



FYLDE BOROUGH COUNCIL



## Meeting Agenda

**Audit Committee**  
**Town Hall, Lytham St Annes**  
**4 January 2007, 7:00 pm**

# AUDIT COMMITTEE

## MEMBERSHIP

CHAIRMAN - Councillor Fabian Wilson  
VICE-CHAIRMAN – Councillor Keith Hyde

### **Councillors**

Christine Akeroyd	Paul Hayhurst
Elizabeth Oades	John Coombes
Stephen Mason	Simon Renwick
	John Longstaff

Contact: Peter Welsh, St. Annes (01253) 658502, Email:  
peterw@fylde.gov.uk



## **CORPORATE OBJECTIVES**

The Council's investment and activities are focused on achieving our five key objectives which aim to :

- Conserve, protect and enhance the quality of the Fylde natural and built environment
- Work with partners to help maintain safe communities in which individuals and businesses can thrive
- Stimulate strong economic prosperity and regeneration within a diverse and vibrant economic environment
- Improve access to good quality local housing and promote the health and wellbeing and equality of opportunity of all people in the Borough
- Ensure we are an efficient and effective council.

## **CORE VALUES**

In striving to achieve these objectives we have adopted a number of key values which underpin everything we do :

- Provide equal access to services whether you live in town, village or countryside,
- Provide effective leadership for the community,
- Value our staff and create a 'can do' culture,
- Work effectively through partnerships,
- Strive to achieve 'more with less'.



## A G E N D A

### PART I - MATTERS DELEGATED TO COMMITTEE

ITEM	PAGE
<b>1. DECLARATIONS OF INTEREST:</b> <i>In accordance with the Council's Code of Conduct, members are 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.</i>	4
<b>2. CONFIRMATION OF MINUTES:</b> <i>To confirm as a correct record the minutes of the Audit Sub Committee held on 26 October 2006.</i>	4
<b>3. SUBSTITUTE MEMBERS:</b> <i>Details of any substitute members notified in accordance with council procedure rule 25.3</i>	4
<b>4. STRATEGIC RISK 2006-2007</b>	5 – 7
<b>5. STATEMENT OF INTERNAL CONTROL</b>	8 – 14

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
RISK MANAGEMENT OFFICER	AUDIT COMMITTEE	4 JANUARY 2006	4

## STRATEGIC RISK 2006-2007

### Public item

This item is for consideration in the public part of the meeting.

### Summary

The report summarises the work undertaken in completing the Strategic Risk Actions contained in the 2006-2007 Risk Register.

The report links principally to the Corporate Objective - "Deliver high quality services".

### Recommendation

That the progress made on completing the Strategic Risk Actions for 2006/07 be noted and that if the Committee have any observations that these are passed to the Cabinet Portfolio Holder and/or the Strategic Risk Management Group.

### Cabinet Portfolio

The item falls within the following Cabinet portfolio:

Corporate Performance & Development:

(Councillor Sue Fazackerley)

### Report

#### 1 Background

1.1 In June 2006, the Risk Management Officer reported to the then Audit Sub Committee on the compilation of the 2006-2007 Risk Register. The purpose of the Register is identify, analyse and

Continued....

prioritise those risks that may affect the ability of the Council to achieve its corporate objectives in the financial year 2006-2007. It also forms part of the Council's corporate governance requirement to manage its risks. The risk register is renewed annually as part of the Council's risk management strategy which was adopted by Council in 2003..

1.2 The Strategy requires the Corporate Management Team to hold a risk workshop to prioritise the risks each year. . In 2006 Twelve separate risk areas were identified as requiring additional management and attention, over and above that, which would normally be expected and these areas were formulated into individual action plans (**see table below**). Each action plan was assigned to a "champion" (a member of the corporate management team) who was responsible for the assignment of individual tasks identified in the plan. The "champion" is responsible for ensuring that these actions are completed.

Action Plan No	Action Plan Name	Risk Champion
2	Hard to Reach Groups	Dave Joy
3	Business Continuity	Tracy Scholes
5	Member Support	Tracy Scholes
8	Business Process Re-Engineering	Allan Oldfield
11	External Inspection	Phil Woodward
12	Information	Paul Norris
13	Public Relations	Paul Norris
15	Staffing Issues	Allan Oldfield
16	Organisational Development	Dave Joy
17	Financial Management	Brian White
21	Accommodation	Paul Walker
23	Leisure Trust	Paul Norris

## 2. Monitoring

2.1 Monitoring of the Action Plans is carried out by the Strategic Risk Management Group (SRMG). This group is chaired by Tracy Scholes, the Executive Manager of the Democratic Services and Member Support unit. Councillors Sue Fazackerley (Cabinet Portfolio Holder) and Kiran Mulholland (Risk Member Champion) attend this group along with the Executive Manager/Senior Managers of all the Council's business units, the Head of Internal Audit, a representative of our Insurers and the Council's Risk Management Officer.

