

Blackpool Council

6 March 2018

To: Councillors Cox, Elmes, Galley, Hobson, Hunter, Matthews, Mitchell, Roberts and L Taylor

Co-optee Yvonne Russell

The above members are requested to attend the:

AUDIT COMMITTEE

Thursday, 15 March 2018 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; 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 18 JANUARY 2018 (Pages 1 - 6)

To agree the minutes of the last meeting of the Audit held on 18 January 2018 as a true and correct record.

3 CYBER SECURITY UPDATE (Pages 7 - 12)

To provide an update on cyber threats and actions taken to reduce cyber risks.

4 CERTIFICATION OF GRANTS AND RETURNS (Pages 13 - 24)

To consider the External Auditor's report on the certification of grants and returns 2016/2017.

5 INTERNAL AUDIT CHARTER (Pages 25 - 40)

To present the updated Internal Audit Charter for approval.

6 INTERNAL AUDIT PLAN (Pages 41 - 56)

To obtain approval for the Internal Audit Plan 2018/2019.

7 FRAUD PREVENTION CHARTER (Pages 57 - 80)

To obtain approval for the Fraud Prevention Charter 2018/2019.

8 RISK SERVICES QUARTER THREE REPORT (Pages 81 - 106)

To provide to the Audit Committee a summary of the work completed by Risk Services in quarter three of the 2017/2018 financial year.

9 STRATEGIC RISK REGISTER 2018/2019 (Pages 107 - 124)

To present the Council's revised Strategic Risk Register and propose a new way of reporting to the committee.

10 DATE OF NEXT MEETING

To note the date and time of the next meeting of the Committee as 3 May 2018, commencing at 6pm in Committee Room A, Blackpool Town Hall.

Venue information:

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

Other information:

For queries regarding this agenda please contact Sharon Davis, Scrutiny Manager, Tel: 01253 477213, e-mail sharon.davis@blackpool.gov.uk

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

Present:

Councillor Galley (in the Chair)

Councillors

Cox	Hobson	Matthews	Singleton
Elmes	Hunter	Roberts	L Taylor

Mrs Yvonne Russell, Independent Co-optee

In Attendance:

Mr Neil Jack, Chief Executive
Mrs Diane Booth, Director of Children's Services
Mr Alan Cavill, Director of Place
Dr Arif Rajpura, Director of Public Health
Mr Steve Thompson, Director of Resources
Mr Mark Towers, Director of Governance and Partnerships
Mrs Tracy Greenhalgh, Head of Audit and Risk
Ms Chloe Shore, Community Engagement and Partnership Manager
Mrs Sharon Davis, Scrutiny Manager

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 16 NOVEMBER 2017

The Committee agreed that the minutes of the last meeting held on 16 November 2017 be signed by the Chairman as a true and correct record.

3 STRATEGIC RISK REGISTER - LOCAL ECONOMY

The Committee considered a progress report in relation to the individual risks identified on the Strategic Risk Register, specifically in relation to the risk regarding 'Local Economy'. The report was introduced by Mr Alan Cavill, Director of Place and Mr Steve Thompson, Director of Resources, who began by outlining a number of actions being undertaken to mitigate the identified risks.

In connection with the sub-risk 'increased deprivation and unemployment', Mr Thompson highlighted the work undertaken to ensure use of local suppliers where possible and cited that the contract procedure rules used to score tenders included a social value weighting of up to 20 per cent. He provided an example of a recent tender proposal to the Committee and highlighted a number of the principles included within it such as payment of the Joseph

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 18 JANUARY 2018

Rowntree Foundation living wage and use of suppliers with offices located in the FY postcode area. He added that 43 per cent of all suppliers used in 2017 had been local, which was particularly impressive considering the location of Blackpool and the specialist skills often required.

Mr Cavill advised that the Joseph Rowntree Foundation living wage was now paid by the Council and all Council companies, in addition to as many sub-contractors as could be encouraged to do so. He highlighted a number of ongoing projects that would ultimately result in a large number of jobs created including development of the enterprise zone at the airport, an extension to the Houndshill shopping centre and a new Imax cinema.

The Committee acknowledged the creation in skilled job roles and queried if there was an adequate education structure in place in Blackpool to ensure young people could attain the requisite skills and qualifications required to obtain a skilled job in the new enterprise zone. In response, Mr Cavill referred to the two 'Outstanding' colleges in Blackpool which had excellent links to local businesses, work undertaken to identify skill shortages and the opportunities offered by apprenticeship schemes. It was commented that research had demonstrated that connections and contact with businesses through school years resulted in higher success rates of business start-ups among young people. It was suggested that a route map for young people to obtain a skilled job would be beneficial and development of one could be considered.

In relation to the sub-risk 'lack of good quality affordable housing', Mr Cavill outlined the work ongoing with Blackpool Housing Company to create good quality housing stock from properties that were previously of poor quality. It was noted that 160 houses were currently being rented and a further 160 were being developed with an ambition to achieve 500 properties within two to three years. He added that the work was having a positive impact on a number of private landlords who were also improving the quality of housing offered.

The Committee queried the progress made in regards to lobbying for changes to the Housing Benefits Act, which was a control identified within the sub-risk, and Mr Cavill advised that the Council continued to raise the issue with the relevant Government departments.

In response to a further question, Mr Cavill advised that he was unable to provide an update on the progress of the Queens Park development at the meeting and would provide an answer following the meeting.

The Committee expressed concern that the gross risk score for the sub-risk 'lack of good quality affordable housing' had been set as 16, with the net risk score 12, without demonstrable evidence provided regarding how the risk had been reduced. It was acknowledged by Mr Cavill that the figures were a subjective measurement of risk and that the Strategic Risk Register did not fully evidence all the work ongoing to mitigate the identified risks. Mr Neil Jack, Chief Executive added that there were extensive action plans including target dates and progress reports in place for each sub-risk.

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It was noted that in order to monitor risk effectively the Committee required further detail than presently provided and it was agreed that consideration be given to how the additional detail and assurance could be provided to the Committee for future meetings. It was suggested that the Committee might wish to consider holding a specific meeting to consider the risks related to good quality affordable housing in detail.

Members went on to consider the sub-risk 'lack of appropriate transport infrastructure' and noted the bridge replacement, extension of tramway and quality corridors projects. Mr Cavill highlighted the gradual replacement of the Blackpool Transport Services bus fleet and reported an increase in custom as a result.

Asked about the Road Asset Strategy and resources allocated to compete for external funding, Mr Cavill advised that the small bid team achieved a high success rate citing the recent successful bid for funding to improve Yeadon Way.

In connection with the sub-risk 'lack of educational attainment/appropriate training to suit the economy', Mrs Diane Booth, Director of Children's Services reported that there were a number of vulnerable young people in Blackpool who were unable to complete a CV or know how to attend an interview. In order to address such key issues, a young person who had recently left care had been approached to work with the Council in order to co-produce a policy that would engage young people and ensure they were first school ready and then employment ready.

Mrs Booth added that relationships with academies and sponsors had improved and work was ongoing with the Regional Schools Commissioner and Ofsted to ensure all academies were transparent and making the required improvements. She expressed concern that GCSE results would not improve in 2018, and highlighted key issues including poor English and Maths skills, level of exclusions, lack of quality teaching and the transition between primary school and high school. Regular meetings were held with sponsors to challenge, motivate and identify any support the Council could provide.

In response to a number of questions, Mrs Booth reported that in order to achieve improvement to all subjects, English and Maths must be taught well. She highlighted a significant issue with white, British boys in the cohort due to take GCSEs in 2018 and also advised that in order to minimise the risk, a systematic way to assess, track and monitor education across the town was being developed and would be implemented in the new academic year. She added that a timeline and targets had not yet been set due to the recent receipt of the required data.

The Committee also noted the work of the School Improvement Board and the role of the Council in ensuring regular reporting to the Regional Schools Commissioner regarding academies in the town. It was noted that the data that had been recently provided by the academies would ensure that progress could be monitored and that they could be held accountable for improvement. In response to a further question, Mrs Booth advised that she had been assured that the relevant notifications would be made by the Regional Schools Commissioner should improvements not be made.

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The Committee agreed:

1. To receive information regarding the Queens Park Development following the meeting.
2. To consider how to receive the additional detail and assurance required regarding the sub-risks for future meetings.

4 STRATEGIC RISK REGISTER - REPUTATIONAL DAMAGE

The Committee considered a progress report in relation to the individual risks identified on the Strategic Risk Register, specifically in relation to the risk regarding 'Reputational Damage.' The report was introduced by Mr Neil Jack, Chief Executive, Mr Alan Cavill, Director of Place and Dr Arif Rajpura, Director of Public Health who outlined the controls and mitigation in place around the sub-risks.

Mr Cavill advised that a good reputation was critical to the town and highlighted how easily reputation could be damaged. He reported that a new advert had been developed for 2018 with an increase in contribution from partners and that a number of new hotels were in development with external investors. The impact of the show '999 – What's your emergency?' was discussed and it was noted that assurance had been received from the new Chief Constable that the Police in Blackpool would not take part in similar shows in the future.

The Committee noted the work ongoing to address street drinking and litter enforcement, the running of which had been taken back in house and queried the role of the Council in ensuring that Town Centre Policing was prioritised. Members discussed policing priorities in detail and noted the demand placed on the Police as a result of the fracking site. It was noted that Lancashire Constabulary had sought assistance from other forces when the issues around the fracking site had developed, however, it was unsustainable for other forces to continue to support in the long term.

Mr Jack informed the Committee that Lancashire Constabulary policed to risk and therefore the town centre would always be suitably resourced, he raised concerns regarding the growing number of 999 calls and the impact on resource for neighbourhood policing. He added that the Council would continue to prioritise neighbourhood policing and would ensure any concerns were raised with the Chief Constable and the Lancashire Police and Crime Commissioner.

In connection with the sub-risk 'residents negative image of Blackpool', Dr Rajpura highlighted the recent engagement work undertaken across Blackpool with local residents. He highlighted that work had been resident led and action plans had been developed in each of the six identified neighbourhoods. He drew attention to the work of the Fairness Commission, 100 Acts of Kindness, the corporate budget consultation and the engagement undertaken by Better Start, Head Start and Fulfilling Lives.

Members raised concern that the work undertaken for the residents of Blackpool was not being effectively communicated and that the parks and leisure centres that residents rated

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as good were not recognised as being provided by the Council. Mr Jack advised that a Peer Review had been recently undertaken focussing on marketing, engagement and communication of services across social media. He reported the importance of engaging other companies to be more imaginative and creative in highlighting work undertaken and it was noted that an action plan was being developed to make improvements.

The Committee agreed to note the report.

5 ANNUAL GOVERNANCE STATEMENT - 2016/2017 MID-TERM REVIEW

The Committee considered a report regarding the progress made on the actions identified in the Annual Governance Statement 2016-2017. Mr Mark Towers, Director of Governance and Partnerships highlighted that the Committee had agreed the Statement in June 2017 and had requested to monitor the progress of a resulting action plan which was focusing on good practice over and above the compliance required after six months.

Members noted that the mid-term position for a large number of the actions was 'partially implemented' and queried if all actions would be fully implemented by the end of the financial year. Mr Towers advised that it was feasible that not all actions would be fully implemented due to changes in circumstances and that the position was regularly reviewed by the Good Governance Group. In response to a further question, Mr Towers advised that despite some actions remaining partially implemented the Council would be fully compliant with regulations.

The Committee discussed the actions relating to the 'Commitment to Openness, Communication and Consultation' included within the Statement. In response to questions, Dr Rajpura advised that the Citizen's Jury was being delivered jointly with the public and involved a number of departments. Although health was included, focus was placed on a wide range of topics including education, employment and housing. He reported that the work of the Fairness Commission and the engagement events run from within the Public Health directorate were very broad in theme. He added that success would be measured through projects delivered, the action plans formed within each neighbourhood and a range of monitoring methods.

The importance of cyber skills and monitoring cyber risk was noted and Members queried if the service was appropriately resourced. Mr Thompson, Director of Resources confirmed that cyber risk was a priority. In relation to the action within the Annual Governance Statement relating to succession planning, Mr Jack advised that 'partially implemented' related to the recording of information and that work would be fully recorded by the end of the financial year.

The Committee agreed to note the report.

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6 RISK MANAGEMENT FRAMEWORK

The Committee considered a report on the Risk Management Framework. Mrs Tracy Greenhalgh, Head of Audit and Risk advised that the Strategy was renewed every three years and required approval by the Audit Committee.

In response to questions, Mrs Greenhalgh advised that individual services determined the risk score and that there were three types of risk registers, strategic, each service and for specific projects. Previously, services had been requested to update risk registers on a quarterly basis, however, in order to ensure quality reporting and monitoring a change had been made to allow updates to be provided every six months. Mrs Greenhalgh added that the majority of Risk Management Groups had now migrated to SharePoint, although some issues had been encountered with services that had transitioned in terms of updating risk registers which had identified a training need.

Asked about the Risk Champions, Mrs Greenhalgh reported that the aim was to ensure Risk Champions took responsibility for and ownership of risk.

In response to a further question, Mrs Greenhalgh highlighted that the Risk Management Framework had taken the more commercial aspects of the Council's work into consideration. She added that the toolkit set out practical steps for services to take in regards to risk management including commercial ventures.

The Committee agreed to approve the Risk Management Framework.

7 DATE OF NEXT MEETING

The Committee noted the time and date of the next meeting as 6pm on Thursday 15 March 2018 at Blackpool Town Hall.

Chairman

(The meeting ended at 7.46 pm)

Any queries regarding these minutes, please contact:

Sharon Davis, Scrutiny Manager

Tel: 01253 477164213

E-mail: sharon.davis@blackpool.gov.uk

Report to:	Audit Committee
Relevant Officer:	Tony Doyle, Head of ICT Services
Date of Meeting	15 March 2018

CYBER SECURITY UPDATE

1.0 Purpose of the report:

1.1 To provide an update on cyber threats and actions taken to reduce cyber risks.

2.0 Recommendation(s):

2.1 To consider the contents of the report and make any recommendations as appropriate.

3.0 Reasons for recommendation(s):

3.1 At its 20 October 2016 meeting, the Audit Committee requested further information about the actions which the Council is taking to reduce the risk of a cyber-attack. An update was provided to Audit Committee on 2nd March 2017, this paper provides a further update as the threats, and risks continue to evolve.

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

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

3.3 Other alternative options to be considered:

N/a.

4.0 Council Priority:

4.1 The relevant Council Priorities are:

- “The economy: Maximising growth and opportunity across Blackpool”
- “Communities: Creating stronger communities and increasing resilience”

5.0 Background Information

5.1 Recent Threats

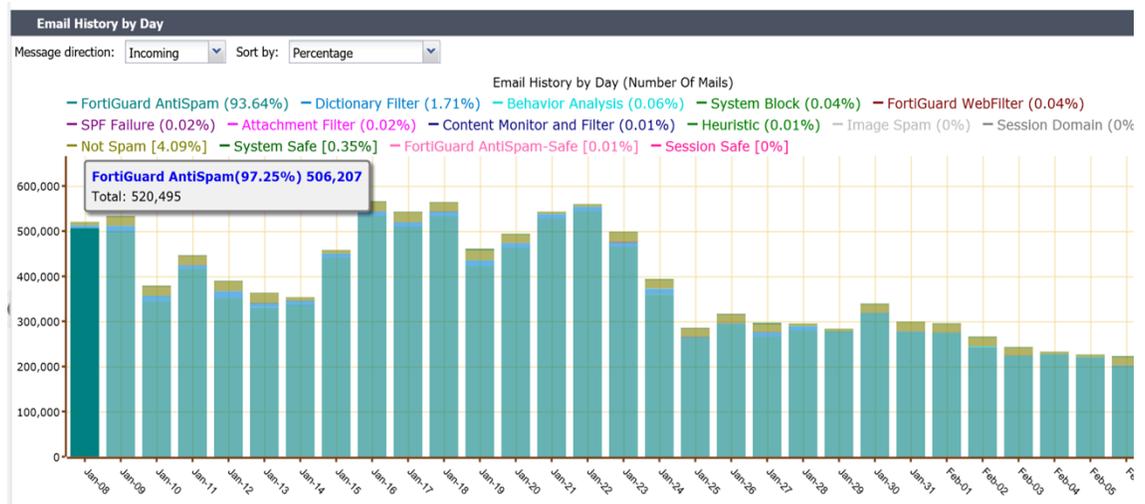
- 5.1.1 Over the past 12 months Cyber Security Risks have remained high on the agenda and have continued to increase in sophistication across the world. In May 2017 unprecedented disruption was caused nationally to the NHS and Fylde Coast NHS Trusts after a Ransomware attack called WannaCry spread rapidly through NHS networks and infected huge numbers of PCs and systems across the NHS. For many public sector organisations this was a wakeup call for the level of risk we all now face in our daily lives from Cyber Attack. The attack was attributed to North Korea by the UK's National Cyber Security Centre (NCSC, part of GCHQ).
- 5.1.2 New, more sophisticated, attack methods continue to be developed and a worrying new trend is the use of compromised Internet connected devices. These are often domestic devices such as home routers and CCTV cameras which are used in unison to attack other networks. Many of the devices now connected in people's homes have weak security out of the box. End users often fail or lack the knowledge to make basic changes to default passwords or perform software security updates which makes it easy for hackers to take control of a device. When many of these devices are compromised and controlled by hackers they can be weaponised to direct network traffic at larger networks and potentially cause huge disruption even to the biggest and best resourced Company networks.
- 5.1.3 In January 2018 two significant security vulnerabilities (Meltdown and Spectre) were discovered to be present in the microprocessors of nearly all computers. Consequently the Council's ICT Service has had to spend a significant amount of time, updating software operating systems and firmware to protect the Council's ICT estate from these new risks. There were concerns that the security updates could have a significant performance impact but we are pleased to report that so far no noticeable impact in performance has been detected or reported.
- 5.1.4 In February 2018 another high profile cyber security incident was widely reported in which many public sector websites were compromised as a consequence of using a popular accessibility tool by the name of Browsealoud. The Browsealoud code which is served to thousands of websites from a central source was infected with Bitcoin mining software. This meant any visitor to a website using the Browsealoud software was having their computer's processor hijacked to carry out the task of mining Bitcoins. Bitcoin Mining is a way of producing new Bitcoins by computer processors solving complex algorithms. As Bitcoins have become more popular and their value has increased, the algorithms that require solving to generate new Bitcoins, have become more complex. Now huge amounts of processing power and electricity is required to generate a new Bitcoin. This has therefore led to hackers developing more sophisticated ways to steal processing power from other computers to seek monetary reward from generating new Bitcoins. None of the Council's main websites were impacted by this, although a jointly commissioned website with the NHS

FYIDirectory used the Browsealoud software and may have been impacted for a short period. The vulnerability was quickly discovered by Browsealoud and NCSC and the service was taken down temporarily while the vulnerability was removed. No data would have been compromised but users of the Browsealoud service may have temporarily found their devices would have run slow during this short period.

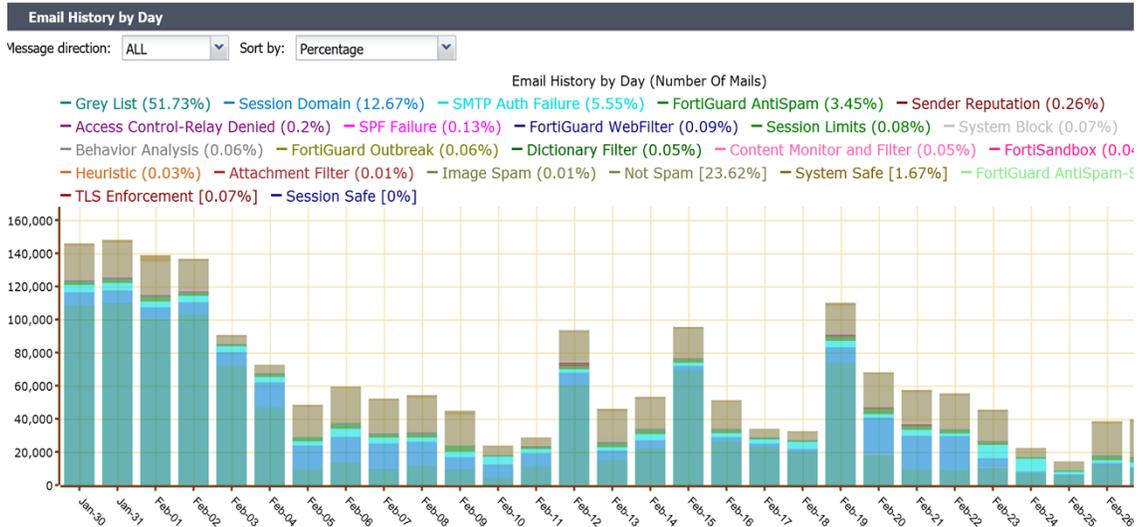
5.2 Continued Threat from Email

5.2.1 By far the largest threat the Council continues to face is from sophisticated email attacks. Consequently, we continue to invest in and optimise our email filtering technologies. We are pleased to report that since updating Audit Committee last year we have seen a reduction in SPAM emails in spite of the Global trend which continues to see increases in the volume of SPAM emails being sent.

