

# Public Document Pack

# Blackpool Council

7 June 2023

To: Councillors Cartmell, Fenlon, Humphreys, Marshall, Roberts, Thomas and Warne

Mr David Swift, Independent Co-Opted Member

The above members are requested to attend the:

## **AUDIT COMMITTEE**

Thursday, 15 June 2023 at 6.00 pm  
in Committee Room A, Town Hall, Blackpool

## **A G E N D A**

### **1 DECLARATIONS OF INTEREST**

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

(1) the type of interest concerned either a

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

and

(2) the nature of the interest concerned

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

### **2 MINUTES OF THE LAST MEETING HELD ON 2 MARCH 2023** (Pages 1 - 6)

To agree the minutes of the last meeting of the Audit Committee held on 2 March 2023 as a true and correct record.

### **3 STRATEGIC RISK REGISTER DEEP DIVE - TECHNOLOGY** (Pages 7 - 16)

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

**4 RISK SERVICES QUARTER FOUR REPORT** (Pages 17 - 44)

To provide the Audit Committee with a summary of the work completed by Risk Services in quarter four of the 2022/23 financial year.

**5 ANNUAL AUDIT OPINION 2022/2023** (Pages 45 - 58)

This report sets out the individual and collective outcomes of the audit reviews undertaken in the year ended 31st March 2023. It also provides an audit opinion on the control environment based on this audit work.

**6 ANNUAL GOVERNANCE STATEMENT 2022/2023** (Pages 59 - 98)

The purpose of this report is to provide Audit Committee with the opportunity to review and approve the Annual Governance Statement for 2022/23.

**7 EXTERNAL AUDIT UPDATE**

To receive a verbal update on progress to sign-off the annual statement of accounts from the External Auditor, Deloitte.

**8 INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2023/24**  
(Pages 99 - 112)

A requirement of the Public Sector Internal Audit Standards is that a Quality Assurance and Improvement Programme is implemented for the internal audit team and approved by senior management and the Audit Committee.

**9 AUDIT ACADEMY TRAINING PROGRAMME 2023/24** (Pages 113 - 116)

To set out the modular training programme for the Audit Committee during the 2023/24 Municipal Year.

**10 AUDIT COMMITTEE ACTION TRACKER** (Pages 117 - 118)

To consider the Committee's updated Action Tracker.

**11 DATE OF NEXT MEETING**

To note the date and time of the next meeting of the Committee as 27 July 2023, commencing at 6.00pm.

**Venue information:**

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

**Other information:**

For queries regarding this agenda please contact John Greenbank, Democratic Governance Senior Adviser, Tel: 01253 477229, e-mail [john.greenbank@blackpool.gov.uk](mailto:john.greenbank@blackpool.gov.uk)

Copies of agendas and minutes of Council and committee meetings are available on the Council's website at [www.blackpool.gov.uk](http://www.blackpool.gov.uk).

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### **Present:**

Councillor Galley (in the Chair)

Councillors

Burdess

Critchley

R Scott

Wright

Mr David Swift, Independent Co-opted Member

### **In Attendance:**

Councillor Maxine Callow, Chair of the Scrutiny Leadership Board

Steve Thompson, Director of Resources

Alan Cavill, Director of Communications and Regeneration

Tracy Greenhalgh, Head of Audit and Risk

Philip Welsh, Head of Tourism and Communications

John Greenbank, Democratic Governance Senior Adviser (Scrutiny)

### **1 DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

### **2 MINUTES OF THE LAST MEETING HELD ON 19 JANUARY 2023**

**Resolved:** That the minutes of the meeting held on 19 January 2023 be signed by the Chair as a true and correct record.

### **3 INTERNAL AUDIT FOLLOW UP - COMMUNICATIONS**

Mr Philip Welsh, Head of Tourism and Communications, presented a report on progress made against the recommendations in the internal audit report of Communications. He informed the Committee that significant progress had been made in the previous year following the lifting of Covid restrictions. The end of the pandemic had allowed Communications to 'reset' its approach and how the team would support the Council's corporate priorities going forward.

Significant support for Public Health, fostering and economic regeneration projects had been provided and aimed to improve public understanding of the work being undertaken in these areas.

Communications had adopted a "One Council" approach to messaging to ensure consistency across services' communications. However flexibility in the approach had been maintained to ensure that communications could be matched to the issue being publicised. This

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 2 MARCH 2023

recognised that different services had differing aims in their communications while ensuring that Council messaging was consistent.

The Committee noted that a “corporate” voice was not always appropriate for some Council communications and Mr Welsh explained that the “One Council” approach was flexible enough to allow the tailoring of messaging to the needs of a service. This had been demonstrated in communications work with the Tourism team. Challenges in this messaging had included the need to speak to both a resident and tourist audience, but Mr Welsh informed Members that the work had generated a number of successful communications as part of Tourism supported events.

Where possible Communications had also sought to take a proactive approach to ensure that the Council maintained control of messaging to residents. However, the Committee noted that there were circumstances where a quick reaction would be needed and Mr Welsh provided assurance that Communications could react quickly if required. He added however that the speed of a response would depend on the issue in question.

Mr Welsh also reported that a Communications Workplan had been developed, with the flexibility to respond to unforeseen events. A weekly update on communications work was provided to the Council’s Corporate Leadership Team to ensure that senior officers were aware of communication work taking place and planned.

The Committee thanked Mr Welsh for the update on progress and asked that details of progress in developing Communications be provided to the Tourism, Economy and Communities Scrutiny Committee as part of its next tourism update.

**Resolved:** That the progress against the recommendations made in the Internal Audit of Communications be noted.

### 4 RISK SERVICES QUARTER THREE REPORT

Ms Tracy Greenhalgh, Head of Audit and Risk, provided an update on the work completed by Risk Services in quarter three of the 2022/23 financial year.

In respect of Service Development, Ms Greenhalgh reported that ongoing work to address recruitment issues within the service was being undertaken, with an additional Auditor having been appointed. Despite this, the Committee was made aware that the delivery of the Internal Audit Plan and all identified reviews would not be completed in 2022/23. The reviews that would not be delivered would be added to the 2023/24 Internal Audit Plan and completed at a later date. Ms Greenhalgh added that it was forecast that as a result of this 89% of the plan would be delivered in 2022/23.

The Committee was also informed that Children’s Services had completed 100% of Business Continuity Plans within the service. This was noted as a significant achievement by Children’s Services with support from the Risk and Resilience Team.

An update on Corporate Fraud work being undertaken was also provided with Ms

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 2 MARCH 2023

Greenhalgh explaining that the report contained a summary of assurance work carried out on the Small Business Grant Fund which had operated during the Covid Pandemic. The Committee noted that cases of “potential fraud” had been detected and would be investigated. Ms Greenhalgh explained in response that this section of the report showed applications had been rejected and no grant paid due to issues identified in the application process.

Mr Steve Thompson, Director of Resources, asked that it be noted that out of over three thousand payments made under the scheme only nine had been identified as having being fraudulent or cases of attempted fraud. This was recognised as a significant achievement at a time during the Covid Pandemic when services were experiencing significant pressure to make grant payments. Mr Thompson added that learning from the delivery of the scheme had been captured and would be used in the future if necessary.

Mr Alan Cavill, Director of Communications and Regeneration, provided an update on progress to ensure that Risk Registers were updated and in place for each service within his directorate. The Committee had noted that the report had shown that only 38% had been completed and Mr Cavill explained that since the report had been issued eleven out of sixteen outstanding risk registers had been completed and that Risk Services had been engaged to ensure the remaining five were completed in a timely manner.

It was noted by Members that in respect of the Single Person Discount for Council Tax the report had shown that the figure had risen to £111,322.001 and asked if this had been due to an increase in Council Tax overall. Ms Greenhalgh explained that the figure represented the cases where the discount had been removed and would reset at the start of the 2023/24 financial year.

Progress against the Internal Audit of the Illuminations recommendations was discussed with assurance sought regarding the issues experienced with procurement. Mr Cavill explained that the issue had been experienced due to a procurement exemption being issued for contracts below a certain threshold, but that a contract had subsequently grown to a value above this. In order to ensure that this would not reoccur Mr Cavill informed Members that controls had been put in place and that a new method of procurement was undergoing testing. The Committee asked that an update be provided to its next meeting on progress with the new system.

The Committee also discussed the work taking place to address the recommendations from the Internal Audit of Energy Management. Mr Thompson explained that he had been monitoring progress and that it had been noted that the service had experienced a high level of transactions in relation to billing. It was recognised that many of these could be rationalised to make them more manageable and that a new IT system had been procured to assist with this.

### **Resolved:**

1. That the report be noted; and
2. That an update on the new procurement for the Illuminations be provided to the

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 2 MARCH 2023

June 2023 meeting of the Committee.

### 5 STRATEGIC RISK REGISTER 2023/24

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the revised Strategic Risk Register for approval. The register had been updated for 2023/24 and revised to ensure clarity and readability.

The report highlighted that two significant changes in approach had been included. The first of these was the inclusion of Target Risk Scores for each area. These had been agreed with each Risk's owner and highlighted the level each service risk should be. The second change outlined was the inclusion of a risk appetite for each area of the register, to show what level of risk was acceptable for each service.

The development of risk appetite was discussed with Ms Greenhalgh explaining that the Committee could feed into how risk appetite was determined through the process of deep dive reports it received.

**Resolved:** That the Strategic Risk Register 2023/24 be approved.

### 6 INTERNAL AUDIT CHARTER 2023/24

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Internal Audit Charter 2023/24 for approval. She informed the Committee that the Charter set out the role of audit at the Council and was based on the Chartered Institute for Public Finance and Accountancy (CIPFA) and Chartered Institute for Internal Auditors (CIIA) standards.

The Committee discussed the future of the development of the Charter and audit at the Council and Ms Greenhalgh reported that the CIIA would be undertaking a consultation with local authorities on recommended approaches. It was believed that this could result in a move away from having annual internal audit plans. The outcome of the consultation was not expected to be known until at least 2024.

Members were also informed that the next peer review of the Council's audit function would be held in 2025/26.

**Resolved:** That the Internal Audit Charter 2023/24 be approved.

### 7 INTERNAL AUDIT PLAN 2023/24

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Internal Audit Plan 2023/24 for approval. She reported that the plan included a risk assessment that had identified the areas of priority for audit during 2023/24. A vacancy factor had also been included which demonstrated the additional work that could be undertaken if recruitment to all vacant posts was achieved. Ms Greenhalgh also informed Members that internal and external audit work would be covered during quarterly discussions with the external auditor, Deloitte.

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 2 MARCH 2023

The flexibility of the plan was discussed with Ms Greenhalgh explaining that twenty audit days were allocated for each review at the beginning of the year. This number could then be changed based on the scoping for each review and discussions with Officers. This approach ensured that the plan was deliverable, while recognising the staffing required and that identified reviews could be undertaken.

Purchasing of IT specialist support for internal audit reviews was queried with Ms Greenhalgh informing the Committee that none had been identified for 2023/24 but that if needed the Council had a contract with Lancashire County Council for specialist support via Mersey Internal Audit Agency. It was noted that many members of the audit team already possessed good IT skills that would assist in audit work.

**Resolved:** that the Internal Audit Plan 2023/24 be approved.

### **8 FRAUD AND ERROR PREVENTION CHARTER 2023/24**

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Fraud and Error Prevention Charter 2023/24 for approval. She informed the Committee that there had been minimal change from the 2022/23 document and that the main area of fraud work in 2023/24 would be in respect of the Single Person Discount (SPD) for Council Tax. This work would look to establish if further investigation was needed into any cases of SPD fraud that had been detected.

The Committee discussed the difference in approach to cases of fraud and cases of error in relation to SPD. It was explained by Ms Greenhalgh that in the first instance when SPD had been applied incorrectly it would be removed and treated as an error. However, if further cases were identified for the same address then these would be treated as fraud and the at fault parties prosecuted. In all cases where SPD was removed the full amount of Council Tax would become payable for the relevant year.

**Resolved:** That the Fraud and Error Prevention Charter 2023/24 be approved.

### **9 STATEMENT OF ACCOUNTS 2020/21**

Ms Nicola Wright, External Auditor, Deloitte, provided a verbal update on progress to sign-off the Annual Statement of Accounts 2020/21. She reported that the revised accounts had been received in January 2023, following the resolution of the Infrastructure Assets issue. Staffing pressures at the Council had meant that it had been recognised that in order to ensure capacity to provide the necessary assurance for the accounts that they had been delayed for consideration until the June 2023 meeting of the Committee.

Mr Steve Thompson, Director of Resources, added that staffing resource had had to be reprioritised from the Accounts to implementing the new finance system which was due to go live in April 2023. However he did recognise that the Committee required independent external assurance regarding the delayed accounts. Work was also underway on the Statement of Accounts 2021/22 and it was planned that these would also be ready for consideration at the same meeting.

## **MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 2 MARCH 2023**

The hand-over of Deloitte to KPMG as the Council's external auditor from 2023 was discussed with Mr Thompson reporting that a meeting would be held soon to discuss the transition. Ms Wright added that there were also industry guidelines for a change in auditor and that Deloitte would ensure that KPMG had all the information they needed once they took over the role of external auditor for the Council.

### **10 AUDIT COMMITTEE ACTION TRACKER**

The Committee gave consideration to the updated Action Tracker and noted the updates provided.

The Committee noted that this meeting was the last of the 2022/2023 Municipal Year and asked that its appreciation be recorded for Councillor Paul Galley in his role as Chair and his role in developing the work of the Committee during his tenure.

### **12 DATE OF NEXT MEETING**

The date and time of the next meeting was noted as Thursday, 15 June 2023 at 6pm, subject to confirmation at Annual Council.

### **Chairman**

(The meeting ended at 7.01 pm)

Any queries regarding these minutes, please contact:  
John Greenbank, Democratic Governance Senior Adviser  
Tel: 01253 477229  
E-mail: [john.greenbank@blackpool.gov.uk](mailto:john.greenbank@blackpool.gov.uk)

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Steve Thompson, Director of Resources Tony Doyle, Head of ICT Services Mark Towers, Director of Governance and Partnerships Neil Jack, Chief Executive
<b>Meeting</b>	15 June 2023

## STRATEGIC RISK REGISTER DEEP DIVE – TECHNOLOGY

### 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 technology.

### 3.0 Reasons for recommendation(s):

3.1 To enable the Corporate Leadership Team (CLT) and Audit Committee to consider an update and progress report in relation to an individual risk identified on the Strategic Risk Register.

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

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

### 4.0 Other alternative options to be considered:

4.1 N/a

### 5.0 Council priority:

5.1 The risk impacts on all of the Council’s priorities.

### 6.0 Background information

6.1 At its meeting in March 2023, 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.

6.2 Does the information submitted include any exempt information? No

**7.0 List of Appendices:**

7.1 Appendix 3(a) - Strategic Risk Register Deep Dive – Technology

**8.0 Financial considerations:**

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

**9.0 Legal considerations:**

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

**10.0 Risk management considerations:**

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

**11.0 Equalities considerations:**

11.1 Equality analysis should have been undertaken, where necessary, when decisions were made in relation to the identification of the actions identified in this document. As this report presents monitoring against pre-agreed actions, no further equality analysis has been undertaken as part of this report.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 Sustainability, climate change and environmental matters should have been considered, where necessary, when decisions were made in relation to the identification of the actions identified in this document. As this report presents monitoring against pre-agreed actions, no further analysis has been undertaken as part of this report.

**13.0 Internal/external consultation undertaken:**

13.1 The progress report has been prepared in conjunction with risk owners.

**14.0 Background papers:**

14.1 N/a

**Appendix 3(a): Risk Category: Technology**

**Risk Appetite: Cautious**

**Risk: a) Cyber Threats**

**Risk Owner: Director of Resources**

<b>Gross Risk Score</b>	<b>25</b>	Impact – 5	Likelihood – 5
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**What impact does this have?**

- Cyber fraud.
- Reputational Damage.
- Loss of compliance with security regimes.
- Loss of confidence in using Council online services.
- Monetary penalties / fines.

**What opportunities does this create?**

- Improved knowledge and awareness across departments on identifying phishing emails and other cyber threats.
- Participate in training and knowledge gathering opportunities.
- Robust cyber security controls in place.

**What controls do we already have in place?**

- Investment in Sandbox technology.
- SIEM (Security Information Event Management) implemented to proactively monitor activity on the network.
- The use of blacklists / reputation to authenticate emails received and artificial intelligence being used to further detect and reduce the amount of SPAM e-mails.
- Proactive engagement with regional and national cyber security agencies.
- ICT Security Policy in place supported by mandatory Cyber Awareness Training.
- Two internet connections maintained to provide resilience.
- Cyber policy in place with reputable insurer providing breach response and liability cover.
- Full Sender Policy Framework (SPF) checking in place and adherence to the National Cyber Security Centre (NCSC) guidelines for Securing Government email.
- White listing utilised to mitigate the risk of being hijacked.

<b>Net Risk Score</b>	<b>20</b>	Impact – 5	Likelihood – 4
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**What are we doing to further manage the risk?**

**Continue to develop and refine technologies to provide proactive alerting and monitoring of the changing threats.**

The ICT Team continue to develop proactive monitoring tools which indicate unusual activity and investigate alerts from these tools. As the tools used continue to embed they become more intelligent

which also helps reduce the risk of a cyber-attack.

The Head of ICT is liaising with the National Protective Security Authority about the potential of implementing a phishing tool which could be deployed at the Council, dependent on its benefits and its ability to support the proactive approach to cyber risk mitigation.

Two external organisations have attempted on separate occasions to gain physical access to the main data centre and failed on both occasions as part of testing arrangements.

Should an incident occur, cyber insurance is in place with a new insurer being appointed for the current financial year. As part of this service regular testing is undertaken by the insurer which provides an additional level of checking around the robustness of the Council's controls.

**Ensure all employees are using two factor authentication on all key systems.**

All key systems hosted in the cloud such as the new HR and Payroll system, the new finance system and Microsoft 365 have two factor authentication in place. The ICT service are continuing to develop two factor authentication across all privileged access accounts including some on-premises systems.

Risk for other systems are being considered and will be addressed accordingly.

The ICT team are currently implementing a process which enables self-service password resets and this presents an opportunity to strengthen password policies, enforcing password policies and introducing a password dictionary. This will also create efficiencies on the ICT Helpdesk who will be better able to focus their resource on other issues rather than resetting passwords.

**Undertake a cyber-incident exercise to gain assurance that the disaster recovery protocols in place are fit for purpose.**

Discussions are currently taking place with Lancaster University about the development and facilitation of such an exercise which is scheduled to take place in September 2023.

<b>Target Risk Score</b>	<b>15</b>	Impact – 5	Likelihood – 3
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**What will these additional actions achieve?**

The Council's approach to cyber security is to focus on proactive early warning which helps reduce the potential of a cyber-attack and also reduces the response time should an attack occur. The actions being taken in the current financial year will also reduce the risk of compromised passwords, provide ongoing mitigation against key risk areas, such as ransomware or phishing attacks, and reduce the risk of high value accounts being compromised.

**What barriers do we face?**

The evolution of attacks in terms of level of sophistication coupled with an increased number of attacks due to geo-political tensions make cyber security an ongoing challenge.

**Do these actions contribute to the sustainability of the Council?**

The increased dependency by Council services on the ability to access and use IT. Therefore, any

unplanned downtime due to an attack could have a significant impact on the Council being able to sustain an appropriate level of service delivery.

**Do these actions impact on the Council's finances?**

A successful cyber-attack could have a significant financial impact over and above not being able to deliver key Council systems and the associated reputational damage. There is a risk of fines should any data be stolen which could be very significant due to the regulatory frameworks in place.

**How does this contribute to the Council Plan?**

Access to secure IT is a key factor in organisational resilience.

**Any links to other strategic risks?**

Information and Legal

**Any additional changes to this strategic risk?**

A significant growth area is in relation to artificial intelligence which brings its own emerging set of risks should artificial intelligence be used in the future to carry out cyber-attacks.

**Risk: b) Non-compliance with data protection legislation.**

**Risk Owner: Chief Executive, Director of Governance and Partnerships, Director of Resources**

<b>Gross Risk Score</b>	<b>20</b>	Impact – 4	Likelihood – 5
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**What impact does this have?**

- Significant fines from the Information Commissioner and claims submitted for non-compliance with data protection legislation.

**What opportunities does this create?**

- Increased understanding of the Council's information assets.
- Increased transparency and trust with data subjects.

**What controls do we already have in place?**

- Statutory Data Protection Officer appointed who has implemented a robust suite of data protection policies and procedures. This includes the implementation of a Data Privacy Impact Assessment process and the roll out of mandatory GDPR training.
- Updated Retention Schedule in place for the Council and revised Privacy Notices developed and uploaded to the Council's website.
- Process in place to ensure that all documents and equipment is identified as part of the office moves process to reduce the risk of a data breach.
- Information Governance Group in place to share best practice and ensure continued compliance with data protection legislation.
- Participation in voluntary ICO audits and associated follow-up processes.