2.2 The SRMG has meets on a 6 weekly cycle throughout the year to monitor the completion of the Strategic Risk Action Plan, make amendments to the plan as necessary and add further risk actions to the register should this be necessary. Both Councillor Sue Fazackerley and Kiran Mulholland have attended most meetings of the Group.

2.3 The 12 Action Plans had between them 95 individual actions to be undertaken by assigned officers by certain key dates throughout the year. These individual actions have been monitored by the SRMG throughout 2006.

2.4 In the original Risk Register 65 actions were to be completed within the period 1April to 31 October 2006, the first half year.

2.5 Actions that are not completed by the original due date are classified as Amber risks if they miss the key date by one meeting cycle or Red risks if they miss the key date on two meeting cycles of the SRMG. At present there are no "Red" risks outstanding.

2.6 The actual number of risk actions completed was 49. The other 16 actions have had their key dates extended by the SRMG for operational reasons, or were considered no longer to be required due to changes in the original risks identified.

2.7 During the first seven months of the year, 52% of these actions were completed. The Risk Management Group will oversee the implementation of the reminder of the actions to the year end and it is anticipated that 100% implementation will be achieved..

IMPLICATIONS	
Finance	The Accounts and Audit Regulations 2003 require the Council to ensure that its financial management is adequate and effective and which includes arrangements for the management of risk.
Legal	The Accounts and Audit Regulations 2003 require the Council to ensure that its financial management is adequate and effective and which includes arrangements for the management of risk.
Community Safety	None arising directly from the report
Human Rights and Equalities	None arising directly from the report
Sustainability	None arising directly from the report
Health & Safety and Risk Management	The completion of action plan tasks are essential to reducing the Strategic Risk and helps to fulfil the requirement of the Accounts Regulations

Report Author	Tel	Date	Doc ID
Andrew Wilsdon	(01253) 658412	Date of report 04/01/07	Audit cttee Jan 2007

List of Background Papers		
Name of document	Date	Where available for inspection
Risk Register 2006-2007	March 2006	Risk Management Officers Office by arrangement

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT COMMITTEE	4 JANUARY 2007	5

## STATEMENT ON INTERNAL CONTROL

### Public item

This item is for consideration in the public part of the meeting.

### Summary

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. The committee also considers the sources of assurance used in the compilation of the SIC.

The report links principally to the Corporate Objective - "Deliver high quality services".

### Recommendations

It is recommended that:

1. The Committee notes the latest position with regard to each of the issues currently included on the Statement on Internal Control 2006/07.
2. The sources of assurance on internal control for the 2007/08 annual review are considered and approved.

### Cabinet Portfolio

The item falls within the following Cabinet portfolio:

Corporate Performance and Development:

(Councillor Sue Fazackerley)



## **Report**

### **Background**

1. Fylde Borough Council is responsible for ensuring that its business is conducted in accordance with law and proper standards. The Council also has an obligation 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.
2. In discharging these overall responsibilities the Council is required to maintain a sound system of internal control, which facilitates the effective exercise of its functions. In accordance with the Accounts & Audit Regulations 2003, a review of the effectiveness of the control framework must be performed and a Statement on Internal Control published annually.
3. The Statement on Internal Control (SIC) for the year ended 31 March 2006, together with its associated Action Plan, were adopted by the Council at its meeting on 28 July 2006. The terms of reference of the Audit Committee now encompass this function. In future, therefore, this Statement and Plan will be considered initially and adopted by the Audit Committee.
4. The responsibility of keeping the SIC Action Plan under review also falls to the Audit Committee and this report indicates the current position.