5.2.2 Below is a graph which illustrates the volumes reported this time last year(2017) which demonstrates it was not unusual to see over 1/2 million emails a day, 97% of which was SPAM/Malicious email, was being sent to the Council each day.



5.2.3 The following graph shows the volumes reported at the start of 2018 and illustrates a significant drop in the amount of SPAM/Malicious emails being aimed at the Council. Typically now less than 100,000 emails a day approximately 60% of which are SPAM/Malicious emails. We attribute this reduction to a number of new counter measures within the technology we are using, as well as global law enforcement efforts to shutdown Botnets responsible for creating large volumes of SPAM and Malicious emails.



5.2.4 However we cannot afford to be complacent. Although the volume has reduced, the level of sophistication to evade detection continues to evolve and consequently the need to increase the awareness and cyber intelligence of the Council's employees and Elected Members continues to be a major priority.

5.3 Awareness and Cyber Skills Training

5.3.1 At Audit Committee last year Members asked if training could be provided for Elected Members. Two training sessions were arranged for Elected Members. One was arranged for Audit Committee Members in January but was unfortunately postponed at the last minute due to unforeseen circumstances and rearranged for this evening. Another session for non-Audit Committee Elected Members was arranged in early February and this was attended by 7 Elected Members.

5.3.2 The training currently being provided has recently been developed in conjunction with 8 other Local Authorities by production company Matobo, who have also developed the BBC Employee Cyber Awareness Training. The training seeks to educate and raise awareness of the most likely cyber threats employees and Members will encounter. It seeks to minimise the risk of the Employee being inadvertently tricked in to taking an action that could put the individual or the wider organisation at risk.

5.3.3 This new refresher training will be rolled out to all employees from April 2018 as part of a mandatory Ipool module.

5.4 GDPR and Cyber Security

5.4.1 The new General Data Protection Regulation (GDPR) comes in to force in May 2018 and puts requirements on the Council to have technical and organisational security

measures in place. There is a significant overlap between cyber security and data protection. If any cyber incident led to a loss of personal data the Council would be at significant risks from fines and will be under an obligation to report this quickly to the ICO. However whilst we need all employees to be handling data with extreme care in a compliant way we need to also support employees on how to safely share data especially with external organisations such as the NHS. One of the new risks is that Employees living in fear of a fine from the new GDPR regulation may start to fear sharing important data which is necessary to reduce risks to vulnerable Children or Adults.

Does the information submitted include any exempt information? No

5.5 List of Appendices:

5.5.1 None

6.0 Legal considerations:

6.1 A cyber-attack could result in a Data Protection breach which could result in a significant fine for the Council. From May 2018 the new General Data Protection Regulation (GDPR) comes in the force with fines up to 4% of turnover or 20 Million Euros.

7.0 Human Resources considerations:

7.1 The completion of the ICT Security and Data Protection ipool courses are mandatory for all Council employees.

8.0 Equalities considerations:

8.1 None

9.0 Financial considerations:

9.1 The implementation of effective controls to reduce the risk of a cyber-attack need to be managed within the constraints of the available budget.

10.0 Risk management considerations:

10.1 Dealing with cyber risks is a key priority of the Council and is identified as one of the strategic risks which need to be managed.

11.0 Ethical considerations:

11.1 None

12.0 Internal/ External Consultation undertaken:

12.1 None

13.0 Background papers:

13.1 None

Report to:	AUDIT COMMITTEE
Relevant Officer:	Iain Leviston, Manager, KPMG
Date of Meeting	15 March 2018

CERTIFICATION OF GRANTS AND RETURNS 2016/2017

1.0 Purpose of the report:

1.1 To consider the External Auditor's report on the certification of grants and returns 2016/2017.

2.0 Recommendation(s):

2.1 To note the report and make any recommendations as considered appropriate.

3.0 Reasons for recommendation(s):

3.1 To enable the Committee to consider a report from the External Auditor in relation to the certification of grants and returns 2016/2017 and make appropriate recommendations.

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

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

3.3 Other alternative options to be considered:

None.

4.0 Council Priority:

4.1 The relevant Council Priority is organisational resilience.

5.0 Background Information

5.1 The report summarises the results of work the external auditor has carried out on the Council's 2016/2017 grant claims and returns.

5.2 The report includes the work completed under the Public Sector Audit Appointment certification arrangements, as well as the work completed on other grants/returns under separate engagement terms.

5.3 A detailed summary of the key outcomes of the work has been included within the report.

5.4 Information on the certification work fees has also been provided within the report.

5.5 Does the information submitted include any exempt information? No

List of Appendices:

Appendix 4(a): Certification of claims and returns 2016/2017.

6.0 Legal considerations:

6.1 None

7.0 Human Resources considerations:

7.1 None

8.0 Equalities considerations:

8.1 None

9.0 Financial considerations:

9.1 None

10.0 Risk management considerations:

10.1 None

11.0 Ethical considerations:

11.1 None

12.0 Internal/ External Consultation undertaken:

12.1 None

13.0 Background papers:

13.1 None

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Annual report on grants and returns 2016/17

Blackpool Council

February 2018



Contents

The contacts at KPMG in connection with this report are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public 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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tim Cutler, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, in relation to the certification of the Housing Benefit Subsidy grant claim, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

Introduction and background

This report summarises the results of work we have carried out on the Council's 2016/17 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2016/17 is:

- under the Public Sector Audit Appointments arrangements we certified one claim; the Council's 2016/17 Housing Benefit Subsidy claim. This had a value of £79.3 million; and
- under separate engagements we issued reports on two claims/returns as listed below.
 - DCLG Pooling of Housing Capital Receipts.
 - Teachers' Pension EOYCa return – £12.3 million.

Certification and assurance results (Pages 3-4)

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and

- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Following the completion of our work, the claim was subject to a qualification letter.

- Additional testing had to be performed on the claim because of the incorrect classification of overpayments had occurred in previous years. Testing of 40 cases identified two where an incorrect effective date had been used in the benefit calculation, leading to a misstatement within individuals cells. There was no impact on the headline cell however.

Our work on the other grant assurance engagements resulted in the following reports:

- The two certificates were issued with no amendments or qualifications being required.

No adjustments were necessary to the Council's grants and returns as a result of our certification work this year.

Fees (Page 5)

Our fee for certifying the Council's 2016/17 Housing Benefit Subsidy grant was £13,658, which is in line with the indicative fee set by PSAA.

Our fees for the other grant/return engagements were subject to agreement directly with the Council totalled £5,845.

Summary of reporting outcomes

Overall, we carried out work on three grants and returns:

- two were unqualified with no amendment; and
- one required a qualification to our audit certificate.

Detailed comments are provided overleaf.

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Detailed below is a summary of the reporting outcomes from our work on the Council’s 2016/17 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Council’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is possible that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments regime					
– Housing Benefit Subsidy	1	●			
Other grant/return engagements					
– DCLG Pooling of Housing Capital Receipts					●
– Teachers’ Pensions EOYCa return					●
		1	0	0	2

Summary of reporting outcomes (cont.)

This table summarises the key issues behind the qualification identified on the previous page.

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Ref	Summary observations	Amendment
1	<p>Housing Benefit Subsidy</p> <ul style="list-style-type: none"> - Prior year certification work identified instances where overpayments were incorrectly classified as 'claimant error, eligible overpayments'. These cases should have been classified as 'local authority delay or overpayment error'. In 2013/14, four such cases were reported, and while no amendment was made to the claim, the claim was qualified as a result. - Over the last couple of years, the Council has undertaken a number of actions to reduce the number and scale of errors within the claim. This has included: <ul style="list-style-type: none"> - increased staff training; - greater support for staff undertaking work, including an allocated, more experienced colleague, to help answer subsidy queries as they arise; and - more regular and more detailed review of claims processed by staff. - In 2016/17, the errors identified in 2015/16 and previous years required us to undertake testing of an additional 40 cases which contained 'local authority delay or overpayment' errors. Testing did not identify any recurrences of the overpayment errors identified in previous years, which is a significant improvement on prior years. - Unfortunately the additional testing undertaken as a result of the previous errors identified two cases where an incorrect effective date was used within the benefit calculation. This meant that there were errors within three of the cells on the claim form, although the headline cell itself was unaffected. 	<p>£nil</p>

Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fees for other assurance engagements on grants/returns are agreed directly with the Council.

The overall fees we charged for carrying out all our work on grants/returns in 2016/17 was £19,503.

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Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Council’s Housing Benefit Subsidy claim in 2016/17 of £13,658. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £10,112. This higher fee reflects the changing level of work required to be completed during the audit during the triennial cycle.

Grants subject to other engagements

The fees for our work on other grants/returns are agreed directly with the Council. Our fees for 2016/17 were the same as last year, except that the SFA Subcontracting arrangements review was not required in 2016/17; this is because the Council’s subcontracting value was below the threshold set by the SFA to require a report.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2016/17 (£)	2015/16 (£)
Housing Benefit Subsidy claim	13,658	10,112
DCLG Pooling of Housing Capital Receipts	2,800	2,800
Teachers’ Pensions EOYCa return	3,045	3,045
SFA Subcontracting arrangements	-	5,000
Total fee	19,503	20,957



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Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	15 March 2018

INTERNAL AUDIT CHARTER 2018/2019

1.0 Purpose of the report:

1.1 The purpose of the report is to present the updated Internal Audit Charter for approval.

2.0 Recommendation(s):

2.1 Audit Committee is requested to approve the Internal Audit Charter 2018/2019.

3.0 Reasons for recommendation(s):

3.1 To ensure that the Internal Audit continues to adhere to the Public Sector Internal Audit Standards.

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

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

3.3 Other alternative options to be considered:

N/a.

4.0 Council Priority:

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

5.0 Background Information

The Internal Audit Charter defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within the Council and defines the scope of internal audit activities and reporting lines.

CIPFA and the CIIA set the internal audit standards in respect of local government across the UK and adopted a common set of Public Sector Internal Audit Standards (PSIAS) in April 2013. The standards were updated in March 2016 and the Internal Audit Charter has been updated accordingly. The revised Charter follows the model charter document provided by the Chartered Institute of Internal Auditors.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 5(a) – Internal Audit Charter 2018/2019

6.0 Legal considerations:

6.1 All local authorities are subject to the Accounts and Audit (England) Regulations (2015) which requires them to make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS) as well as the CIPFA Local Government Application Note.

7.0 Human Resources considerations:

7.1 The Internal Audit Charter will be delivered using existing staff resources.

8.0 Equalities considerations:

8.1 The work required to deliver the internal audit plan is identified through a regular risk assessment process. This is carried out using an established methodology that is designed to show that all potential audit areas are considered fairly.

9.0 Financial considerations:

9.1 Effective internal controls and an effective internal audit service can have a positive impact on the Council's financial position through identification of areas where controls can be strengthened, losses prevented and value for money improved.

10.0 Risk management considerations:

10.1 The work of internal audit forms a key element of the Council's overall system of internal control. An effective internal audit service also helps to promote and implement best practice and process improvements in the management of risks.

11.0 Ethical considerations:

11.1 Internal audit work will be carried out in line with the Code of Ethics set out in the Public Sector Internal Audit Standards.

12.0 Internal/ External Consultation undertaken:

12.1 All members of the internal audit team have had the opportunity to comment on the Charter prior to it being taken to the Corporate Leadership and Audit Committee for approval.

13.0 Background papers:

13.1 Public Sector Internal Audit Standards (2013).

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Internal Audit Charter 2018-19

Blackpool Council



Internal Audit Charter 2018/19

Purpose, Mission Statement and Definition

The purpose of this Internal Audit Charter is to define internal audit's purpose, authority and responsibility. It establishes the internal audit activity's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of internal audit activities.

This charter also covers the arrangements for the appointment of the Head of Audit and Risk and internal audit staff, and identifies the nature of professionalism, skills and experience required.

The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Role

The internal audit activity is established by the Corporate Leadership Team and Audit Committee. The internal audit activity's responsibilities are defined by the Corporate Leadership Team and Audit Committee as part of their oversight role.

The Public Sector Internal Audit Standards require that the internal audit charter defines the terms Board, Chief Audit Executive and Senior Management in relation to the work of internal audit. For the purposes of internal audit work the roles are defined as follows:

- **Board** - The internal audit activity is established and defined by the Board, (hereafter referred to as the Audit Committee). The internal audit activity's responsibilities are defined by the Audit Committee as part of their oversight role.
- **Chief Audit Executive** - The role of the Chief Audit Executive is undertaken by the Head of Audit and Risk.
- **Senior Management** – Senior Management if defined as the Corporate Leadership Team.

Standards and Core Principles

Internal audit is a statutory service in the context of the Accounts and Audit (England) Regulations 2015, which require authorities to ensure that they have a sound system of internal control which:

- Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- Ensures that the financial and operational management of the authority is effective; and
- Includes effective arrangements for the management of risk.

Internal Audit Charter 2018/19

The Accounts and Audit Regulations 2015 also state that: “a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management control and governance processes, taking into account public sector internal auditing standards or guidance”.

The internal audit function is required to comply with Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA); International Professional Practices Framework (IPPF) and CIPFA in respect of local government. A common set of Public Sector Internal Audit Standards (PSIAS) were adopted from 1 April 2013.

Compliance with the standards is subject to a quality assurance and improvement programme in line with the standards. This includes a regular self-assessment and an external assessment which must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. Results of quality reviews shall be reported to the Audit Committee by the Head of Audit and Risk.

The Core Principles within the PSIAS articulate internal audit effectiveness. For an internal audit function to be considered effective, all principles should be present and operating effectively. Failure to achieve any of the principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit’s mission. The internal audit activity must achieve the following Core Principles:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

Ethics and Professionalism

Internal audit operates in accordance with the PSIAS and all internal audit staff in the public sector govern themselves by adherence to the PSIAS Code of Ethics. All audit staff are also required to adhere to the Codes of Ethics of their professional bodies, where appropriate. Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life’s ‘Seven Principles of Public Life’. Internal auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the engagement’s objectives;
- Relative complexity, materiality or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management and control processes; and
- Probability of significant errors, fraud, or non-compliance.

Internal Audit Charter 2018/19

Authority

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, has authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Audit Committee. Designated auditors are entitled, without necessarily giving prior notice, to require and receive:

- Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- Access at all reasonable times to any land, premises, officers and members of the Council;
- The production of any cash, stores or other property of the Council under an officer's and member's control; and
- Explanations concerning any matter under investigation.

Where the Council works in partnership with other organisations, the role of internal audit will be defined on an individual basis. Where internal audit undertakes work on behalf of any other organisations, this will be determined in conjunction with the organisation's Audit Committee and in consultation with the Director of Resources to ensure that appropriate audit resources are available to provide assurance over the Council's activities.

Organisation

Internal audit activity supports the Director of Resources to discharge their responsibilities for maintaining proper administration of financial affairs and an adequate and effective system of internal control as required under section 151 of the Local Government Act 1972 and by the Accounts and Audit (England) Regulations 2015.

The Head of Audit and Risk reports to the Audit Committee. The Audit Committee approve the annual internal audit plan and review the adequacy of internal audit activity, the scope and nature of its work and receives and reviews the assurance statements from internal audit work undertaken.

Internal audit resides within the Resources Directorate. The Head of Audit and Risk will report on operational issues to the Director of Resources (Statutory Finance Officer) and the Chief Executive on strategic matters. Head of Audit and Risk has the authority to communicate and interact directly with the Corporate Leadership Team and the Audit Committee.

Internal audit and external audit meet as and when required to reduce duplication and make optimum use of the available audit resources.

Internal Audit Charter 2018/19

Independence and Objectivity

The internal audit activity will remain free from interference by any element of Blackpool Council, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair an internal auditor's judgement.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all of the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

The Head of Audit and Risk will confirm to the Corporate Leadership Team and Audit Committee, at least annually, the organisational independence of the internal audit activity.

Responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Blackpool Council's governance, risk management and internal control processes in relation to the Council's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programs with established objectives and goals and effective performance;
- Effectiveness and efficiency of operations and employment of resources;
- Compliance with significant policies, plans, procedures, laws and regulations;
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify and report such information; and
- Safeguarding of assets.

Internal audit is responsible for evaluating all processes (Audit Universe) of the organisation including governance and risk management processes. The Head of Audit and Risk must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement (AGS). The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is the 'assurance role' for internal audit.

Internal audit may also perform consulting and advisory services related to governance, risk management and control as appropriate for the Council; this is advisory in nature and generally performed at the specific request of the organisation. The aim of the consultancy service is to help management improve the Council's risk management, governance and internal control environment.

Internal Audit Charter 2018/19

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Corporate Leadership Team and Audit Committee, including fraud risks, governance issues and other matters requested or needed by the Corporate Leadership Team.

Managing the risk of fraud is the responsibility of line management. The Statutory Finance Officer has specific responsibilities in relation to the detection and investigation of fraud and may request internal audit to assist with the investigation of suspected fraud or corruption. The Corporate Fraud Team also reports to the Head of Audit and Risk and therefore appropriate links are in place to ensure a prompt response to serious fraud issues. The Head of Audit and Risk should be notified of all suspected or detected fraud, corruption or impropriety, to inform their opinion on the control environment and their audit plan.

The Audit Committee is responsible for oversight of the governance, risk management and internal control environment at the Council.

The Statutory Finance Officer, Head of Paid Service and Monitoring Officer are responsible for ensuring that the Council complies with the Council's governance framework, of which internal audit form an integral role.

Internal Audit Plan

The Head of Audit and Risk should develop and maintain a strategy for economically and efficiently providing the Statutory Finance Officer, with objective evaluation of, and opinions on, the effectiveness of the Council's risk management, governance and internal control arrangements.

On an annual basis, the Head of Audit and Risk will submit to the Corporate Leadership Team and Audit Committee an internal audit plan for review and approval, including risk assessment criteria. The internal audit plan includes timing as well as budget and resource requirements for the next financial year. The Head of Audit and Risk will communicate the impact of resource limitations and significant interim changes to the Corporate Leadership Team and the Audit Committee.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk based methodology, including input from senior managers. Prior to submission of the plan to the Corporate Leadership Team for approval the plan may be discussed with appropriate senior management. Any significant deviation from the approved internal audit plan will be communicated through the quarterly activity reporting process.

Scope of Internal Audit Work – Opinion Work

The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.

Governance

Internal audit must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organisation;

Internal Audit Charter 2018/19

- Ensuring effective organisational performance management and accountability;
- Communicating risk and control information to appropriate areas of the organisation; and
- Co-ordinating the activities of and communicating information among the Audit Committee, external and internal auditors and management.

Risk Management

Internal audit must evaluate the effectiveness and contribute to the improvement of risk management processes by assessing how:

- Organisational objectives support and align with the organisation's mission;
- Significant risks are identified and assessed;
- Appropriate risk responses are selected that align risks with the organisation's risk appetite; and
- Relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the Audit Committee to carry out their responsibilities.

Internal Control

Internal audit must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Economical, effective and efficient use of resources;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity corruption or bribery; and
- Compliance with laws, regulations, policies, procedures and contracts.

Non - Opinion Work

Internal audit may provide, at the request of management, a consultancy service which evaluates the policies, procedures and operations put in place by management. A specific contingency will be made in the internal audit plan to allow for management requests and consultancy work.

The Head of Audit and Risk must consider the effect on the opinion work before accepting consultancy work or management requests over and above the contingency allowed for in the internal audit plan. Approval must be sought from the Audit Committee for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement. The Head of Audit and Risk must consider how the consultancy work contributes towards the overall opinion.

Internal Audit Charter 2018/19

Delivery of Internal Audit Work

Engagement Planning

For each engagement, a Client Notification will be prepared, and agreed with relevant managers. The Client Notification will establish the objectives, scope and timing for the audit assignment, and reporting requirements.

Internal Auditors are not tasked with reviewing any systems for which they have previously held operational responsibility for. This is applied for a three year period to ensure that objectivity is not compromised.

As the Head of Audit and Risk has operational responsibilities for the management of other areas in Risk Services any audit assurance work related to these areas is managed by the Audit Manager with no involvement from the Head of Audit and Risk. On these occasions the scope of the work and agreement of the report are undertaken in conjunction with the Head of Audit and Risk's line manager (Statutory Finance Officer), to help avoid the risk of conflicts of interest.

Performing the Engagement

Auditors are required to identify, analyse, evaluate and document sufficient information to achieve the review's objectives. This evidence supports their conclusions, professional judgments and recommendations and therefore must be factual and accurate. This data is held in compliance with the Council's Retention Schedule. Engagements are supervised to ensure objectives are achieved and quality is assured.

Where key systems are being operated on behalf of the Council or where key partnerships are in place the Head of Audit and Risk must ensure arrangements are in place to form an opinion on their effectiveness.

Where the Council operates systems on behalf of other bodies, the Head of Audit and Risk must be consulted on the audit arrangements proposed or in place.

It is management's responsibility to ensure the provision for relevant audit rights of access in any contract or Service Level Agreement the Council enters into, either as provider or commissioner of the service.

