
Where the CAE has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, have the risks of doing so been managed effectively, having regard to the CAE's primary responsibility to the management of the organisation for which they are engaged to provide internal audit services?	<p>Conforms</p> <p>When undertaking reviews of partnership arrangements these are done on behalf of the Council and a scope is set which ensure that the audit focuses on the Council's interests.</p> <p>Internal audit provides a service to the Council's wholly owned companies and the Council's annual audit plan and agreed audit plans with the companies ensures that risks to the Council's core audit service are managed effectively.</p>

Questions to consider	Evidence / comments
<i>2420 Quality of Communications</i>	
<p>Are internal audit communications generally accurate, objective, clear, concise, constructive, complete and timely?</p>	<p>Conforms All fieldwork is reviewed by the Senior Auditor and the draft report is reviewed by the Head of Audit and Risk to ensure the relevant requirements are met.</p> <p>A draft report deadline is agreed with the client at the outset of the assignment. The auditor then plans their work to ensure that the deadline is achieved. Performance against deadline is one of the PIs agreed as part of the strategic audit plan and performance is reported each quarter to the senior management team and Audit Committee</p> <p>Reports are initially issued as draft and a meeting held with the service to agree the findings and recommendations before the final report is issued.</p>
<i>2421 Errors and Omissions</i>	
<p>If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?</p>	<p>Conforms The factual accuracy of the report is dealt with at draft report stage where a close-out meeting is held with the client to agree the findings and recommendations.</p> <p>On the rare occasion where any further errors are identified in the final report the client would contact the Head of Audit and Risk who would make an assessment on whether change was necessary and if so amend the final report and recirculate to all recipients.</p>

Questions to consider	Evidence / comments
2430 Use of 'Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing'	
Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	Conforms Conformance is reported to senior management and the Audit Committee on an annual basis on the basis of results from the QAIP.
2431 Engagement Disclosure of Non-conformance	
Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: <ul style="list-style-type: none"> • The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved? • The reason(s) for non-conformance? • The impact of non-conformance on the engagement and the engagement results? 	Conforms Any non - conformance impacting on a specific engagement would be disclosed.

Questions to consider	Evidence / comments
<i>2440 Disseminating Results</i>	
Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	<p>Conforms Reporting lines are agreed with the client at the assignment scoping meeting. This will usually be at draft report stage the relevant Director, Head of Service and any service manager the Director also wants including. The final report will go to all of the above and the Director of Resources (Section 151 Officer). The assurance statement from each piece of work will be reported to Audit Committee.</p> <p>Should any other officer require a copy of the report a request must be made to the Head of Audit and Risk who will then either seek approval from the Section 151 Officer or relevant Director requesting authorisation to release the report. The exception to this is external audit who are able to have a copy of audit reports as required.</p>
Has the CAE communicated engagement results to all appropriate parties?	<p>Conforms After a draft report close out meeting has been held and the final report prepared this is reviewed by the Head of Audit and Risk and reported in line with the circulation of audit report arrangements.</p>
<p>Before releasing engagement results to parties outside the organisation, did the CAE:</p> <ul style="list-style-type: none"> • Assess the potential risk to the organisation? • Consult with senior management and/or legal counsel as appropriate? • Control dissemination by restricting the use of the results? 	<p>Conforms Engagement results are only released outside the organisation to external audit.</p>
Where any significant governance, risk management and control issues were identified during	<p>Conforms</p>

Questions to consider	Evidence / comments
consulting engagements, were these communicated to senior management and the board?	When undertaking a consultancy engagement the results of this would be reported to the service commissioning the work. However, if serious issues were identified then the Head of Audit and Risk would flag these with the Section 151 Officer and if necessary instigate a change to the audit plan so that the issues can be looked at in more detail.
2450 Overall Opinion	
<p>Has the CAE delivered an annual internal audit opinion?</p> <p>Does the annual internal audit opinion conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control?</p> <p>Does the annual internal audit opinion take into account the expectations of senior management, the board and other stakeholders?</p> <p>Is the annual internal audit opinion supported by sufficient, reliable, relevant and useful information (having regard to the answers to questions on PSIAS 2300)?</p>	<p>Conforms</p> <p>This is reported in the annual audit report and opinion which is reported to the Corporate Leadership Team and Audit Committee.</p>
<p>Does the communication identify the following:</p> <ul style="list-style-type: none"> • The scope of the opinion, including the time period to which the opinion relates? • Any scope limitations? • The consideration of all related projects including the reliance on other assurance? • The risk or control framework or other criteria used as a basis for the overall opinion? <p>Where a qualified or unfavourable annual internal audit opinion is given, are the reasons for that opinion stated? Has the CAE delivered an annual report that can be used by the organisation to inform its governance statement?</p>	<p>Conforms</p> <p>The annual audit report and opinion meets these requirements.</p>

Questions to consider	Evidence / comments
<p>Does the annual report incorporate the following:</p> <ul style="list-style-type: none"> • The annual internal audit opinion? • A summary of the work that supports the opinion? • A disclosure of any qualifications to the opinion? • The reasons for any qualifications to the opinion? • A disclosure of any impairments or restriction in scope? • A comparison or work actually carried out with the work planned? • A statement on conformance with the PSIAS? • The results of the QAIP? • Progress against any improvement plans resulting from the QAIP? • A summary of the performance of the internal audit activity against its performance measures and targets? <p>Any other issues that the CAE judges is relevant to the preparation of the governance statement?</p>	<p>Partially Conforms The annual audit report and opinion complies with some of the requirements.</p> <p>Recommendation: Consider inserting in the annual audit report and opinion a statement on conformance with PSIAS, information on QAIP and improvement plans and summary of performance against audit PI's.</p>
6.6 2500 Monitoring Progress	

Questions to consider	Evidence / comments
<p>Where issues have arisen during the follow-up process (for example, where agreed actions have not been implemented), has the CAE considered revising the internal audit opinion?</p> <p>Do the results of monitoring management actions inform the risk-based planning of future audit work?</p>	<p>Conforms</p> <p>The Head of Audit and Risk will follow-up all priority one (high risk) recommendations to ensure that they have been implemented.</p> <p>On issue of a final report the Head of Audit and Risk will record all priority one recommendations on the follow-up database. This is then checked on a quarterly basis to determine when follow-ups are due. An e-mail is sent to the Head of Service and Director who is responsible for the implementation of the recommendation and they are asked to produce evidence which will be followed up by an audit visit where necessary.</p> <p>Results of progress are reported at summary level to the Audit Committee each quarter and in detail to the Corporate Leadership Team.</p> <p>The results of monitoring management actions are considered in the annual risk based audit planning process, as part of the review of the audit universe.</p> <p>In addition to the process in place within the internal audit team the Audit Committee select a sample of internal audit reports and ask for an update in relation to all recommendations to be presented to the Committee.</p>
<p>Does the internal audit activity monitor the results of consulting engagements as agreed with the client?</p>	<p>Conforms</p> <p>This is agreed on a case by case basis with service management.</p>

Questions to consider	Evidence / comments
6.7 2600 Communicating the Acceptance of Risks	
<p>If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?</p> <p>If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?</p>	<p>Conforms</p> <p>If agreement could not be reached then this would be recorded in the internal audit report. This would then be taken to the Corporate Leadership Team and Audit Committee as part of the Risk Services Quarterly Report.</p> <p>This had not happened in recent years and usually agreement is reached with senior management through negotiations prior to reaching the escalation stage.</p>