

Blackpool Council

30 October 2018

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

Ms Yvonne Russell, Independent Member

The above members are requested to attend the:

AUDIT COMMITTEE

Thursday, 8 November 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 either a

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

and

(2) the nature of the interest concerned

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

2 MINUTES OF THE LAST MEETING HELD ON 6 SEPTEMBER 2018 (Pages 1 - 6)

To agree the minutes of the last meeting of the Audit Committee held on 6 September 2018 as a true and correct record.

3 STRATEGIC RISK REGISTER: LACK OF RESILIENCE (Pages 7 - 18)

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

4 PUBLIC HEALTH INTEGRATION AUDIT FOLLOW-UP (Pages 19 - 24)

To consider a progress report on the recommendations made in the internal audit report of Public Health integration issued on 8 May 2017.

5 ANTI-MONEY LAUNDERING POLICY AND PROCEDURE (Pages 25 - 50)

To consider and approve the Council's revised Anti-Money Laundering Policy and procedure.

6 RISK SERVICES REPORT-QUARTER TWO 2018/2019 (Pages 51 - 70)

To provide the Audit Committee with a summary of the work completed by Risk Services in quarter two of the 2018/2019 financial year.

7 DATE OF NEXT MEETING

To note the date and time of the next meeting of the Committee as 17 January 2019, commencing at 6pm.

Venue information:

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

Other information:

For queries regarding this agenda please contact Chris Williams, Democratic Governance Adviser, Tel: 01253 477153, e-mail chris.williams@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	Hunter	Roberts
Elmes	Matthews	L Taylor
Hobson	Mitchell	

Ms Yvonne Russell, Independent Member

In Attendance:

Mr Alan Cavill, Director of Communications and Regeneration

Mr Tim Cutler, Partner, KPMG

Mrs Tracy Greenhalgh, Head of Audit and Risk

Mr Neil Jack, Chief Executive

Ms Lynn Rowbottom, Transport Manager (ITEM 3)

Mr Steve Thompson, Director of Resources

Mr Chris Williams, Democratic Governance Adviser

Mr Neil Williams, Emergency Planning Officer (ITEM 4)

1 DECLARATIONS OF INTEREST

Cllr Cox declared a personal interest in Agenda Item 5, the nature of which was his role as a non-executive Director of Blackpool Operating Company Ltd.

Cllr Elmes declared a personal interest in Agenda Item 5, the nature of which was his role as a non-executive Director of Blackpool Transport Services Ltd.

Cllr Galley declared a personal interest in Agenda Item 5, the nature of which was his role as a non-executive Director of Blackpool Entertainment Company Ltd and Blackpool Transport Services Ltd.

Cllr Hobson and Cllr Hunter declared personal interests in Agenda Item 5, the nature of which was their role as non-executive Directors of Blackpool Housing Company Ltd.

2 MINUTES OF THE LAST MEETING HELD ON 30 JULY 2018

The Committee agreed that the minutes of the meeting held on 30 July 2018 be signed by the Chairman as a true and correct record.

3 RIDEABILITY AUDIT FOLLOW-UP

The Committee considered a progress report on the recommendations made in the internal audit report of the Rideability service issued on 19 October 2017.

Ms Lynn Rowbottom, Transport Manager reported that various improvements had been made to the service that included a revised financial system which was now fully operational, reviews undertaken of routes taken, driver's hours and administration tasks to be completed by drivers during down time. Where possible, administrative staff had begun to contact service users to avoid delaying drivers unnecessarily. Following a question about communications, Members were advised that text messages were the preferred method of contact between office staff and drivers and that drivers would only respond once their vehicle was safely stopped.

It was reported that trackers had been fitted to all vehicles to enable up to the minute changes to routes to improve efficiency and maximise the customer experience. Monthly meetings with drivers had been introduced in order to continually assess routes and vehicle types to better fulfil the needs of the service user.

Mrs Tracy Greenhalgh, Head of Audit and Risk, advised that a further Audit follow-up had been scheduled for 15 October 2018 to review the new financial system which had been implemented.

4 STRATEGIC RISK REGISTER - RESPONDING TO A MAJOR INCIDENT

The Committee considered the progress report on individual risks identified in the Council's Strategic Risk Register.