Net Risk Score	12	Impact – 4	Likelihood – 3
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**What are we doing to further manage the risk?**

**Continuation of the roll out of the compliance audit programme across the Council by the Information Governance Team.**

There are two compliance audits planned to be undertaken in quarter one and these are related to Health and Adult Services. Work is currently underway to plan the audits for the rest of the financial year and once identified the areas will be scheduled across the remainder of the year.

**All employee groups to be set up in the HR system including agency staff, contractors, NHS staff, students and partners to gain better control of IT kit issued and improve data management.**

This has been considered as part of the iTrent HR and Payroll project however has not been pursued due to the additional licence costs which would be incurred. Some categories of non-employees are captured in the HR system including those on the IR35 tax scheme and also long term agency managers who need to be set up in the HR system in order to manage their teams.

In order to introduce some level of control, ICT have now developed a workflow around the issue of equipment so that managers need to complete and approve a form for temporary user accounts and all of these have an expiry date. The ICT workflow will then contact managers prior to the expiry date in order to establish whether the account should be closed or whether it needs extending. This is an improvement as to what was in place however there is a need to further extend access to the system to the Procurement Team (so that they can check a contract is in place for contractors), HR (so that they can ensure mandatory training is carried out / DBS in place) and potentially the Risk and Resilience Team (to ensure insurance is in place where required).

The focus at present has been on implementing the iTrent HR and Payroll system and, once this is done, a lead needs to be identified to take this next stage forward for better control of non-employees.

**Complete the project to transfer currently unstructured shared drives into Microsoft 365 to better facilitate the application of retention periods.**

ICT have completed 68 migrations from shared drives to SharePoint sites with 43 drives left to migrate. At the moment ICT are working with the Commissioning Team and Public Health to migrate their very large drives. With every migration ICT provide full support and training to the whole service.

**Consider how emails may be better structured to facilitate the application of retention periods.**

The UK GDPR requires the Authority to retain personal data 'for no longer than is necessary' which in practice means the Authority must adhere to a retention schedule. The retention schedule applies to categories of personal data as opposed to the format in which data is held. Although the application of retention in email accounts is addressed in the Information and ICT Security Acceptable Use Policy and Records Management Policy, it remains an area of concern for the Council's Data Protection Officer (DPO).

The Council's DPO and Head of ICT Services agreed a phased plan to address the retention of electronic

data that commenced in 2021 and email retention is in the final phase which the DPO anticipates will start by the end of this financial year.

<b>Target Risk Score</b>	<b>8</b>	Impact – 4	Likelihood – 2
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**What will these additional actions achieve?**

Good data protection arrangements ensure that the Council continues to comply with the regulatory framework, therefore reducing the risk of reputational damage, significant monetary fines and importantly protecting the rights of our data subjects.

The implementation of the actions identified in the strategic risk register will help further strengthen the Council’s approach to the effective protection of personal data.

**What barriers do we face?**

The Corporate Leadership Team support the work of the Information Governance Team which helps create a culture of taking data protection seriously. However, the barrier to implementing the identified actions is the availability of resources.

**Do these actions contribute to the sustainability of the Council?**

The Information Commissioner can issue a monetary penalty for failing to comply with the Data Protection Act which could impact on the financial sustainability of the Council if a significant breach occurred.

**Do these actions impact on the Council’s finances?**

The Information Commissioner can issue significant fines for a data protection breach. As the Council strives to adhere to the legislation, fines would be unbudgeted and would impact on the Council’s financial position.

Furthermore data subjects are able to make a civil claim against the Council should they feel that they have been harmed by a data breach. If a claim was successful the service whose activity resulted in the breach would be required to fund the first £50k – a system which has been introduced as a deterrent for poor practice in service areas. Any costs exceeding this limit would need to be funded from the Council’s reserves.

**How does this contribute to the Council Plan?**

The robust management of personal data is an important part of organisational resilience.

**Any links to other strategic risks?**

Information and Legal

**Any additional changes to this strategic risk?**

The Data Protection and Digital Information (DPDI) Bill was re-introduced to Parliament in its second form in March 2023.

The DPDI Bill was first introduced in the Summer of 2022 and paused in September 2022 so ‘*ministers could engage in a co-design process with business leaders and data experts – ensuring that the new*

*regime built on the UK's high standards for data protection and privacy, and seeks to ensure data adequacy while moving away from the 'one-size-fits-all' approach of European Union's GDPR.'*

**Risk: c) Inability to undertake business critical activity due to software failures.**

**Risk Owner: Director of Resources**

<b>Gross Risk Score</b>	<b>20</b>	Impact – 5	Likelihood – 4
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**What impact does this have?**

- Inability to undertake business critical activity due to software failures.

**What opportunities does this create?**

- Fit for purpose software in place which meets business needs.

**What controls do we already have in place?**

- List of critical systems and system administrators in place.
- Disaster recovery plans in place for IT systems.
- Staff training of business critical systems to ensure compliance with key controls.
- IT representation at the Corporate Risk Management Group to discuss potential system risks.
- Knowledgeable IT team in place to support services with key system issues.
- Office spaces adapted to facilitate hybrid working through the use of technology.

<b>Net Risk Score</b>	<b>15</b>	Impact – 5	Likelihood – 3
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**What are we doing to further manage the risk?**

**Assess the budget that is available to look for provisions for data centre refresh in the coming years to continue to provide resilience and sustain arrangements.**

An infrastructure budget is in place and there is adequate funding in the short term and this will continue to be reviewed as part of the budget setting process. It is difficult to forecast future need due to the shifts and changes in technology and, in the future, action will need to be taken to look at ways in which the data centres could be more sustainable as part of the net zero agenda which is likely to require more investment over and above what is held in the reserve.

**Implement phase two of the HR and Payroll project.**

Phase one of the project went live in November 2022 which included core HR, Payroll and Learning and Development. This phase of the project is still embedding and issues identified on implementation continue to be resolved.

In terms of phase two, the process of paying for eye sight tests has now gone live and work is ongoing to develop the accident reporting system which will hopefully go live in the coming months.

There are some elements which have not been included in the project and a corporate decision will be

taken on whether this will be included in phase two or whether existing arrangements are robust enough and these include:

- Recruitment;
- Managing the establishment for budget purposes;
- Performance management; and
- Time recording.

In some instances existing arrangements are considered more robust than what iTrent offers and therefore consideration will be given to the pros and cons of moving these to iTrent over the coming months.

**Implement phase two of the finance system project including Adult Social Care billing.**

Phase one of the new finance system went live in April 2023 with key modules such as creditors, debtors, general ledger and banking being launched.

Planning is now underway for phase two of the project which will include the implementation of modules including budgeting, inventory, assets and interfaces (of which Adult Social Care billing is part of). Work on phase two implementation will take place during the next 12 – 18 months.

**Develop the Mosaic social care system to enable payment of invoices in a transparent way with adequate control.**

A task and finish group has been set up by Children's Services with representation from Finance and IT in order to address the weaknesses regarding the payment of invoices.

At the last meeting the layout for the online forms which will be in Mosaic were finalised. The online forms are going to be how an order is requested and gets the correct approval before the service/purchase is made. Steps are now being taken to resolve some issues around the coding/categories, and how this will work with the new finance system.

Work is underway to update the Scheme of Delegation so this can also be linked into the authorisation in the new finance system.

**Phase out the use of analogue phones and move to the use of digital phone lines.**

Several projects are underway to address this, these include:

- A project by Property Services to find an appropriate solution for building alarm systems which are currently analogue. Options are being considered with one being the use of SIM cards.
- A project in Vitaline for the telecare system which is dependent on analogue lines. This has been somewhat delayed as the software provider has yet to provide a digital solution.
- A project in Blackpool Coastal Housing to move the warden system from analogue to digital.
- A project by ICT to identify all Council BT lines and decommission these where appropriate or transfer them onto the main digital telephony system where the lines are still required.

<b>Target Risk Score</b>	<b>10</b>	Impact – 5	Likelihood – 2
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<b>What will these additional actions achieve?</b>
Having robust software solutions for our key systems helps improve resilience, particularly as these systems will be hosted in the cloud. In addition, the new systems should improve efficiency by enabling better access for self-service for employees and managers and also providing the opportunity to review existing procedures to ensure that these are robust.
For the majority of Council systems the impact of loss would not have a risk score of 5 however as some systems are critical, such as Vitaline which is a 24/7 emergency service, the loss of systems could be catastrophic.

<b>What barriers do we face?</b>
As with all new systems there have been some issues arising with implementation which need to be resolved and this will impact on phase two progression in some cases.

<b>Do these actions contribute to the sustainability of the Council?</b>
Having access to robust and resilient core systems helps ensure that sustainability of core services.

<b>Do these actions impact on the Council's finances?</b>
The purchase of software and subsequent software development is expensive and has an impact on staff time. Agreed budgets are in place for the key systems and regular monitoring of these is in place.

<b>How does this contribute to the Council Plan?</b>
Organisational Resilience.

<b>Any links to other strategic risks?</b>
Reputational

<b>Any additional changes to this strategic risk?</b>
The culture change needed in order to embed the new systems particularly in terms of greater self-service by employees and managers.

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh – Head of Audit and Risk
<b>Meeting</b>	15 June 2023

## RISK SERVICES QUARTER FOUR 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 four of the 2022/23 financial year.

### 2.0 Recommendation(s):

2.1 Audit Committee are asked to note to content of the report.

### 3.0 Reasons for recommendation(s):

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

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

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

### 4.0 Other alternative options to be considered:

4.1 N/a

### 5.0 Council priority:

5.1 The work of the internal audit team contributes to the achievement of all of the Council's priorities.

### 6.0 Background information

6.1 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.

6.2 Does the information submitted include any exempt information? No

**7.0 List of Appendices:**

7.1 Appendix 4(a) – Risk Services Quarter Four Report

**8.0 Financial considerations:**

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

**9.0 Legal considerations:**

9.1 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.

**10.0 Risk management considerations:**

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

**11.0 Equalities considerations:**

11.1 Where appropriate matter pertaining to equalities will be considered as part of the advice and assurance work of Audit and Risk.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 Where appropriate matter pertaining to sustainability, climate change and the environment will be considered as part of the advice and assurance work of Audit and Risk.

**13.0 Internal/external consultation undertaken:**

13.1 N/a

**14.0 Background papers:**

14.1 N/a

**Audit and Risk Services Quarter Four Report  
1<sup>st</sup> January to 31<sup>st</sup> March 2023**

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## Blackpool Council: Audit and Risk

1. *Quarter Four Summary**Service Developments**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"> <li>Preparing for Adulthood</li> <li>Scheme of Delegation and Authorisation of Packages</li> </ul>
Children's Services	<ul style="list-style-type: none"> <li>Children's Services Medium Term Financial Strategy</li> </ul>
Chief Executives	<ul style="list-style-type: none"> <li>Community Engagement</li> <li>Recruitment, Retention and Succession Planning</li> </ul>
Community and Environmental	<ul style="list-style-type: none"> <li>N/a</li> </ul>
Corporate	<ul style="list-style-type: none"> <li>Compliance with Corporate Arrangements</li> <li>Not in Education, Employment or Training</li> <li>Social Value</li> <li>Use of Consultants</li> </ul>
Governance and Partnerships	<ul style="list-style-type: none"> <li>N/a</li> </ul>
Resources	<ul style="list-style-type: none"> <li>IT Help Desk and Device Management</li> <li>Payroll</li> </ul>
Schools	<ul style="list-style-type: none"> <li>N/a</li> </ul>

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

There have been two small changes to the audit plan in the quarter. The first was the addition of an internal audit of the Payment Sense card payment system. The second was the reallocation of the resources for complex cases in adult services to a review of their scheme of delegation and authorisation processes for packages. The latter is presenting a more pressing challenge for the service and any risks associated with complex cases will be picked up in the 2023/24 internal audit of CQC Preparedness.

Two of the three Auditor vacancies have now been filled with one experienced Auditor joining the team in February 2023 and a new trainee joining the team in April 2023. Recruitment is ongoing to fill the remaining vacancy. In addition, a member of the team started maternity leave in February 2023 and some agency cover has been secured which will commence in May 2023.

*Corporate Fraud*

The Corporate Fraud Team have examined all of the 2,130 Single Person Discount (SPD) / Electoral Register data matches (as reported by the National Fraud Initiative (NFI) Exercise 2021). This examination identified errors in 198 cases (9.3%), resulting in additional charges of £118,123 being levied to Council residents. In order to minimise further potential losses due to SPD awards being incorrectly applied, the Council subscribed to the NFI's 'Premium SPD Service' for 2023. This enhanced service examines a number of data sources (i.e. in addition to the Electoral Register), which may potentially indicate that a discount is being applied inappropriately. Initial results have highlighted approximately 31,000 addresses where SPD may have been incorrectly applied. In conjunction with the Head of Audit and Risk, the Corporate Fraud Team have produced a strategy to examine these data matches during 2023. The Committee will be updated on progress during the year.

## Blackpool Council: Audit and Risk

Training is currently underway to update the external Corporate Website, to enhance the Council's counter fraud presence.

Joint working links with the local office of the Department for Work and Pensions have been re-established. Quarterly meetings are now diarised, and there are currently 7 on-going investigations, 2 of which are at interview stage.

### **Risk and Resilience**

All of the scheduled risk management groups were held in the quarter. An overarching risk register for the wholly owned companies has now been prepared and is currently being reviewed prior to approval being sought. Risk workshops are planned for the ShowTown project, Multiversity Project and Shared Prosperity Fund.

The service has completed a procurement exercise for leaseholder insurance. Continued liaison with the Growth and Prosperity Team is also taking place to understand any potential insurance risks arising due to the ongoing regeneration programme across the town, with property insurance being the greatest risk at present. A procurement exercise for all of the Council's covers will take place in 2023/24 with an inception date of April 2024 and planning has already started on this.

A new claims handling system has been procured which should increase efficiency when recording claims data and reporting outcomes. An initial system has been provided and is currently being tested before formal go live. There are some challenges around data migration from the old system but these are currently being worked through.

During the quarter we appointed to the vacant Risk and Resilience Officer post with the candidate taking up post in April 2023.

### **Health and Safety**

The modernisation of the health and safety management system on the Hub is ongoing, as is the transfer of accident reporting onto the new HR system which is due to go live in May 2023. This has included a review of all the health and safety management arrangements to ensure that they remain up to date and supported by appropriate guidance for managers to use.

The team are seeing an increase in requests for support and to visit various services, teams and attend monthly service / multi service groups and meetings. There is also an increase in demand for bespoke training and tool box talks.

The team continue to deliver services to a number of external organisations which generates an income for the team. These include three of the wholly owned companies, schools (in and out of borough) and Fylde Borough Council.

There were three vacancies in the Health and Safety team and two of these posts have now been filled with the new advisors starting in February 2023. The vacant Trainee Health and Safety post is being held at present but is likely to be filled in the future, however options are just being considered. During the quarter another of the experienced Health and Safety Advisors resigned and is due to leave in April 2023 and therefore a recruitment exercise is currently underway to replace this post.

### **Performance**

#### **Risk Services performance indicators**

Performance Indicator (Description of measure)	2022/23 Target	2022/23 Actual
Professional and technical qualification as a percentage of the total.	85%	69%

## Blackpool Council: Audit and Risk

*Internal Audit Team performance indicators*

Performance Indicator (Description of measure)	2022/23 Target	2022/23 Actual
Percentage audit plan completed (annual target).	90%	91%
Percentage draft reports issued within deadline.	96%	89%
Percentage audit work within resource budget.	92%	98%
Percentage of positive satisfaction surveys.	85%	95%
Percentage compliance with quality standards for audit reviews.	85%	95%

*Risk and Resilience Team performance indicators*

Performance Indicator (Description of measure)	2022/23 Target	2022/23 Actual
Percentage of Council service business continuity plans up to date.	100%	91%
Percentage of risk registers revised and up to date at the end of the quarter.	100%	88%
Number of risk and resilience training and exercise sessions held (annual target).	6	4
Percentage of property risk audit programme completed (annual target).	100%	100%

The updated information for risk registers is as follows:

Risk Management Group	Percentage Updated by March 2023	Risk Registers Not Updated
Adult Services	100%	N/a
Central Support Services	85%	Executives Management Support
		Housing Strategy
Children's Services	100%	N/a
Communications & Regeneration	94%	Arts Development Service
Community & Environmental Services	78%	Integrated Transport
		Parks
Public Health	100%	N/A

The updated information for business continuity plans is as follows:

## Blackpool Council: Audit and Risk

Directorate	Percentage Updated Within 12 Months	Business Continuity Plans Not Updated
Adult Services	92%	Home Care
Chief Executives	33%	Corporate Delivery, Commissioning and Performance
		Housing Options
Children's Services	100%	N/a
Communications & Regeneration	93%	Strategic Leisure Assets
Community & Environmental Services	81%	Planning Enforcement
		Housing Enforcement
		Trading Standards and Licencing
		<i>*All of the above are pending review / merging into one plan for Public Protection</i>
Governance & Partnerships	100%	N/a
Public Health	100%	N/a
Resources	100%	N/a

**Health and Safety performance indicators**

Performance Indicator (Description of measure)	2022/23 Target	2022/23 Actual
RIDDOR Reportable Accidents for Employees	0	4

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

**Corporate Fraud Team performance indicators**

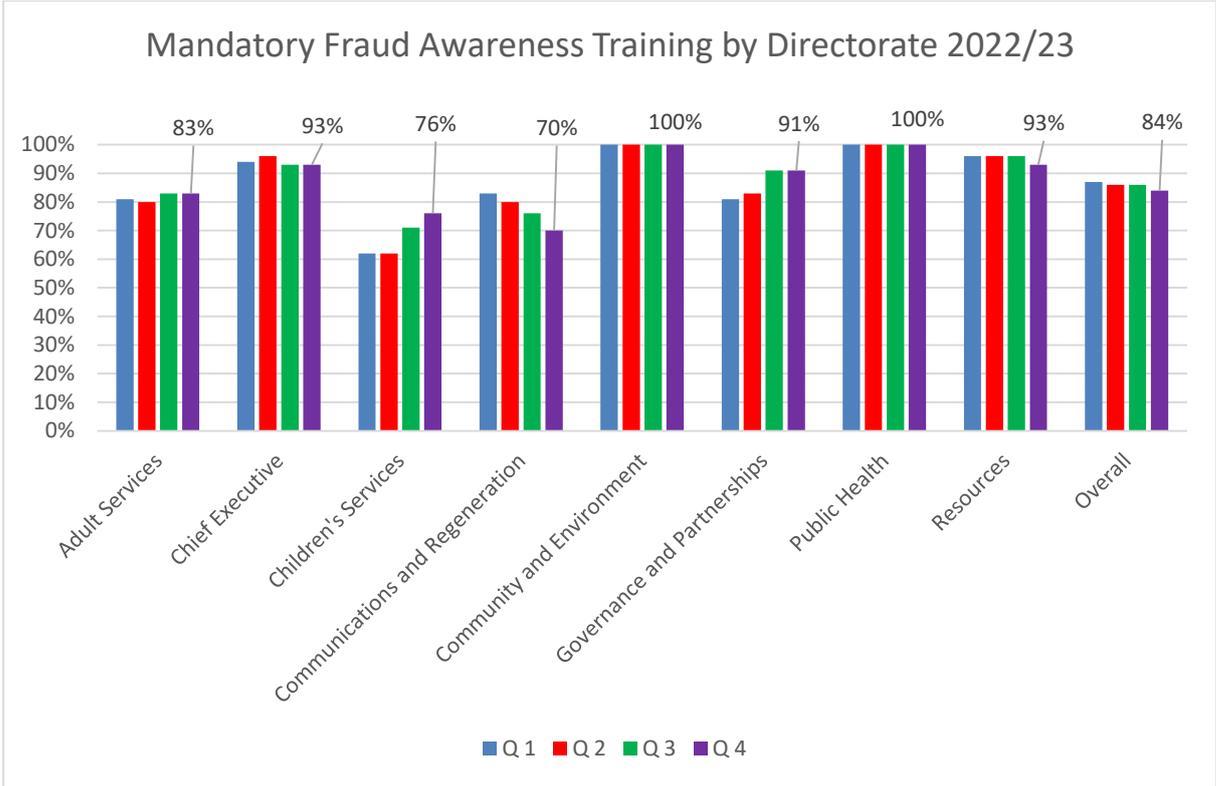
Performance Indicator (Description of measure)	2022/23 Target	2022/23 Actual
% of agreed Council employees completed i-Pool fraud awareness course.	100%	84%

As at the end of Quarter 4, the overall completion rate has decreased by 2% from Quarter 3 (i.e. 86% to 84%). Whilst an increased level of completion within Children's Services (5%) is noted, this has been offset by quarterly reductions within both Communications and Regeneration (6%) and Resources (3%).