### **Action Plan 2006/07**

5. This interim report reveals the progress made so far in implementing the various actions to achieve improved internal control during 2006/07 and indicates areas where agreed actions have yet to be completed.
6. The 2006/07 Action Plan included 12 actions to secure improved internal control and governance. The position is as follows:
  - Three actions have been completed – numbers 2, 8, 10.
  - Seven actions are currently ongoing with progress having been made towards the agreed action – numbers 1, 3, 6, 7, 9, 11, 12.
  - Four of these ongoing actions have revised target dates – numbers 3, 6, 11, 12.
  - Two actions have yet to be commenced – numbers 4, 5.
  - One of those actions not yet commenced has a revised target date for completion – number 4.
7. A follow up of all the actions included in the plan will be undertaken once the final implementation date has passed and, if necessary, a further report will be prepared highlighting non-completion.
8. The Action Plan for 2006/07 is attached as an Appendix showing the responsible officers, target dates for completion and the current status.

## Sources of Assurance 2007/08

9. The annual review of internal control and corporate governance is informed from a number of assurance sources. For example, in relation to their areas of responsibility Executive Directors and various other senior officers are asked to undertake a self assessment of the internal controls and complete annual assurance statements on their effectiveness. These statements relate to eight objectives, which form the basic framework for the process:
  - Establish principal statutory and organisational objectives
  - Identify principal risks to the achievement of objectives
  - Identify key controls to manage principal risks
  - Obtain assurance on the effectiveness of key controls
  - Evaluate assurances and identify gaps in control
  - Action plan to address weaknesses and ensure continuous improvement in the system of internal control
  - Produce a Statement on Internal Control
  - Report to a designated member committee
10. Each objective is further broken down into a number of steps and related sub-objectives, which together underpin proper practice.
11. Each senior manager/officer of the Council who has been identified as having some relevant responsibility for any of the above objectives or some element within it will be asked to provide objective and evidenced assurance accordingly.
12. These officers are the Chief Executive, Deputy Chief Executive, Executive Managers, Head of Internal Audit, Human Resources Manager, the Insurance & Risk Management Officer and the Health & Safety Officer.
13. In addition reports from review agencies are always taken into account when forming a view about internal control:
  - Reports from external audit, in particular the Annual Audit & Inspection Letter
  - Reports from other inspectorates on specific services/issues during the previous year
  - Head of Internal Audit's Annual Report
14. Additional comments, evidence and assurance can come from many other sources and some examples include:
  - Code of Corporate Governance
  - Comprehensive Performance Assessment
  - National/Local Key Performance Indicators
  - Strategic Risk Management Group
  - Scrutiny Committee reports
  - Ombudsman reports
15. The above sources of assurance will form the basis of the 2007/08 review, which will take place during April and May 2007. The Audit Committee will receive the resulting report and action plan at its June meeting for approval.

IMPLICATIONS	
Finance	The Accounts and Audit Regulations 2003 require the Council to ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.
Legal	None
Community Safety	None
Human Rights & Equalities	None
Sustainability	None
Health & Safety and Risk Management	Health & safety and Risk Management issues feature in the SIC Action Plan

Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658413	December 14, 2006	

List of Background Papers		
Name of document	Date	Where available for inspection
Meeting the requirements of the Accounts & Audit Regulations 2003	April 2004	Internal Audit Office by arrangement

### Attached Documents

Appendix A – Internal Control and Corporate Governance

**Appendix A**  
**INTERNAL CONTROL & CORPORATE GOVERNANCE**  
**ACTION PLAN 2006 - 2007**

**STATUS AT DECEMBER 2006**

Ref	Action	Source of Assurance	Responsible Officer	Target Completion Date	Status Dec 2006
1	Ensure risks in relation to partnerships are identified through the risk management process and provide for assurances to be obtained about the management of those risks	<ul style="list-style-type: none"> <li>▪ Risk process identifies partnership risks</li> <li>▪ Assurances about the management of such risks obtained</li> </ul>	Tracy Scholes	March 07 (in preparation for 07/08)	On target for March 2007 completion.
2	Provide relevant training to Audit Sub-Committee members, in particular the chair, to include risk management and the internal control framework	<ul style="list-style-type: none"> <li>▪ Training plan agreed for Audit Sub-committee members</li> <li>▪ Evidence of training delivered</li> </ul>	Tracy Scholes	September 06	Completed. Initial training delivered to former Audit Sub Committee. Further training planned for new Audit Committee members.
3	Maintain a central record of complaints against the authority, as defined in the Customer Care Policy, together with evidence of corrective action taken in response to such complaints	<ul style="list-style-type: none"> <li>▪ Central register of complaints exists</li> <li>▪ Supporting documentation available</li> <li>▪ Evidence of corrective action taken</li> </ul>	Paul Norris	<i>December 2006</i> February 2007	Work proceeding to identify best practice solution for maintaining a central record of complaints.
4	Report to members on a regular basis with a summary of complaints received and addressed, including an analysis of the outcomes	<ul style="list-style-type: none"> <li>▪ Evidence of regular reporting of complaints to members and associated actions</li> </ul>	Paul Norris	<i>December 2006</i> April 2007	Awaiting outcome of above action. Reporting will commence based on recording arrangements adopted.
5	Maintain a regular reconciliation of the cash balance on the general ledger account to the Council's bank account throughout the financial year	<ul style="list-style-type: none"> <li>▪ Monthly reconciliations completed</li> <li>▪ Reconciliations up-to-date</li> </ul>	Brian White	March 2007	Pending. Will be achieved as part of close down and then subsequently maintained.