Sub-Risk: Terrorism related act at major events and reduced capacity across the Council to respond in an emergency.

Mr Alan Cavill, Director of Communications and Regeneration explained that a vast amount of work had been undertaken in terms of planning and resources for major events in Blackpool. The 2018 Switch-on, Britney Spears concert and the air show were cited as events that had required a meticulous level of planning and material support. Close working arrangements with key partners that included the Police, counter terrorism units and other agencies had been evidenced and it was suggested that Blackpool was reasonably advanced in terms of its ability to respond to a major incident.

In terms of the Council's capacity to deal with coordination of large events, detailed information was contained within the Major Emergency Plan which outlined roles and responsibilities. The Committee was informed that a gap analysis is being undertaken to assess any vulnerability in terms of planning. Mr Neil Williams, Emergency Planning Officer, explained that there were eight key risk areas identified in the community risk register ranging from weather events and flu epidemics to terrorism and that associated planning had been undertaken to respond to all current perceived threats and risks.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 6 SEPTEMBER 2018

Following a question about material barriers, it was reported that temporary barriers had been employed at most recent large events and others were in the design phase but it was hoped they would be ready for deployment at the most vulnerable sites in time for the 2019 tourist season. In relation to the Nett Risk Score for the Sub-Risk, it was suggested that the current score reflected the level of mitigation measures discussed and enhanced partnership working that would help to offset the continuing threat of terrorism.

With regard to inability to respond to a major incident, Mr Steve Thompson, Director of Resources, explained that given the reduction in overall staff numbers in recent years, it remained a concern. However, he added that through greater clarification of roles and improved collaborative working arrangements with partners, the risk had been reduced somewhat and remained at a manageable level. Members also noted that appropriate staff had attended county-wide to further enhance planning for major incidents. It was suggested that Elected Members could form part of any future incident response plan and that emergency planning training could be incorporated into the Members training programme if appropriate.

Sub-Risk: Death to members of the public or staff.

The Committee was informed that an exercise for Emergency Response Group volunteers had been held in April 2018 and that despite a shortfall in volunteer numbers, the level of risk remained within agreed tolerances. Mr Neil Jack, Chief Executive, advised that it was important to ensure the right mix of volunteers in terms of their skills and the proximity of their home address to Blackpool.

Following a question about public safety and the possible enforcement of building maintenance in the private sector, it was reported that business continuity measures were in place and Council Officers pro-actively engaged with business owners to ensure buildings were not left in a dangerous condition. However, it was also acknowledged that whilst the Council could take action against premises where a risk to the public had been identified, most of the responsibility fell to the building owner/operator.

5 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) AND STATEMENT OF ACCOUNTS 2017/2018

The Committee considered the audited Statement of Accounts for 2017/2018 and KPMG's Governance Report (ISA 260).

At the last Audit Committee meeting on 30 July 2018, the decision was taken not to endorse the audited Statement of Accounts and KPMG's Governance Report as presented due to some technical accounting adjustments which KPMG sought to be made.

Mr Thompson, Director of Resources reported that he was satisfied with the accounts as presented and once the governance report had been considered and the letter of representation had been signed, it was expected that the Auditor would finalise their statements in order that the final audited accounts could be published. He added that a simplification of the accounts would be welcomed to improve their meaningfulness and to reduce the chance of delays affecting future publication of audited accounts. It was also

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 6 SEPTEMBER 2018

reported that no penalty would be incurred, financial or otherwise, for the late submission of the accounts.

Mr Tim Cutler, Partner, KPMG, explained the issue with pension pre-payment accounting that had led to the delay in the accounts being ready for final sign-off. He suggested that the timescales to achieve a July 2018 submission date were ambitious and untested. He added that the delay had been out of the Council's control and assured Members that Council officers had done everything possible to ensure the accounts could be signed off by the deadline. According to Mr Cutler, the delay had been the result of a requirement by the external auditor that the Actuary undertake a number of adjustments and recalculations to the pension figures included in the accounts. The risk associated with estimates in relation to pension pre-payment was acknowledged as a future concern and as such was referred to in the KPMG ISA 260. Mr Thompson added that there was always an inherent risk having to report estimates in lieu of actual financial information.