Further analysis of individual completions within these two services highlighted that there were a number of staffing changes during the quarter. The analysis identified that the majority of staff leaving the services had previously completed the training. As the majority of the newly recruited staff are yet to complete the training, it is understandable that the overall completion percentages have decreased, thereby having an apparently adverse effect on the overall completion rate.

The Corporate Fraud and Investigations Team continue to promote the completion of the i-Pool training course, and highlight those mandated members of staff who have yet to complete the course to the relevant Chief Officers on a quarterly basis.

Blackpool Council: Audit and Risk



## Blackpool Council: Audit and Risk

## 2. Appendix A: Performance &amp; Summary Tables for Quarter Four

## Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement										
Adult Services	Coopers Way Settings	<p><b>Scope</b></p> <p>The compliance testing covered the following:</p> <ul style="list-style-type: none"> <li>• Care plans are up to date;</li> <li>• Accurate staff rotas are in place;</li> <li>• Training logs are in place;</li> <li>• DBS checks have been carried out;</li> <li>• Policies and procedures are in place;</li> <li>• Procedures are in place for medication;</li> <li>• Health and Safety Risk Assessments;</li> <li>• Purchase Card usage is compliant with the policy;</li> <li>• Procedures around Infection Control are in place;</li> <li>• Quality assurance arrangements are in place;</li> <li>• Security arrangements;</li> <li>• Service user assets and client monies;</li> <li>• Procedures are in place for external activities;</li> <li>• Respite payments are appropriately received.</li> </ul> <p><b>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 1048 1465 1086"> <thead> <tr> <th colspan="2" data-bbox="778 1048 1465 1086">Split Assurance</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="778 1086 1465 1265">Overall we consider the controls to be adequate with some risks identified and assessed and changes necessary. Our testing highlighted a concern regarding the maintenance of care files and we have therefore assessed this element of the scope as inadequate.</td> </tr> </tbody> </table> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 1332 1465 1444"> <tbody> <tr> <td data-bbox="778 1332 1125 1370">Priority 1</td> <td data-bbox="1125 1332 1465 1370">1</td> </tr> <tr> <td data-bbox="778 1370 1125 1408">Priority 2</td> <td data-bbox="1125 1370 1465 1408">5</td> </tr> <tr> <td data-bbox="778 1408 1125 1444">Priority 3</td> <td data-bbox="1125 1408 1465 1444">1</td> </tr> </tbody> </table> <p><b>Management Response</b></p> <p>Service User's care folders have now all been updated, including Personal Evacuation Plans and Medication Support Plans.</p> <p>All risk assessments are now up to date and in the Occupational Health and Safety Manuals.</p> <p>All persons working within Coopers Respite Service now have a current Enhanced Children and Adult DBS.</p> <p>All staff have now completed the refresher training on the Use of Purchase Cards procedures.</p>	Split Assurance		Overall we consider the controls to be adequate with some risks identified and assessed and changes necessary. Our testing highlighted a concern regarding the maintenance of care files and we have therefore assessed this element of the scope as inadequate.		Priority 1	1	Priority 2	5	Priority 3	1
Split Assurance												
Overall we consider the controls to be adequate with some risks identified and assessed and changes necessary. Our testing highlighted a concern regarding the maintenance of care files and we have therefore assessed this element of the scope as inadequate.												
Priority 1	1											
Priority 2	5											
Priority 3	1											

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement							
Children's Services	Children Centre Funding	<p><b>Scope</b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• The de-designation of former Children's Centres to ensure they are operating within the permissible scope of Government policy.</li> <li>• The controls and assessments made on whether the Council is liable for any clawback of ring-fenced grant funding.</li> </ul> <p><b>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 645 1465 685"> <tr> <td style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate, with some risk areas identified and assessed. Our testing also revealed a satisfactory level of compliance with the controls in most areas. However, we identified some concerns when testing the implications of not having a clear plan to capture the usage of former Children's Centres sites that sit within academies as records of school visits were not kept. Moreover, some schools had no explicit clawback clauses within the transfer agreements with the Council and as a result, the clawback risk for these schools rests with the Council.</p> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 1144 1465 1256"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">4</td> </tr> </table> <p><b>Management Response</b></p> <p>The Children's Social Care &amp; Early Help risk register will be updated to capture the risk of potential clawback of funds by the government if the former Children's Centres sites are not used in accordance to their permitted use.</p> <p>Checks will be made of transfer agreements with Legal Services to ensure appropriate provision for clawback.</p> <p>Management will explore whether a suitable working agreement with the schools/academies and the formalisation of a better collective plan to better manage the available spaces would be feasible.</p> <p>Clarification will be sought as to whether central government would claw back the original costs of the assets or their current market value as per the Council's asset register.</p> <p>An effective reporting arrangement between the Family Hub Coordinators Service Manager and the Head of Service for Early Help to capture and collect data on school visits and early year's activities will be explored.</p>	<b>Adequate</b>	Priority 1	0	Priority 2	3	Priority 3	4
<b>Adequate</b>									
Priority 1	0								
Priority 2	3								
Priority 3	4								

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement								
Children's Services	Elective Home Education	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• Whether the authority is fulfilling its statutory duty to assess whether home educated children are receiving suitable full-time education;</li> <li>• Whether consistent and appropriate action is taken by the authority when it is identified that a child is not receiving suitable full-time education;</li> <li>• Whether the authority has arrangements in place to safeguard and promote the welfare of children educated at home.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 757 1465 792"> <tr> <td colspan="2" style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that controls relating to Elective Home Education (EHE) are adequate with most risks identified and assessed and some changes necessary. The EHE Team have established procedures to identify home educated children in the area, so far as possible; assess whether these children are receiving a suitable education; and review whether these children are appropriately safeguarded.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 1146 1465 1258"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>A conversation will take place to ensure Benefits Officers make School Admissions aware of any children included within benefits applications that are not recorded as attending a local school.</p> <p>To ensure that the roles and responsibilities of schools and academies are clear the EHE Team will accelerate the development of a protocol of actions.</p> <p>The EHE Team and the Pupil Welfare Service roles and responsibilities will be clearly defined so that there is a shared understanding of the processes to be followed.</p> <p>Timescales between issuing letters to parents where children may not be receiving a suitable education will be tightly adhered to and a full audit trail kept.</p> <p>A clear strategy will be developed for dealing with parents that do not respond to informal requests from the EHE Team for evidence demonstrating that they are providing a suitable education for their child. The procedure for attempting to engage with parents will be streamlined to require fewer letters.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	5	Priority 3	3
<b>Adequate</b>										
Priority 1	0									
Priority 2	5									
Priority 3	3									

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement										
Children's Services	Special Educational Needs	<p><b><u>Scope</u></b></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> <li>• Compliance and adherence to statutory duties; and</li> <li>• Efficiency and effectiveness of the SEND operations, with potential benchmarking.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 577 1465 611"> <thead> <tr> <th colspan="2" data-bbox="778 577 1465 611">Adequate</th> </tr> </thead> <tbody> <tr> <td data-bbox="778 611 1123 680">We consider that the controls in place are adequate, with some risk identified and several changes necessary. Nationally the SEND system is being reviewed, and following the recent OFSTED/CQC inspection the local system is being jointly reviewed, with plans in place to address the weaknesses identified.</td> <td data-bbox="1123 611 1465 680"></td> </tr> </tbody> </table> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 898 1465 1010"> <tbody> <tr> <td data-bbox="778 898 1123 931">Priority 1</td> <td data-bbox="1123 898 1465 931">0</td> </tr> <tr> <td data-bbox="778 931 1123 965">Priority 2</td> <td data-bbox="1123 931 1465 965">7</td> </tr> <tr> <td data-bbox="778 965 1123 999">Priority 3</td> <td data-bbox="1123 965 1465 999">5</td> </tr> </tbody> </table> <p><b><u>Management Response</u></b></p> <p>A younger person friendly version of the Written Statement of Action (prepared in response to the external inspection) is being produced at which point it will be published.</p> <p>A progress report against delivering the Written Statement of Action will be provided to the Corporate Leadership Team.</p> <p>The local risk register capturing the main risks against the effective delivery of the Written Statement of Action will be prepared.</p> <p>The service will conduct a gap analysis of the statutory duties building on the work of the External Consultant and develop a set of KPI's against the statutory duties.</p> <p>The terms of reference for the various groups and panels supporting the delivery of the Special Education Needs service will be reviewed and updated.</p> <p>The service will look at the requirements as described in the paper Education and Skills Funding Agency's - Notional SEND budget for mainstream schools: operational guidance – October 2022 to inform the local offer information which needs to be produced.</p> <p>The service should consider updating their local offer in light of the recent court ruling involving Devon County Council and the deadlines concerning annual reviews although this may create some operational difficulties.</p>	Adequate		We consider that the controls in place are adequate, with some risk identified and several changes necessary. Nationally the SEND system is being reviewed, and following the recent OFSTED/CQC inspection the local system is being jointly reviewed, with plans in place to address the weaknesses identified.		Priority 1	0	Priority 2	7	Priority 3	5
Adequate												
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Priority 1	0											
Priority 2	7											
Priority 3	5											

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement							
Community and Environmental	Leisure Centres	<p><b>Scope</b></p> <p>The compliance testing covered the following:</p> <ul style="list-style-type: none"> <li>• Staffing Arrangements;</li> <li>• Purchasing procedures and compliance;</li> <li>• Procedures surrounding income and banking;</li> <li>• Staff Rotas and records;</li> <li>• Budget Monitoring;</li> <li>• Health and Safety;</li> <li>• Security arrangements;</li> <li>• Stock control;</li> <li>• Information Management;</li> <li>• Asset recording.</li> </ul> <p><b>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 801 1465 840"> <tr> <td style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate, with some risks identified and several changes recommended. Our testing revealed minor lapses in compliance with the controls.</p> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 1055 1465 1167"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">4</td> </tr> </table> <p><b>Management Response</b></p> <p>The cashing up procedure is to be updated to acknowledge current processes in place.</p> <p>The Time Off in Lieu (TOIL) documented procedure will be circulated across sites.</p> <p>iTrent is causing issues with the logging of staff sickness absences when their line managers are not working and this has been raised with the developer. Until a solution has been implemented, a spreadsheet will be used to ensure sickness is recorded for all staff. It will also be ensured that all the managers have attended the attendance management course.</p> <p>Procedures surrounding pool maintenance will be checked to ensure consistency across sites.</p> <p>Consideration has been given as to whether the recommendations made in the Lancashire Constabulary report could be implemented to increase security within Blackpool Sports Centre and progress is being made in addressing these.</p>	<b>Adequate</b>	Priority 1	0	Priority 2	1	Priority 3	4
<b>Adequate</b>									
Priority 1	0								
Priority 2	1								
Priority 3	4								

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement												
Corporate	Driving at Work	<p><b><u>Scope</u></b></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> <li>• Management of Council’s ‘grey fleet’ and driving at work application; and</li> <li>• Compliance with the Operator Licence statutory requirements.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 573 1465 611"> <thead> <tr> <th colspan="2" data-bbox="778 573 1465 611">Split Assurance</th> </tr> </thead> <tbody> <tr> <td data-bbox="778 611 1125 898">We consider the management of the ‘grey fleet’ and compliance with the Driving at Work application are inadequate with significant risks identified. Although a new app may address some of the weaknesses identified, the current arrangements and controls to ensure employees are appropriately documented for the use of their personal vehicles for business use are weak and inconsistently applied.</td> <td data-bbox="1125 611 1465 898"></td> </tr> <tr> <td data-bbox="778 898 1125 1070">Significant improvement has been evidenced regarding compliance with the Operator’s Licence and we consider that adequate controls have been introduced to mitigate the risks highlighted in the 2020 audit review.</td> <td data-bbox="1125 898 1465 1070"></td> </tr> </tbody> </table> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 1122 1465 1238"> <tbody> <tr> <td data-bbox="778 1122 1125 1167">Priority 1</td> <td data-bbox="1125 1122 1465 1167">3</td> </tr> <tr> <td data-bbox="778 1167 1125 1211">Priority 2</td> <td data-bbox="1125 1167 1465 1211">10</td> </tr> <tr> <td data-bbox="778 1211 1125 1238">Priority 3</td> <td data-bbox="1125 1211 1465 1238">0</td> </tr> </tbody> </table> <p><b><u>Management Response</u></b></p> <p>Corporate Guidance will be prepared on the driving at work documentation checks and this will be stored in a central location alongside the Drivers Handbook.</p> <p>Robust communications will be shared with line managers regarding required checking processes. The issues will be raised at future Driving at Work Risk Management Groups alongside compliance reports.</p> <p>The new Driving at Work App is being reviewed to ensure robust arrangements are in place. The new app is currently being tested and will be launched at the Corporate Leadership Team prior to roll-out.</p> <p>The Transport Manager has commenced compliance checks on fleet vehicles and will report on non-compliance to Line Managers and the Driving at Work Risk Management Group.</p> <p>The Transport Manager will have oversight of the training provision for HGV drivers to ensure a suitable variety of courses are undertaken and also develop appropriate training matrices.</p>	Split Assurance		We consider the management of the ‘grey fleet’ and compliance with the Driving at Work application are inadequate with significant risks identified. Although a new app may address some of the weaknesses identified, the current arrangements and controls to ensure employees are appropriately documented for the use of their personal vehicles for business use are weak and inconsistently applied.		Significant improvement has been evidenced regarding compliance with the Operator’s Licence and we consider that adequate controls have been introduced to mitigate the risks highlighted in the 2020 audit review.		Priority 1	3	Priority 2	10	Priority 3	0
Split Assurance														
We consider the management of the ‘grey fleet’ and compliance with the Driving at Work application are inadequate with significant risks identified. Although a new app may address some of the weaknesses identified, the current arrangements and controls to ensure employees are appropriately documented for the use of their personal vehicles for business use are weak and inconsistently applied.														
Significant improvement has been evidenced regarding compliance with the Operator’s Licence and we consider that adequate controls have been introduced to mitigate the risks highlighted in the 2020 audit review.														
Priority 1	3													
Priority 2	10													
Priority 3	0													

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement							
Corporate	Pandemic Response	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• The Council's initial response to the Covid-19 pandemic at the point of the first lockdown;</li> <li>• How effectively the Council acted as an information source for residents as the pandemic progressed;</li> <li>• The effectiveness of partnership working with the NHS to help hospitals manage increased demand; and</li> <li>• The Council's role in providing financial support to residents and businesses.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 792 1465 831"> <tr> <td style="text-align: center;"><b>Good</b></td> </tr> </table> <p>The Council's response to the Covid-19 pandemic has been good with joint working from the outset both internally and with partners being the key to its effectiveness.</p> <p>A significant amount of evidence regarding the approach taken is available, and although some of it is anecdotal we acknowledge that this is due to the nature of the response required by some service areas.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 1200 1465 1312"> <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;">0</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Internal audit did not making any specific recommendations as part of this audit, but have identified a number of areas of good practice. These will be retained so that they are available to inform planning in the event of any future pandemic.</p>	<b>Good</b>	Priority 1	0	Priority 2	0	Priority 3	0
<b>Good</b>									
Priority 1	0								
Priority 2	0								
Priority 3	0								

Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement							
Corporate	Payment Sense Card Payment System	<p><b>Scope</b></p> <p>The scope of the audit included:</p> <ul style="list-style-type: none"> <li>• The robustness of the internal controls in place; and</li> <li>• The benefits of using this particular card processing company and the number of Council services using the system.</li> </ul> <p><b>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 611 1465 647"> <tr> <td style="text-align: center;"><b>Inadequate</b></td> </tr> </table> <p>We consider that the controls in place are inadequate, mainly due to the lack of monitoring that has taken place to date in terms of fees and charges levied by Payment Sense. There is also a lack of transparency on Payment Sense fees and charges for the responsible officers.</p> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 898 1465 1010"> <tr> <td>Priority 1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">2</td> </tr> </table> <p><b>Management Response</b></p> <p>Steps have been taken to ensure officers with responsibility for reconciling the statements to the till reports and reviewing Payment Sense invoices are given access to the system.</p> <p>A value for money exercise will be undertaken prior to purchasing any more Electronic Point of Sale tills.</p> <p>A full list of charges will be obtained and be provided to officers with fee monitoring responsibility.</p> <p>A local scheme of delegation will be developed to enable the signing of Payment Sense agreements to another senior officer.</p> <p>Stock levels of the chip and pin device paper rolls will be monitored to ensure that services are not paying for more than is needed.</p>	<b>Inadequate</b>	Priority 1	1	Priority 2	2	Priority 3	2
<b>Inadequate</b>									
Priority 1	1								
Priority 2	2								
Priority 3	2								

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement							
Governance and Partnership	Wedding Chapel	<p><b><u>Scope</u></b></p> <p>The compliance testing covered the following:</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities for staff;</li> <li>• Staff awareness of relevant legislation;</li> <li>• Customer satisfaction appropriately monitored;</li> <li>• Procurement guidelines are followed;</li> <li>• Cash handling controls;</li> <li>• The budget is appropriately monitored;</li> <li>• Rotas with safe levels of cover operating;</li> <li>• GDPR legislation ;</li> <li>• Risk assessments are carried out;</li> <li>• Maintenance checks are undertaken;</li> <li>• Suitable security arrangements are in place;</li> <li>• Stock Control Procedures.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 875 1465 913"> <tr> <td style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate, with some risk identified and several changes necessary.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 1055 1465 1167"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Training is informal and 'on the job', therefore it is not practical to record the nature of the training completed.</p> <p>The business continuity plan will be updated.</p> <p>Version control will be included on the banking procedure. A meeting with the Tourist Information Manager has now taken place to ensure that the cash collection procedures are understood.</p> <p>The procedure for creating rotas is outlined during the induction process, but will be documented.</p> <p>The risk assessment version control has now been updated.</p> <p>Version control will be implemented within the Spoiled Procedure Guidance as well as specific mention being made to job roles.</p>	<b>Adequate</b>	Priority 1	0	Priority 2	3	Priority 3	3
<b>Adequate</b>									
Priority 1	0								
Priority 2	3								
Priority 3	3								

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement										
Public Health	Digital Front Door	<p><b><u>Scope</u></b></p> <p>The scope of the audit included:</p> <ul style="list-style-type: none"> <li>• Progress made in making public health offering more digital access to support;</li> <li>• Inequalities experienced, potential barriers and digital exclusion; and</li> <li>• Robustness of the digital decision making process to access expert advice and support.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 651 1465 689"> <thead> <tr> <th colspan="2" data-bbox="778 651 1465 689">Adequate</th> </tr> </thead> <tbody> <tr> <td data-bbox="778 689 1126 728">We consider that the controls in place are adequate, with some risk identified and several changes necessary. With all public health services contracted out, the ability to directly control digital access is more limited. We have recommended that monitoring meetings held with providers also include steps being taken to bring about more digital access.</td> <td data-bbox="1126 689 1465 728"></td> </tr> </tbody> </table> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 1003 1465 1115"> <tbody> <tr> <td data-bbox="778 1003 1126 1041">Priority 1</td> <td data-bbox="1126 1003 1465 1041">0</td> </tr> <tr> <td data-bbox="778 1041 1126 1079">Priority 2</td> <td data-bbox="1126 1041 1465 1079">3</td> </tr> <tr> <td data-bbox="778 1079 1126 1115">Priority 3</td> <td data-bbox="1126 1079 1465 1115">4</td> </tr> </tbody> </table> <p><b><u>Management Response</u></b></p> <p>Digital access will be covered in any future strategy and Public Health reports.</p> <p>Public health will ensure that they take into account external guidance and best practice in any future commissioning or how they present their services through the Council website and reports.</p> <p>Review meetings held with providers will also focus on advancing digital accessibility.</p> <p>A complete review of Public Health areas of the Council website and Healthier Blackpool website will be carried out. This will include ensuring that all current Council public health services are accessed through one navigation route/webpage.</p> <p>The Council's current digital front door to public health services will be updated, to make it more user friendly and accessible.</p> <p>Links within the sexual health section of the Blackpool Council website will be checked periodically to ensure effective operation.</p>	Adequate		We consider that the controls in place are adequate, with some risk identified and several changes necessary. With all public health services contracted out, the ability to directly control digital access is more limited. We have recommended that monitoring meetings held with providers also include steps being taken to bring about more digital access.		Priority 1	0	Priority 2	3	Priority 3	4
Adequate												
We consider that the controls in place are adequate, with some risk identified and several changes necessary. With all public health services contracted out, the ability to directly control digital access is more limited. We have recommended that monitoring meetings held with providers also include steps being taken to bring about more digital access.												
Priority 1	0											
Priority 2	3											
Priority 3	4											