**Appendix A**  
**INTERNAL CONTROL & CORPORATE GOVERNANCE**  
**ACTION PLAN 2006 - 2007**

**STATUS AT DECEMBER 2006**

Ref	Action	Source of Assurance	Responsible Officer	Target Completion Date	Status
6	Fully embed risk management arrangements throughout the Council with the focus on ensuring that there are comprehensive operational risk registers in place	<ul style="list-style-type: none"> <li>Risk process embedded in all business units</li> <li>Operational risk register in place</li> </ul>	Paul Norris	January 2007 March 2007	Tied in with current service planning process. Corporate Management Team to consider position in January 2007. Operational Risk Management to review final outcome.
7	Ensure corporate objectives reflected in business unit service plans are clearly matched with associated budgets	<ul style="list-style-type: none"> <li>Corporate and service objectives aligned</li> <li>Budget and service objectives matched</li> </ul>	Brian White	March 07 (in preparation for 07/08)	Tied in with current service planning process. Budgets to be cross referenced to corporate objectives.
8	Engage with stakeholders, partners and the community in the development of service plans where appropriate	<ul style="list-style-type: none"> <li>Evidence of stakeholder engagement available</li> <li>Business/service plans reflect stakeholder feedback</li> </ul>	Allan Oldfield	October 2006	Completed. New service plan template developed, which requires unit managers to identify stakeholder consultation where appropriate.
9	Revise the performance management framework to incorporate a clear process for addressing poor performance through action plans designed to achieve service improvements	<ul style="list-style-type: none"> <li>Revised performance management framework exists</li> <li>Poor performance addressed by action plans</li> <li>Evidence of action taken</li> </ul>	Allan Oldfield	December 2006	On target for completion by end of December.
10	Implement the risk management component required by the project management framework for all relevant work	<ul style="list-style-type: none"> <li>Risk assessments undertaken for all relevant projects</li> <li>Project risks properly managed</li> </ul>	David Jenkinson	December 2006	Completed. Twelve projects approved and signed off encompassing risk management element.

**Appendix A**  
**INTERNAL CONTROL & CORPORATE GOVERNANCE**  
**ACTION PLAN 2006 - 2007**

**STATUS AT DECEMBER 2006**

Ref	Action	Source of Assurance	Responsible Officer	Target Completion Date	Status
11	Draw up and implement business/service continuity plans for all key service areas	<ul style="list-style-type: none"> <li>▪ Key service areas identified</li> <li>▪ Business/service continuity plans in place</li> </ul>	Tracy Scholes	<i>December 2006</i> January 2007	Revised target date. Currently nine out of ten mission critical business continuity plans in place.
12	Establish arrangements whereby line managers are required to undertake regular health & safety audits throughout the Council to identify and address potential problems	<ul style="list-style-type: none"> <li>▪ Regular health &amp; safety inspections by line managers</li> <li>▪ Evidence of inspection, problems identified and remedial action available</li> </ul>	Tracy Scholes	<i>December 2006</i> June 2007	H&S procedures are being reviewed and developed by Blackpool Council by next Spring. Corporate arrangements for auditing H/S will be established by June.

**© Fylde Borough Council copyright [2006]**

You may re-use this document/publication (not including logos) free of charge in any format or medium. You must re-use it accurately and not in a misleading context. The material must be acknowledged as Fylde Borough Council copyright and you must give the title of the source document/publication. Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

This document/publication is also available on our website at [www.fylde.gov.uk](http://www.fylde.gov.uk)

Any enquiries regarding this document/publication should be sent to us at the Town Hall, St Annes Road West, St Annes FY8 1LW, or to [listening@fylde.gov.uk](mailto:listening@fylde.gov.uk).