The Committee noted that in early 2018, an £8.4 million budget gap had been forecast for 2019/2020 and the Council would continue to work to identify priorities and opportunities for further savings and income generation opportunities.

The Committee agreed:

To approve the audited Statement of Accounts for 2017/2018.

6 RISK SERVICES REPORT-QUARTER ONE 2018/2019

Mrs Tracy Greenhalgh, Head of Audit and Risk, presented the Risk Services Quarter One Report 2018/2019 to provide the Committee with a summary of work completed by Risk Services and provide management response updates. During the period, audits had been undertaken of various Council systems and processes that included but were not limited to, Adult Services Safeguarding Enquiries, School Improvement Board and processes, Business Rates, Lancashire Waste Partnership and Quality Corridors.

By way of an overview, Mrs Greenhalgh advised the Committee of the nature of risk based audit activity and how it differed from the more limited form of compliance auditing. In addition Members noted the difference between good, adequate and satisfactory ratings.

On the whole, the Committee noted that there were fewer priority one areas contained within the report and that satisfactory financial controls were in place with the exception of the areas of debtors and purchase cards. Members questioned the priority one area associated with Public Health Grant Reductions and the management response suggested that plans were being discussed with the portfolio holder to achieve the potential savings required for 2019/2020. It was noted that timescales and target dates had already been agreed to address the specific audit recommendations. It was acknowledged that medium term plans would require further consideration once details of the settlement figure were known and the impact of removing ring-fenced public health grant monies was better understood. Mr Neil Jack, Chief Executive added that identification of additional revenue streams was becoming increasingly important in the wake of uncertainty over future government funding allocations whilst lobbying to prevent further cuts nationally continued.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 6 SEPTEMBER 2018

It was reported that a timetable was now in place to review all service level risk registers with Resources, Governance and Partnerships, Chief Executives and Community and Environmental Services all scheduled to be reviewed by the end of September 2018.

The Chairman praised the Risk Services team for improvements to quarterly reporting and in particular within the area of business continuity. In response to a question about the frequency of business continuity plans, Mrs Greenhalgh reported that they would be included in the Quarter Three report in 2018/2019. In terms of Corporate Fraud statistics contained within the report, it had been established, through benchmarking, that the figures were comparable to those nationally.

7 DATE OF NEXT MEETING

The date and time of the next meeting of the Committee was noted as 8 November 2018 at 6pm in Committee Room A, Town Hall, Blackpool.

Chairman

(The meeting ended at 7.08 pm)

Any queries regarding these minutes, please contact:

Chris Williams, Democratic Governance Adviser

Tel: 01253 477153

E-mail: chris.williams@blackpool.gov.uk

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Report to:	AUDIT COMMITTEE
Relevant Officers:	Neil Jack, Chief Executive Karen Smith, Director of Adult Services Antony Lockley, Director of Strategy and Assistant Chief Executive Chloe Shore, Community Engagement and Partnership Manager
Date of Meeting	8 November 2018

STRATEGIC RISK REGISTER – LACK OF RESILIENCE

1.0 Purpose of the report:

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

2.0 Recommendation(s):

- 2.1 To consider the controls being implemented to manage the strategic risk relating to responding to a resilience.

3.0 Reasons for recommendation(s):

- 3.1 To enable the Audit Committee to consider an update and progress report in relation to an individual risk identified on the Strategic Risk Register.

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

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

- 3.3 Other alternative options to be considered:

- 3.4 None.

4.0 Council Priority:

- 4.1 The relevant Council priority is organisational resilience.

5.0 Background Information

5.1 At its meeting in March 2018, the Audit Committee agreed to continue to invite Strategic Risk Owners to attend future meetings to provide updates and progress reports in relation to the individual risks identified on the Strategic Risk Register.

Does the information submitted include any exempt information? No

5.2 List of Appendices:

Appendix 3(a): Strategic Risk Register Progress Report –Lack of Resilience.