Reporting and Monitoring

A written report will be prepared and issued by the Head of Audit and Risk or designee following the conclusion of each internal audit engagement and will be distributed in accordance with internal protocols. Internal audit results will also be communicated to the Audit Committee.

The internal audit report includes management's response and corrective action taken or to be taken in regard to the specific findings and prioritised recommendations. Management's response, whether included within the original audit report or provided thereafter by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Head of Audit and Risk will agree reporting arrangements with the Statutory Finance Officer which will include procedures for the:

Internal Audit Charter 2018/19

- Distribution and timing of draft audit reports;
- Council's responsibilities in respect of responding to draft audit reports;
- Distribution of finalised audit reports;
- Follow up by internal audit of agreed recommendations; and
- Escalation of recommendations where management responses are judged inadequate in relation to the identified risks.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and high risk recommendations. All significant findings will remain in an open issues file until cleared. It is the responsibility of the manager to ensure agreed recommendations are implemented and for them to provide relevant evidence to internal audit. The findings and results of follow up reviews are communicated to the Audit Committee and used to inform future audit planning.

The Head of Audit and Risk will present a formal report annually to the Corporate Leadership Team and Audit Committee giving an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management, and internal control (including any reliance placed on work by other assurance providers). This report will conform to the PSIAS for the Head of Internal Audit Opinion statement, and will provide a summary of the work to support the opinion. It will be timed to support the production of the Council's Annual Governance Statement. Reports of progress against the planned work will be presented to the Audit Committee on a quarterly basis during the year.

A statement will also be made on the conformance with the PSIAS, the results of the quality assurance and improvement program and any external assessor's improvement recommendations, disclosure of any impairments or limitations. If an unfavourable opinion is given, the reasons for this must be specified.

Communicating the Acceptance of Risk

If the Head of Audit and Risk concludes that management has accepted a level of risk that may be unacceptable to the organisation, this will be discussed with the relevant senior manager. If the Head of Audit and Risk determines that the matter has not been resolved, then the matter will be communicated to the S151 officer, Chief Executive and the Audit Committee.

Responsibilities of the Council

The Council is responsible for ensuring that Internal Audit is provided with all necessary assistance and support to ensure that it meets the required standards.

The Statutory Finance Officer will make appropriate arrangements for the provision of an internal audit service. This will include the formal adoption of this Charter by the Corporate Leadership Team and Audit Committee and the adoption of corresponding elements in the Financial Regulations.

The Council will ensure it has taken all necessary steps to provide internal audit with information on its objectives, risks, and controls to allow the proper execution of the audit plan and adherence to internal audit standards. This

Internal Audit Charter 2018/19

will include notifying internal audit of any significant changes in key control systems which may affect the internal audit plan.

The Council, through the Corporate Leadership Team and other relevant managers, will respond promptly to audit plans, reports and recommendations.

Responsibility for monitoring and ensuring the implementation of agreed recommendations rests with the Council.

Skills and Competencies

Head of Audit and Risk

The Head of Audit and Risk will be appointed by the Council and will have sufficient skill, experience and competencies to work with the leadership team and the Audit Committee and influence the risk management, governance and internal control of the Council. The Head of Audit and Risk is responsible for ensuring that there is access to the full range of knowledge, skills, qualifications and experience to deliver the audit plan and meet the requirements of the PSIAS. In addition to internal audit skills, the Head of Audit and Risk will specify any other professional skills that may be needed by the internal audit team. The Head of Audit and Risk will hold a full, professional qualification, defined as CCAB, CMIIA or equivalent professional membership and adhere to professional values and the Code of Ethics.

Internal Audit Staff

Internal audit must be appropriately staffed in terms of grades, qualification levels and experience. Internal auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme. The Head of Audit and Risk is responsible for appointing the staff of internal audit and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Head of Audit and Risk is responsible for allocating appropriately qualified auditors to specific assignments, from within the internal audit team and when using auditors from partner internal audit teams or other external sources.

Each job role within the internal audit structure will detail skills and competencies within the approved job description and person specification. In line with Council policy and the PSIAS, each member of the team will be assessed against these predetermined competencies and annual objectives. Any development and training plans will be regularly reviewed, monitored and agreed with the audit team members. This assessment will also take into account competency changes as needed i.e. to reflect changing technology and legislation. Auditors are also required to maintain a record of their continual professional development in line with their professional body.

Periodic Assessment

The Head of Audit and Risk is responsible for providing periodically a self-assessment on the internal audit activity regarding its conformity to the Audit Charter (purpose, authority, responsibility) and performance relative to the audit plan.

Internal Audit Charter 2018/19

In addition, the Head of Audit and Risk will communicate to the Corporate Leadership Team and the Audit Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

Quality Assurance and Improvement Programme

The internal audit service will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The programme will include an evaluation of the internal audit activity's conformance with the Public Sector Internal Audit Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Head of Audit and Risk will communicate to the Corporate Leadership Team and Audit Committee on the internal audit activity's quality assurance programme, including results of ongoing internal assessments and external assessment conducted at least every five years.

Internal Audit Resources

If the Head of Audit and Risk or the Committee consider that the level of audit resources or the terms of reference in any way limit the scope of internal audit, or prejudice the ability of internal audit to deliver a service consistent with the Mission, the Definition of Internal Auditing and the Standards, they should advise the Chief Executive and the Statutory Finance Officer accordingly.

Review

This Charter will be the subject of annual review by the Head of Audit and Risk and will be formally presented to the Corporate Leadership Team and Audit Committee for approval.

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Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Decision/ Meeting	15 March 2018

INTERNAL AUDIT PLAN 2018/2019

1.0 Purpose of the report:

1.1 The purpose of this report is to obtain approval from the Audit Committee for the Internal Audit Plan 2018/2019.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to approve the Internal Audit Plan for 2018/2019.

3.0 Reasons for recommendation(s):

3.1 The Public Sector Internal Audit Standards require that the Internal Audit Plan is approved by senior management and the Audit Committee.

It should be noted that requests for internal audit work are in excess of the resource available and therefore the full list of requirements has been risk assessed.

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

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

3.3 Other alternative options to be considered:
N/a

4.0 Council Priority:

4.1 The relevant Council Priority is organisational resilience.

5.0 Background Information

5.1 Each risk based review will include core areas of internal control such as business planning, performance monitoring and security of assets. Segregation of duties in

key processes will remain an important focus given the current economic climate and issues identified from past work.

Compliance testing accounts for approximately forty percent of the allocated audit resource to complement risk based audit work with a robust set of compliance testing.

Changes to the programme of risk based work will only be made following discussion with the Council's Section 151 officer. Any changes will be made known to the Audit Committee through the quarterly report of the Head of Audit and Risk.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 6(a) – Internal Audit Plan 2018/2019

6.0 Legal considerations:

6.1 Each audit review will consider the legal implications faced by the service and will factor these into the evaluation of the service.

7.0 Human Resources considerations:

7.1 A meeting will be arranged with the relevant Director and Head of Service to scope each audit review and agree timings so that staff have adequate notice that an audit is going to be undertaken.

8.0 Equalities considerations:

8.1 The plan is based on a risk assessment of all Council services.

9.0 Financial considerations:

9.1 It is proposed that a significant part of the 2018/19 Internal Audit Plan will focus on financial risk given the budget pressures faced by the Council.

10.0 Risk management considerations:

10.1 An audit universe is in place which lists all Council services and an exercise is undertaken to risk assess each service using a weighted criteria including materiality, system stability, devolved control, internal control and sensitivity. This is undertaken by the Internal Audit Team using their combined knowledge and experience. The Head of Audit and Risk then meets with each Directorate Management Team to

present internal audit's priorities and establish what they consider to be risks faced by their service areas.

All of the above information is collated into one document and a further risk assessment is undertaken by the Head of Audit and Risk to identify which of the risks can be resourced in the internal audit plan. Factors which inform this include whether a follow-up of priority one recommendations is already planned, time since last review, whether assurance can be obtained from a different source and whether internal audit can gain assurance through an alternative method, for example attendance at Board meetings.

11.0 Ethical considerations:

11.1 Each internal audit undertaken will be completed in compliance with the Code of Ethics as outlined in the Public Sector Internal Audit Standards.

12.0 Internal/ External Consultation undertaken:

12.1 Planned audit work has been discussed with the Chief Executive, Senior Management and the Section 151 Officer.

13.0 Background papers:

13.1 N/a

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Blackpool Council: Risk Services

Internal Audit Annual Plan

2018-2019

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Internal Audit Annual Plan 2018-19

1. Introduction

- 1.1 The purpose of this report is to obtain approval for the Internal Audit Plan for 2018/19. The Public Sector Internal Audit Standards recommends that the audit plan is approved by both the Audit Committee and senior management.
- 1.2 In terms of reporting lines for the service the Head of Audit and Risk reports to the Director of Resources on operational issues and the Chief Executive and Audit Committee as appropriate on strategic issues. The audit plan is based on the service structure, which includes six full time equivalent operational audit staff, one Audit Manager and the Head of Audit and Risk who splits their time across the five services which they manage.
- 1.3 The service will report the overall opinion and assurance statement for all work undertaken on a quarterly basis to the Audit Committee and Corporate Leadership Team. As in previous years, the Audit Committee can request more detailed information on any work undertaken. The annual opinion of the Head of Audit and Risk will contribute to the Council's Annual Governance Statement.

2. Overall balance of coverage

- 2.1 The work of the team is divided into three main services to the Council:
- Reviews of Council systems and processes on a risk assessed basis to ensure controls are adequate, coupled with a programme of follow-up work to ensure high risk findings are implemented;
 - Compliance testing to ensure:
 - Significant financial systems remain 'fit for purpose',
 - Adequate financial procedures in schools,
 - Appropriate controls over capital contracts and larger revenue contracts,
 - Effective procurement activity, including non-contracted spend.
 - Provision of consultancy and advice to service management on request regarding aspects of internal control;

3. Risk-based reviews

- 3.1 Within each risk based review we will continue to include core areas of internal control such as business planning, performance monitoring and security of assets. Segregation of duties in key processes will remain an important focus given the current economic climate and issues identified from past work.
- 3.2 Planned audit work has been discussed with the Chief Executive, Senior Management and the Director of Resources. The plan has also been discussed by the Corporate Leadership Team in February 2018.

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- 3.3 The demand for audit work in 2018/2019 has exceeded the available resource and therefore a decision has been taken to focus on the areas with the highest perceived risk. Other sources of assurance have been used to help inform this process such as external inspections and reviews, consultancy reports, external audit work and other internal reviews carried out by other Council services.
- 3.4 The plan has been compared to the financial risk assessment included in the Council's budget to help ensure that key areas of financial risk are aligned to the audit plan. The plan has also been aligned to the Council's Strategic Risk Register.
- 3.5 Changes to the programme of risk based work will only be made following discussion with the Council's Section 151 officer. Any changes will be made known to the Audit Committee through the quarterly report of the Head of Audit and Risk.
- 3.6 The outcome of each risk based review will be an overall opinion and assurance statement supported by a detailed report and recommendations. There are four options for the assessment of controls:
- Good – most risks identified and assessed, minor control improvement required.
 - Adequate – some risk identified and assessed several changes necessary.
 - Inadequate – A number of material risks identified, significant improvement required.
 - Unsatisfactory – most risks not identified or assessed fundamental improvements necessary to manage and control the risks.
- 3.7 The scope of the audit review and the overall opinion and assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.
- 3.8 A list of risk based reviews which will be covered in 2018/2019 can be found in **Appendix A**.

4. Compliance testing

- 4.1 Risk based audit work is complemented by a robust set of compliance testing. Further details of the areas of coverage can be found in **Appendix A** to this report. The compliance element of the audit programme can be split into the following sub-headings:

Financial Control Assurance Testing

- 4.2 This involves the testing of core financial system transactions to ensure that all major financial systems are subject to an adequate level of audit review work. The approach taken for 2018/19 has been revised to undertake a system based audit on five systems with an additional five systems being reviewed in the following financial year. A cycle will be implemented going forward to ensure that all key financial systems are subject to a compliance audit every two to three years.
- 4.3 The outcome of each financial control assurance testing review will be a fit for purpose statement supported by a detailed report and recommendations. There are two types of statements which can be given including:
- Fit for purpose – key financial controls are in place and working effectively.
 - Not fit for purpose – key financial controls are either not working or not in place.

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- 4.4 The scope of the audit review and the fit for purpose statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.

Procurement and Contract Audit

- 4.5 A number of reviews will be undertaken to ensure that adequate procurement arrangements are in place and that contracts are being effectively managed.

- 4.6 The outcome of each procurement and contract audit will be an overall opinion and assurance statement supported by a detailed report and recommendations. There are four options for the assessment of controls:

- Good – most risks identified and assessed, minor control improvement required.
- Adequate – some risk identified and assessed several changes necessary.
- Inadequate – A number of material risks identified, significant improvement required.
- Unsatisfactory – most risks not identified or assessed fundamental improvements necessary to manage and control the risks.

- 4.7 The scope of the audit review and the overall opinion and assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.

Schools Audit

- 4.8 It is intended that each maintained school will be subject to an audit every three years, or more frequently if necessary.

- 4.9 The outcome of each school audit will be an overall opinion and assurance statement supported by a detailed report and recommendations. There are four options for the assessment of controls:

- Good – most risks identified and assessed, minor control improvement required.
- Adequate – some risk identified and assessed several changes necessary.
- Inadequate – A number of material risks identified, significant improvement required.
- Unsatisfactory – most risks not identified or assessed fundamental improvements necessary to manage and control the risks.

- 4.10 The scope of the audit review and the overall opinion and assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.

Establishment Visits

- 4.11 A small programme of establishment visits will take place to ensure that controls are operating effectively.

- 4.12 The outcome of each establishment visit will be an overall opinion and assurance statement supported by a detailed report and recommendations. There are four options for the assessment of controls:

- Good – most risks identified and assessed, minor control improvement required.

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- Adequate – some risk identified and assessed several changes necessary.
- Inadequate – A number of material risks identified, significant improvement required.
- Unsatisfactory – most risks not identified or assessed fundamental improvements necessary to manage and control the risks.

4.13 The scope of the audit review and the overall opinion and assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.

Grant Certification

4.14 The audit programme will include various grant certifications which require sign-off by the Head of Audit and Risk.

4.15 The outcome of this will be a signed grant certification which will be provided directly to the external funding body.

Follow-Ups

4.16 All priority one recommendations made by internal audit are followed up by the Head of Audit and Risk approximately six months after the audit report was finalised and progress against these is reported in summary form to CLT and Audit Committee as part of the Risk Services Quarterly Report.

4.17 For some audits, where a number of recommendations have been made and significant change is required, a detailed follow-up will be included in the audit plan. These will include a follow up of all recommendations made (regardless of priority) to ensure that risk is effectively managed going forward.

4.18 The outcome of each detailed follow-up will be an overall opinion and assurance statement supported by a detailed report and recommendations. There are four options for the assessment of controls:

- Good – most risks identified and assessed, minor control improvement required.
- Adequate – some risk identified and assessed several changes necessary.
- Inadequate – A number of material risks identified, significant improvement required.
- Unsatisfactory – most risks not identified or assessed fundamental improvements necessary to manage and control the risks.

4.19 An overview of the recommendations and the overall opinion and assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.

5. Consultancy, Advice and Project Support

5.1 When a service is undergoing a significant transformation there may be a need for internal audit to be involved to help inform the future direction of the service with a particular focus on risk and controls issues. Where this is the case it would not be appropriate to provide an overall opinion and assurance statement as the Council recognises that change is needed but would appreciate support from internal audit. Reviews which fall into this area are categorised as consultancy in the audit plan.

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- 5.2 The outcome of work categorised as consultancy will be a detailed report and recommendations. However, rather than issuing an overall opinion and assurance statement a brief summary of the key changes required will be reported to CLT and Audit Committee as part of the Risk Services Quarterly Report.
- 5.3 The provision of advice to management on matters of risk and control remains an important aspect of the internal audit service. As in prior years a proportion of audit time has been set aside in contingency for ad hoc advice work at management request. Advice work tends to focus on a particular risk a service has identified as part of their normal service provision which requires support from an auditor.
- 5.4 As the type of advice required is not known through the audit planning process it is not possible to define the areas in the plan. The outcome of advice work will be a short paper to service management outlining possible actions which can be taken to reduce risk. This is not reported to CLT and Audit Committee in the Risk Services Quarterly Report but is included in the Annual Audit Report as it contributes to the overall opinion of the Head of Audit and Risk.
- 5.5 Time has also been allocated to support key Council projects where it is deemed more appropriate for internal audit to be represented on working groups to provide advice throughout the project. Project support work does not result in the production of a report but is included in the Annual Audit Report as it contributes to the overall opinion of the Head of Audit and Risk.

6. Strategic Audit Work

- 6.1 The Head of Audit and Risk is involved in a number of workstreams including the Annual Governance Statement, corporate governance, risk management and corporate investigations, which are included in the plan.

7. External work

- 7.1 The internal audit team also undertakes work for a range of external clients including Blackpool Coastal Housing, Blackpool Transport Services, Blackpool Housing Company, Blackpool Operating Company and Blackpool Entertainment Company.
- 7.2 An audit approach has also been developed with Merlin Entertainment to facilitate an annual review of the controls in place at Blackpool Tower, the Dungeons and Madame Tussauds.
- 7.3 Blackpool Council provides a number of shared services with Fylde Borough Council, particularly in relation to the provision of revenues and benefits services. These key financial systems are subject to regular audit review and therefore the Council's Internal Audit Team undertakes the required work jointly with Fylde Borough Council's audit team to reduce the audit burden on the service.

8. Monitoring performance

- 8.1 As head of the Council's independent assurance service, the Head of Audit and Risk will issue quarterly reports to the Statutory Finance Officer, Corporate Leadership Team and Audit Committee, to enable any areas of concern to be acted upon as necessary. The Head of

Internal Audit Annual Plan 2018-19

Audit and Risk's opinion on the effectiveness of the system of internal control for the 2016/17 year will be available in April / May 2018.

8.2 As with all Council services, performance indicators will be used for monitoring and managing the team. Wherever possible, performance indicators are intended to remain the same year on year to enable trends to be identified. The five PIs in place are:

- Audit plan completed;
- Reviews delivered to deadline;
- Reviews delivered to time budget;
- Customer satisfaction;
- Compliance of audit reviews with department quality standards.