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement								
Resources	Client Finances Financial Control Assurance Testing	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to ensure that effective controls are in place to minimise financial risk related to client finances.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 488 1465 521"> <tr> <td colspan="2" style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and assessed with changes necessary. The recommendations we have made in this report reflect similar findings to the Client Finance Internal Audit Report of 2019/20, although there has been a notable improvement in purchase card transactions, manager authorisations and bank reconciliations.</p> <p>Our testing revealed minor lapses in compliance surrounding the controls with policy and guidance reviews, monthly audit visits for supported living clients to reconcile cash and expenditure where social workers hold client cards and the Money Management Fee being included within a client's Financial Plan.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 1108 1465 1220"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>The Client Finances Statement of Purpose and the Catalogue of Procedures documents will be reviewed annually.</p> <p>Policy and procedures will be reviewed and a review section incorporated to be used alongside the Catalogue of Procedures.</p> <p>Monthly in person visits will be reintroduced to complete reconciliations at Blackpool Football Club.</p> <p>Annual in person financial visits will be reintroduced for residential clients.</p> <p>The issues identified in relation to Financial Plans including the Money Management Fee that the Council is receiving were due to migration to a new system and have now been resolved.</p> <p>Valid receipts will be provided alongside purchase card transactions.</p> <p>A spreadsheet will be developed to maintain Office of Public Guardian reports are sent within the 12 month time period.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	4	Priority 3	3
<b>Adequate</b>										
Priority 1	0									
Priority 2	4									
Priority 3	3									

## Blackpool Council: Audit and Risk

Directorate	Review Title	Assurance Statement							
Schools	Bispham Endowed Primary School	<p><b>Scope</b></p> <p>The audit testing which was carried out included:</p> <ul style="list-style-type: none"> <li>• Governance;</li> <li>• Risk Management;</li> <li>• Financial Planning &amp; Budgetary Control;</li> <li>• Payroll / HR Management;</li> <li>• Expenditure;</li> <li>• Income;</li> <li>• Unofficial Funds;</li> <li>• Security Of Assets;</li> <li>• Core Assurance Testing.</li> </ul> <p><b>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 748 1465 786"> <tr> <td style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and assessed and several changes necessary. We have made a number of recommendations to further strengthen the approach.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 1084 1465 1196"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">1</td> </tr> </table> <p><b>Management Response</b></p> <p>The delegation planner has been reviewed in 2022 and will be signed off by governors in February 2023.</p> <p>The Head Teacher follows the financial regulations in place, therefore the Scheme of Delegation will be amended to confirm the minimum of one quote, with three recommended to be acquired.</p> <p>The governor's declarations of business interests will be updated to include confirmation from governors and published on the school website.</p> <p>The school will adhere to the purchase card policy to ensure that VAT is reclaimed wherever possible.</p>	<b>Adequate</b>	Priority 1	0	Priority 2	3	Priority 3	1
<b>Adequate</b>									
Priority 1	0								
Priority 2	3								
Priority 3	1								

**Progress with Priority 1 audit recommendations**

Three priority one recommendations were implemented in the quarter including:

- Payment Sense x 1
- Coopers Way Respite Services x 1
- Highways Enforcement Activity x 1

**Blackpool Council: Audit and Risk**

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

- Water Self-Supply x 1
- Managing the Leavers Process x 1
- CCTV x 1
- Animal Health Outbreak Management x 1
- Track Maintenance Programme x 1
- Wholly Owned Companies Governance Arrangements x 1
- Energy Management x 2
- Cyber Security (Data Infrastructure) x 1
- Highways Enforcement x 1
- Commissioning x 1
- Children's Services Financial Systems x 5
- Illuminations x 1

A number of priority one recommendations have been made which are not yet due for implementation and these include:

- Driving at Work x 3

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

In line with best practice, it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between January 2023 and March 2023, the Council authorised no RIPAs.

***Fraud and Error Data***

The fraud and error statistics can be found in Appendix B.

***Insurance claims data***

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

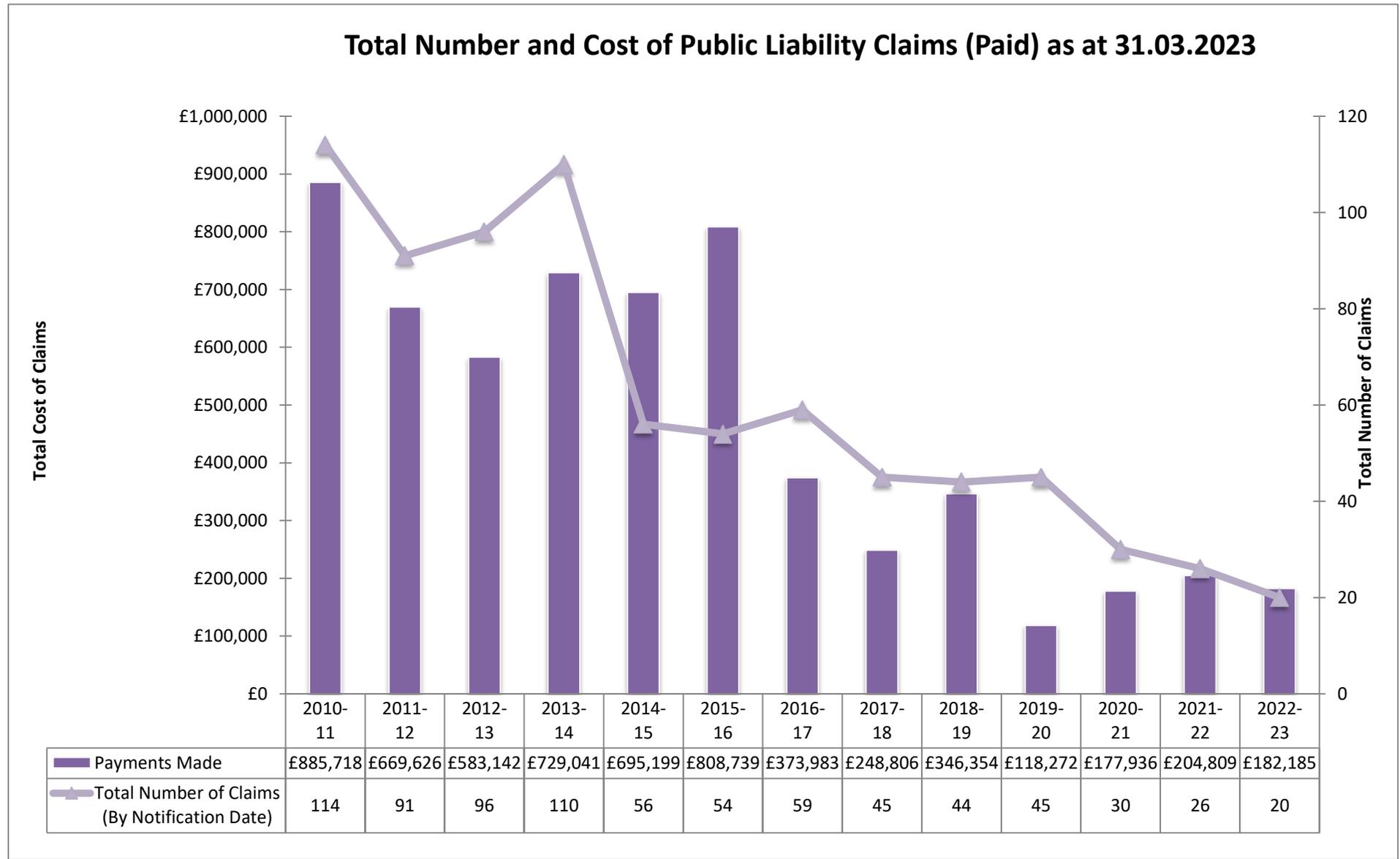
## Blackpool Council: Audit and Risk

## 3. Appendix B - Fraud and Error Statistics 2022/23

CORPORATE FRAUD AND ERROR STATISTICS - 2022/2023	Number of Cases Brought Forward from 2021/22	Referrals Received				Case Closures									Total Value of Fraud Proven / Error Identified	Action Taken on Closed Cases					Number of Cases Currently Under Investigation
		Internal	External	NFI	Total Number of Referrals Received	Fraud Proven			Error Proven			No Fraud/Error Identified				No Further Action	Recommendation	Disciplinary	Administrative Penalty	Prosecution	
						Internal	External	NFI	Internal	External	NFI	Internal	External	NFI							
<b>Type of Fraud</b>		<b>ANNUAL SUMMARY 2022/23</b>																			
Council Tax - Single Person Discount	2,121	65	10	35	110	0	0	0	47	2	198	33	12	1,932	£ 141,725.13	2,224	0	0	0	0	7
Council Tax Reduction (CTR)	762	40	11	271	322	0	0	0	11	0	1	20	14	1,023	£ 21,679.70	1,069	0	0	0	0	15
Housing Benefit Claims	7	0	0	0	0	0	0	0	0	0	0	0	0	7	£ -	7	0	0	0	0	-
Housing Tenants	129	0	0	0	0	0	0	0	0	0	0	0	0	129	£ -	129	0	0	0	0	-
Payroll	11	11	0	0	11	5	0	0	0	0	0	2	0	10	£ -	12	0	5	0	0	5
Business Rates	4	0	0	0	0	0	0	0	0	0	0	0	0	-	£ -	-	0	0	0	0	4
Procurement	2,538	0	0	0	0	0	0	0	0	0	0	0	0	2,538	£ -	2,524	0	0	0	0	-
Fraudulent Insurance Claims	2	0	0	0	0	0	0	0	0	0	0	0	0	-	£ -	-	0	0	0	0	2
Social Care	3	2	0	0	2	1	0	0	0	0	0	4	0	-	£ 1,983.80	5	0	0	0	0	-
Abuse of Position - Financial Gain	-	0	0	0	0	0	0	0	0	0	0	0	0	-	£ -	-	0	0	0	0	-
Abuse of Position - Data	-	2	1	0	3	1	0	0	0	0	0	0	0	-	£ -	-	0	1	0	0	2
General Financial Fraud	17	3	4	0	7	1	0	0	1	0	0	3	7	-	£ 721.19	11	0	1	0	0	12
Blue Badge Parking/Travel Concessions/Resident Parking	23	3	1	0	4	0	0	0	1	0	0	2	2	20	£ 515.91	25	0	0	0	0	2
Housing/Right to Buy	-	0	0	0	0	0	0	0	0	0	0	0	0	-	£ -	-	0	0	0	0	-
<b>Totals:</b>	<b>5,617</b>	<b>126</b>	<b>27</b>	<b>306</b>	<b>459</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>2</b>	<b>199</b>	<b>64</b>	<b>35</b>	<b>5,659</b>	<b>£ 166,625.73</b>	<b>6,006</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>49</b>

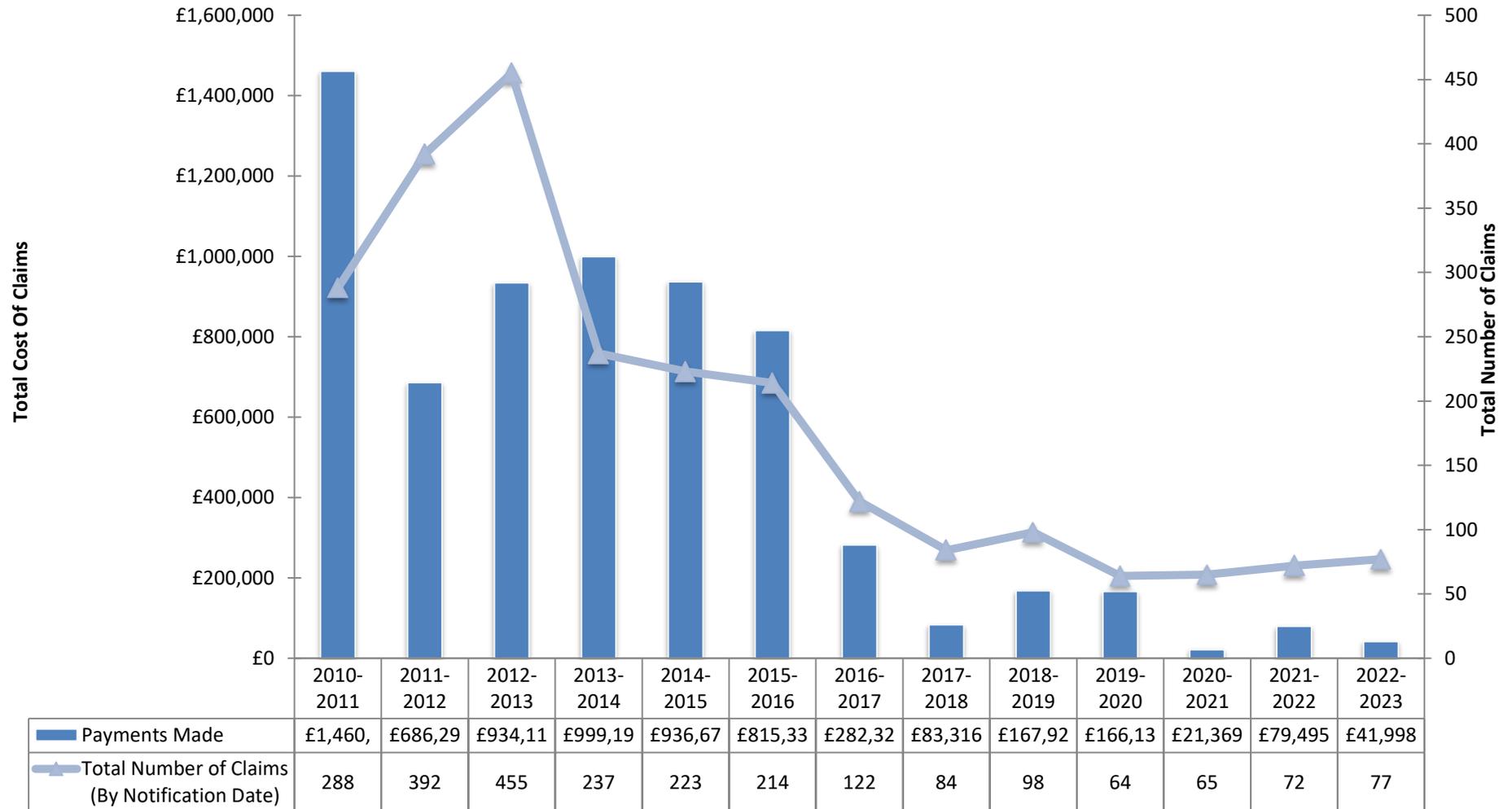
Blackpool Council: Audit and Risk

4. Appendix C – Insurance Claim Payments by Financial Year



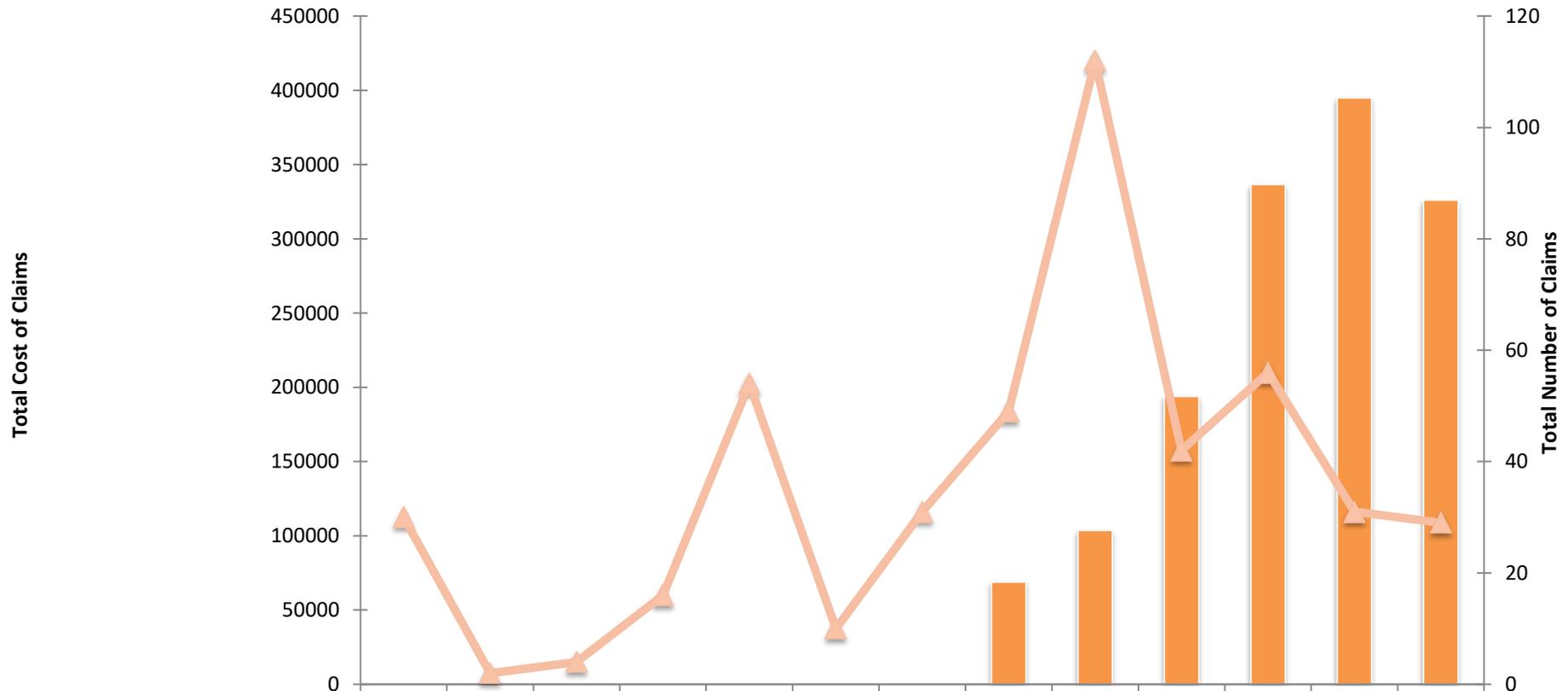
Blackpool Council: Audit and Risk

**Total Number and Cost of Public Liability Highways Claims (Paid) as at 31.03.2023**



Blackpool Council: Audit and Risk

**Total Number and Cost of Sensitive Claims / Notifications (Paid) as at 31.03.2023**

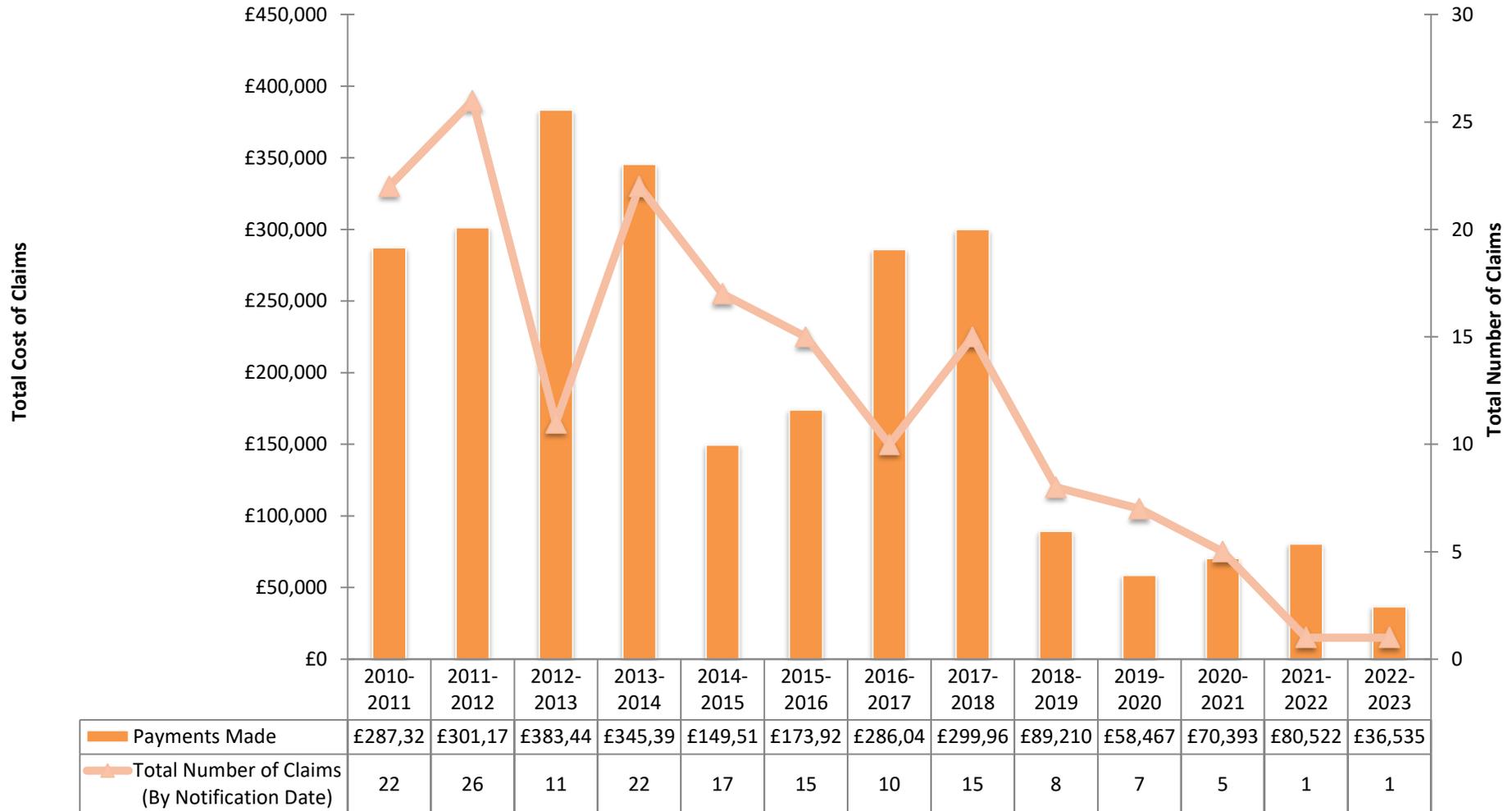


Payments Made	0	0	0	0	0	0	0	£68,803	£103,72	£193,83	£336,66	£395,07	£326,08
Total Number of Claims (By Notification Date)	30	2	4	16	54	10	31	49	112	42	56	31	29

