

Audit Committee



Date	Thursday 4 January 2007
Venue	Town Hall, Lytham St Annes
Committee members	Fabian Wilson (Chairman) Keith Hyde (Vice-Chairman) Christine Akeroyd, John Coombes, Paul Hayhurst, Elizabeth Oades, Simon Renwick
Other Councillors	Kiran Mulholland, Paul Rigby
Officers	Christopher Kitchin, Paul Norris, Tracy Scholes, Savile Sykes, Andrew Wilsdon, Brian White
Others	

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 26 October 2006 as a correct record for signature by the chairman.

3. Substitute members

No substitute members were reported.

4. Strategic Risk 2006-2007

Andrew Wilsdon (Insurance and Risk Management Officer) presented a report which summarised activity undertaken to complete the Strategic Risk Actions contained in the 2006-2007 Risk Register.

Mr Wilsdon provided Members with information on the monitoring of the Strategic Risk Register. Mr Wilsdon informed the Committee the 12 Action Plans had between them 95 individual actions to be undertaken by assigned officers by certain key dates throughout the year.

Mr Wilsdon reported that in the original Risk Register 65 actions were to be completed within the period 1 April to 31 October 2006, the first half year. Mr Wilsdon notified the Committee that the actual number of risk actions completed was 49 and the other 16

actions have had there extended by the Strategic Risk Management Group. This equated to a 52% completion rate during the first seven months of the year. It was anticipated there would be a 100% completion rate by the end of the financial year.

Councillor Kiran Mulholland, Member Risk Champion was in attendance at the meeting and raised concerns about attendance at the Corporate Risk Management Group. It was outlined that this was a Group made up of Executive Managers or their representatives, the Head of Internal Audit, a representative of Blackpool Health and Safety (the Council's Health and Safety advisors) together with Councillor Sue Fazackerley, Portfolio Holder and Councillor Kiran Mulholland, Risk Champion. Councillor Mulholland reported that over the last several months attendance at the Group had become much improved with near 100% attendance and he wanted to ensure that this level of attendance was sustained in the longer term.

Councillor Mulholland felt that the attendance of all Business Units was imperative because although the risks being discussed may not be pertinent to a particular Unit/Units they were by their very nature corporate issues which would benefit from wider discussion and input. Councillor Mulholland reported that attendance at the Group was subject to review in the near future and sought the support of the Audit Committee in all Business Units being represented at the Strategic Risk Management Group. Tracy Scholes (Executive Manager for Democratic and Member Services and Chairman of the Risk Management Group) was requested to comment on this issue and added that the intention of a review of attendance was to seek attendance at the meetings by Executive Managers or their representatives when the Strategic Risk Management Group was reviewing an action which concerned their unit or area of risk which had been assigned to them, thus dealing with issues in a similar way to issues before a Scrutiny Committee where attendance to required where there are exception issues to be discussed.

Following Discussion the Committee RESOLVED

- a) To note the progress made on the Strategic Risk Actions for 2006/07.
- b) To pass the recommendation of the Audit Committee to the Chief Executive and Portfolio Holder for Corporate Performance and Development that all Business Units should be represented at the Strategic Risk Management Group.

5. Statement on Internal Control

Savile Sykes (Head of Internal Audit) reported on the Statement on Internal Control and associated Action Plan. The Council is required to carry out a review of its control environment at least once a year and to publish a Statement on Internal Control (SIC). An action plan to remedy any weaknesses in control is also agreed.

The Audit Committee is charged with adopting the SIC and monitoring the progress in fulfilling the action plan.

Mr Sykes informed the Committee that the 2006/07 Action Plan included 12 actions to secure improved internal control and governance. Actions 2, 8 and 10 had been completed whilst actions 1, 3, 6, 7, 9, 11 and 12 were currently ongoing. Action points 4 and 5 were yet to start.

Brian White (Finance Executive Manager) provided the Committee with clarification on Action Point 5 relating to bank reconciliation activity. Mr. White outlined that this work

focused on the review of bank statements to agree income and expenditure. Although this hadn't been carried out previously in full Mr. White outlined that there was a reconciliation which did occur monthly which covered major items of income and expenditure such as housing benefits and salaries which resulted in around a 90% coverage. Furthermore, it was outlined that the target date set in the Action Plan of March 2007 for this issue was on target to be met and there would be 100% reconciliation thereafter.

Members also raised concerns regarding the implications of slippages within the target dates. Mr Sykes clarified this issue by stating that the Statement on Internal Control goes to Management Team on a monthly basis for monitoring and any slippages require the agreement of Management Team. Responsible officers are required to report on progress being made to meet the target dates.

Members also sought clarification as to why work has not commenced on action points 3 and 4 relating to the centralisation of complaints. Paul Norris (Community and Cultural Services Executive Manager) explained that there were many different ways to submit a complaint and before an issue was escalated to a complaint level it was dealt with as an enquiry. Mr Norris continued by explaining he had made contact with other authorities to find out what others do and found that some authorities do not have a formal complaints procedure, in particular one which is centralised. Mr. Norris was proposing to undertake further comparison work against other local authorities in order to learn from good practice and implement the most appropriate system for the Council. However Mr Norris informed the Committee that he was not sure whether this would be completed by February and that it would be clearer in the upcoming weeks.

Members commented on the proposed centralised complaints systems and felt it was important that this should be implemented as soon as possible and it was felt that the intervention and assistance of scrutiny would assist in the process to bring the matter to fruition. Mr Norris agreed to take this to the Performance Improvement Scrutiny Committee on 25 January with a view to a Task and Finish Group being established from that Committee to assist in this work.

Mr Sykes moved on to explain the Sources of Assurance 2007/08 to the Committee. Mr Sykes outlined the process for compiling the Statement on Internal Control for the next year and explained the evidence he would be reviewing for this process.

Following debate the Committee RESOLVED the following:

- 1) To note the latest position with regard to each of the issues currently included on the Statement on Internal Control 2006/07 and that a report back be submitted to the Audit Committee at its meeting scheduled for 29 March 2007 outlining progress on the Action Plan and in the meantime if the Head of Internal Audit was concerned about slippage on any issues that this be drawn to the attention of the Chairman and Vice-Chairman of the Committee
- 2) To approve the sources of assurance on internal control for the 2007/08 annual review.
- 3) That Paul Norris (Community and Cultural Services Executive Manager) report to the Performance Improvement Scrutiny Committee on 25 January 2007 on the proposed centralised complaints procedure.

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