9. Recommendation

9.1 The Corporate Leadership Team and Audit Committee are asked to approve the internal audit plan for 2018/19.

Tracy Greenhalgh CMIIA, MSc
Head of Audit and Risk
7th February 2018

Appendix A - Planned Risk Based and Compliance Reviews

Directorate	Service / Topic	Provisional Timings	Allocated Days	Strategic Risk	Type of Audit
Operational Audit Work					
Adult Services	Impact of the Improved Better Care Fund	Q1	20	Service failure.	Risk Based
Adult Services	Volunteering	Q3	20	Failure to keep people safe.	Risk Based
<i>Adult Services Risk Based Audit Allocation</i>			40		
Adult Services	Vitaline	Q3	10	Failure to keep people safe.	Establishment Visit
<i>Adult Services Compliance Audit Allocation</i>			10		
Adult Services Total Operational Audit Days			50		
Chief Executive	Transformation Programme	Q4	20	Inadequate change management.	Risk Based
<i>Chief Executive Risk Based Audit Allocation</i>			20		
Chief Executives	Performance Management	Q3	10	Inadequate change management.	Detailed Follow-Up
Chief Executives	Recruitment System	Q1	10	Ineffective governance.	Compliance
<i>Chief Executive Compliance Audit Allocation</i>			20		
Chief Executive Total Operational Audit Days			40		
Children's Services	Fostering	Q2	20	Sustainability of the Council.	Risk Based
Children's Services	Transport	Q4	20	Sustainability of the Council.	Risk Based
Children's Services	Accessing Social Work Placements	Q1	20	Failure to keep people safe.	Risk Based
Children's Services	Early Help Sustainability	Q4	20	Lack of resilience.	Risk Based
<i>Children's Services Risk Based Audit Allocation</i>			80		
Children's Services	Early Year Financial System	Q1	10	Ineffective governance.	Compliance
Children's Services	Payments	Q2	10	Ineffective governance.	Compliance
Children's Services	Children's Homes	Q1	15	Failure to keep people safe.	Establishment Visit
Children's Services	Troubled Families	Quarterly	10	Ineffective governance.	Compliance
Children's Services	Boundary Primary School	TBC	2	Ineffective governance.	School Visit
Children's Services	Kinraig Primary School	TBC	2	Ineffective governance.	School Visit
Children's Services	Layton Primary School	TBC	2	Ineffective governance.	School Visit

Children's Services	Moor Park Primary School	TBC	2	Ineffective governance.	School Visit
Children's Services	St Teresa's Catholic Primary School	TBC	2	Ineffective governance.	School Visit
Children's Services	St Bernadette's Catholic Primary Schools	TBC	2	Ineffective governance.	School Visit
<i>Children's Services Compliance Audit Allocation</i>			57		
Children's Services Total Operational Audit Days			137		
Community and Environmental Services	Lancashire Waste Partnership	Q1	20	Service failure.	Risk Based
<i>Community and Environmental Services Risk Based Audit Allocation</i>			20		
Community and Environmental Services	Executive Decisions	Q3	15	Ineffective governance.	Compliance
<i>Community and Environmental Services Compliance Audit Allocation</i>			15		
Community and Environmental Services Total Operational Audit Days			35		
Corporate	General Data Protection Regulations	Q3	20	Ineffective governance.	Risk Based
Corporate	Business Loans Fund	Q4	20	Unsustainable local economy / increased deprivation.	Risk Based
Corporate	Risk Management	Q3	20	Ineffective governance.	Risk Based
Corporate	Financial Management Information System and HR and Payroll System future requirements.	Q2	30	Ineffective governance.	Risk Based
<i>Corporate Risk Based Audit Allocation</i>			90		
Corporate	Compliance with Mandatory Arrangements	Q2	15	Ineffective governance.	Compliance
Corporate	Grant Certification	As Required	20	Ineffective governance.	Compliance
Corporate	Debtors	Q2	20	Ineffective governance.	Financial Control Assurance Testing
Corporate	Purchase Cards	Q1	20	Ineffective governance.	Financial Control Assurance Testing
Corporate	Budgetary Controls	Q3	20	Ineffective governance.	Financial Control

					Assurance Testing
<i>Corporate Compliance Audit Allocation</i>			<i>95</i>		
Corporate Total Operational Audit Days			185		
Place	Growth and Prosperity	Q4	25	Unsustainable local economy / increased deprivation.	Risk Based
<i>Place Risk Based Audit Allocation</i>			<i>25</i>		
Place	Tramway Extension	Q1	15	Unsustainable local economy / increased deprivation.	Contract Audit
Place	Quality Corridors	Q1	15	Unsustainable local economy / increased deprivation.	Contract Audit
Place	Positive Steps into Work (ICT Security)	Q4	10	Unsustainable local economy / increased deprivation.	Compliance
<i>Place Compliance Audit Allocation</i>			<i>40</i>		
Place Total Operational Audit Days			65		
Public Health	Community Engagement	Q3	20	Reputational damage.	Risk Based
<i>Public Health Risk Based Allocation</i>			<i>20</i>		
Public Health Total Operational Audit Days			20		
Resources	ICT Security	Q2	20	Service failure.	Risk Based
Resources	Unstructured File Stores	Q3	20	Ineffective governance.	Risk Based
Resources	Business Rates	Q1	20	Unsustainable local economy / increased deprivation.	Risk Based
Resources	Housing Benefit Overpayments	Q2	20	Ineffective governance.	Risk Based
Resources	CEDAR Post Implementation Review	Q1	15	Ineffective governance.	Risk Based
<i>Resources Risk Based Allocation</i>			<i>95</i>		
Resources	Payroll	Q3	20	Ineffective governance.	Financial Control Assurance Testing
Resources	Housing Benefits	Q4	20	Ineffective governance.	Financial Control Assurance Testing
Resources	Carbon Reduction Commitment	Q2	5	Ineffective governance.	Compliance
Resources	Property Statutory Inspections and Fire Safety	Q2	10	Service failure.	Detailed Follow-Up

Resources	Water Supply Self Licence	Q4	15	Service failure.	Contract Audit
<i>Resource Compliance Audit Allocation</i>			<i>70</i>		
Resources Total Operational Audit Days			165		
Overall Number of Operational Audit Days			697		
Strategic Audit Work					
Chief Executives	Attendance Management	As required	10	Lack of resilience	Project Support
Community and Environmental Services	Domestic Waste Service	As required	20	Service failure.	Project Support
Corporate	Integrated Commissioning	As required	20	Service failure.	Consultancy
Corporate	Corporate Governance	As required	20	Ineffective governance.	-
Corporate	Risk Management	As required	10	Ineffective governance.	-
Corporate	Corporate Investigations	As required	30	-	-
Corporate	Advice and Consultancy Support	As required	50	-	-
Corporate	Audit Management	As required	180	-	-
Total Number of Strategic Audit Days			340		
External Work					
External Work	School Voluntary Funds	TBC	5	-	-
External Work	Clevr Money	TBC	4	-	-
External Work	Other Public Sector Bodies	TBC	10	-	-
External Work	Operating Company	TBC	20	-	-
External Work	Wholly Owned Companies	TBC	80	-	-
Total Number of External Audit Days			119		
Total Number of Audit Days			1,156		

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Report to:	Audit Committee
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Decision/ Meeting	15 March 2018

FRAUD PREVENTION CHARTER 2018/2019

1.0 Purpose of the report:

1.1 The purpose of this report is to obtain approval from the Audit Committee for the Fraud Prevention Charter 2018/2019.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to approve the Fraud Prevention Charter for 2018/2019.

3.0 Reasons for recommendation(s):

3.1 To ensure that the Council have robust processes in place to tackle fraud and corruption.

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

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

3.3 Other alternative options to be considered:
N/a

4.0 Council Priority:

4.1 The relevant Council Priority is organisational resilience.

5.0 Background Information

Blackpool Council is committed to the prevention of fraud and corruption. It is important that Blackpool Council uses its income and resources in the most effective way for the delivery of high quality services to the community.

Blackpool Council requires all employees and elected members to act honestly, with integrity and to safeguard the public resources for which they are responsible.

Blackpool Council also expects the same levels of honesty and integrity from all individuals and companies dealing with the Council. The Council will take appropriate action when fraud, bribery or corruption is suspected.

The Fraud Prevention Charter sets out the Council's Anti-Fraud and Corruption Statement which outlines the Council's zero tolerance approach when dealing with fraud, corruption and bribery. It also outlines the fraud risk assessment and associated counter fraud programme which is based on best practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) to ensure that it takes account of emerging threats and focuses on priority fraud risks.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 7(a) – Fraud Prevention Charter 2018/2019

6.0 Legal considerations:

6.1 The Fraud Prevention Charter ensures that the Council follows the appropriate legal framework for fraud investigation.

7.0 Human Resources considerations:

7.1 When staffing matters are being investigated this will be done in conjunction with HR to ensure that employment law factors are adhered to.

8.0 Equalities considerations:

8.1 The plan is based on a fraud risk assessment of all Council services.

9.0 Financial considerations:

9.1 The prevention and detection of fraud helps reduce losses faced by the Council.

10.0 Risk management considerations:

10.1 The plan is based on a fraud risk assessment of all Council services.

11.0 Ethical considerations:

11.1 Each fraud investigation will be undertaken following the appropriate regulations.

12.0 Internal/ External Consultation undertaken:

12.1 Consultation has been undertaken with key stakeholders across the Council.

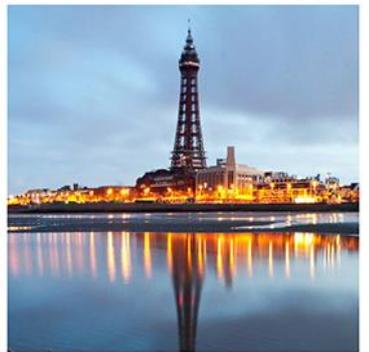
13.0 Background papers:

13.1 N/a

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Fraud Prevention Charter 2018/19

Blackpool Council



Overview

Blackpool Council is committed to the prevention of fraud and corruption. It is important that Blackpool Council uses its income and resources in the most effective way for the delivery of high quality services to the community.

Blackpool Council requires all employees and elected members to act honestly, with integrity and to safeguard the public resources for which they are responsible. Blackpool Council also expects the same levels of honesty and integrity from all individuals and companies dealing with the Council. The Council will take appropriate action when fraud, bribery or corruption is suspected.

The Fraud Prevention Charter sets out the Council’s Anti-Fraud and Corruption Statement which outlines the Council’s zero tolerance approach when dealing with fraud, corruption and bribery. It also outlines the fraud risk assessment and associated counter fraud programme which is based on best practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) to ensure that it takes account of emerging threats and focuses on priority fraud risks.

Fraud Prevention Strategy

The Council’s strategic response for counter fraud activity is based on the principles of acknowledge, prevent and pursue. The model adopted by the Council is based on the Fighting Fraud and Corruption Locally Strategy 2016-2019 which is national document and consists of:

Acknowledge	Prevent	Pursue
Acknowledging and Understanding Fraud Risks.	Preventing and Detecting More Fraud	Being Stronger in Punishing Fraud / Recovering Losses
<ul style="list-style-type: none"> Assessing and understanding fraud risks. Committing support and resource to tackling fraud. Maintaining a robust anti-fraud response. 	<ul style="list-style-type: none"> Making better use of information and technology. Enhancing fraud controls and processes. Developing a more effective anti-fraud culture. 	<ul style="list-style-type: none"> Prioritising fraud recovery and the use of civil sanctions. Developing capability and capacity to punish fraudsters. Collaborating with law enforcement.

This strategy is achieved through the delivery of the following key features included in this overarching Fraud Prevention Charter:

- Anti-Fraud and Corruption Statement.
- Sanctions and Prosecution Policy.
- Fraud Risk Assessment.
- Proactive Anti-Fraud Plan.

Anti-Fraud and Corruption Statement

The purpose of this statement is to set out what to do when fraud, bribery or corruption is suspected or detected. It is part of Blackpool Council's overall approach to security and therefore it applies to the Council and all other parties who are given access to the Council's information and premises. It covers all personnel including Council staff, freelance, casual and temporary agency staff, contractors and elected members.

There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with integrity and that Council employees at all levels will lead by example to prevent and detect fraud, bribery and corruption. The Council subscribes fully to the principles laid down by the Nolan Committee which include:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Senior management and elected members are also expected to deal effectively with any potentially fraudulent or corrupt activity that comes to their attention.

Legislative Framework

The Council regards fraud as being any intentional distortion of financial statements and other records to achieve inappropriate gain, cause inappropriate loss, or the misappropriation of assets. This may involve:

- Falsification or alteration of accounting records or other documents.
- Misappropriation of assets or theft.
- Suppression or omission of the effects of transactions from records or documents.
- Recording transactions which have no substance.
- Wilful misrepresentations of transactions or of the Council's state of affairs.

The Fraud Act 2006 categorises fraud into three main types, namely dishonestly intending to make a gain, or cause a loss or risk of loss by:

- Making a false representation.
- Failing to disclose information when there is a duty to do so.
- Abuse of position.

Corruption is a serious criminal offence, set out principally in the Prevention of Corruption Acts and now the Bribery Act 2010. Corruption includes offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers. Some of the main areas of activity, which may be particularly susceptible to corruption include:

- Contracts and commissioning.
- Grants.
- Asset disposal.
- Planning consents.
- Licenses and other approvals.

The Bribery Act 2010 has established 4 offences:

- Offering, promising or giving a bribe.
- Requesting, receiving or accepting a bribe (whether directly or through a third party).
- Bribing a foreign public official.
- The failure of a commercial organisation to prevent bribery.

The Council will at all times, whilst conducting investigations utilise and comply with the requirements of the appropriate legislation including:

- The Police and Criminal Evidence Act 1984 (PACE).
- The Theft Acts of 1968 and 1978.
- The Fraud Act 2006.
- Serious Crime Act 2007.
- Proceeds of Crime Act 2002 (POCA).
- The General Data Protection Regulations.
- The Public Interest Disclosure Act 1998.
- The Human Rights Act 1998.
- The Regulation of Investigatory Powers Act 2000.
- Criminal Procedures and Investigations Act 1996.
- Bribery Act 2010.

Roles and Responsibilities

Council employees are expected to abide by the National and Local Conditions of Service relating to their employment, which include conduct issues. Employees are also expected to follow any code of conduct related to their profession where these require a further duty of care.

Council members are required to comply with a Code of Conduct, which provide guidance to members on recommended standards of conduct in carrying out their duties and in their relationships with the Council and Council officers.

All members and employees are required to declare any offer or receipt of gifts or hospitality that are in any way related to their relationship with the Council. A hospitality register is maintained of all declarations. A register is also maintained for officers to declare any business or related interests, membership of, or associations with clubs, societies and other organisations.

The Council's constitution governs the way the Council conducts its activities and places an obligation on all members and employees to act in accordance with procedure rules, responsibilities and functions and supporting financial regulations.

Senior management has a role in ensuring that the Council takes adequate steps to safeguard against the risk of fraud and bribery.

The Corporate Leadership Team must ensure that all staff have access to these rules and regulations and that staff receive suitable training where appropriate. Members and employees must make sure that they read, understand and comply with the rules and regulations that apply to them.

Should any person knowingly break the rules and regulations then the Council may take formal action. The Council not taking adequate precautions to reduce the risk of bribery could also lead to a criminal conviction.

It is the responsibility of all staff to be alert to occurrences of fraud, bribery and corruption and to be aware that unusual events, transactions or behaviours could be indications of fraud (or attempted fraud) and corrupt practices. Fraud, bribery and corruption may also be highlighted as a result of specific management checks, by a third party, or in the course of audit reviews by both internal and external audit.

Service managers are responsible for maintaining an adequate framework of internal control to minimise potential losses by the Council. Risk Services is available to provide advice and assistance in this area, but service management retains responsibility for preventing and highlighting possible fraudulent and corrupt activity.

Fraud Reporting and Investigation

Any suspicion of fraud will be taken seriously. If you become aware of a suspected fraud or irregularity you should report it to either:

- Your Head of Service or Director.
- The Head of Audit and Risk.
- The Corporate Fraud Team.
- Via the whistle blowing procedure.

When a member of staff reports suspicions their information should be taken seriously and they should be dealt with in a considerate way. Officers receiving the information should report it to the Head of Audit and Risk as soon as possible so that a decision can be made about the need for an investigation.

Confidentiality for all parties will be maintained over reports made in good faith which cannot be substantiated following investigation. A reporting member of staff may choose to remain anonymous and such anonymity will be respected. However, identification is preferred and will assist the investigation. An anonymous disclosure cannot be made under the Public Interest Disclosure Act 1998 (the 'Whistleblowing Act'); staff must identify themselves to receive protection under the Act.

Employees must not do any of the following:

- Contact the suspected individual in an effort to determine facts or demand restitution.
- Discuss the case facts, suspicions, or allegations with anyone outside the Council (including the press) unless specifically asked to do so by the Monitoring Officer or the Head of Audit and Risk.
- Discuss the case with anyone within the Council other than the people listed above.
- Attempt to seize paperwork or other evidence.

All fraud, bribery and corruption investigations should be discussed at the outset with the Head of Audit and Risk to ensure appropriate procedures are followed and any necessary support is provided.

You must not attempt to personally conduct investigations or interviews or question anyone unless asked to do so by the investigation team.

Investigation results will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputation of persons subsequently found innocent of alleged wrongful conduct, and to protect the Council from potential civil liability.

In cases where an individual is suspected of fraud, which a subsequent investigation does not substantiate, it is important that the potential damage to the individual's reputation is minimised. Whoever originally reported the suspected fraud or irregularity will be informed that the investigation has revealed no wrongdoing.

Any necessary investigative activity will be conducted without regard to any person's relationship to the Council, position or length of service.

Investigations will be carried out by the Head of Audit and Risk or Corporate Fraud Team, or a senior manager who is independent of the direct line responsibility, and will be conducted with discretion and sensitivity.

Those carrying out the investigation will confine themselves to investigating those matters that are the subject of, or relevant to, the suspected fraud, bribery or corruption.

On completion of the investigation, a written report will be prepared stating the facts established by the investigation. The report should avoid speculation or any statement that cannot be supported by evidence.

Whenever possible, the Council will take action against all perpetrators of fraud and corruption, whether internal or external to the authority as set out in the Sanctions and Prosecution Policy.

It may be necessary to involve the police for other reasons, e.g. to take forensic evidence or to search premises. In all instances, the investigating team should instigate contact with the police.

Where fraud, bribery and corruption have occurred management must take any necessary steps to amend systems and procedures to ensure that similar frauds or corrupt practices do not recur. The investigation may highlight where there has been a failure of supervision or a breakdown/absence of control. Internal audit is available to offer advice and assistance on matters relating to internal control, if considered appropriate.

Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from any individual(s) responsible for fraud or corruption.

Sanctions and Prosecution Policy

It is recognised that fraud is potentially costly to the Council both in terms of reputational risk and financial loss. Where fraud, bribery or corruption is proven, those persons/organisations responsible must understand that potential action will follow in line with this policy.

The individual circumstances of instances of fraud, bribery and corruption will vary, but the Council's response should be effective, organised and consistent with the principles laid down in relevant legislation and the Fraud Prevention Charter.

Irrespective of potential sanctions, all investigations will be conducted to the highest possible standard to ensure that the option of a criminal prosecution remains available for any appropriate cases.

Where a referral to the Corporate Fraud Officer is investigated and fraud, bribery or corruption has been identified and quantified, the Council will instigate appropriate punitive action against the individuals or organisations involved and steps will be taken to recover any monies lost. In addition, the Council will pursue appropriate sanctions as a deterrent measure against those who may consider committing fraud, bribery or corruption to misappropriate public funds. In instances where fraud, bribery or corruption is proven, it is important that the Council has a clear policy in place to ensure that appropriate sanctions are applied, in a consistent manner.

This Policy sets out the Council's approach in respect of the sanctions to be applied against those individuals and/or organisations who have committed fraud, bribery or corruption against the Authority, and the steps to be taken to recover any monies which have been lost as a result.

There are five main sanctions which are available to the Council. Each sanction will play an equally important role in the creation and maintenance of an anti-fraud culture. These potential sanctions are as follows:

- Criminal prosecution – proceedings brought against alleged offenders with a view to obtaining a criminal conviction, imprisonment, community penalty, fine, confiscation, compensation order and the award of costs.
- Civil Action – proceedings to preserve assets and/or recover monies or assets obtained inappropriately, including costs and interest.
- Financial Penalties – where legislation allows the Council to impose financial penalties on an individual as an alternative to criminal prosecution.
- Internal disciplinary action – where action is taken to deal with the issue internally via the Council's Disciplinary Procedure.

- Professional / Regulatory Body action - where an individual is a professional, it may also be necessary to notify their professional body for the matter to be dealt with externally by the relevant professional or regulatory body.

The Council's approach to pursuing sanctions in cases of fraud, bribery and corruption is that the full range of possible sanctions outlined above are considered at the earliest opportunity and throughout an investigation, and any or all of these may be pursued where, and when, appropriate. The consistent use of an appropriate combination of investigative processes and sanction in each individual case demonstrates the Council's commitment to take fraud, bribery and corruption seriously and ultimately contributes to the deterrence and prevention of such actions in the future. All steps to recover funds lost to fraud, bribery or corruption will be sought in all appropriate cases.

In all proven cases of fraud, bribery or corruption, Local Authorities are expected to actively consider applying an appropriate sanction or prosecution.

When considering whether it is appropriate to seek punitive sanctions against an individual suspected of fraud, the Council's Corporate Fraud Officer will firstly consider if there is sufficient admissible evidence to provide a realistic prospect of applying such sanction successfully.

The following factors are to be considered:

- The availability of any documents that have been submitted without disclosure of material fact.
- Whether the parties involved have been given adequate opportunity to advise of the relevant details.
- The period of the fraud.
- Statements and evidence provided by the parties involved during the period of the investigation, including any voluntary disclosures.
- The availability of other reliable evidence.

It should be noted that voluntary disclosure only occurs when a claimant, of his or her own free will, reveals a fraud of which the Council were previously unaware. Disclosure will not be deemed voluntary when, for example information obtained during normal verification procedures have solicited or prompted the disclosure in some way.

Criminal Prosecution

Once an investigation has revealed it is evidentially viable, The Corporate Fraud Officer will consider if a recommendation to prosecute is in the public interest, taking into consideration the following factors (not all the factors will apply to each case, and there is no obligation to restrict consideration to the factors listed):

- The seriousness of the offence.
- Whether the offence is planned or systematic.
- Whether more than one person is involved.
- Previous history of the individual(s) and the likelihood of recurring conduct.
- Whether the fraud is widespread and/or prevalent.
- The age, physical and mental health of the parties' involved (official written confirmation of relevant details may be sought from an appropriate medical professional).
- Social factors, for example the officer may take the view that the individual(s) may have committed the alleged fraud because of a stressful domestic situation. In most such cases the prosecution is likely to be recommended to go ahead and any factors such as these may be put to the court for consideration.
- Whether the specific details may become part of the public domain, which may harm sources of information and/or the reputation of the Council.
- Obstruction or lack of co-operation with the investigation on the part of the individual(s).
- The individual(s) is a persistent offender.

- Where the individual(s) has failed to attend an interview to give their account of the facts.
- The period of the offence.
- The value of the offence.
- Where the individual(s) has refused an official Penalty.
- Where the individual(s) involved in the fraud was in a position of trust, for example a member of staff;
- Where the prosecution may have a significant deterrent effect.
- Whether there have been any failings in Council administration processes that can be attributed to official error, this also includes unreasonable delays.
- Whether a prosecution will assist in the applying of other disciplinary or professional sanctions and the recovery of Council funds.

The advantages of criminal prosecution include the prospect of it potentially securing the co-operation of the alleged fraudster, repayment of the sums defrauded, and a general deterrent effect that can be created.