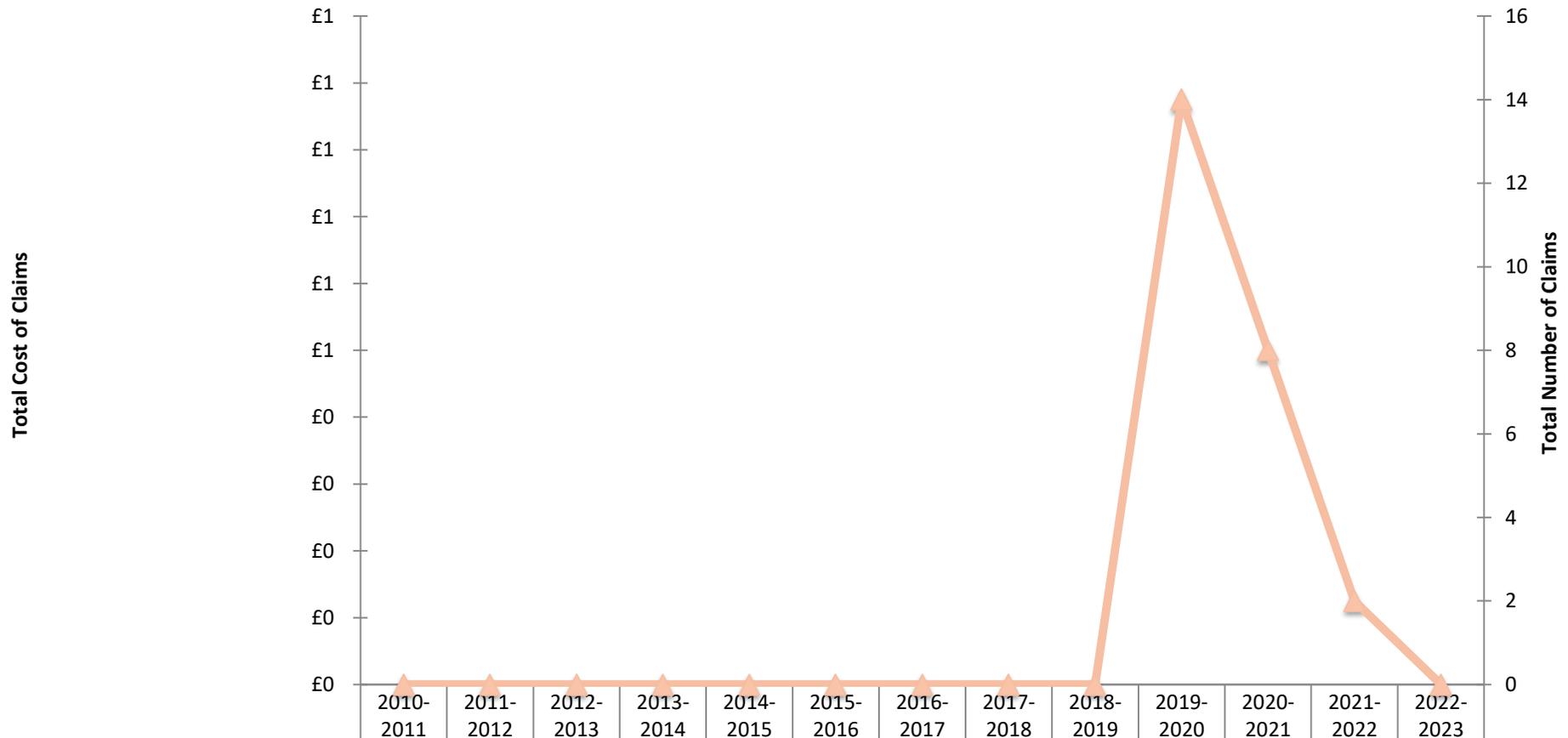


Blackpool Council: Audit and Risk

**Total Number and Cost of Employer Liability Claims (Paid) as at 31.03.2023**



**Total Number and Cost of Data Breach Claims (Paid) as at 31.03.2023**



Payments Made	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Number of Claims (By Notification Date)	0	0	0	0	0	0	0	0	0	14	8	2	0

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh – Head of Audit and Risk
<b>Meeting</b>	15 June 2023

## ANNUAL AUDIT OPINION 2022/23

### 1.0 Purpose of the report:

1.1 This report sets out the individual and collective outcomes of the audit reviews undertaken in the year ended 31st March 2023. It also provides an audit opinion on the control environment based on this audit work.

The Head of Audit and Risk's Annual Audit Opinion is one component that the Council takes into account when compiling its Annual Governance Statement.

The report also sets out the proposed programme for Heads of Service to report progress against audit recommendations to Audit Committee based on a random sample of audits.

### 2.0 Recommendation(s):

2.1 Audit Committee are asked to consider the annual audit report for the year ended 31 March 2023.

### 3.0 Reasons for recommendation(s):

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

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

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

### 4.0 Other alternative options to be considered:

4.1 N/a

### 5.0 Council priority:

5.1 The work of the internal audit team contributes to the achievement of all of the Council's priorities.

### 6.0 Background information

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

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

It is intended that the Audit Committee continues to receive a sample of audit reports listed in the Annual Audit Opinion to gain assurance that all audit recommendations are implemented. The following is the timetable which will be proposed to the Audit Committee for inclusion on their work programme:

<b>Audit Committee Date</b>	<b>Audit Report</b>	<b>Head of Service / Service Manager</b>
July 2023	Children’s Services Financial Systems	Chris Coyle
September 2023	Driving at Work	John-Paul Lovie
October 2023	Energy Management	Cath Bagley
December 2023	Wholly Owned Companies Leases, Asset Registers, Contracts and Operating Agreements	Alan Cavill / John Blackledge / Antony Lockley / Steve Thompson
January 2024	Commissioning	Kate Aldridge
March 2024	Event Management	Philip Welsh

6.2 Does the information submitted include any exempt information? No

**7.0 List of Appendices:**

7.1 Appendix 5(a) – Annual Audit Opinion 2022/23.

**8.0 Financial considerations:**

8.1 All work has been delivered within the agreed budget for the Audit and Risk Services.

**9.0 Legal considerations:**

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

**10.0 Risk management considerations:**

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

**11.0 Equalities considerations:**

11.1 This is considered, as appropriate, as part of audit assurance work undertaken.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 This is considered, as appropriate, as part of audit assurance work undertaken.

**13.0 Internal/external consultation undertaken:**

13.1 N/a

**14.0 Background papers:**

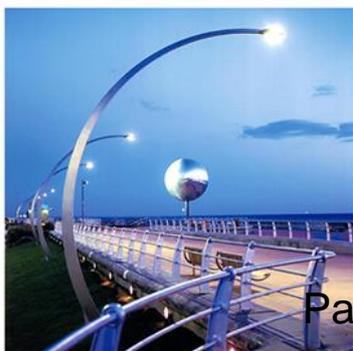
14.1 N/a

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# Annual Internal Audit Opinion 2022/23

Appendix 5(a)

Blackpool Council



## Introduction

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

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

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

## Roles and Responsibilities

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

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

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

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

### **Head of Audit and Risk Opinion**

The Head of Audit and Risk is satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control. There might be weaknesses in the system of internal control that the Head of Audit and Risk is not aware of because they did not form part of their programme of work, were excluded from the scope of individual internal audit assignments or were not brought to their attention. As a consequence management and the Audit Committee should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

The Head of Audit and Risk Annual Audit Opinion is that:

#### **Annual Audit Opinion 2022/23**

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

The opinion of the Head of Audit and Risk is that the overall control environment of the Council is adequate.

Strategically, financial sustainability is the greatest risk faced by the Council with the increasing demand for social care, various large scale regeneration projects and the financial position of some of the wholly owned companies. This risk is further impacted by the current economic climate across the UK and the public sector.

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

### **Basis of the Opinion**

Blackpool Council's Head of Audit and Risk is responsible for the delivery of an annual audit opinion and report that can be used by the Council to inform its Annual Governance Statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In giving this opinion assurance can never be absolute and, therefore, only reasonable assurance that there are no

major weaknesses in the processes reviewed can be provided. In assessing the level of assurance to be given, the opinion has been given based on:

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

### **Public Sector Internal Audit Standards**

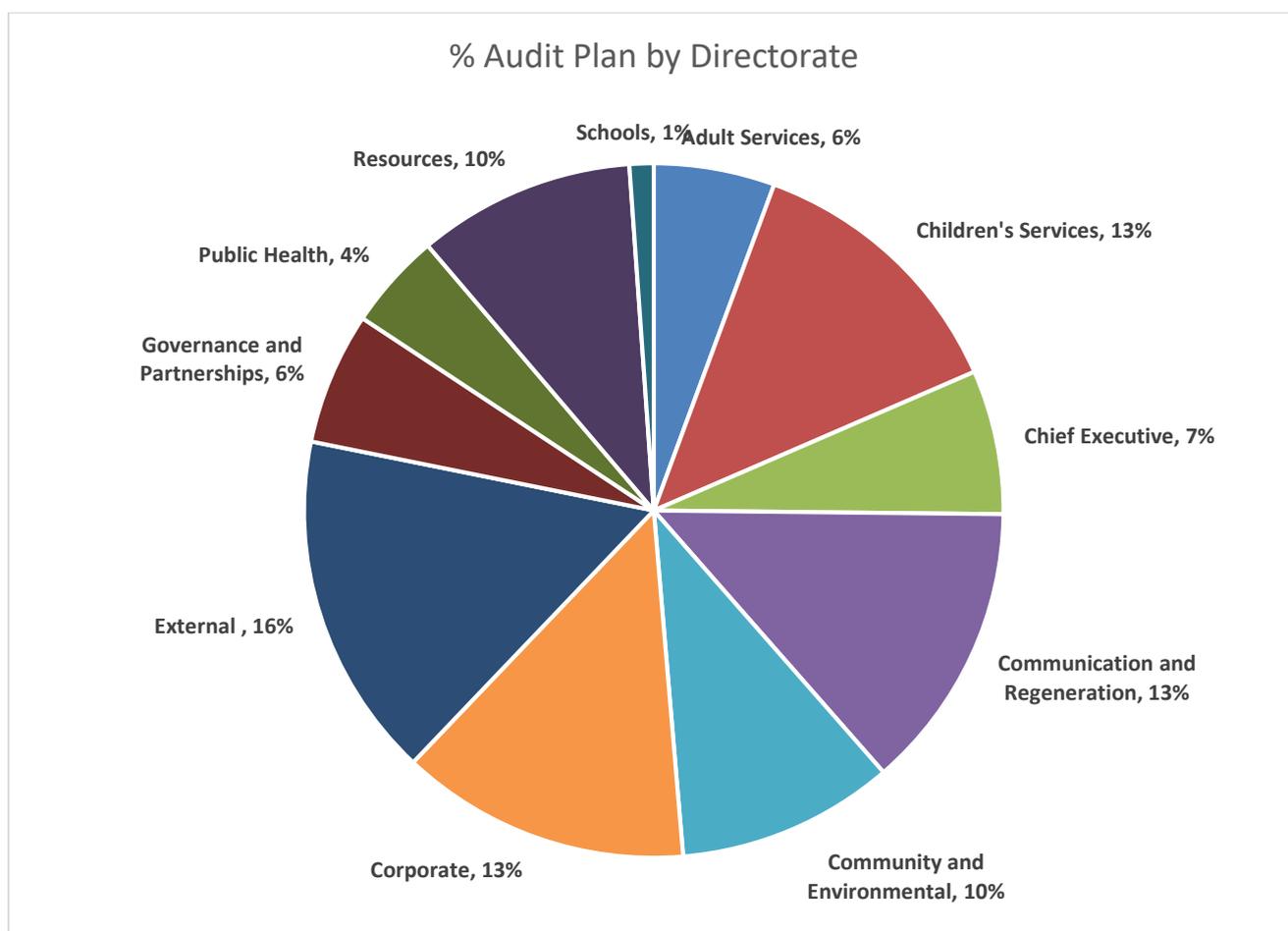
The Council was externally assessed against the Public Sector Internal Audit Standards (PSIAS) with the outcome reported to the Audit Committee in September 2021. The external assessment confirmed that the Council conforms to the Public Sector Internal Audit Standards. Some best practice recommendations were made as part of the external assessment and these have been taken forward as action in the Quality Assurance and Improvement Plan 2022/23.

The 2022/23 Quality Assurance and Improvement Plan has been reviewed in preparation for the new financial year and further details on progress are included in the 2023/24 document which will be considered by Audit Committee in June 2023.

### **Internal Audit Coverage and Output**

#### **Planned Audit Work**

The Annual Internal Audit Plan for 2022/23 was approved by the Corporate Leadership Team in February 2022 and Audit Committee in March 2022. The coverage of work, by directorate, for the audit plan completed, was as follows:



In terms of completed internal audits the level of assurance issued for each review is captured in the following table. This includes the assurance statements from reviews which were also started in 2021/22 but were not finalised until 2022/23.

Assurance Statement	Reviews
Good	<ul style="list-style-type: none"> <li>• Business Support and Recovery</li> <li>• Social Housing White Paper Preparations</li> <li>• Pandemic Response</li> </ul>
Adequate	<ul style="list-style-type: none"> <li>• Supporting Families Funding</li> <li>• Early Years Payment Systems</li> <li>• Library Management</li> <li>• Food Control</li> <li>• Business Loans Fund</li> <li>• Children's Legal Services</li> <li>• Medium Term Financial Sustainability Strategy</li> </ul>

Assurance Statement	Reviews
	<ul style="list-style-type: none"> <li>• Holy Family RC Primary School</li> <li>• Extra Support Service</li> <li>• Social Housing Financial Control Assurance Testing</li> <li>• Growth and Prosperity</li> <li>• Waste Management</li> <li>• Green and Blue Infrastructure Strategy</li> <li>• CCTV</li> <li>• Direct Debits</li> <li>• St John Vianney Primary School</li> <li>• Direct Payments Financial Control Assurance Testing</li> <li>• Hornby Road Setting</li> <li>• Phoenix Centre Setting</li> <li>• Planning</li> <li>• Wholly Owned Companies Leases, Asset Registers, Contracts and Operating Agreements</li> <li>• Event Management</li> <li>• Adult Social Care Legal Services Support</li> <li>• Health Protection Arrangements</li> <li>• Council Tax Financial Control Assurance Testing</li> <li>• Creditor Payments Financial Control Assurance Testing</li> <li>• Stanley Primary School</li> <li>• Children Centre Funding</li> <li>• Elective Home Education</li> <li>• Special Educational Needs</li> <li>• Leisure Centres</li> <li>• Wedding Chapel</li> <li>• Digital Front Door</li> <li>• Client Finances Financial Control Assurance Testing</li> <li>• Bispham Endowed Primary School</li> </ul>
Split Assurance	<ul style="list-style-type: none"> <li>• Commissioning</li> <li>• Conference Centre</li> <li>• Layton Primary School</li> <li>• Civil Claims Financial Data</li> <li>• Coopers Way Setting</li> <li>• Driving at Work</li> </ul>
Inadequate	<ul style="list-style-type: none"> <li>• Children’s Services Financial Systems Development</li> <li>• Illuminations</li> <li>• Energy Management Detailed Follow-Up</li> <li>• Payment Sense Card Payment System</li> </ul>
Uncontrolled	<ul style="list-style-type: none"> <li>• N/a</li> </ul>

Any high risk areas identified in the year are given a priority one recommendation which is followed up by the Head of Audit and Risk. Where there is a failure to implement such a recommendation by the due date, without reasonable justification, a formal process of notification to the Corporate Leadership Team and Audit Committee is in place. In addition, the Audit Committee approve a sample of internal audit reports each year and ask for a full update of all recommendations to be presented by the relevant Head of Service. This provides an additional layer of assurance that priority two and priority three recommendations are also being implemented.

A small number of planned audits did not take place in the year however these have been included on the 2023/24 Internal Audit Plan. These are captured in the below table:

Audits Not Undertaken
<ul style="list-style-type: none"> <li>• Workforce Development and Planning</li> <li>• HR and Payroll System Post Implementation Review</li> <li>• Integrated Transport</li> <li>• Partnership Governance</li> <li>• Procurement and Supply Chain Management</li> <li>• Virtual School</li> </ul>

In addition, one new area of coverage was added to the plan in the year:

Additional Reviews
<ul style="list-style-type: none"> <li>• Payment Sense Card Payment System</li> </ul>

There is also some planned audit work for 2022/23 which is still at fieldwork / draft report stage however the Head of Audit and Risk does not consider that excluding these will have a negative impact on the overall opinion for the period. The reports included in this category are:

Not Yet Completed
<ul style="list-style-type: none"> <li>• Preparing for Adulthood</li> <li>• Adult Services Scheme of Delegation and Authorisation of Packages</li> <li>• Children’s Services Medium Term Financial Sustainability Strategy</li> <li>• Community Engagement</li> <li>• Recruitment, Retention and Succession Planning</li> <li>• Compliance with Corporate Arrangements</li> <li>• Use of Consultants</li> <li>• Not in Education, Employment or Training</li> </ul>

### Not Yet Completed

- Social Value
- IT Help Desk and Device Management
- Payroll Financial Control Assurance Testing

### Unplanned Audit Work – Advice and Consultancy

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

Advice	Outcome
Council Tax Energy Rebate	<ul style="list-style-type: none"> <li>• Provide advice on the controls required for the revised energy rebate scheme.</li> </ul>
Household Support Fund	<ul style="list-style-type: none"> <li>• Provided advice on the controls required for the household support fund.</li> </ul>
HR and Payroll System	<ul style="list-style-type: none"> <li>• Provide advice on various controls as part of the HR and payroll system implementation.</li> </ul>
Finance System	<ul style="list-style-type: none"> <li>• Provide advice on various controls as part of the finance system implementation.</li> </ul>
Selling Goods	<ul style="list-style-type: none"> <li>• Advice provided on the risks associated with selling Council equipment to employees and elected members.</li> </ul>
Financial Procedures	<ul style="list-style-type: none"> <li>• Advice offered in relation to temporary changes of financial limits for authorising expenditure and write-offs.</li> </ul>
Grant Certification	<ul style="list-style-type: none"> <li>• External funding received has been checked and certified to confirm that expenditure was in line with the terms of the grant.</li> </ul>

The Head of Audit and Risk has also participated in a number of corporate groups and initiatives throughout the year in order to provide support and advice on a variety of risk and controls issues. These include:

- Senior Leadership Team
- Good Governance Group
- Income and Debt Strategy Group
- Stage Three Complaints Panel
- Lancashire Waste Partnership Group
- HR and Payroll System Replacement Project Board
- Finance System Replacement Project Board
- Health Protection Board

- Information Governance Group
- Company Governance Group
- Social Value Corporate Steering Group
- Covert Surveillance Group
- Building Resilience Task and Finish Group
- Growth and Prosperity Project Board

The Head of Audit and Risk is also an attendee at a number of Audit Committees to provide strategic advice and guidance on risk and controls matters including:

- Blackpool Council Audit Committee
- Blackpool Transport Services Audit Committee
- Blackpool Entertainment Company Audit Committee
- Blackpool Operating Company Audit Committee
- Blackpool Coastal Housing Audit Committee
- Blackpool Housing Company Audit Committee
- Lumen Housing Audit Committee
- Blackpool Waste Services Audit Committee
- Blackpool Airport Operations Audit Committee

The Head of Audit and Risk, or a Senior Auditor, also attends various networking groups to ensure the sharing of risk and control best practice with peers in other local authorities including:

- North West Chief Audit Executives
- Lancashire Chief Internal Auditors
- Chartered Institute of Internal Auditors Local Authority Forum
- Local Authority Chief Auditor Network
- Lancashire Computer Audit Group

### Other Sources of Assurance

Internal audit has continued to take into account other forms of assurance received by the Council. When preparing the audit plan and when undertaking individual reviews we will assess other sources of information available to us. Steps are also taken to link the work of Internal Audit to the strategic risk register.