Potential barriers include a lack of willingness for the Crown Prosecution Service to pursue the case, the complexities associated with disclosure rules, the delays sometimes involved in pursuing criminal investigations and the challenges involved in securing compensation.

Whilst cases in which the calculated value of the fraud, bribery or corruption is £2,000 or over will be likely to lead to a recommendation to prosecute as a first option, cases where the overpayment is below £2,000 may still lead to a recommendation to prosecute as a first option. In both circumstances, the cases will be considered on their individual merits. It should be noted that the value of the offence is not the sole determining factor and there may be other factors that would still make prosecution appropriate.

The Corporate Fraud Officer will submit the completed case file to the Head of Audit and Risk, who will decide which further recommended action is appropriate, or whether to close the case. The Head of Audit and Risk will have regard to this policy.

The final decision to recommend a case for prosecution will be made by the Head of Audit and Risk. This person should be satisfied that the investigation has been undertaken in an appropriate manner and that any decisions to offer a sanction takes into account the public interest test.

Cases that are deemed suitable for potential prosecution will be referred to the Council's Legal Services or the Crown Prosecution Service as appropriate, who will consider and review the recommendation to prosecute in accordance with the criteria set down in the Code of Conduct for Crown Prosecutions.

Civil Action

The Council is committed to take all necessary steps to recover any monies which have been lost as a result of fraud, bribery or corruption. Such steps will include consideration being given to obtaining voluntary repayment, negotiated settlements, obtaining compensation upon conviction (if applicable), or commencing civil proceedings under Part 5 of the Proceeds of Crime Act 2002.

If, during an investigation, there is evidence to show that the Council has suffered a significant financial loss, or that monies or other assets have been fraudulently misappropriated, it may be appropriate that applications need to be made to the civil courts for injunctive relief (e.g. freezing orders, restraint orders, or search orders) to preserve the proceeds of the fraud. In such circumstances the Corporate Fraud Officer will notify the Head of Audit and Risk. This may result in recovery action commencing whilst the investigation continues.

Decisions regarding the most appropriate and proportionate method of protecting or recovering monies lost to fraud, bribery or corruption will be made following consultation between the Corporate Fraud Officer, the Head of Audit and Risk, and the Council Legal Services Team at the earliest opportunity.

In any instances concerning the need for civil recovery proceedings to be commenced, the Corporate Fraud Officer will seek immediate advice from the Council Legal Services Team. Costs associated with the recovery will be included in the claim submitted to the Court.

Penalties as an alternative to prosecution

Whilst recommending the pursuit of a criminal prosecution is an option for all fraud, bribery and corruption offences (as provided for by the Fraud Act 2006 and Bribery Act 2010), specific alternatives for consideration are available to the Council in the following instances:

Council Tax Reduction Scheme

From the 1 April 2013, Regulation 11 of the Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013, introduced financial penalties as an alternative to prosecution.

A Council Tax Reduction penalty is intended to be a meaningful deterrent and can only be considered where there is sufficient evidence to justify instituting criminal proceedings. A person who agrees to pay a penalty may withdraw the agreement within 14 days by notifying the billing authority.

A Council Tax Reduction penalty is the offer to a person to pay a financial penalty. The amount of the penalty is to be 50% of the amount of the excess reduction, subject to:

- A minimum amount of £100; and
- A maximum amount of £1,000.

The decision to offer a Council Tax Reduction penalty will be made by the Head of Audit and Risk after consultation with the Corporate Fraud Officer.

A separate Council Tax Reduction penalty interview will be undertaken by a member of the Corporate Fraud Team, provided they have not dealt with any part of the investigation in relation to the case.

If a person declines or withdraws acceptance of a Council Tax Reduction penalty, legal proceedings will be considered in all cases.

Council Tax –Discounts

Schedule 3 of the Local Government Finance Act 1992 details that a £70 penalty can be imposed on individuals who fail to supply information or notify a billing authority of any changes in respect of their eligibility to claim a discount on their Council Tax liability.

The decision to impose a Council Tax discount penalty will be made by the Head of Audit and Risk after consultation with the Corporate Fraud Officer.

Blue Badge Offences

The Blue Badge (Disabled Persons' Parking Scheme) was introduced under Section 21 of the Chronically Sick and Disabled Person's Act 1970. There is a wide range of legislation available to the Council in enforcing the Scheme, although the Council can be flexible in how these powers are used to address local circumstances and the merits of each case.

As an alternative to prosecution, simple misuse of a valid badge can be countered by the issue of a simple Penalty Charge Notice being issued for any parking contravention.

The decision to impose a penalty charge in such circumstances will be made by the Civil Enforcement Officers.

Other offences, including fraudulent applications, using an expired, illegible, lost, or stolen badge, or a badge which they are not entitled to use, should be referred to the Corporate Fraud Officer for further investigation. In such cases, the relevant applicable sanction will be decided at the conclusion of the investigation.

Disciplinary Offences

In situations where the alleged fraudster is an employee, the investigation will be conducted in accordance with the Council's Disciplinary Procedures in the first instance. The sanctions provided for by these procedures range from various levels of warning through to dismissal.

Decisions relating to internal disciplinary matters at all stages are fully documented within the Council's Disciplinary Procedures and will be adhered to as part of this Policy.

Where an individual is a full or accredited member of a professional or regulatory body, a decision will be taken by the Head of Audit and Risk, in conjunction with HR, on review of the completed case file, as to whether to make a referral to the relevant body, for their consideration for further punitive action.

Parallel Sanctions

The application of a criminal, civil, penalty, disciplinary or professional process may not be a stand-alone sanction.

There is no universal template for the application of sanctions in every case of proven fraud. In each individual case, it will be necessary to consider the full range of possible sanctions at the earliest opportunity and to review this on an on-going basis. The Council aims to combat fraud, bribery and corruption by seeking all available sanctions without any one potential sanction excluding or detrimentally affecting any other.

Investigations will be conducted so as to ensure the widest possible range of sanctions are considered and remain available throughout. Investigations will be fully completed before a decision is made on the appropriate sanction, or combination of sanctions to be applied.

It is not unusual for these sanctions be applied concurrently and to overlap. For example, where an employee is being investigated with a view to pursuing criminal proceedings, they may also simultaneously be the subject of disciplinary and professional sanctions arising out of the same set of circumstances. These investigations may be conducted separately, but it is important to ensure that one process does not compromise or undermine the other, and that interaction between the investigating officers and Human Resources is effective, lawful and appropriate.

It is often argued that disciplinary and civil proceedings should be delayed pending the outcome of any criminal proceedings on the grounds that to do otherwise may prejudice the individual concerned in some way. Arguments may be raised about a breach of human rights, particularly the right to a fair trial, and the potential for abuse of process. However, there is nothing to prevent a disciplinary process being commenced in circumstances where criminal charges are being considered or a criminal investigation is in progress - as long as the process is conducted fairly, is in accordance with the Council's Disciplinary procedure, and the approach to collating the evidence does not compromise or undermine the criminal investigation.

During a disciplinary an employee can choose not to answer questions, but in the interests of acting fairly and reasonably they will be informed that the matter may be referred to the Corporate Fraud Officer or the police for criminal investigation and that criminal proceedings may result. Under no circumstances will the impression be given to an employee that prosecution can be avoided if they elect to answer questions and co-operate during the disciplinary process. Where, during a disciplinary process, it becomes apparent that a fraudulent matter may be emerging, the situation will be reported to the Corporate Fraud Officer or Head of Audit and Risk immediately, and it may be necessary to suspend the disciplinary proceedings.

Where an employee has been subject to disciplinary and/or civil proceedings it does not exclude them from criminal prosecution, and vice-versa.

The advantages of this parallel approach to applying sanctions include its flexibility, and the potential promotion of a potent deterrent message.

The Council recognises that criminal and disciplinary investigations have different purposes, have different standards of proof in determining guilt, are governed by different rules, and have different outcomes, and therefore it is important that the integrity of both processes is maintained in relation to the way evidence is gathered and maintained.

As a result, where parallel sanctions are pursued, the Corporate Fraud Officer will liaise closely with the appointed Investigating Officers and Human Resources regarding the appropriate sharing of information, avoiding duplication of effort, and to ensure neither the evidence nor the case as a whole is compromised.

Where evidence of fraud exists following an investigation, it is therefore considered inappropriate to hold any available sanction in abeyance, whilst waiting for another sanction to proceed to conclusion.

Applying Sanctions Consistently

Each available sanction plays an equally important role in the creation and maintenance of a zero tolerance anti-fraud culture which is achieved through deterrence, prevention, detection and investigation.

The consistent use of an appropriate combination of sanctions, based on the individual merits of each case, is essential for the efficient investigation and prevention of fraud, bribery and corruption within the Council.

Where evidence of fraud, bribery or corruption is found, fully informed and proportionate decisions will be made consistently at the conclusion of an investigation, based on the evidence obtained, in order to recommend the most appropriate sanction(s) are applied against the individual(s) concerned.

Equalities Statement

The Council's Corporate Fraud Officer will always act with regard to current pertinent legislation and without prejudice when executing the Council's procedures and policies.

The Corporate Fraud Officer will ensure that all individuals suspected of fraud will receive clear and understandable correspondence regarding their legal rights and informing them of all the possible outcomes to an investigation.

The Council's sanction and prosecution processes will not discriminate for, or against, any individual according to gender, race, sexuality, gender identity, age, disability or belief.

Publicity

Press releases will be issued in suitable cases where a conviction has been obtained, to seek to maximize the deterrent effect and raise the level of public fraud awareness.

Consideration will be given to the amounts involved, the nature of the offence, the public interest, and deterrent value of publicising any particular case.

Fraud Risk Management

In order to assess the fraud risk faced by the Council to inform the proactive work programme and the resource needed to address any issues a risk assessment has been undertaken. This is based on a range of best practice guidance alongside operational knowledge of the organisation. The outcome of this risk assessment exercise is captured in the following risk register:

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Cyber Fraud.	5	5	25	<ul style="list-style-type: none"> Robust ICT policies in place. Software and hardware solutions implemented as required. Managed through the Strategic Risk Register. 	5	4	20	<ul style="list-style-type: none"> Ongoing horizon scanning by the Head of ICT to look at solutions to tackle new threats. Train an internal auditor in computer auditing to help assess the risk. 	Head of ICT Head of Audit and Risk
Council Tax Fraud.	4	5	20	<ul style="list-style-type: none"> Participation in the NFI data matching exercise. Pre-employment checks undertaken to confirm debt and exemption status. 	4	4	16	<ul style="list-style-type: none"> Undertake a proactive exercise relating to existing employees to identify any potential issues. Undertake a proactive exercise to data match council tax status with temporary benefits. Understand the requirements of the new CTRS scheme and adapt processes as appropriate. 	Corporate Fraud Team
Procurement fraud (including petty cash and purchase cards.	5	5	25	<ul style="list-style-type: none"> Proactive quarterly assurance testing is routinely carried out by Internal Auditor in respect of: e-procurement, creditors, recurring payments, and purchase cards. Annual purchase card transaction report issued to Chief Officers to obtain assurance on expenditure. Corporate Procurement Team have a number of controls built into the 	5	3	15	<ul style="list-style-type: none"> Undertake annual purchase card transaction exercise for Chief Officers. Ensure internal audit and corporate fraud team involvement in any changes to the purchase card system. Complete the CIPFA Procurement Fraud checklist to provide assurance that the Council are actively mitigating the risk. 	Corporate Fraud Team

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				<p>tender process as part of due diligence.</p> <ul style="list-style-type: none"> Internal Audit of Organised Crime and Procurement undertaken in 2017/18. Corporate Procurement Team provides Chief Officers with details of all expenditure each quarter via SpendPro. Corporate Gifts and Hospitality and Register of Interest Policy and Register in place. 					
Disabled Parking Fraud.	4	5	20	<ul style="list-style-type: none"> Links in place between the Corporate Fraud Team, Civil Enforcement Officers and Customer First. Participation in the NFI data matching exercise. Three proactive exercises undertaken in 2017/18. 	4	3	12	<ul style="list-style-type: none"> Undertake a proactive exercise in 2018/19 in conjunction with the Civil Enforcement Officer. Liaise with best practice authorities and look to incorporate this into internal arrangements with Civil Enforcement Officers. 	Corporate Fraud Team
Social Care and no recourse to public funds fraud.	4	4	20	<ul style="list-style-type: none"> Specific fraud awareness training delivered to the Direct Payments Team. Undertaken visits to a 'best practice' authority to develop processes. 	4	3	12	<ul style="list-style-type: none"> Work with the direct payments team to 'fraud proof' the application process. Develop a potential framework for the delivery of proactive anti-fraud work in this area. 	Corporate Fraud Team
Insurance fraud.	4	4	16	<ul style="list-style-type: none"> Participation by the fraud team in the highways risk management group. Established relationships 	4	3	12	<ul style="list-style-type: none"> Finalise the insurance fraud procedure. Improved conversion rate from fundamental dishonesty civil 	Corporate Fraud Team

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				<ul style="list-style-type: none"> between corporate fraud, legal services and highways. Access to insurance industry fraud databases. 				cases to criminal fraud prosecutions.	
Expenses Fraud.	4	4	16	<ul style="list-style-type: none"> Claims cannot be paid without management authorisation. 	4	3	12	<ul style="list-style-type: none"> Undertake a proactive fraud exercise reviewing all expenses claims made in a period and confirming that appropriate evidence and authorisation is in place in support of the claim. 	Corporate Fraud Team
Business Rate Fraud.	4	4	16	<ul style="list-style-type: none"> Procedures in place within the revenue service to prevent fraud. 	4	3	12	<ul style="list-style-type: none"> Undertake a proof of concept exercise matching business rates data to commercial waste, licencing and planning to assess if business rates presents a significant fraud risk at the Council. 	Corporate Fraud Team
Money Laundering.	4	4	16	<ul style="list-style-type: none"> Anti-Money Laundering Policy in place. Anti-money laundering training course developed and available via i-pool. Designated Money Laundering Officer (and deputy) in post. 	4	3	12	<ul style="list-style-type: none"> Refresher training for the Money Laundering Officer and their Deputy. 	Head of Audit and Risk
Lack of capacity to proactively deal with corporate fraud.	5	4	20	<ul style="list-style-type: none"> Qualified corporate fraud team in place. The corporate fraud team and internal audit team report to the same Head of Service therefore facilitating the effective sharing of 	5	3	12	<ul style="list-style-type: none"> Review the roles and responsibilities of the corporate fraud team to ensure that all members of the team can respond to all types of fraud. Explore to potential of joint 	Head of Audit and Risk

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				<p>intelligence.</p> <ul style="list-style-type: none"> • Risk assessment of all referrals received to enable resource to be appropriately targeted. • Attend the Greater Manchester Fraud Group to share best practice to help develop internal procedures. • Participation in the National Fraud Initiative which enables data sharing across a number of public bodies therefore helping to focus resource appropriately. 				<p>working with the DWP on council tax / benefit fraud investigation.</p> <ul style="list-style-type: none"> • Regularly review team capacity to ensure that this is appropriate for the level of fraud risk. • Develop the use of IDEA software within Corporate Fraud Team to enable targeting proactive resources for fraud and error testing. 	Corporate Fraud Team
lack of fraud awareness by employees and residents.	5	4	20	<ul style="list-style-type: none"> • Roll out of i-pool fraud awareness course to all employees identified as mandatory. • Ability for residents to refer fraud via www.blackpool.gov.uk. 	4	3	12	<ul style="list-style-type: none"> • Review the corporate fraud pages on the Hub to ensure that these contain up to date and useful information for employees and managers. • Review Blackpool Council's website to ensure that it is up to date and includes relevant information for residents. • Improve links with the Communications Team to proactively publish success stories. 	Corporate Fraud Team
Payroll Fraud.	4	4	16	<ul style="list-style-type: none"> • Proactive quarterly assurance testing is routinely carried out by Internal Auditor in respect of payroll. 	4	2	8	<ul style="list-style-type: none"> • Explore the potential of undertaking a proactive exercise on the payment of payroll allowances. 	Corporate Fraud Team

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				<ul style="list-style-type: none"> Pre-employment checks undertaken to confirm debt and exemption status. A suite of exception reports configured in the payroll system which are checked by payroll clerks on a monthly basis. A suite of forms which require management authorisation before posts can be created / changes to posts actioned. Segregation of duties between the HR and payroll team. 					
Recruitment Fraud.	4	4	16	<ul style="list-style-type: none"> Procedures in place to ensure that Recruiting Managers and HR undertake appropriate due diligence prior to appointing a new employee. Proactive quarterly assurance testing is routinely carried out by Internal Auditor in respect of new starters. DBS checking process in place for posts identified as requiring basic or enhanced clearance. 	4	2	8	<ul style="list-style-type: none"> Explore the potential of undertaking a proactive exercise on recruitment fraud. 	Corporate Fraud Team
Inability to recover losses incurred due to fraud.	4	4	16	<ul style="list-style-type: none"> Pursue civil, disciplinary and criminal sanctions. 	4	2	8	-	-

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				<ul style="list-style-type: none"> Identify and recover all losses identified during investigation process and recovery action sought through Proceeds of Crime Act (POCA), insurance, payroll and legal means. Prosecution Policy in place. 					
Debt Fraud	4	3	12	<ul style="list-style-type: none"> Pre-employment checks undertaken to confirm debt against the Council status. 	4	2	8	-	-
Economic and Voluntary Sector (Grant Fraud).	4	3	12	<ul style="list-style-type: none"> Significantly reduced amounts of funding provided by the Council. 	4	2	8	-	-
Manipulation of Data (financial and non-financial).	4	3	12	<ul style="list-style-type: none"> Annual internal audit and external audit programmes undertaken. Performance management reporting in place. 	4	2	8	-	-
Pension Fraud.	4	3	12	<ul style="list-style-type: none"> Segregation of duties through the use of the Lancashire pension scheme. 	4	2	8	-	-
Investment Fraud.	4	3	12	<ul style="list-style-type: none"> Treasury Management Panel in place. Business Loans Fund Panel in place. 	4	2	8	-	-

Proactive Anti-Fraud Action Plan

During 2018/19 the key priorities in terms of proactive anti-fraud work are outlined in the following action plan.

It should be noted that whilst every effort is made by the team to deliver the proactive anti-fraud work programme this is sometimes delayed due to the need to respond to reactive fraud cases as and when they require investigation.

The Corporate Fraud Team is overseen by the Head of Audit and Risk and comprises of three officers. Therefore, in peak times there is limited capacity to undertake all investigations and therefore referrals are risk assessed and prioritised. This may result in the investigation of some cases being delayed or low risk matters dealt with via alternative methods.

Action	Lead	Priority
Train an internal auditor in computer auditing to help assess the risk.	Head of Audit and Risk	March 2020
Undertake a proactive exercise relating to existing employees council tax accounts to identify any potential issues.	Corporate Fraud Team	September 2018
Undertake a proactive exercise to data match council tax status with temporary benefits.	Corporate Fraud Team	September 2018
Understand the requirements of the new CTRS scheme and adapt processes as appropriate.	Corporate Fraud Team	April 2018
Undertake annual purchase card transaction exercise for Chief Officers.	Corporate Fraud Team	September 2018
Ensure internal audit and corporate fraud team involvement in any changes to the purchase card system.	Corporate Fraud Team	April 2019
Complete the CIPFA Procurement Fraud checklist to provide assurance that the Council are actively mitigating the risk.	Corporate Fraud Team	March 2019
Undertake a proactive exercise in 2018/19 relating to blue badge use in conjunction with the Civil Enforcement Officer.	Corporate Fraud Team	March 2019
Liaise with best practice authorities and look to incorporate this into internal arrangements with Civil Enforcement Officers.	Corporate Fraud Team	June 2018
Work with the direct payments team to 'fraud proof' the application process.	Corporate Fraud Team	June 2018
Develop a potential framework for the delivery of proactive anti-fraud work in social care.	Corporate Fraud Team	September 2018
Finalise the insurance fraud procedure.	Corporate Fraud Team	April 2018

Action	Lead	Priority
Improved conversion rate from fundamental dishonesty civil cases to criminal fraud prosecutions regarding insurance fraud.	Corporate Fraud Team	September 2018
Undertake a proactive fraud exercise reviewing all expenses claims made in a period and confirming that appropriate evidence and authorisation is in place in support of the claim.	Corporate Fraud Team	March 2019
Undertake a proof of concept exercise matching business rates data to commercial waste, licencing and planning to assess if business rates presents a significant fraud risk at the Council.	Corporate Fraud Team	September 2018
Refresher training for the Money Laundering Officer and their Deputy.	Head of Audit and Risk	April 2018
Review the roles and responsibilities of the corporate fraud team to ensure that all members of the team can respond to all types of fraud.	Head of Audit and Risk	April 2018
Explore to potential of joint working with the DWP on council tax / benefit fraud investigation.	Head of Audit and Risk	April 2019
Regularly review team capacity to ensure that this is appropriate for the level of fraud risk.	Head of Audit and Risk	Annual
Develop the use of IDEA software within Corporate Fraud Team to enable targeting proactive resources for fraud and error testing.	Corporate Fraud Team	March 2019
Review the corporate fraud pages on the Hub to ensure that these contain up to date and useful information for employees and managers.	Corporate Fraud Team	March 2019
Review Blackpool Council's website to ensure that it is up to date and includes relevant information for residents.	Corporate Fraud Team	March 2019
Improve links with the Communications Team to proactively publish success stories.	Corporate Fraud Team	April 2018
Explore the potential of undertaking a proactive exercise on the payment of payroll allowances.	Corporate Fraud Team	March 2019
Explore the potential of undertaking a proactive exercise on recruitment fraud.	Corporate Fraud Team	March 2019

Review

This Charter will be the subject of annual review by the Head of Audit and Risk and will be formally presented to the Corporate Leadership Team and Audit Committee for approval.