### Risk Management

A key element of the control environment at the Council is ensuring that risk management is effectively embedded. A Risk Management Framework 2021/2025 is in place which sets out the Council's policy and objectives in relation to risk management and the framework which is to be adopted.

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

- Corporate Risk Management Group
- Central Support Services Risk Management Group
- Children’s Services Risk Management Group
- Adult Services Risk Management Group
- Communication and Regeneration Risk Management Group
- Community and Environmental Risk Management Group
- Driving at Work Risk Management Group
- Property Risk Management Group
- Safety Advisory Group
- Highways Risk Management Group
- Emergency Planning Risk Management Group

The Head of Audit and Risk or a member of the wider Audit and Risk team have facilitated project risk workshops or reviewed risk registers during 2022/23 including:

- Climate Adaptation
- ZEBRA Project
- Care Cap Reforms
- Midland HR and Payroll System
- Business Loans

### **Governance Framework**

A Good Governance Group is established, chaired by the Director of Governance and Partnerships and supported by the Head of Audit and Risk and other Heads of Service charged with governance. The Group leads on the production of the Annual Governance Statement and a task and finish group consisting of members of the group undertook a mid-year review of progress on identified actions, which was reported to Audit Committee.

The Group is also raising awareness of the need for good and consistent application of the governance framework and are advocating the need for all services to ensure compliance with agreed mandatory arrangements across the Council.

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Mark Towers – Director of Governance and Partnerships
<b>Date of Meeting</b>	15 June 2023

## ANNUAL GOVERNANCE STATEMENT 2022/23

### 1.0 Purpose of the report:

1.1 The purpose of this report is to provide Audit Committee with the opportunity to review and approve the Annual Governance Statement for 2022/23.

One approved the Annual Governance Statement will be published as part of the Council's Statement of Accounts.

### 2.0 Recommendation(s)

2.1 To consider and approve the draft Annual Governance Statement for 2022/23.

### 3.0 Reasons for recommendation(s):

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

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

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

3.3 Other alternative options to be considered:

N/a

### 4.0 Council Priority:

4.1 The Annual Governance Statement is relevant to all Council priorities.

### 5.0 Background Information

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

The CIPFA Delivering Good Governance publication (2016) defines the various principles of

good governance in the public sector and how they relate to each other and are defined as:

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

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

The governance framework incorporated into this report has been in place at Blackpool Council for the year ended 31<sup>st</sup> March 2022 and up to the date of the approval for the statement of accounts for that year.

Does the information submitted include any exempt information?

No

**List of Appendices:**

Appendix 6(a) – Draft Annual Governance Statement 2022/23

**6.0 Legal considerations:**

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

**7.0 Equalities considerations:**

8.1 The Councils approach to equality and diversity is set out as part of the Annual Governance Statement.

**9.0 Financial considerations:**

9.1 Each of the actions identified in the Annual Governance Statement will be delivered within the constraints of the agreed budget for 2023/24.

**10.0 Risk management considerations:**

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

**11.0 Ethical considerations:**

11.1 N/a

**12.0 Sustainability, climate change and environmental considerations:**

12.1 None.

**13.0 Internal/ External Consultation undertaken:**

13.1 A Good Governance Group was established in October 2016 and has led on the review of effectiveness and the production of the Annual Governance Statement, including reviewing the 2021/22 statement to ensure that governance issues identified have subsequently been addressed. This group is chaired by the Director of Governance and Partnerships and attended by the Head of Audit and Risk, Head of Democratic Governance, Transformation Manager, Head of Legal Services, Head of ICT, Chief Accountant, Head of Information Governance and the Head of Organisation and Workforce Development.

An elected member workshop took place on the 27 April 2023.

**14.0 Background papers:**

14.1 N/a

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# Draft Annual Governance Statement 2022/2023

Appendix 6(a)

Blackpool Council



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## Scope of Responsibility

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

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Blackpool Council has approved and adopted a Code of Corporate Governance in October 2021, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government.

The Accounts and Audit Regulations (2015) also require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts. This statement explains how Blackpool Council has complied with the code and in doing so undertaken that review.

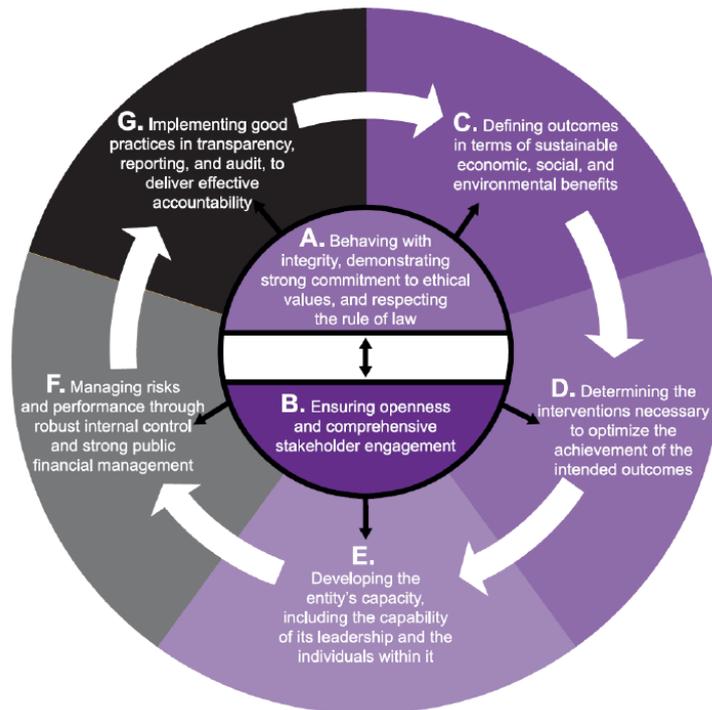
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## The Purpose of the Annual Governance Statement

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

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

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This governance framework which is a part of the Code of Governance has been used to compile this Annual Governance Statement for Blackpool Council to deliver on the aforementioned principles, for the year ended 31st March 2023 and up to the date of the approval for the statement of accounts for that year. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

### The Governance Framework

The key elements of the structures and processes that comprise Blackpool Council’s governance arrangements make up the Governance Framework for the Council and are summarised in the following sections of this statement.





## Code of Conduct and Behaviours

Codes of Conducts are in place that define standards of behaviours for elected members and officers. Adherence to these is a key part of good governance. The elected members code of conduct, based on the Local Government Association model code was approved by Council at its meeting in May 2022. These are further supported by the Council’s Whistleblowing Policy, Registers of Interests and Gifts and Hospitality Policies.

Processes are in place to deal with non-compliance through the laid down requirements for the Chief Executive and Chief Officers and the Council’s Disciplinary Policy for other Officers and/or Standards complaints procedure for Elected Members.

A Leadership Charter is in place which aims to bring to life the vision for the Council’s workforce as outlined in the Workforce Strategy 2016-2020 and it has been embedded with the Individual Performance Appraisal Process (IPA). There are plans in place to refresh the Workforce Strategy during 2023/24 based on feedback from the employee survey which has been undertaken during 2021/22 and following the implementation of the new HR and Payroll system.

AGS Actions Completed in 2022/23	
<ul style="list-style-type: none"> <li>Reinstated six monthly reminders to elected members around registering gifts and hospitality.</li> </ul>	
Key Supporting Policies and Procedures	
Code of Governance	<a href="#">Agenda for Council on Wednesday, 29th September, 2021, 6.00 pm (blackpool.gov.uk)</a>
Code of Conduct for Members	<a href="#">Blackpool Council Constitution, Part 5a Code of Conduct for Members</a>
Officer Code of Conduct	<a href="#">Blackpool Council constitution   Part 5b - Officer code of conduct</a>
Registers of Members’ Allowances and Interests	<a href="#">Allowances and registers of Interest (blackpool.gov.uk)</a>
Whistleblowing Policy	<a href="#">Agenda for Standards Committee on Thursday, 20th July, 2017, 6.00 pm (blackpool.gov.uk)</a>



## Organisational Culture

The Council’s organisational culture is driven by a set of values which have been defined and previously agreed by Council which all employees and elected members are expected to adhere to and these include:

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

The Director of Children’s Services and her staff are embedding a new culture across Blackpool ‘Blackpool Families Rock’. The commitment is to work with families not ‘do things to them’ with the child at the heart of everything that the Council does and to work with families at the lowest possible level to prevent their needs from escalating to a higher level.

To deliver its ambitions the Council needs to be efficient and resilient. An entrepreneurial culture has been developed across the Council and continues to be embedded in order to develop different ways of working and maximising the Council’s chances of achieving its outcomes. Examples of this include the Council’s Wholly-Owned Companies working together with the council on a co-ordinated vision, bidding for funding, working in partnership, the business loans fund and making savings whilst transforming services.

By incorporating social value into our procurement and commissioning activities the principles align with the Council’s values, which inform the way we make decisions, the way we work, and the way we develop and provide services to the people of Blackpool. **A Corporate Social Value Group is in place** to continuously improve the Council’s approach (and that of its wholly owned companies) to derive maximum tangible social value benefit from its spend and regeneration programmes.

### AGS Actions Completed in 2022/23

- The Shareholder Committee ensures that the wholly owned companies are delivering in line with the Council’s values through the adoption of key policies via Company Boards. This will continue to be reiterated during periods of transition and significant changes to the Board.

### Key Supporting Policies and Procedures

Senior Employees

[Blackpool Council | Senior employees and officers](#)



## Organisational Culture

Council strategies, policies and plans	<a href="#">Blackpool Council   Council strategies policies and plans</a>
Working Well with Children and Families in Lancashire	<a href="#">Early Help and Thresholds for Intervention   Blackpool Safeg... (blackpoolsafeguarding.org.uk)</a>



## Ethical and Responsible Governance

At its meeting of 26th June 2019, the Council passed a motion to declare a Climate Emergency. 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. The declaration also covers leadership to achieve a reduction in emissions across the town generally, engagement with the public and stakeholders, effecting a culture change across the Council, wholly-owned companies, staff and partners and taking a role to exert wider influence beyond Blackpool on this issue.

A steering group has been established to lead this issue internally, which includes representation from the Council's wholly-owned companies. The Citizen's Assembly held in 2021 developed actions for inclusion in a Climate Action Plan, progress on which is reported to Tourism, Economy and Communities Scrutiny Committee every six months. A new team has been created and recruited to, ensuring that progress can be made at pace, with new sustainability performance indicators identified to check progress. A Sustainability Impact Assessment process has been rolled out across services to support on the consideration of environmental issues in decision-making, with an accompanying "carbon calculator" to review emissions from capital projects of over £100k. The Council has also established a Blackpool Climate Action Partnership with representatives from stakeholders across the town to lead on this agenda locally, whilst the Blackpool Fylde and Wyre Economic Prosperity Board has established Green Growth as a priority, and has been supported by the Council's Strategy and Climate Lead on this agenda.

The Council's approach to its legal requirements in the Equality Act are expressed by Equality Goals, which are reviewed every 4 years. Each of these goals are linked to specific and measurable improvements which are tracked in accordance with this cycle. The equality goals are:

- All people to experience fair treatment from our services.
- To make our workforce fully representative of our communities and embed Equality in our culture.
- More people from diverse backgrounds are involved in our decision-making.
- We celebrate our town's growing diversity and increase respect and understanding for all.

The Council aims to ensure all its plans/strategies and other decisions are equality assessed to make sure it takes regard of the needs of groups with protected characteristics.

Going beyond this, a rolling programme of departmental and company equality assessments are undertaken. This work helps to consider how to contribute to the Council's wider aims of eliminating discrimination, harassment and victimisation; how to advance equality of opportunity; and help how different groups of people get along together.

With the introduction of the new Human Resources system an exercise was undertaken asking employees to use the employee self-service function to add/update their equalities data as part of a Council wide refresh.



## Ethical and Responsible Governance

### AGS Actions Completed in 2022/23

- Refreshed employee equalities data as part of the roll out of the new HR system.
- Carried out a statutory review of the Council’s Equality Objectives.

### Key Supporting Policies and Procedures

Climate Emergency Declaration	<a href="#">Blackpool Council climate emergency   Climate emergency</a>
Climate Change Action Plan Update	<a href="#">Agenda for Executive on Monday, 8th November, 2021, 6.00 pm (blackpool.gov.uk)</a>
Workforce Diversity Report	<a href="#">Blackpool Council   Equality and diversity</a>
Gender Pay Gap Report	<a href="#">Blackpool Council   Pay policy</a>



## Commitment to Openness, Communication and Consultation

The Council complies with the requirements of the Transparency Agenda and provides a range of information in the public domain through its website.

The Council adopts a priority campaign planning approach using a variety of different marketing communications channels. Key messages are also communicated to residents in the 'Your Blackpool' publication. The Council has enhanced its use of social media and has started to move towards greater use of these platforms as part of a strategic approach to communications.

The Council continue to increase the direct communication and engagement with local businesses so that they have a detailed understanding of the benefits of the regeneration work that the Council is undertaking. This is being done via the Council's own communication channels as well including VisitBlackpool, as utilising partner organisations including StayBlackpool, the Town Centre and Tourism BIDs, Blackpool Unlimited, Fylde Coast Responsible Business Network and the Blackpool Business Leadership Group.

As required by the Freedom of Information Act 2000 the Council proactively publishes information within its publication scheme and has in place a system to respond to requests for information. Compliance with the legislation including responding within the statutory timeframe is managed by the Information Governance Team and reported through to the Corporate Leadership Team by the Data Protection Officer.

Consultation and engagement with the public takes place by the lead service area, which can access the Council's in-house cost recovery research team Infusion Research, for wider ranging or more complex consultation exercises. Advice can also be sought from the Community Engagement Team.

The Council successfully bid for funding from the National Institute for Health and Care Research to create an innovative Health Determinants Research Collaboration, which involves local people in the co-production of research projects aimed at better understanding and ultimately addressing four priority areas: the first three years of life, housing, education employment and skills, and mental health.

In Autumn 2022, the Council undertook a resident's survey, delayed by the COVID pandemic from 2020. As with the previous survey in 2018, this representative survey investigated resident views on a variety of community and service delivery issues.

### AGS Actions Completed in 2022/23

- Developed a Community Engagement Framework and supported guidance to ensure a coordinate and robust approach is in place, building on the learning gained during responding to the current pandemic.
- Carried out a resident's survey to get their view on the services delivered by the Council and understand what is important to them.

### Key Supporting Policies and Procedures



## Commitment to Openness, Communication and Consultation

Council Agendas and Minutes	<a href="#">Browse Meetings, 2022 2023 (blackpool.gov.uk)</a>
Online Council meetings	<a href="#">Blackpool Council - YouTube</a>
Open Government Licence	<a href="#">Open Government Licence (blackpool.gov.uk)</a>
Transparency and Open Data	<a href="#">Transparency and open data (blackpool.gov.uk)</a>
Freedom of Information	<a href="#">Freedom of information (blackpool.gov.uk)</a>
Community Engagement Framework	<a href="#">COMMUNITY ENGAGEMENT FRAMEWORK (blackpool.gov.uk) – October 2022</a>



## Developing, Communicating and Translating the Vision

In 2022 the Council produced a progress update to its 2019 to 2024 council plan and moved to ensure that local people and businesses obtain the maximum benefit possible. As a result, whilst the vision that Blackpool continues to be ‘The UK’s number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town’, the order of the Council’s two priorities has been reversed compared to the plan initially approved, putting the communities priority first:

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

Beneath each priority the plan details the key challenges faced by Blackpool and the key projects and schemes which will be implemented to address these issues. The Council Plan seeks to address the big issues and policy drivers facing local government. The concept of organisational resilience – ensuring that the organisation is capable of delivering the priorities, meeting its legal requirements, and maintaining sustainability into the future - is captured throughout the plan, with the detail included in the Council’s wider policy framework. The Council priorities feed into directorate business plans and are a key tool for managers to use when developing business plans. The business plans then feed into Individual Performance Appraisals (IPA).

The Council has a key role in working with partner organisations in order to translate the vision for Blackpool into deliverable actions. This has been particularly demonstrated through the core coordination role that the Council took on board in response to the pandemic from March 2020 to ensure that the local community was effectively supported by a wide range of organisations.

The Council’s Annual Staff Conference was not able to be held in the usual way this last year but the Chief Executive, Director of Communication and Regeneration and Leader of the Council hosted virtual ‘Ask a Question’ event for staff in December 2022.

### AGS Actions Completed in 2022/23

- N/a

### Key Supporting Policies and Procedures

Council Plan 2019 to 2024	<a href="#">Agenda for Council on Tuesday, 8th March, 2022, 6.00 pm (blackpool.gov.uk)</a>
Capital Strategy	<a href="#">Agenda for Council on Wednesday, 22nd February, 2023, 6.00 pm (blackpool.gov.uk)</a>



## Performance Management

A Policy Framework is in place which sets out the Council’s corporate strategies and plans. Corporate resource is available to support services on the development of strategies and shaping them in line with corporate objectives.

The Council’s performance management system is now well established, with strategic performance reported to Corporate Leadership Team, members of the Executive and the Scrutiny Leadership Board, whilst local performance indicators are managed through the business planning process. The Deputy Leader’s portfolio includes responsibility for oversight of performance management which is achieved through meetings of the Leadership Board which is an informal meeting of Council Chief Officers and the Executive and also be regular reporting to the Scrutiny Leadership Board. The suite of Council Plan headline Key Performance Indicators has been reviewed so that some of the measures around post-COVID recovery are incorporated into ongoing performance reporting.

The Council actively engages in inspections by regulatory bodies including OFSTED and the CQC. During the year an OFSTED inspection of Children’s Social Care found a marked improvement in service delivery and whilst further work needs to be undertaken the service is in a better position than after the previous inspection. The results of such inspections are incorporated into the Council’s Strategic Risk Register with the Audit Committee undertaking deep dives to better understand the impact that performance has on risk and opportunities.

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

The Leadership Charter supports the Council’s priorities and values and is included in the Manager’s IPA template. The Council has undertaken two Leadership surveys to benchmark performance and progress against the new Charter and this has evidenced that from a good baseline there has been further improvement. Going forward the plan is to undertake this survey at agreed intervals.

### AGS Actions Completed in 2022/23

- Participated in the OFSTED inspection of children’s services in December 2022 which concluded that performance is improving in this area.

### Key Supporting Policies and Procedures

Policy Framework

[Blackpool Council constitution](#) | [Part 8 - Strategic planning process](#)



## Performance Management

Children's Service Ofsted  
Inspections

[Ofsted | Blackpool Borough Council](#)



## Roles and Responsibilities

A list of responsibilities and functions for each Council committee is contained within the published Constitution. These are reviewed annually with any changes made at the Council’s Annual Meeting to ensure that they continue to be fit for purpose. The Executive has agreed a set of criteria relating to the levels of decision making within the executive framework which provide clarity and consistency for decision makers.

All Council Officers, including the Corporate Leadership Team, have a job description which set out their roles and responsibilities. Annually, through the Individual Performance Appraisal process individual objectives are set for each officer which align with their job description and the Business Plan for the Service in which they work.

The Corporate Leadership Team has been extended monthly to involve key Heads of Service in the decision making and leadership process. Steps continue to be taken to address some of the concerns with ‘hard to recruit to posts’ and this will form part of the audit plan for 2023. In addition, there is ongoing investment in digital technologies to help improve capacity across the Council.

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

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

### AGS Actions Completed in 2022/23

- N/a

### Key Supporting Policies and Procedures

Responsibilities for Functions	<a href="https://blackpool.gov.uk">Part 3 - Responsibility for functions (blackpool.gov.uk)</a>
Responsibilities for Functions - Officers	<a href="https://blackpool.gov.uk">Part 3 - Responsibility for functions (blackpool.gov.uk)</a>
Statutory Officer roles – Article 13	<a href="#">Blackpool Council constitution   Part 2 Articles</a>



## Decision Making

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

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

The Council's Constitution, including the Scheme of Delegation, sets out the arrangements and protocols which are in place to enable effective decision making within the authority. There are also departmental schemes of delegation which were refreshed and updated in early 2023. The Constitution's Articles and the Procedural Rules for Council meetings and committees were also updated and agreed by Council in November 2022.

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

AGS Actions Completed in 2022/23	
<ul style="list-style-type: none"> <li>Undertaken a review of parts the Council's Constitution in conjunction with senior elected members in key governance positions.</li> </ul>	
Key Supporting Policies and Procedures	
Agendas and Minutes	<a href="#">Browse Meetings, 2021 (blackpool.gov.uk)</a> <a href="#">Browse Meetings, 2022 (blackpool.gov.uk)</a>
Executive and Cabinet Member Decisions	<a href="#">1 April 2021 - 31 March 2022 (blackpool.gov.uk)</a>
Officer Decisions	<a href="#">Officer decisions, 1 April 2021 - 31 March 2022 (blackpool.gov.uk)</a>



## Compliance with relevant Laws, Regulations, Internal Policies and Procedures

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

Internal and external audit arrangements are in place to provide a reasonable level of assurance on compliance with the Council's system of internal control.

The Council has obtained PSNN, PCI and N3 security compliance so that it can effectively share data with other organisations including the National Health Service and the Department for Work and Pensions. During 2022/23 the Council also obtained Cyber Essentials Plus accreditation. There is an ongoing review of cyber risks and progress against this is monitored by the Audit Committee via the deep dive process. An ICT Security Policy is in place supported by relevant training for all staff.

An Information Governance Team is in place managed by the Head of Service who carries out the function of the Statutory Data Protection Officer and works with Council services to ensure that personal information is appropriately safeguarded and the Council fully complies in line with the UK General Data Protection Regulations (GDPR) and Data Protection Act 2018. Compliance is also monitored by the Council's Information Governance Group and regular compliance reports are tabled at the Corporate Leadership Team. The Head of Service and his team also carry out that same function for the Council's wholly owned companies, its maintained schools and a selection of academies to ensure consistency and to give the Council assurance over those organisations it has a responsibility for or works closely with.

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

Reformed procurement legislation is due to be approved by Parliament which will lead to an overhaul of the 2015 Public Contract Regulations. As details of the new legislative framework become known the necessary updates will be made to ensure that the Council's Contract Procedure Rules and associated guidance and standard control documents reflect any required changes in practice.

Contract management arrangements are in place and it is expected that robust project management methodologies are applied to projects, including the numerous capital schemes which are planned for the town.

Mandatory training is delivered in a number of ways including a mandatory training pack for non IT users and through the iPool online system for IT users. This ensures casual, temporary and permanent employees are



## Compliance with relevant Laws, Regulations, Internal Policies and Procedures

aware of legislative requirements. Reporting tools have been developed to enable Managers to monitor completion of mandatory training courses and completion of Individual Performance Appraisals in real time.

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

A number of arrangements are in place to deal with potential non-compliance and these include a Corporate Complaints Panel and Serious Case Reviews. These are chaired independently of the service for which the potential breach has been made to ensure that objective decisions can be taken.

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

### AGS Actions Completed in 2022/23

- Contract and project management procedures implemented for the regeneration programme being undertaken across the town.

### Key Supporting Policies and Procedures

Corporate Customer Feedback Policy	<a href="#">Corporate Customer Feedback Policy - 0819 - FINAL VERSION - V1.1 (blackpool.gov.uk)</a>
Data Protection and GDPR	<a href="#">Blackpool Council data protection registration   GDPR</a>



## Financial Management

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

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

The Council sets a lawful annual budget and is part way through a six-year Medium Term Financial Sustainability Strategy which runs to the end of the 2026/27 financial year. The associated plan is updated on a triannual annual basis to enable early planning on the financial position to take place. A full review of this strategy was undertaken in 2022/23.

Monthly financial monitoring reports, starting from month 0, are reported to the Corporate Leadership Team with months 3,4,5,7,9,10 and year end going to the Executive and Tourism, Economy and Communities Scrutiny Committee and the Scrutiny Leadership Board.

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

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

External audit arrangements are in place and representatives are invited to attend Audit Committee to present the findings of their work and raise any concerns which they may have.

The Redmond Review undertook an independent review into the arrangements in place to support the transparency and quality of local authority financial reporting and external audit. A key recommendation was for clear system leadership to be established across the local audit system. A new regulator, the Audit Reporting and Governance Authority (ARGA), is to be established as the system leader for local audit within a new, simplified local audit framework with shadow arrangements to start at the Financial Reporting Council in 2023.

### AGS Actions Completed in 2022/23

- Reviewed and updated the Corporate Scheme of Delegation.

### Key Supporting Policies and Procedures

Statutory Chief Finance Officer (holding Section 151 responsibilities)

[Blackpool Council | Senior employees and officers](#)



## Financial Management

Annual Budgets	<a href="https://blackpool.gov.uk/annual-budgets">Annual budgets (blackpool.gov.uk)</a>
Budget and Policy Framework	<a href="#">Blackpool Council constitution   Part 4c Budget and policy framework</a>
Financial Procedure Rules	<a href="#">Blackpool Council constitution   Part 4f - Financial procedure rules</a>
Medium Term Financial Sustainability Strategy	<a href="#">Agenda for Executive on Monday, 5th December, 2022, 6.00 pm (blackpool.gov.uk)</a>
Statutory Officer roles – Article 13	<a href="#">Blackpool Council constitution   Part 2 Articles</a>



## Audit Arrangements

An Audit Committee is in place which is independent of the scrutiny and Executive functions. As a full committee of the Council it is able to discharge all the core functions of an Audit Committee outlined in the CIPFA Audit Committee: Practical Guidance for Local Authorities (2022), from which the Committee has adopted the model terms of reference. The Committee has assessed themselves against the CIPFA Position Statement and identified areas to consider in the future to continue to strengthen the Committee.

Over the past twelve months the Chair of the Audit Committee has continued to raise the profile of the Audit Committee and has presented a report to Council on the work of the Committee and has proactively requested Chief Officers and Head of Services to attend meetings to be challenged and held to account where controls issues have been identified. Two independent member positions have been co-opted onto the Committee to enhance its robustness and provide valuable experience and support to the Committee in its work.

Modular training is delivered as part of the Audit Training Academy prior to each Audit Committee meeting to ensure that members have the appropriate skills and knowledge to effectively discharge their duties.

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

In 2022/23 the Head of Audit and Risk provided an Annual Audit Opinion which will be presented to the Audit Committee in June 2023 which stated:

“The Head of Audit and Risk is satisfied that sufficient assurance work has been carried out to allow the provision of a reasonable conclusion on the adequacy and effectiveness of Blackpool Council’s internal control environment.

The opinion of the Head of Audit and Risk is that the overall control environment of the Council is adequate.

Strategically, financial sustainability is the greatest risk faced by the Council with the increasing demand for social care, various large scale regeneration projects and the financial position of some of the wholly owned companies. This risk is further impacted by the current economic climate across the UK and the public sector.

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

The Council’s internal audit arrangements conform to the governance requirements the Public Sector Internal Audit Standards. An external review of the Council’s compliance with the Public Sector Internal Audit Standards took place in 2021/22 which confirmed conformance with the standards. The recommendations made in the external assessment report have been incorporated into the Quality Assurance and Improvement Programme for the service.

Officers in the Audit and Risk Team have started to shadow the Head of Audit and Risk at Audit Committee meetings to gain experience and this will continue going forward. The Head of Audit and Risk also has



## Audit Arrangements

quarterly liaison meetings with external audit to discuss known and emerging issues being identified as a result of audit testing.

### AGS Actions Completed in 2022/23

- Continued to improve the link between Audit Committee and the Scrutiny process.
- Identified opportunities to review good practice with other Audit Committees via the new forums established by the Chartered Institute of Internal Auditors / LGA.

### Key Supporting Policies and Procedures

CIPFA Position Statement Compliance Report	<a href="https://blackpool.gov.uk">Agenda for Audit Committee on Thursday, 24th November, 2022, 6.00 pm (blackpool.gov.uk)</a>
Internal Audit Charter 2022/22	<a href="https://blackpool.gov.uk">Agenda for Audit Committee on Thursday, 3rd March, 2022, 6.00 pm (blackpool.gov.uk)</a>
Internal Audit Plan 2022/23	<a href="https://blackpool.gov.uk">Agenda for Audit Committee on Thursday, 3rd March, 2022, 6.00 pm (blackpool.gov.uk)</a>
Quality Assurance and Improvement Programme 2022/23	<a href="https://blackpool.gov.uk">Agenda for Audit Committee on Thursday, 16th June, 2022, 6.00 pm (blackpool.gov.uk)</a>
Audit Committee Annual Report to Full Council	<a href="https://blackpool.gov.uk">Agenda for Council on Wednesday, 22nd June, 2022, 6.00 pm (blackpool.gov.uk)</a>
External Assessment of Internal Audit 2021/22	<a href="https://blackpool.gov.uk">Agenda for Audit Committee on Thursday, 30th September, 2021, 6.00 pm (blackpool.gov.uk)</a>



## Risk Management

A Corporate Risk Management Group is in place to coordinate and promote risk management activity in line with the Council’s Risk Management Framework 2021-2025. It is supported by directorate and thematic risk management groups.

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

Overarching responsibility for risk management lies with the Officer Corporate Leadership Team. Chief Officers are identified as owners of the risks identified in the Strategic Risk Register which reviewed by the Corporate Leadership Team and approved by the Audit Committee annually. The Audit Committee undertakes a programme of ‘deep dives’ into each key risk area with Chief Officers identified in the Strategic Risk Register being required to attend to explain how the risks are being managed and what further mitigating controls may be required.

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

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

A Health and Safety Team is in place which provide advice, support and guidance to managers across the Council regarding compliance with health and safety legislation. The team is responsible for issuing the Corporate Arrangements which all employees should adhere to.

### AGS Actions Completed in 2022/23

- Reviewed the strategic risk register and the deep dive review process for 2022/23 to better group the risks and enable a better understanding of the actions being taken by the Council.

### Key Supporting Policies and Procedures

Risk Management Framework 2021/25	<a href="#">Appendix 8(a) - Agenda for Audit Committee on Thursday, 21st January, 2021, 6.00 pm (blackpool.gov.uk)</a>
Strategic Risk Register 2022/23	<a href="#">Agenda for Audit Committee on Thursday, 3rd March, 2022, 6.00 pm (blackpool.gov.uk)</a>
Strategic Risk Register Deep Dive - People	<a href="#">Agenda for Audit Committee on Thursday, 28th April, 2022, 6.00 pm (blackpool.gov.uk)</a>

# Annual Governance Statement 2022/2023

Appendix 6(a)



## Risk Management

Strategic Risk Register Deep Dive - Reputation	<a href="#">Agenda for Audit Committee on Thursday, 16th June, 2022, 6.00 pm (blackpool.gov.uk)</a>
Strategic Risk Register Deep Dive - Security	<a href="#">Agenda for Audit Committee on Thursday, 21st July, 2022, 6.00 pm (blackpool.gov.uk)</a>
Strategic Risk Register Deep Dive - Strategy	<a href="#">Agenda for Audit Committee on Thursday, 15th September, 2022, 6.00 pm (blackpool.gov.uk)</a>
Strategic Risk Register Deep Dive – Legal	<a href="#">Agenda for Audit Committee on Thursday, 20th October, 2022, 6.00 pm (blackpool.gov.uk)</a>
Strategic Risk Register Deep Dive – Commercial	<a href="#">Agenda for Audit Committee on Thursday, 24th November, 2022, 6.00 pm (blackpool.gov.uk)</a>
Strategic Risk Register Deep Dive – Finance	<a href="#">Agenda for Audit Committee on Thursday, 19th January, 2023, 6.00 pm (blackpool.gov.uk)</a>
Business Continuity Framework 2021/25	<a href="#">Appendix 9(a) - Agenda for Audit Committee on Thursday, 21st January, 2021, 6.00 pm (blackpool.gov.uk)</a>



## Counter Fraud and Anti-Corruption Arrangements

The Council has developed counter fraud and anti-corruption arrangements in line with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. A Fraud Prevention Charter has been developed and approved by the Officer Corporate Leadership Team and the Audit Committee. Any suspected instance of fraud or corruption should be reported to the Head of Audit and Risk so that an appropriate investigation into the matter can be undertaken.

A dedicated Corporate Fraud Team is in place which deals with a range of corporate fraud issues and proactive work has commenced on high risk areas with single person discount being a focus. The team have continued to undertake post assurance work on the various business lockdown, restart grants and Omicron grants which have been made available by government as a result of the pandemic.

The Council has appropriate procedures in place to deal with the risk of money laundering and also to raise awareness of the Bribery Act and ensure that appropriate controls are in place to reduce the risk. An Anti-Money Laundering Policy is in place and this is supported by an iPool training course for employees to complete.

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

A corporate group is in place to review the Council's use of covert surveillance and to ensure compliance with the Regulatory of Investigatory Powers Act (2000).

### AGS Actions Completed in 2022/23

- Implemented a communications strategy for raising fraud awareness and ensuring that employees and the public are aware of how to report fraud to the Council. This will continue each year to further strengthen messaging to act as a deterrent to reduce fraud against the Council.

### Key Supporting Policies and Procedures

Fraud Prevention Charter 2022/23	<a href="#">Agenda for Audit Committee on Thursday, 3rd March, 2022, 6.00 pm (blackpool.gov.uk)</a>
Anti-Money Laundering Policy	<a href="#">Appendix 5(a) - Agenda for Audit Committee on Thursday, 8th November, 2018, 6.00 pm (blackpool.gov.uk)</a>
Covert Surveillance Policy	<a href="#">Appendix 6(a) - Agenda for Audit Committee on Wednesday, 27th November, 2019, 6.00 pm (blackpool.gov.uk)</a>

## Scrutiny Arrangements

Three Scrutiny Committees are in place namely a Children and Young People’s Scrutiny Committee, Tourism, Economy and Communities Scrutiny Committee and an Adults Social Care and Health Scrutiny Committee.

A Scrutiny Leadership Board chaired by an Independent Member of the Council and also consisting of the Chairs and Vice Chairs of the three committees and the Chair of the Audit Committee coordinates the work of the committees and manages the overall scrutiny work programme. In May 2021, the Council agreed that the Scrutiny Leadership Board would scrutinise the wholly owned companies of the Council, following liaison with the proposed Shareholder Committee of the Executive and would also be responsible for monitoring and commenting on the Council’s, medium term financial strategy, financial outturn reports and any other overarching financial strategies. There are also regular meetings with senior Executive Members.

The scrutiny committees help empower elected members and provide them with the opportunity to contribute to policy making, hold in-depth reviews and challenge and hold decision makers to account. The committees meet on a regular basis and the minutes of the meetings and supporting documentation are published and the Chair of the Scrutiny Leadership Board reports to Council normally twice a year on scrutiny activities that have taken place. The Scrutiny Leadership Board undertakes an informal self-assessment exercise annually to identify any development areas.

AGS Actions Completed in 2022/23	
<ul style="list-style-type: none"> <li>N/a</li> </ul>	
Key Supporting Policies and Procedures	
Scrutiny Committee Agendas and Minutes	<a href="https://www.blackpool.gov.uk/scrutiny">Committee structure (blackpool.gov.uk)</a>



## Learning and Development

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

A wide range of training is available corporately which is informed from Corporate Leadership team, Senior Leadership team, various workforce groups and the development needs identified in the Individual Performance Appraisals. The Council is committed to leadership development and various courses are available to continue to develop skills and knowledge. An Emerging Leaders programme has been developed and work is ongoing in relation to succession planning for Senior Leadership Team roles. The attainment of professional qualifications in relevant disciplines is encouraged and the Council is committed to funding studies where appropriate utilising the Apprenticeship Levy.

Many professionals across the Council maintain continuing professional development records to ensure they continue to meet the requirements of their professional bodies.

A Workforce Strategy is in place but was due to be refreshed last year. As a result of the implementation of a new HR and Payroll system this has been delayed but work will take place during 2023 supported by the employee survey which was completed in 2021/22.

The Council encourages and promotes Apprenticeships to existing employees and through recruitment. The costs of training are funded through the Council's Apprenticeship Levy.

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

An induction programme is in place for all elected members as well as a three year development plan to provide for ongoing development skills development throughout members' term of office. Elected members can have a personal development plan to help identify and assist with individual training needs. A cross-party Member Training Panel oversees the provision of member training and shapes future programmes.

The Council takes the Health and Wellbeing of employees very seriously and there is a comprehensive suite of support available in addition to an in house Occupational Health Service. This is promoted to employees via regular newsletters and a 'My Wellbeing' section on the Council's Hub. An internal audit of this area in 2021/22 provided positive assurance about the work undertaken in this area.



## Learning and Development

### AGS Actions Completed in 2022/23

- N/a

### Key Supporting Policies and Procedures

Apprenticeships Levy Return	<a href="https://blackpool.gov.uk/annual-apprenticeships-return">Annual apprenticeships return (blackpool.gov.uk)</a>
Workforce Strategy	<a href="#">Appendix 3(a) - Agenda for Executive on Monday, 18th January, 2016, 6.00 pm (blackpool.gov.uk)</a>
Supporting The Workforce Scrutiny Report	<a href="#">Appendix 10(a) - Agenda for Resilient Communities and Children's Scrutiny Committee on Thursday, 7th February, 2019, 6.00 pm (blackpool.gov.uk)</a>
Project Search	<a href="#">Project Search (blackpool.gov.uk)</a>



## Partnerships and Joint Working

The Council is involved in a number of key projects with partner organisations in order to transform the way in which services are delivered. Examples include Better Start which focuses on early intervention in order to build resilience in the community. Boards with representation from partner organisations are also in place for key risks faced by the Council to introduce an element of independence and challenge. Transformation has also been achieved through the Opportunity Area funding stream which seeks to improve educational attainment.

The Council is invited to attend the Voluntary, Community, Faith and Social Enterprise (VCFSE) Leaders meetings and aims to work alongside and in partnership with third sector colleagues. This includes work around community engagement, community development and working together to ensure a more resilient Blackpool. This includes involving third sector representatives on key boards such as the town deal and working together on projects including a Lancashire wide accord developed in partnership with local authorities, NHS and the third sector, aiming to streamline communication pathways and join working together. The Council's relationships with the third / voluntary sector have been further strengthened due to effectively working together in response to the pandemic starting in March 2020 and forging new ways of working together which can continue to be developed.

Arrangements are in place for the provision of Shared Services with Fylde Borough Council in a number of areas, the most significant being the Revenues and Benefits Service, Health and Safety and Human Resources. Payroll services are also provided to Chorley and South Ribble Councils. Shared arrangements are also in place with Blackpool Teaching Hospital NHS Foundation Trust in relation to emergency planning. The Council is also working jointly with other Fylde Coast authorities on the development of an enterprise zone and other economic prosperity opportunities to improve the local economy.

The Council wholly owns seven companies which are currently operating (six companies limited by shares and one limited by guarantee). Each company has an adopted governance framework based on good practice codes in the corporate sector and the recently issued national Local Partnership company guidance. The Boards generally comprise both councillor appointed non-executive directors and independent non-executive directors (usually in the majority) recruited from the business sector. There is a group approach to corporate governance with the Company Secretary, Data Protection Officer and Head of Audit and Risk from the Council appointed across the group which helps provide assurance to the Boards of Directors and the Council in its role as shareholder.

A Shareholder Committee of the Executive (chaired by the Deputy Leader of the Council and involving the Leader of the Council and the Deputy Leader of the Conservative group) with decision making powers and more focused accountability was established in 2021. There is a governance framework in place for all wholly owned companies which has been approved by the Shareholder and all company boards.



## Partnerships and Joint Working

- Wholly owned company Boards adopted the Governance Framework.

### Key Supporting Policies and Procedures

Partnership Governance Framework	<a href="https://blackpool.gov.uk">Agenda for Council on Wednesday, 24th November, 2021, 6.00 pm (blackpool.gov.uk)</a>
Establishment of a Shareholder Committee	<a href="https://blackpool.gov.uk">Agenda for Executive on Monday, 8th November, 2021, 6.00 pm (blackpool.gov.uk)</a>
Company Governance Framework	<a href="https://blackpool.gov.uk">Agenda for Shareholder Committee on Friday, 18th March, 2022, 10.00 am (blackpool.gov.uk)</a>
Audit Recommendation Tracker	<a href="https://blackpool.gov.uk">Agenda for Shareholder Committee on Friday, 18th March, 2022, 10.00 am (blackpool.gov.uk)</a>

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## Annual Review of Effectiveness

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

### Good Governance Group

A Good Governance Group was established in October 2016 and has led on the review of effectiveness and the production of the Annual Governance Statement to ensure that governance issues identified have subsequently been addressed. This group is chaired by the Director of Governance and Partnerships and attended by the Head of Audit and Risk, Head of Democratic Governance, Transformation Manager, Head of Legal Services, Head of ICT, Head of Accountancy, Head of Information Governance and the Head of Organisation and Workforce Development.

### Elected Member Workshop

A workshop with elected members who have a key role in governance took place on the 27<sup>th</sup> April 2023.

### Corporate Leadership Team Workshop

A workshop with Chief Officers at the Corporate Leadership Team on the 23<sup>rd</sup> May 2023.

### Mid-Term Review

The mid-term review will be presented to the January 2024 Audit Committee so progress against identified actions can be reported.

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## Assurance Statement

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

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## Governance Issues

Actions have been identified as part of the 2022/23 review of the effectiveness of the governance framework and these are captured in the following table. It should be noted that some of the issues identified are not deemed

# Annual Governance Statement 2022/2023

Appendix 6(a)

significant but have been included to aid openness and transparency. The action plan sets out those which we intend to complete before the mid-term review in January and those which are likely to complete afterwards.