Report to:	Audit Committee
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	15 March 2018

Risk Services Quarter Three Report

1.0 Purpose of the report:

1.1 To provide to the Audit Committee a summary of the work completed by Risk Services in quarter three of the 2017/2018 financial year.

2.0 Recommendation(s):

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

3.0 Reasons for recommendation(s):

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

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

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

3.3 Other alternative options to be considered:

N/a

4.0 Council Priority:

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

5.0 Background Information

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

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

Audit Committee.

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

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 8(a) Risk Services Quarter Three Report

6.0 Legal considerations:

6.1 All work undertaken by Risk Services is in line with relevant legislation. This is particularly important when undertaking fraud investigations where a number of regulations need to be adhered to.

7.0 Human Resources considerations:

7.1 N/a

8.0 Equalities considerations:

8.1 N/a

9.0 Financial considerations:

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

10.0 Risk management considerations:

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

11.0 Ethical considerations:

11.1 N/a

12.0 Internal/ External Consultation undertaken:

12.1 The Risk Services Quarterly Report has been considered by the Corporate Leadership Team.

13.0 Background papers:

13.1 N/a

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Risk Services Quarter Three Report 1st October to 31st December 2017

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1. Third Quarter Summary

Service Developments

1.1 *Internal Audit*

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

- Executive Decisions – Public Health
- Adult Services Safeguarding Enquiries
- Public Protection
- Estate Management and Investment Portfolio
- Headstart
- Business Planning Framework and Performance Management Reporting
- Legal Services Claims Handling
- Migration to Mosaic
- Oversight and Governance of Shared Service Arrangements
- Council Tax Collection

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

One of the Auditors resigned in the quarter to take up a new role closer to home. A recruitment exercise is currently underway to fill this vacancy. This will have an impact on the delivery of the 2017/18 audit plan in quarter four of the financial year.

Work is currently underway to prepare the Internal Audit Plan for 2018/19 and to review the Quality Assurance and Improvement Programme for the team.

1.2 *Corporate Fraud*

In conjunction with Parking Services, the team conducted a proactive exercise on Blue Badge usage over three dates during November and December 2017. A total of 321 Blue Badges were checked for both validity and that they were being used correctly by the badge holder. The exercise was welcomed by the vast majority of badge holders seen.

From the exercise, a total of 10 instances of misuse and 1 attempt were recorded (3.4%), resulting in 10 penalty charge notices and misuse letters being issued. The attempted misuse related to an expired badge. The issuing Authority (Lincolnshire) has been notified of the incident.

A new process has been implemented in conjunction with HR to undertake fraud related pre-employment checks before people start work at the Council.

A Fraud Prevention Charter for 2018/19 has been drafted and is currently out for consultation. This pulls together a number of key documents including the fraud risk assessment, anti-fraud and corruption statement, prosecution policy and proactive anti-fraud plan. Once the consultation period has ended the document will be presented to the Corporate Leadership Team and Audit Committee for approval.

The Council has expressed an interest in joint working with the Department for Work and Pensions on housing benefit / council tax fraud investigations. Further information from the DWP is now required to assess whether to move forward with this scheme.

Blackpool Council: Risk Services

1.3 *Risk and Resilience*

Work is underway to complete the insurance renewals for 2018/19. This will be the final year of the current contract arrangements and a full procurement exercise will be entered into during 2018/19 for new provision from the 1st April 2019.

The Risk Management Framework and Toolkit were revised and approved by the Corporate Leadership Team and a review of the Strategic Risk Register has commenced.

The service responded to the flooding event which occurred in November and will be carrying out an internal debrief to assess what went well and what lessons can be learned from the incident.

1.4 *Health and Safety*

The team has been providing support to the Community and Environmental Directorate to ensure that arrangements in place for hand arm vibration calibration testing are robust. The team have also supported Adults Services with fire safety in properties that are used by organisations commissioned by the Council. This has involved training and coaching and a presentation is also planned involving the Health and Safety Team and the Fire Service.

Steps are being taken to review the health and safety training offer provided corporately to determine whether this remains fit for purpose or whether there are any additional training needs which require addressing.

Elected members are being encouraged to complete the health and safety i-Pool course developed for elected members and to date three have undertaken the training.

1.5 *Equality and Diversity*

The Equality and Diversity Toolkit approach has been approved by the Corporate Leadership Team and a timetable developed to roll this out to all directorates. This will be supported by the delivery of face to face Diversity Awareness training for managers which will be launched as a corporate course from April 2018.

The service has been supporting the budget timeline group to ensure that equality impacts are appropriately covered as part of the budget setting process.

The service has been involved in the development of a multi-agency bid for external funding to tackle accessibility issues across the town. The bid is now in the final stages of development and approval will be sought from the Corporate Leadership Team before it is submitted.

Performance

Risk Services Performance indicators

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
Professional and technical qualification as a percentage of the total.	85%	79%

Internal Audit Team performance indicators

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
Percentage audit plan completed (annual target).	90%	61%

Blackpool Council: Risk Services

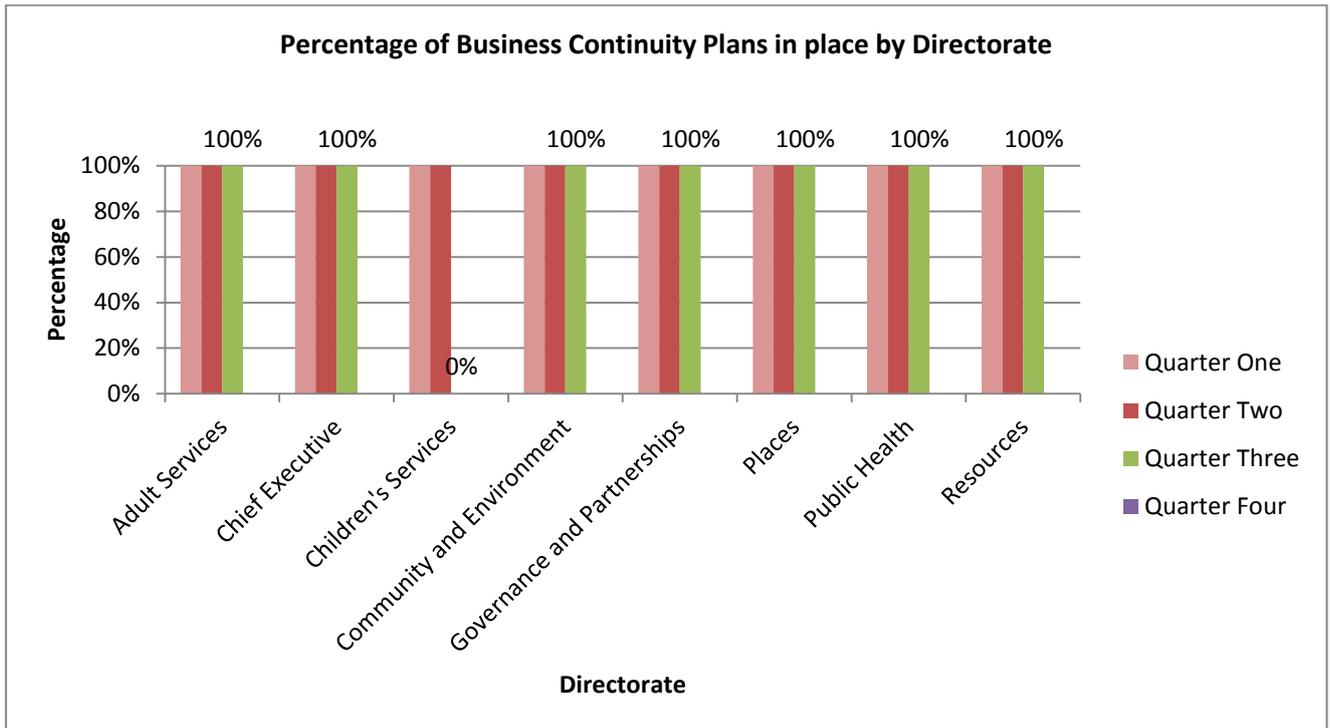
Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
Percentage draft reports issued within deadline.	96%	100%
Percentage audit work within resource budget.	92%	92%
Percentage of positive satisfaction surveys.	85%	92%
Percentage compliance with quality standards for audit reviews.	85%	89%

Risk and Resilience Team performance indicators

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
Percentage of Council service business continuity plans up to date.	100%	69%
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	6
Number of trained Emergency Response Group Volunteers (for monitoring purposes only – responsibility lies with Adult Social Care)	50	38
Percentage of property risk audit programme completed (annual target).	100%	40%

In support of the 69% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate:

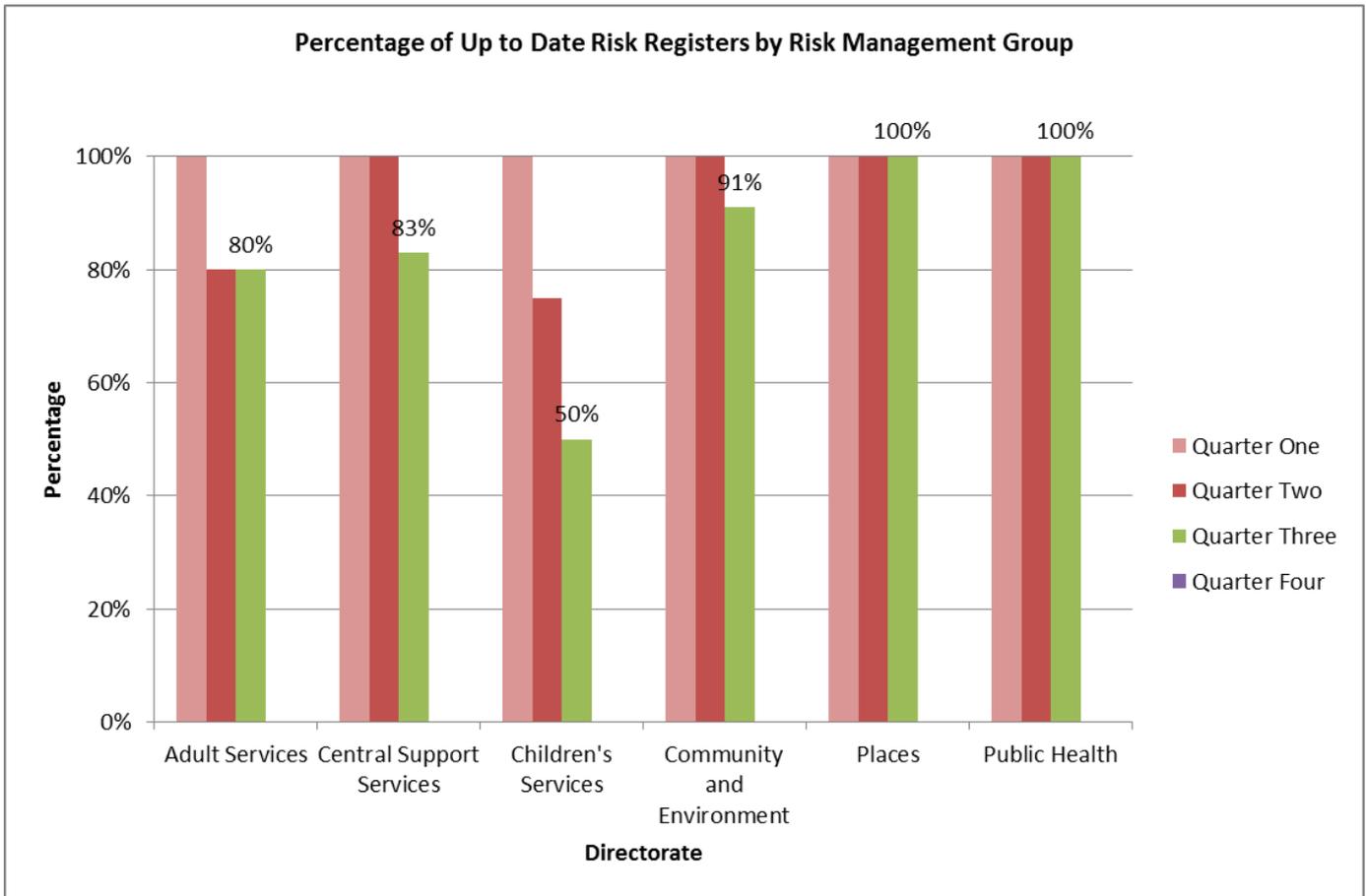
Blackpool Council: Risk Services



It should be noted that a rationalisation exercise of business continuity plans is being undertaken by Children's Services to reduce the overall number of plans. This is scheduled to be completed by March 2018 which will enable a more favourable position to be reported in Quarter Four.

In support of the 88% of risk registers revised and up to date by the end of the quarter the following graph shows a breakdown by Risk Management Group:

Blackpool Council: Risk Services



Risk registers which were not returned in the quarter included:

- Adult Services – Adult’s Commissioning
- Children’s Services – Children’s Social Care
- Children’s Services - Education
- Central Support Services –Legal
- Central Support Services - Benefits & Customer Services

In quarter three the newly developed SharePoint sites were used to update Risk Registers for the above three risk management groups. Further work will be required to ensure responsible officers are aware of the requirements to update SharePoint and additional training may be required.

The remaining outstanding risk register (not yet migrated to SharePoint) was:

- Community & Environmental – Parks

Health and Safety performance indicators

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
RIDDOR Reportable Accidents for Employees	0	9

Blackpool Council: Risk Services

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
Training Delivered to quarterly plan	100%	100%

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

The nine RIDDOR's reported occurred in quarter one and two and included:

- One major injury where a member of staff fractured their arm at work.
- Eight accidents including a sprain, a cut, a strain, a knee injury, panic attack and eye injury all of which resulted in the staff being absent from work for over 7 days.

Equality and Diversity performance indicators

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
Percentage of Executive Decisions made with evidence of Equality Impact Assessments or due regard.	100%	100%
Percentage take up of Equality i-Pool course.	100%	78%

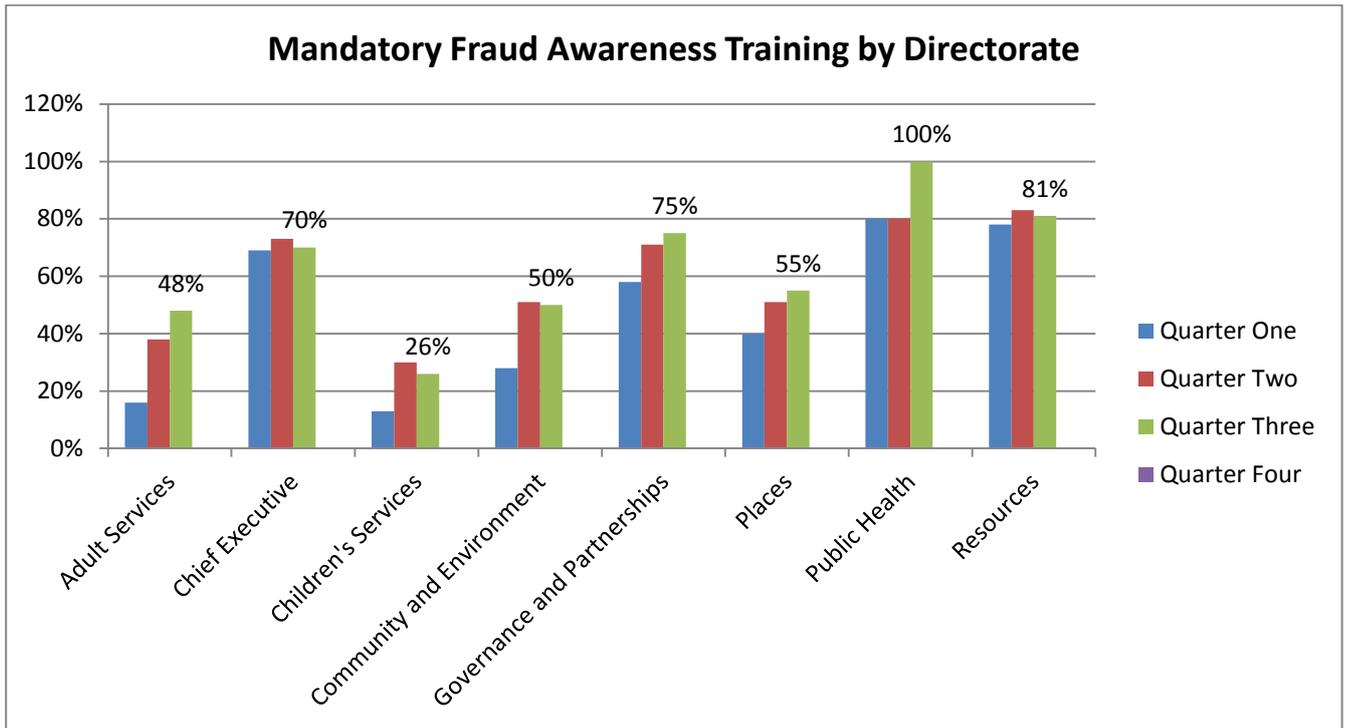
Corporate Fraud Team performance indicators

Performance Indicator (Description of measure)	2017/18 Target	2017/18 Actual
% of agreed Council employees completed i-pool fraud awareness course.	100%	63%

Mandatory employees in each directorate have now been identified and it is their course completion rate (or alternative training package) that is now being reported.

The team has been working with the Workforce Development Trainer to maximise the quality of the source data and to enable this information to be obtained more effectively and efficiently. Completion rates per directorate are as follows:

Blackpool Council: Risk Services



Blackpool Council: Risk Services

<u>CORPORATE FRAUD STATISTICS - 2017/2018</u>	Number of Cases Brought Forward from 2016/17	Total Number of Referrals Received	Case Closures		Total Value of Fraud Proven / Error Identified	Action Taken on Closed Cases					Number of Cases Currently Under Investigation	
			Fraud/Error Proven	No Fraud/Error Identified		No Further Action	Recommendation	Disciplinary	Administrative Penalty	Prosecution		
Type of Fraud		ANNUAL SUMMARY 2017-18										
Council Tax - Single Person Discount	21	31	9	10	£23,154.03	19	0	0	0	0	33	
Council Tax Reduction (CTR)	17	33	3	12	£997.87	15	0	0	0	0	35	
Business Rates	0	0	0	0	-	0	0	0	0	0	0	
Procurement	1	1	0	1	-	1	0	0	0	0	1	
Fraudulent Insurance Claims	24	13	0	28	-	28	0	0	0	0	9	
Social Care	2	0	0	1	-	1	0	0	0	0	1	
Economic & Third Sector Support	0	0	0	0	-	0	0	0	0	0	0	
Gross Misconduct (Disciplinary Code)	0	2	1	0	£14,171.43	0	0	1	0	0	1	
Pension	0	0	0	0	-	0	0	0	0	0	0	
Investment	0	0	0	0	-	0	0	0	0	0	0	
Payroll & Employee Contract Fulfilment	1	1	0	1	-	1	0	0	0	0	1	
Expenses	0	0	0	0	-	0	0	0	0	0	0	
Abuse of Position - Financial Gain	2	1	1	2	£350.00	2	0	1	0	0	0	
Abuse of Position - Manipulation of Financial or Non-Financial Data	0	0	0	0	-	0	0	0	0	0	0	
Fraudulent Cashing of Housing Benefit Cheque	0	0	0	0	-	0	0	0	0	0	0	
Disabled parking concessions	1	0	0	1	-	1	0	0	0	0	0	
NFI 2017	0	2338	1071	1214	£5,542.72	0	0	0	0	0	47	
Totals:	69	2476	509	1868	£24,216.05	68	0	2	0	0	128	