Issue	Actions	Responsible Officer (s)	Target Date
<b>Code of Conduct and Behaviours</b>	Train new and returning members on the Code of Conduct to ensure that they fully understand their role and also how to manage relationships with officers.	Director of Governance and Partnerships	Before mid-term review
	Refresh of Politically Restricted posts.	Chief Executive	Before mid-term review
<b>Ethical and Responsible Governance</b>	Develop an Ethical Policy clearly defining expectations of the wholly owned companies and the Shareholder and the decision making process.	Director of Governance and Partnerships	Before mid-term review
	Implementation of changes resulting from the statutory review of Equality Objectives.	Director of Resources	Before mid-term review
<b>Commitment to Openness, Communication and Consultation</b>	Continue to deliver the channel shift agenda to improve accessibility to residents and reduce demand on Council resources.	Director of Resources	After mid-term review
	Continue to develop the Council's approach to communication to ensure the balance between corporate communications and service level communications is effectively integrated.	Director of Communications and Regeneration	After mid-term review
<b>Developing, Communicating and Translating the Vision</b>	Review the Council Plan and consider including in this the role which the Council plays is supporting key partnerships across the town and how it aligns with the work of the wholly owned companies.	Director of Strategy (Assistant Chief Executive)	After mid-term review
<b>Performance Management</b>	Prepare for the potential CQC inspection of adult social care in 2023.	Director of Adult Services	Before mid-term review

# Annual Governance Statement 2022/2023

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Issue	Actions	Responsible Officer (s)	Target Date
<b>Roles and Responsibilities</b>	Provide elected members with details on who to approach and how to approach officers in a structured way via Member Services.	Director of Governance and Partnerships	Before mid-term review
<b>Decision Making</b>	Continue with review of Council Constitution (in conjunction with senior elected members in key governance positions) and ensure that all elected members are aware of how decisions are made and the democratic processes in place	Director of Governance and Partnerships	Before mid-term review
<b>Compliance with laws, regulations and internal procedures.</b>	Complete work on compliance regarding mandatory training to link mandatory workbooks to the recruitment process for non IT users.	Chief Executive	After mid-term review
	Explore the potential of introducing enhanced DBS checks for elected members.	Director of Governance and Partnerships	Before mid-term review
	Ensure that legal services continue to horizon scan for new legislation and communicate any changes to enable officer's adequate time to plan.	Director of Governance and Partnerships	Before mid-term review
	Once the new Procurement Legislation (post EU Exit procurement reform) is embedded in law there will be a review of procurement practice, process and governance to ensure that we control compliance.	Director of Resources	After mid-term review
<b>Financial Management</b>	Ensure that reviews of the Medium Term Financial Sustainability Strategy contains appropriate version control to ensure that the most up to date version is being considered.	Director of Resources	Before mid-term review

# Annual Governance Statement 2022/2023

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Issue	Actions	Responsible Officer (s)	Target Date
Audit Arrangements	Appoint to the vacant independent member position on the Audit Committee to increase access to appropriate skills and knowledge.	Director of Governance and Partnerships	Before mid-term review
	Continue to roll out access to the Audit Training Academy particularly for any new members to the Committee and ensure that all elected members have an induction to the role of the Audit Committee.	Director of Governance and Partnerships	Before mid-term review
Risk Management	Further develop the Strategic Risk Register for 2023/24 to include target risk scores and a risk appetite.	Director of Resources	Before mid-term review
	The Audit Committee to continue with their deep dives on strategic risks whilst also considering the newly introduced risk appetites to gain assurance on the appropriateness of risk mitigation activity.	Director of Resources	Before mid-term review
	Review the Council's Corporate Business Continuity Plan to ensure that the critical activities list remains up to date.	Director of Resources	Before mid-term review
	Carry out a cyber-attack business continuity exercise to raise awareness of the impact such an attack could have on the delivery of Council services.	Director of Resources	Before mid-term review
	Implement a new claims handling system to increase efficiency and improve reporting regarding civil claims.	Director of Resources	Before mid-term review
Counter Fraud	Review the Council's Surveillance Policy to ensure that this continues to reflect good practice.	Director Governance and Partnerships	Before mid-term review

# Annual Governance Statement 2022/2023

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Issue	Actions	Responsible Officer (s)	Target Date
<b>Scrutiny Arrangements</b>	Consider and implement recommendations from the follow-up review of scrutiny arrangements undertaken by North West Employers	Director of Governance and Partnerships	After mid-term review
<b>Learning and Development</b>	Complete SLT succession planning work and draft an action plan to address gaps.	Chief Executive	Before mid-term review
	Refresh the Workforce Strategy.	Chief Executive	After mid-term review
	Review of member induction programme ahead of the local elections in 2023.	Director of Governance and Partnerships	Before mid-term review
<b>Partnership and Joint Working</b>	Review the register of existing partnerships and the Partnership Governance Framework so that governance arrangements can then be assessed.	Director of Governance and Partnerships	Before mid-term review
	Once a partnership register is in place seek ways in which to strengthen how the Council works with partners in order to positively impact the community.	Director of Governance and Partnerships	After mid-term review
	Develop the Strategic Risk Register for the company group and reporting that into Audit Committee.	Director of Governance and Partnerships	Before mid-term review

## Conclusion

We propose over the coming year to take steps to address the significant governance issues identified to further enhance governance arrangements. We are satisfied that these steps will address the need for improvements

# Annual Governance Statement 2022/2023

Appendix 6(a)

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that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: (Leader of the Council)

Signed: (Chief Executive)

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<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh – Head of Audit and Risk
<b>Meeting</b>	15 June 2023

## INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2023/24

### 1.0 Purpose of the report:

1.1 A requirement of the Public Sector Internal Audit Standards is that a Quality Assurance and Improvement Programme (QAIP) is implemented for the internal audit team and approved by senior management and the Audit Committee.

### 2.0 Recommendation(s):

2.1 Audit Committee are asked to approve the Quality Assurance and Improvement Programme for the internal audit service for 2023/24.

### 3.0 Reasons for recommendation(s):

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

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

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

### 4.0 Other alternative options to be considered:

4.1 N/a

### 5.0 Council priority:

5.1 The work of the internal audit team contributes to the achievement of all of the Council's priorities.

### 6.0 Background information

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

- Performs its work in accordance with its Charter which conforms to the requirements of the

Public Sector Internal Audit Standards (PSIAS);

- Operates in an effective and efficient manner; and
- Is perceived by stakeholders as adding value and improving operations.

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

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

The Head of Audit and Risk is ultimately responsible for the QAIP, which covers all types of internal audit activity, including advice and consulting.

6.2 Does the information submitted include any exempt information? No

## **7.0 List of Appendices:**

7.1 Appendix 8(a) – Quality Assurance and Improvement Programme 2023/24.

## **8.0 Financial considerations:**

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

## **9.0 Legal considerations:**

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

## **10.0 Risk management considerations:**

10.1 The results of the external assessment of internal audit (August 2021) have been a key driver in formulating the Quality Assurance and Improvement Action plan to ensure an independent view of the risk in the internal audit team.

## **11.0 Equalities considerations:**

11.1 Having considered the action plan it is not deemed that any of the identified actions will be in breach of the Public Sector Equality Duty.

**12.0 Sustainability, climate change and environmental considerations:**

**12.1** It is not deemed that any of the identified actions will have a negative impact on the environment / climate change agenda.

**13.0 Internal/external consultation undertaken:**

**13.1** All of the Internal Audit Team were involved in a review of the Quality Assurance Improvement Plan.

**14.0 Background papers:**

**14.1** N/a

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# Internal Audit

## Quality Assurance and Improvement Programme 2023/24

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Blackpool Council



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## Introduction

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

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

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

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

The Head of Audit and Risk is ultimately responsible for the QAIP, which covers all types of internal audit activity, including advice and consulting.

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## Internal Assessments

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

### On-Going Reviews

Continual assessments are conducted through:

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

# Quality Assurance and Improvement Programme 2023-24

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## Internal Audit Performance Management

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

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

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

	2020/21		2021/22		2022/23	
	Target	Actual	Target	Actual	Target	Actual
<b>Audit plan completed</b>	90%	80%	90%	99%	90%	91%
<b>Draft reports delivered in deadline</b>	96%	98%	96%	89%	96%	89%
<b>Audit work completed in budget</b>	92%	96%	92%	100%	92%	98%
<b>Positive satisfaction surveys</b>	85%	95%	85%	93%	85%	95%
<b>Compliance with quality standards</b>	85%	90%	85%	92%	85%	96%

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

Positive Feedback	Areas to Improve
<ul style="list-style-type: none"> <li>▪ The auditor knew the subject matter well.</li> </ul>	<ul style="list-style-type: none"> <li>▪ My service have been in transition with this element of our practice and new procedures have been in place for the last couple of months to remedy years of issues. We have not had a chance to exhibit the benefit of the new process.</li> </ul>
<ul style="list-style-type: none"> <li>▪ The report was very comprehensive.</li> </ul>	<ul style="list-style-type: none"> <li>▪ My service didn't agree with the recommendations and felt that the responsibility for other organisations and internal departments was placed on them.</li> </ul>

# Quality Assurance and Improvement Programme 2023-24

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Positive Feedback	Areas to Improve
<ul style="list-style-type: none"> <li>The auditor took the time to understand the nature of the audit by asking appropriate questions and making relevant recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>I think the auditors needed information from the service to offer some expertise.</li> </ul>
<ul style="list-style-type: none"> <li>Good, friendly and professional service.</li> </ul>	<ul style="list-style-type: none"> <li>I found the auditor professional but not knowledgeable in the subject area.</li> </ul>
<ul style="list-style-type: none"> <li>The auditor engaged with me from the start and was receptive to my comments and input.</li> </ul>	
<ul style="list-style-type: none"> <li>The auditor was extremely knowledgeable and understood the scope of the review and how the service operated. Anything the auditor was unclear on, she asked and took note. Throughout the auditor was very professional.</li> </ul>	
<ul style="list-style-type: none"> <li>This type of review is extremely helpful and the recommendations will all assist in improving the service and the relationship between Council and companies.</li> </ul>	
<ul style="list-style-type: none"> <li>Not a comment to improve the service, but I would like to thank the auditor for the work she carried out and the quality and understanding she had of the service. The audit process was excellent and it felt like value was being added and it was a worthwhile exercise. The auditor is a credit to your team.</li> </ul>	
<ul style="list-style-type: none"> <li>Knowledge of the service was adequate for the purpose of this audit.</li> </ul>	
<ul style="list-style-type: none"> <li>Ongoing development is important in a CQC registered service and this audit evidences ongoing commitment to development.</li> </ul>	
<ul style="list-style-type: none"> <li>The audit team were professional, knowledgeable and asked the right questions.</li> </ul>	
<ul style="list-style-type: none"> <li>I found the audit process really helpful to pull together risks and recommendations. I felt the team listened carefully and asked considered and relevant questions. I found the process really helpful and would recommend other teams to do the same. A very positive and helpful experience.</li> </ul>	

# Quality Assurance and Improvement Programme 2023-24

Appendix 8(a)

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Positive Feedback	Areas to Improve
<ul style="list-style-type: none"><li>Insightful and useful report.</li></ul>	
<ul style="list-style-type: none"><li>Professional auditors... thank you.</li></ul>	

## Periodic Reviews

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

- An annual risk assessment of the Audit Universe for the purpose of audit planning.
- Annual review of compliance against the requirements of the QAIP, undertaken by the Head of Audit and Risk, the results of which are reported to the Corporate Leadership Team and Audit Committee.
- Internal audit service improvement days.
- Compliance with the Individual Performance Appraisal process which sees a full annual and a six monthly assessment of auditor team performance.
- Periodic benchmarking with other local authorities to identify differences in coverage and potential areas for change.
- Networking with other local authorities to identify best practice and potential changes to implement.

The Head of Audit and Risk will implement appropriate follow-up to any identified actions to ensure continual improvement of the service.

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

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## External Assessments

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

### Frequency of External Assessment

An external assessment will be conducted at least every five years, in accordance with the PSIAS. Appointment of the External Assessor and scope of the external assessment will be approved by the Audit Committee. The last external assessment took place in June 2021.

### Scope of External Assessment

The scope of the external assessment is broad and includes the following elements of Internal Audit activity:

- 
- **Purpose and positioning** – Does the internal audit service have the appropriate status, clarity of role and independence to fulfil its professional remit?
  - **Structure and resources** – Does the internal audit service have the appropriate structure and resources to deliver the expected service?
  - **Audit execution** – Does the internal audit service have the processes to deliver an effective and efficient internal audit service?

Results of external assessments are provided to the Audit Committee. The external assessment report will be accompanied by an action plan in response to the comments and recommendations identified. Any significant areas of non-compliance will be reported in the Annual Audit Report and the Council's Annual Governance Statement. The latest external inspection report confirms that the team continue to conform to the standards.

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## Review of the QAIP

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

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## Action Taken Since QAIP 2022/23

A number of actions, which were identified in the QAIP 2022/23 and as part of the 2021 external assessment, have been implemented throughout 2022/23 and are shown in **Appendix 1**.

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## Action Plan 2023/24

Actions to be addressed throughout 2023/24 and future years QAIP's are shown in **Appendix 2**.

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## Appendix 1 – Actions Completed in 2022/23

Source	Completed Action
Service Improvement Day – April 2022	<ul style="list-style-type: none"> <li>• A member of the team has now received formal contract audit training.</li> </ul>
	<ul style="list-style-type: none"> <li>• A member of the team has been trained in the use of file interrogation software which can be used as appropriate for audit testing.</li> </ul>
	<ul style="list-style-type: none"> <li>• Meetings are now arranged at the mid-point of all audits between the Senior Auditor and Auditor to discuss progress and key findings.</li> </ul>
	<ul style="list-style-type: none"> <li>• A new template to evidence Senior Auditor review is now in place.</li> </ul>
	<ul style="list-style-type: none"> <li>• The introduction of the new template (above) negates the need for the Senior Auditors to sign and review every document.</li> </ul>
	<ul style="list-style-type: none"> <li>• Given the team a wider exposure to different types of audits for development purposes.</li> </ul>
External Assessment of Internal Audit – August 2021	<ul style="list-style-type: none"> <li>• In accordance with best practice, Audit Staff formally acknowledged acceptance of the Internal Audit Code of Ethics periodically.</li> </ul>

## Appendix 2 – Actions to Complete Going Forward

Action	Action By	Status	Target Date
<b>Service Improvement Day – April 2022</b>			
<ul style="list-style-type: none"> <li>Ensure that all staff in the team are appropriately qualified and have a broad range of experience.</li> </ul>	Head of Audit and Risk	In Progress	March 2025
<ul style="list-style-type: none"> <li>Look to skill a member of the audit team with IT audit skills to further enhance the team’s ability.</li> </ul>	Head of Audit and Risk	In Progress	March 2025
<ul style="list-style-type: none"> <li>Implement quarterly half day sessions with the team to consider learning and best practice issues when undertaking internal audits.</li> </ul>	Senior Auditors	In Progress	March 2024
<ul style="list-style-type: none"> <li>Consider the implementation of quarterly post audit evaluations to discuss lessons learned.</li> </ul>	Senior Auditors	Yet to Start	March 2024
<ul style="list-style-type: none"> <li>Set up a library of Audit Programmes so that auditors have a reference point for future audits.</li> </ul>	Senior Auditors	In Progress	March 2024
<ul style="list-style-type: none"> <li>All members of the Audit Team should observe a company and a Council Audit Committee to gain experience of the strategic internal audit process.</li> </ul>	Head of Audit and Risk	In Progress	March 2024
<ul style="list-style-type: none"> <li>Review the offer for providing an internal audit service to Academies to ensure that this is competitive in order to generate more business in this area.</li> </ul>	Senior Auditors	Yet to Start	March 2024

Action	Action By	Status	Target Date
<b>External Assessment of Internal Audit – August 2021</b>			
<ul style="list-style-type: none"> <li>The Chair of Audit Committee should provide feedback on the performance of the Head of Audit and Risk.</li> </ul>	Director of Resources	In Progress	March 2024
<ul style="list-style-type: none"> <li>The two new Senior Auditor posts need to be utilised more effectively which will be achieved in part by the transferal of some responsibilities from the Head of Audit and Risk.</li> </ul>	Head of Audit and Risk	In Progress	March 2024
<ul style="list-style-type: none"> <li>It is recommended that both Senior Auditors hold full Internal Audit qualifications particularly if they are to take on audit responsibilities for the wholly owned companies and / or other higher level responsibilities currently held by the Head of Audit and Risk.</li> </ul>	Head of Audit and Risk	In Progress	March 2025

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<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh - Head of Audit and Risk
<b>Meeting</b>	15 June 2023

## AUDIT ACADEMY TRAINING PROGRAMME 2023/24

### 1.0 Purpose of the report:

1.1 To set out the modular training programme for the Audit Committee during the 2023/24 Municipal Year.

### 2.0 Recommendation(s):

2.1 To consider and approve the Audit Committee Training Programme

### 3.0 Reasons for recommendation(s):

3.1 To develop the effectiveness of the Audit Committee.

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

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

### 4.0 Other alternative options to be considered:

4.1 N/a

### 5.0 Council priority:

5.1 The effectiveness of the Audit Committee is relevant to all Council priorities.

### 6.0 Background information

6.1 Attendance as part of the Audit Academy Training Programme will provide Audit Committee members with the skills to:

- Understand how to be effective when sitting on an Audit Committee.
- Increase their understanding of risk mitigations and the control environment.
- Develop skills to effectively gain the levels of assurance they need.
- Understand what is meant by the term governance and why this is important in local government.

As there were a number of newly elected members following the May 2023 local elections an Introduction to Audit Committee session was run on the 7<sup>th</sup> June 2023 which covered the basic principles of the Audit Committee. To develop the skills and knowledge of Committee Members further the following training programme is proposed for 2023/24:

<b>Date</b>	<b>Topic</b>	<b>Presenter</b>
July 2023	<b>Statement of Accounts</b> <ul style="list-style-type: none"> <li>- To ensure that the Committee have the information they need to effectively scrutinise the Statement of Accounts and ISA260.</li> <li>- To provide a background as to why three sets of accounts need to be approved and the differences between these.</li> </ul>	Director of Resources / Head of Accountancy
September 2023	<b>Audit Committee Terms of Reference and CIPFA Compliance Statement:</b> <ul style="list-style-type: none"> <li>- To ensure that members understand the role of the Audit Committee.</li> <li>- Workshop / training session to review the Committee's compliance with the CIPFA code.</li> </ul>	Director of Governance and Partnerships / Head of Audit and Risk
October 2023	<b>Understanding the Risk Services Quarterly Report:</b> <ul style="list-style-type: none"> <li>- To train members on the Risk Services Quarterly Report content.</li> <li>- Help members focus on the most important sections of the report.</li> <li>- Explore the types of questions which could be asked.</li> </ul>	Head of Audit and Risk
December 2023	<b>Strategic Risk Management</b> <ul style="list-style-type: none"> <li>- To provide an overview of the Council's risk management arrangements and how the Audit Committee integrate with these.</li> </ul>	Head of Audit and Risk
January 2024	<b>Annual Governance Statement and the Half Yearly Review:</b> <ul style="list-style-type: none"> <li>- To refresh members on the Annual Governance Statement.</li> <li>- Help members focus on the most important sections of the report.</li> </ul>	Director of Governance and Partnerships / Head of Audit and Risk
March 2024	<b>The Role of External Audit:</b> <ul style="list-style-type: none"> <li>- To ensure that members understand the role of external audit.</li> <li>- To help members interpret reports provided by external audit to the Committee.</li> </ul>	New external auditors

6.2 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 N/a

**8.0 Financial considerations:**

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

**9.0 Legal considerations:**

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

**10.0 Risk management considerations:**

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

**11.0 Equalities considerations:**

11.1 All members of the Committee have the same access to training available. Training in other formats can be provided should an accessibility need be identified.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 Risk related to sustainability will be considered as part of the risk management structure at the Council.

**13.0 Internal/external consultation undertaken:**

13.1 N/a

**14.0 Background papers:**

14.1 N/a

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**AUDIT COMMITTEE ACTION TRACKER**

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
1	21.01.21	To receive, in due course, Deloitte’s detailed log of all additional work and the associated costs, with any materially significant queries identified.	September 2021	Ms Nicola Wright, Deloitte	The 2020/21 accounts have not yet been signed off due to some technical accounting issues affecting a number of local authorities. Therefore time spent on the audit is not yet known pending an outcome from CIPFA and the sign-off of the accounts.	In progress
3	20.01.22	That an updated ISA 260, along with the final accounts be presented to the next meeting of the Audit Committee.	April 2022	Deloitte	The 2020/21 accounts have not yet been signed off due to some technical issues affecting a number of local authorities.	In Progress
3	Oct 22	To invite the Director of Children’s Services to provide an update in relation to progress made against implementing the actions identified in the financial systems audit.	July 23	Ms Victoria Gent, Director of Children’s Services.		Not yet due

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