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

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement
Adult Services	Assessment and Rehabilitation Centre Establishment Visit	<p><u>Scope</u></p> <p>The scope of our audit was to undertake compliance testing in the following areas:</p> <ul style="list-style-type: none"> • Care plans, • Staff rotas, • Training logs, • DBS checks, • Policies and Procedures, • Medication, • Occupational Health and Safety and Risk Assessments, • Purchasing Cards, • Infection Control, • Quality Assurance, • Security, • Assets & Client Monies, • Cash Handling, • Admission and Discharge. <p><u>Overall Opinion and Assurance Statement</u></p> <p>The service is undergoing a period of transition as part of integration of NHS and Council operations and it is aware of the improvements that are required to be made, of which a number of these are already planned for implementation.</p> <p>We consider that the controls in place as observed and described by service staff to be adequate with some risks identified and assessed and some changes necessary. However operational procedures are not documented and this needs to be addressed as a matter of priority.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Children's Services	Payments	<p><u>Scope</u></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> • Financial systems, policies and processes and whether these promote value for money; • Scheme of delegation, and • Consistency of application of policy and approach. <p>Payments agreed to be in scope for this review were:</p> <ul style="list-style-type: none"> • Section 17 family support payments; • Section 20 children in care payments; • Expenditure on care leavers, and • Payments associated with Special Guardianship Orders and child adoption arrangements. <p><u>Overall Opinion and Assurance Statement</u></p> <p>Financial systems, policies and processes vary significantly between different types of payment and schemes of delegation and budget accountability are in need of review to help to promote value for money.</p> <p>Compliance with the policies and procedures that are in place is inconsistent and audit trail to evidence rationale for payments made is incomplete in many cases.</p> <p>Controls overall are therefore assessed as inadequate and the level of compliance with controls is unsatisfactory.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Community and Environmental Services	Highways	<p><u>Scope</u></p> <p>The scope of our audit was to assess the service’s response to the self-assessment required to be submitted to the Department for Transport and the evidence available to support the score indicated.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <p>The Council is due to submit its Local Highways Maintenance Capital Funding: self-assessment questionnaire for the 2018-19 incentive fund to Department for Transport and has assessed itself as attaining a band 3 score.</p> <p>The Council has a number of good practice arrangements in place and the new Road Asset Management Strategy was approved by Executive on 4th April 2016. Additional work has been undertaken following an Internal Audit review in 2015-2016 and recommendations for the improvement of the service’s position against the self-assessment have been progressed. However, having reviewed supporting evidence, it is our opinion that there is still work required to fully satisfy the improvement to band 3 scoring criteria and we have made a number of recommendations to help to address these areas.</p>
Community and Environmental Services	Rideability	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Financial controls that operate within the service, • Methods to obtain feedback from service users. <p><u>Overall Opinion and Assurance Statement</u></p> <p>In terms of customer satisfaction and operational delivery we consider that the controls in place are adequate. Customers are satisfied with the service that they receive however some improvements to the operations of the service would be beneficial which may allow a greater capacity for customers within the resource available.</p> <p>We have been unable to test the financial controls in place due to system changes taking longer than expected to implement. This does present a concern as fraud has been committed against this service in the past and we recommend the implementation of the new financial control system as soon as possible.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Corporate	Compliance with Corporate Arrangements	<p><u>Scope</u></p> <p>The scope of the audit was to assess compliance by Council services with a number of corporate arrangements.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <p>Whilst the audit identified adequate levels of compliance in some areas, this was not consistent across the Council. Therefore, we consider that consistent compliance with corporate arrangements is currently inadequate. Considerable work is now being undertaken to assess where compliance will be mandatory and ensure that accountability for compliance is clearly defined.</p>
Corporate	General Data Protection Regulations	<p><u>Scope</u></p> <p>The General Data Protection Regulations (GDPR) review encompassed the corporate response to the upcoming GDPR requirements and the robustness of plans to ensure that the Council fully understands the implications of the new regulations.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <p>The Council has taken appropriate steps to identify and assess the risks associated with the introduction of the General Data Protection Regulations. Awareness has been raised with the Corporate Leadership Team and Senior Leadership Team and a GDPR working group established comprising representation from all Council directorates.</p> <p>At this stage the Council, like most other organisations, is non-compliant with GDPR requirements, however a project is underway to ensure that compliance is achieved, as far as practically possible, by the deadline of May 2018. Therefore, we consider the Council has taken adequate steps at this point in time to mitigate the risks and move to a position of compliance in the coming months.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Place	Growth and Prosperity	<p><u>Scope</u></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> • The efficiency and robustness of the process being implemented for ensuring that the capital investment programme is managed in a way that avoids unnecessary delays in project completions whilst minimising disruption to the town. • The arrangements being implemented to ensure that the Council has the capacity and skills required to manage a significant number of large capital schemes over the investment period. <p><u>Overall Opinion and Assurance Statement</u></p> <p>The Growth and Prosperity team commenced their roles in March 2017. Since this time, the commitment of the team has ensured that significant progress has been made on developing the programme in the town and establishing processes and governance arrangements.</p> <p>However process and documentation for the programme as a whole have yet to be sufficiently developed and there remains concerns over capacity to facilitate effective delivery, particularly in the wider support functions such as highways and legal services.</p> <p>At this early stage in the programme we have assessed the controls as inadequate, however the risks are currently minimal as limited activity has taken place. Where decisions have been or are made the team and the wider Council support is ensuring that due diligence is more rigorous than it would need to be once the appropriate systems are in place to ensure that the Council is not put at risk.</p> <p>It is recognised that steps are being taken to implement effective controls as the growth and prosperity programme matures and level of risk increases. Further internal audit work will be undertaken in the new financial year to ensure adequate progress is being made.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Public Health	Outcomes	<p><u>Scope</u></p> <p>The objective of the audit was to ensure that adequate and effective controls are in place to minimise business risk. In particular we reviewed:</p> <ul style="list-style-type: none"> • The extent to which existing Public Health Grant funded programmes have led to measureable improvements in the health of the Blackpool population to date; • Whether local health marketing campaigns use approaches that are evidenced based; • Whether analyst resource across the Council and wider partners are used effectively; and • The effective use of performance frameworks throughout the life of programmes. <p><u>Overall Opinion and Assurance Statement</u></p> <p>To impact significantly the determinants of health require fundamental and diverse interventions across many service areas and organisations and so any assessment of the impact of the deployment of the Public Health Grant locally needs to be made in the context of this wider view.</p> <p>There are elements of the arrangements which we consider to be adequately controlled including the production of the Joint Strategic Needs Analysis and the development of local health marketing campaigns. There is also evidence that the Public Health directorate’s activities cover the specified range of mandated and other key functions.</p> <p>However, there is a need for an enhanced performance management and reporting framework to be developed which will set out in detail how the vision, priorities, aims and objectives will be delivered to improve the health of the population of Blackpool as well as the outcomes that programmes funded by the Public Health Grant have achieved to date, the impact it is having and where it is adding value. We therefore consider that performance management arrangements are currently inadequate and require further development.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Resources	Carbon Reduction Commitment Scheme	<p><u>Scope</u></p> <p>This compliance based review of the Council’s carbon reduction commitment submission for 2015/2016 was based on guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA). There is an annual requirement for an internal audit of the scheme to be carried out and copies of associated audit reports should be provided in the authorities evidence pack. The audit focused on a number of control objectives including that:</p> <ul style="list-style-type: none"> • Information contained in the Annual Report is accurate and timely, • All fuel consumption is accurately reported using correct conversion rates and includes core, residual and other fuel types, • Estimated bills are monitored to ensure at least two meter reads are taken in a six month period (to avoid uplifts in carbon allowance purchases associated with estimated bills), • Issues are logged and updated with outcomes to support the evidence pack, • The cost of carbon allowances is budgeted for and accounted for correctly in the Council's financial system. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place for the Carbon Reduction Commitment Scheme are good. Most risks have been identified and assessed and we consider that only minor control improvements are required.</p> <p>Our testing revealed a satisfactory level of compliance with the controls.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Schools	St John's C of E Primary School	<p><u>Scope</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are good with all material risks identified, assessed and systems in place.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>
Schools	St Nicholas Primary School	<p><u>Scope</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are good with most risks identified and assessed and only minor control improvement required.</p> <p>Our testing revealed a satisfactory level of compliance with the controls.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Schools	St Kentigern's Catholic Primary School	<p><u>Scope</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are good with most risks identified and assessed and only minor control improvement required.</p> <p>Our testing revealed a satisfactory level of compliance with the controls.</p>

Progress with Priority 1 audit recommendations

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

- Children's Safeguarding

A number of priority one recommendations have not been fully addressed by the agreed target date however reasons have been provided for the delays and new completion dates agreed. These include in relation to e-invoicing, placement orders and legal costs, adolescent hub and driving at work.

Other outstanding priority one recommendations were not due by the end of December and will be followed up at the appropriate time.

The Regulation of Investigatory Powers Act 2000

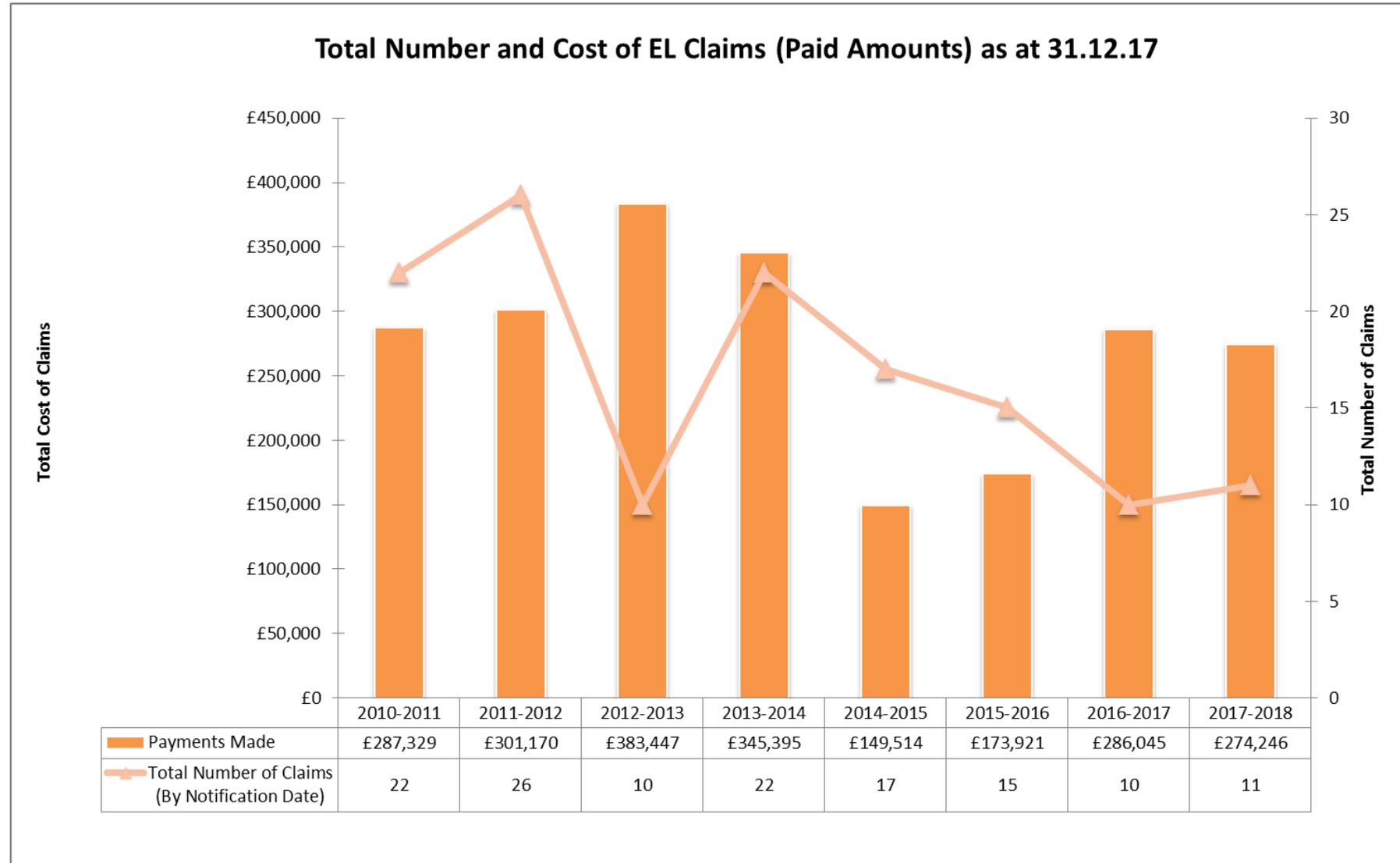
In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between October and December 2017 the Council authorised no RIPAs.

Insurance claims data

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

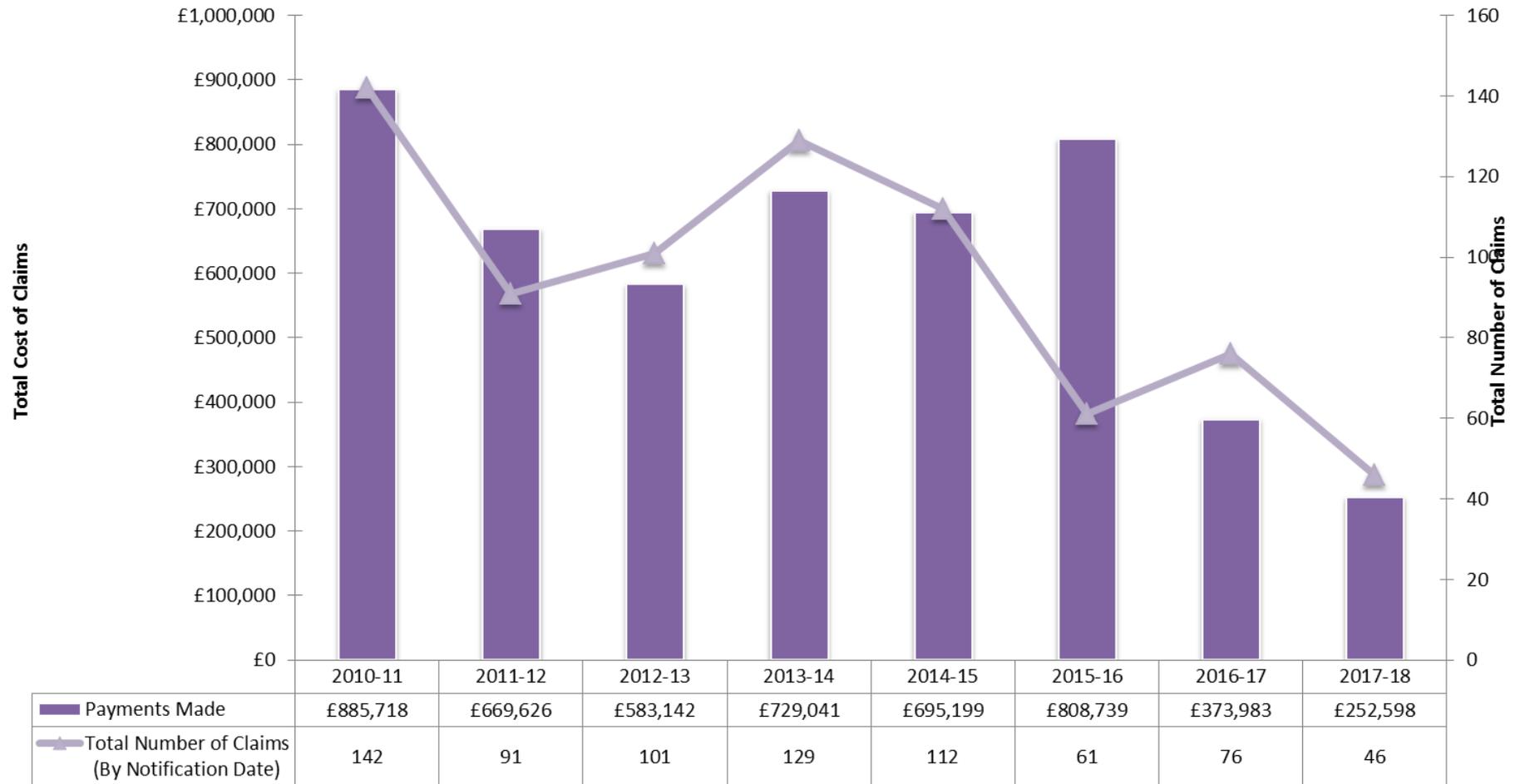
The financial information on the graphs was taken from Cedar showing actual payments made each financial year. The claims experience for each policy is run by notification date, and therefore differs quite a lot from the payments made within the same year. The estimates have been taken from LACHS claims handling system.

3. Appendix B – Insurance Claim Payments by Financial Year



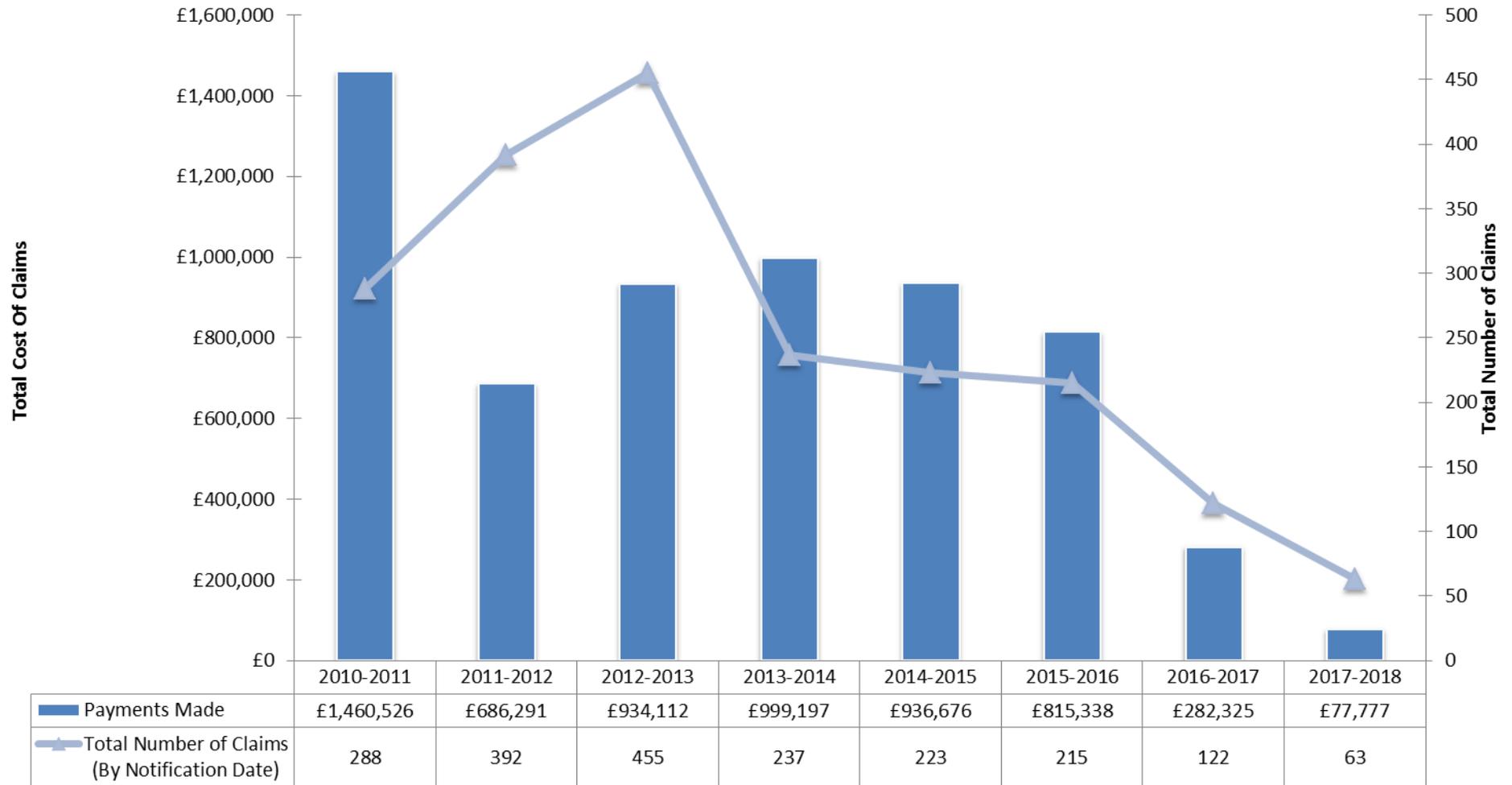
Blackpool Council: Risk Services

Total Number and Cost of PL Claims (Paid) as at 31.12.17



Blackpool Council: Risk Services

Total Number and Cost of PLH Claims (Paid) as at 31.12.17



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Report to:	Audit Committee
Relevant Officer:	Head of Audit and Risk
Date of Decision/ Meeting	15 th March 2018

STRATEGIC RISK REGISTER 2018/2019

1.0 Purpose of the report:

1.1 To present the Council's revised Strategic Risk Register to the Audit Committee.

A new way of reporting progress to Audit Committee is also proposed and a template of what this will look like is suggested.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to approve the Strategic Risk Register and the new template for reporting progress to the Committee.

3.0 Reasons for recommendation(s):

3.1 To ensure that strategic risks are effectively managed.

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 Strategic Risk Register covers all Council priorities.

5.0 Background Information

5.1 Blackpool Council's Risk Management Framework 2018-2021 was agreed by Audit Committee on the 18th January 2018. This sets out the roles and responsibilities of Audit Committee and these include:

- Monitor the adequacy of the Council’s risk management arrangements.
- Approve the strategic risk register and consider progress reports on the risks included in it.
- Gain assurance about the extent to which risk management objectives are being met.
- Approve the Council’s Risk Management Framework.

The Strategic Risk Register is reviewed and updated by the Corporate Risk Management Group and the Corporate Leadership Team. It receives annual approval from the Audit Committee.

Risk Owners are required to attend Audit Committee on a periodic basis to provide an update in terms of how each risk is being managed. In previous years this has consisted of the relevant extract of the Strategic Risk Register being presented to Audit Committee.

For 2018/19 it is intended that a new report will be taken to Audit Committee for the Risk Owners / Risk Managers to answer questions on. The new template will be prepopulated by Risk Services based on the information contained in the Strategic Risk Register. The Head of Audit and Risk will then liaise with the Risk Owner / Risk Manager to complete the progress update before submitting this to CLT for approval, prior to it being taken to Audit Committee. If there is a particularly high risk / topical area then the Audit Committee may request a more detailed presentation at a future meeting to gain further assurance that the risk is being effectively managed.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 9(a) – Strategic Risk Register

Appendix 9(b) – Example template for reporting to Audit Committee

6.0 Legal considerations:

6.1 The Council needs to ensure that it effectively manages its risks to avoid the potential of legal challenge or prosecution.

7.0 Human Resources considerations:

7.1 The actions identified in the Strategic Risk Register will be delivered using existing staffing levels.

8.0 Equalities considerations:

8.1 N/a

9.0 Financial considerations:

9.1 Where possible, risks will be managed within current budgets. Where it is not feasible to do so, this will be escalated to the Corporate Risk Management Group and the Corporate Leadership Team where a decision will be made to accept the risk or identify additional funding to implement the required controls.

10.0 Risk management considerations:

10.1 The Strategic Risk Register is a key component of the Council's overall Risk Management Framework.

11.0 Ethical considerations:

11.1 N/a

12.0 Internal/ External Consultation undertaken:

12.1 The Strategic Risk Register has been prepared in consultation with the Corporate Risk Management Group and the Corporate Leadership Team.

13.0 Background papers:

13.1 N/a

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No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority
							I	L	GS		I	L	NS					
1	Service Failure	1a	Failure of a service provider in high risk contracted areas such as social care and waste management.	30%	Increased costs.	Robust service provision.	5	4	20	Procurement procedures in place which cover business continuity arrangements.	4	3	12	Bring the domestic waste service under the umbrella of the Council.	Project Manager	Director of Community and Environmental Services	March 2019	Organisational Resilience
					Reputational damage to the Council.					Oversight of the market, high level contingency planning and staff experienced in dealing with service failure.				Regular prioritisation of team workload including the use of individual work plans in supervision and regular team meetings to ensure effective in depth monitoring for regulated and non regulated care.				
	1b	Loss of key infrastructure and resource which results in Council services not being delivered.	30%	Inability to deliver critical services.	Build a resilient organisation.	5	5	25	Business continuity programme in place which links to the Council's Major Emergency Plan.	5	3	15	Look for provisions for data centre refresh in the coming years to continue to provide resilience.	Head of ICT Services	Director of Resources	March 2022	Organisational Resilience	
				Deterioration of the property portfolio beyond economic repair.					Corporate business continuity plan in place supported by a critical activity list.				Annual review of planned maintenance undertaken and agreed with the Corporate Asset Management Group.					
				Corporate ICT and Property business continuity guidance in place.														
	1c	Cyber Threats	40%	Fraud.	Improve knowledge and awareness across departments on identifying phishing emails. Report anything that is opened.	5	5	25	Investing in Sandbox technology.	5	4	20	Continue to develop and refine technologies to provide proactive altering and monitoring of the changing threats.	Head of ICT Services	Director of Resources	March 2019	Organisational Resilience	
				Reputational damage.					Participate in training and knowledge gathering opportunities.				Review use of white listing to mitigate risk of being hijacked and introduce SPF (Sender Policy Framework) to check against spoofing.					
				Loss of compliance.					Increase cyber defences and use blacklist / reputation to authenticate email.				Review of ICT Security ipool course and roll-out across the Council.					
				Monetary penalties / fines.														
	Overall Nett Risk Score											16.1						
2	Inadequate Change Management	2a	Unfunded new burdens which the Council is required to deliver to address required changes.	30%	Increased financial obligations.	Transformed ways of working.	4	4	16	Analysis of previous patterns and trends.	4	3	12	Deliver a programme of commissioning / service reviews to explore alternative delivery models.	Head of Integrated Commissioning	Director of Adult Services / Director of Children's Services.	March 2019	Organisational Resilience
					Policy decisions create expectations for residents.					Transformation Board in place to oversee the implementation of significant changes.								
2b	Unpredictability of legal rulings requiring an unexpected change / change to risk environment.	20%	Inability to effectively adapt to the required change.	More efficient working practices.	5	4	20	Anticipation work to assess potential impacts.	5	3	15	Weekly review of an on-line legislation tool with findings reported to the wider Legal Services and clients as appropriate.	Head of Legal	Director of Governance and Partnerships	March 2019	Organisational Resilience		

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority
							I	L	GS		I	L	NS					
										Commitment to use local suppliers where possible.			Delivery of the Mental Health and Employment pilot.	Head of Economic Development	Director of Place	September 2019	Communities and Economy	

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority	
							I	L	GS		I	L	NS						
													Completion of the Central Leisure Quarter project.	Growth and Prosperity Programme Director	Director of Place	March 2023	Communities and Economy		
		4b	Large, poor quality, private rented sector in inner Blackpool continues to drive transience and deprivation.	30%	Negative impact on local economy.	Create an attractive new residential offer by the seaside.	5	4	20	Effective regulation of private rented sector, linked to proactive community support.	5	3	15	Complete the development of 400 new family homes at Foxhall Village and initiate plans for a second phase of homes to deliver a significant new neighbourhood of high quality homes.	Head of Housing	Director of Strategy	March 2020	Communities and Economy	
					Perpetuation of poor social outcomes for residents.	Support town centre businesses and drive economic resurgence.				Blackpool Housing Company to deliver better quality private rented housing.				Assist Blackpool Housing Company to expand the reach of its work and tackle existing HMOs through the use of grant funding.	Head of Housing	Director of Strategy	March 2019	Communities and Economy	
										Quality affordable rented offer, with more new Council / housing association homes.				Review the use of the Council's land assets and the Housing Revenue Account to maximise investment in new Council homes and facilitate investment by housing associations.	Head of Housing	Director of Strategy	March 2019	Communities and Economy	
										Queens Park re-development.				Lobby for changes to housing benefits to enable a local policy to be set.	Head of Housing	Director of Strategy	March 2019	Communities and Economy	
		4c	Lack of appropriate transport infrastructure.	20%	Loss of trade, reputation and confidence from residents.	Improve transport infrastructure for the benefit of residents and visitors.	4	5	20	Road Asset Management Strategy in place which sets out budget requirements based on whole life costs.	4	4	16	Appropriate work undertaken to maintain the condition of the highways infrastructure.	Head of Highways and Traffic Services	Director of Community and Environment	March 2019	Communities and Economy	
													Investment in the public transport infrastructure.	Growth and Prosperity Programme Director	Director of Place	August 2019	Communities and Economy		
						Good parking infrastructure is part of the customer experience.				Making Blackpool Roads Work Project Board to review network capacity and regeneration of the town.				Consider increasing capacity relating to traffic management resource.	Head of Highways and Traffic Services	Director of Community and Environment	September 2018	Communities and Economy	
													Develop a parking strategy which will identify permanent locations for parking.	Growth and Prosperity Programme Director	Director of Place	August 2018	Communities and Economy		
													Transportation Strategy to be prepared and implemented.	Growth and Prosperity Programme Director	Director of Place	March 2019	Communities and Economy		
		4d	Lack of educational attainment / appropriate training to meet the needs of the economy.	20%	Loss of, or lack of, talent to take up employment in Blackpool.	Schools Improvement Funding.	5	4	20	School Improvement Board in place.	5	3	15	Implement the tracking system for school performance and work in conjunction with the Regional Schools Commissioner to hold schools to account.	Head of Schools, Standards and Effectiveness	Director of Children's Services	January 2019	Communities and Economy	
										Better links with the Regional Schools Commissioner and OFSTED.				Develop an inclusion plan.	Head of Schools, Standards and Effectiveness	Director of Children's Services	June 2018	Communities and Economy	
													Ensure the Opportunity Area plan is delivered through schools and training providers.	Senior Manager Lifelong Learning	Director of Children's Services	September 2020	Communities and Economy		
													Maintain and review the school improvement plan.	Head of Schools, Standards and Effectiveness	Director of Children's Services	March 2019	Communities and Economy		
Overall Nett Risk Score											14.3								
5	Sustainability of the Council	5a	Insufficient funding to deliver services.	30%	Erosion of reserves.	Income generation opportunities.	5	5	25	Downsizing of the Council to meet budget constraints.	5	2	10	Ongoing financial modelling to assess the impact of funding cuts.	Chief Accountant	Director of Resources	March 2019	Organisational Resilience	
										Priority led budgeting process.				Robust reporting of recovery plans to Scrutiny Committee.	Chief Accountant	Director of Resources	March 2019	Organisational Resilience	

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation			Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority
							I	L	GS	I	L	NS								
					Increased interest rates. Unplanned overspends. Unable to recover loan debt.				Six Year Financial Sustainability Strategy in Place. Statutory requirement to balance the budget. Treasury Management Panel in place. Monthly financial monitoring including achievement of saving targets and collection of income.				Implement robust due diligence processes for business loans.	Head of Economic Development	Director of Place	June 2018	Economy			
		5b	Insufficient central government funding for Social Care, in addition to current constraints on cash limited budgets such as withdrawal of service funding due to a loss of custom and commissioning.	70%	Council unable to balance budget. Council unable to meet statutory duties and deliver reforms. The budget implication of withdrawal of service has a greater timescale than External care market becomes unsustainable	Consider options for shared services and opportunities for flexible use of new funding streams.	5	4	20	Robust budgetary control mechanisms. Member led priority based budgeting and financial planning. Project groups in place where action is required on more than one level. Service managers report issues to the Directors. Performance information is accurate and kept up to date to ensure a comprehensive view of actual performance.	5	3	15	Participate in financial modelling exercises to challenge government assumptions and support lobbying for resource. Actively participate in system transformation planning with partners. Heads of Services to contribute to commissioning reviews and potential service developments.	Heads of Services	Director of Adult Services / Director of Children's Services	March 2019	Organisational Resilience		
Overall Nett Risk Score													13.5							
6	Inability to Respond to a Major Incident	6a	Terrorism related act at major events and in crowded places such as the promenade.	30%	Long term damage to the visitor economy.	Develop increased confidence amongst visitors that Blackpool is a safe place to visit.	5	4	20	Close working with police, counter terrorism units and other agencies via Safety Advisory Group and Lancashire wide safety groups including recognition that Blackpool is more advanced in terms of preparation than other towns. Multi-agency plan setting out the options to support a major incident in place.	5	3	15	Introduction of national safety barrier assets on key locations.	Head of Visitor Economy	Director of Place	March 2019	Communities and Economy		
		6b	Reduced capacity across the Council to respond to an emergency.	40%	May not be able to provide all the resources required as a Category One Responder. Potential public enquiry if the incident was not dealt with effectively. Disruption to community, services and businesses. Loss of community cohesion and potential reputational damage.	Corporate approach to responding to incidents.	5	4	20	Major Emergency Plan in place outlining roles and responsibilities. Community risk register in place. Planning for potential incidents through the Lancashire Resilience Forum. Shared service arrangement for the delivery of an emergency planning service.	5	3	15	Undertake a major incident exercise, as least annually, to ensure that arrangements are adequate. Utilise training opportunities for those involved in dealing with a major incident. Ensure high risk areas identified on the community risk register are effectively planned for through the Lancashire Resilience Forum. Undertake a gap analysis to assess any vulnerability due to a lack of resource / skills to deal with a major incident.	Head of Audit and Risk	Director of Resources	March 2019	Communities and Economy		

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority				
							I	L	GS		I	L	NS									
		6c	Injury / death to members of the public or staff.	30%	Trauma faced by families and work colleagues.		5	4	20	Emergency response group in place to provide humanitarian support in a major emergency.	5	2	10	Maintain the number of volunteers on the emergency response group at adequate levels, deliver training and attend the Lancashire Resilience Forum Humanitarian Assistance Group.	Head of Delivery and Performance	Director of Adult Services	March 2019	Communities				
Overall Nett Risk Score											13.5											
7	Ineffective Governance	7a	Data theft, leakage and breaches.	30%	Significant fines from the Information Commissioner. Reputational damage.	The serious nature of the risk and its consequences will encourage departments to work with SIRO and DPO to implement robust processes.	5	5	25	Appointment of professional advisors relating to GDPR.	5	3	15	Ensure documents and equipment are disposed of appropriately as part of the programme of office moves.	Head of Property Services	Director of Resources	March 2019	Organisational Resilience				
										Corporate working group in place to deliver a project plan working towards GDPR compliance.				Implement the requirements of the General Data Protection Regulations including reviewing policy, procedures and schedules.					Head of Legal Services	Director of Governance and Partnerships	May 2018	Organisational Resilience
														Continued development of robust processes regarding starters / leavers and retrieval of kit.					Head of ICT	Director of Resources	March 2019	Organisational Resilience
		7b	Increased risk of fraud.	20%	Erosion of internal controls and less resource to tackle fraud.	Increased use of Proceeds of Crime Act.	5	4	20	Anti-fraud and corruption policy in place.	5	3	15	Deliver the actions identified in the Fraud Prevention Charter 2018/19.	Head of Audit and Risk	Director of Resources	March 2019	Organisational Resilience				
										Proactive anti-fraud plan in place.				Ensure that all staff identified as mandatory have completed fraud awareness training.					Head of Audit and Risk	Director of Resources	March 2019	Organisational Resilience
										Annual internal audit plan in place.												
		7c	Non-compliance with statutory requirements and internal procedures.	30%	External challenge. Quality of service compromised.	Delivery of good services.	4	5	20	Statutory legal and financial officers in place.	4	3	12	Raise awareness of standards required, and awareness of the consequence of failure through channels such as DMTs and SLT.	Head of Democratic Governance	Director of Governance and Partnerships	March 2019	Organisational Resilience				
										Policy team research / proactive consultation response.				Deliver the action plan arising from the Annual Governance Statement 2017/18 such as the roll out of the equality self-assessment toolkit.					Good Governance Group	Director of Governance and Partnerships	March 2019	Organisational Resilience
										Assurance mechanisms such as internal audit, external audit, peer review and external assessments.				Development of a compliance calendar for roll out across the Council.					Good Governance Group	Director of Governance and Partnerships	June 2018	Organisational Resilience
Constitution and Financial Regulations in place.																						
Good Governance Group in place which meets regularly.																						
Improved HR systems for probation, appraisals, recruitment and safeguarding checks.																						
Suite of mandatory training in place.																						
Programme of audits relating to key governance issues such as executive decisions and corporate compliance.																						
Delivery of the Annual Governance Statement Action Plan for 2016/17.																						

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority	
							I	L	GS		I	L	NS						
									Disciplinary procedures in place.										
		7d	Lack of effective risk management embedded across the Council.	20%	Ineffective decision making. Increased insurance claims.	Potential to make savings through effectively managing risks.	4	5	20	Risk management framework and toolkit in place. Service and strategic level risk registers in place. Departmental and thematic risk management groups in place. Risk management considered as part of decision making process.	4	3	12	Implement the Risk Management Framework 2018/21. Review the quality of service level risk registers and ensure that these are all at an appropriate standard.	Head of Audit and Risk Head of Audit and Risk	Director of Resources Director of Resources	March 2019 September 2019	Organisational Resilience Organisational Resilience	
Overall Nett Risk Score											13.5								
8	Lack of Resilience	8a	Lack of capacity to deliver Council services.	50%	Inability to deliver an effective service. Unable to recruit into difficult to recruit roles. Loss of corporate memory.	Employee commitment. Change organisational structure / increase joint working arrangements to deliver services with reduced resource.	4	5	20	Development programmes implemented such as coaching, mentoring and aspiring managers programme. Annual IPA system linked to learning and development needs. Workforce Strategy in place. Launch of new jobs portal and new preferred agency in place. Manage relationships with the Trade Unions in order to embrace employee change. Targeted marketing campaigns in place for difficult to recruit to posts, new Next Step Blackpool portal developed. Business planning process links to resource requirements with planned objectives and outcomes. Leadership survey undertaken and charter in place. Promotion of the apprenticeship levy across the Council. A package of health and wellbeing support in place including an annual health check survey for social workers. Transition / handover and leavers checklist in place.	4	3	12	Improved succession planning across the Council. Full employee survey to be undertaken. Explore the potential of building capacity in front line social care roles through the Health and Social Care Academy.	Head of HR Head of HR Head of Adult Care and Support	Chief Executive Chief Executive Director of Adult Services	March 2019 March 2019 March 2019	Organisational Resilience Organisational Resilience Organisational Resilience	
		8b	Over reliance on public sector services.	30%	Unable to deliver core services / statutory duties to residents.	Build a more resilient community to reduce reliance on the public sector.	4	5	20	Five Year Council Plan in place. Refreshed three year business planning cycle developed.	4	3	12	Delivery and implementation of the current Council Plan. Development of timeline and process in place for refreshed Council Plan (post 2019). Refined performance management framework in place to ensure adequacy of internal service provision.	Head of Delivery and Performance Head of Delivery and Performance	Director of Strategy Director of Strategy	October 2018 August 2018	Communities and Economy Communities and Economy	

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority	
							I	L	GS		I	L	NS						
9	Reputational Damage	9a	Visitors negative image of Blackpool.	50%	Local economy impacted due to reduced jobs.	Growth in the visitor economy market.	4	5	20	Identification of potential external funding streams to assist with the tourism offer for Blackpool.	4	3	12	Promote a positive image of Blackpool to encourage private sector investment in the tourism industry. A refreshed Destination Management Plan from April 2018 will support this.	Head of Visitor Economy	Director of Place	March 2019	Economy	
										Community Safety Team in place.				Commission a survey in peoples attitudes towards Blackpool to help inform future marketing strategies.					
										Inability to underwrite tourism initiatives due to reduced resources.				Successful events programme including the illuminations.					Reshape the illuminations show and how this is funded to increase sustainability.
										Advertising campaigns possible through strong links with partners across Blackpool.				Continue enforcement activity to reduce the number of beggars and street drinking evident in the town.					
		9b	Residents negative image of Blackpool.	50%	Lack of investment due to poor image of Blackpool.	Potential to attract external investment to Blackpool.	4	4	16	Increased use of new communication channels such as social media and newsletters.	4	3	12	Full implementation of the Corporate Communications Peer Review recommendations.	Head of Communications	Director of Strategy	March 2019	Communities	
						Lack of partner engagement.				Generate local pride in Blackpool.				Increased commitment to one brand for the Blackpool resident.					Review the funding strategy for a potential museum in Blackpool to share heritage and foster local pride.
Overall Nett Risk Score											12.0								

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Strategic Risk Register Progress Report

Strategic Risk:
Inability to Respond to a Major Incident

Sub-Risk	Gross Risk Score	Nett Risk Score
	20	16
Risk Manager: Head of Visitor Economy		
Risk Owner: Director of Place		
Existing Controls in Place:		
<ul style="list-style-type: none"> • Close working arrangements in place with the Police, counter terrorism units and other agencies via the Safety Advisory Group and Lancashire wide safety groups, including recognition that Blackpool is more advanced in terms of preparation than other towns. • Multi-agency plan setting out the options to support a major incident are in place. 		
Progress on new controls:		
Control	Current Position	Outcomes
Introduction of national safety barrier assets on key locations. (March 2019)		

Sub-Risk		Gross Risk Score	Nett Risk Score
Reduced capacity across the Council to respond to an emergency.		20	15
Risk Manager: Head of Audit and Risk			
Risk Owner: Director of Resources			
Existing Controls in Place:			
<ul style="list-style-type: none"> A Major Emergency Plan is in place outlining roles and responsibilities when dealing with an incident. This is supported by a number of thematic plans for a range of risks. A Community Risk Register is in place which Blackpool Council contributes to through attendance at the Lancashire Resilience Forum. The Council is engaged in all key workstreams on the Lancashire Resilience Forum to enable coordinated multi-agency planning. Shared service arrangements in place for the delivery of an emergency planning service to help build resilience. 			
Progress on new controls:			
Control	Current Position	Outcomes	
Undertake a major incident exercise, at least annually, to ensure that arrangements are adequate. (March 2019).			
Utilise training opportunities for those involved in dealing with a major incident. (March 2019)			
Undertake a gap analysis to assess any vulnerability due to a lack of resource / skills to deal with a major incident. (September 2019)			
Ensure high risk areas identified on the Community Risk Register are effectively planned for through the Lancashire Resilience Forum.			

(September 2019)		
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Sub-Risk		Gross Risk Score	Nett Risk Score
Injury / death to members of the public or staff.		20	10
Risk Manager: Head of Delivery and Performance			
Risk Owner: Director of Adult Services			
Existing Controls in Place:			
<ul style="list-style-type: none"> An Emergency Response Group is in place using volunteers from across the Council to provide humanitarian support in a major emergency. 			
Progress on new controls:			
Control	Current Position	Outcomes	
Maintain the number of volunteers on the Emergency Response Group at adequate levels, deliver training and attend the Lancashire Resilience Forum Humanitarian Assistance Group.			
(March 2019)			

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