6.0 Legal considerations:

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

7.0 Human Resources considerations:

7.1 The controls being implemented will be undertaken by current employees.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

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

10.0 Risk management considerations:

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

11.0 Internal/ External Consultation undertaken:

11.1 The progress report has been prepared in conjunction with risk managers and risk owners.

12.0 Background papers:

12.1 None.

Strategic Risk Register Progress Report

Strategic Risk: Lack of 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					
8	Lack of Resilience	8a	Lack of capacity to deliver Council services.	50%	Inability to deliver an effective service.	Employee commitment.	4	5	20	Development programmes implemented such as coaching, mentoring and aspiring managers programme.	4	3	12	Improved succession planning across the Council.	Head of HR	Chief Executive	March 2019	Organisational Resilience
					Unable to recruit into difficult to recruit roles.	Change organisational structure / increase joint working arrangements to deliver services with reduced resource.				Annual IPA system linked to learning and development needs.				Full employee survey to be undertaken.	Head of HR	Chief Executive	March 2019	Organisational Resilience
					Loss of corporate memory.			Workforce Strategy in place.				Explore the potential of building capacity in front line social care roles through the Health and Social Care Academy.	Head of Adult Care and Support	Director of Adult Services	March 2019	Organisational Resilience		
								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.															

Strategic Risk Register Progress Report

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority
							I	L	GS		I	L	NS					
8	Lack of 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.	4	3	12	Delivery and implementation of the current Council Plan. Development of timeline and process in place for refreshed Council Plan (post 2019).	Head of Delivery and Performance	Director of Strategy	October 2018	Communities and Economy
										Refreshed three year business planning cycle developed.				Refined performance management framework in place to ensure adequacy of internal service provision.	Head of Delivery and Performance	Director of Strategy	August 2018	Communities and Economy
										The Fairness Commission has succeeded in making Blackpool a Fairtrade Town and achieving Dementia Friendly town status through focused work within communities.				Develop the former CLC (@theGrange) to relaunch the centre and engage the community through a fund day event.	Community Engagement and Partnership Manager	Director of Public Health	April 2018	Communities
										Blackpool Youth Council held a Youth Summit bringing together the Youth of Blackpool to discuss the issues brought up through their consultation program which saw feedback from approximately 4,000 young people across Blackpool.				A residents survey to be undertaken.	Community Engagement and Partnership Manager	Director of Public Health	July 2018	Communities
										Engagement with the Armed Forces communities through key activities throughout Armed Forces week, additional support with housing and work issues, and dedicated support through the Armed Forces e-mail address.								
									Integration 2020 project, which involves multi-agency work to encourage connecting people and organisations in a coordinated approach to solution focused community engagement and development, in order to improve peoples health and wellbeing.									
									Work being undertaken to encourage and support greater levels of community engagement and development in neighbourhoods, pushing health and social care services to consider factors that influence people's health and wellbeing beyond the medical model of intervention.									

Strategic Risk Register Progress Report

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			New / Developing Controls	Risk Manager	CLT Risk Owner	Target Date	Corporate Priority
							I	L	GS		I	L	NS					
8	Lack of Resilience	8c	Lack of individual resilience to work in a changing environment.	20%	Workplace stress.	Motivated workforce.	4	4	16	Arrangements for managing work related pressure, supported by an online stress work tool, iPool module and face to face training.	4	3	12	Results of the Leadership Survey to be reported and action plans developed.	Head of HR	Chief Executive	June 2018	Organisational Resilience
					Decreased staff morale.					A range of training courses in place to help build individual resilience skills.				Development of systems and processes to improve attendance management.				
					Absence management procedures in place.					Employee survey to be developed and undertaken.								
					Leadership Charter and survey conducted to ensure employees are well led.					Upskill the workforce in key areas such as project management.								
					Annual staff conference and awards ceremony.													
					Workforce planning iPool module in place.													
					Workforce Strategy in place.													
					Change management e-learning package in place.													
					Access to an employee assistance programme.													
					Overall Nett Risk Score													

Strategic Risk Register Progress Report

Sub-Risk: Lack of capacity to deliver Council services (weighting 50%)		Gross Risk Score	Nett Risk Score
		20	12
		<i>Risk Score in 2017/18</i>	16
Risk Owner: Chief Executive / Director of Adult Services			
Existing Controls in Place:			
<ul style="list-style-type: none"> • 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. 			
Progress on new controls:			
Control	Risk Manager	Current Position	Outcomes / Results
Improved succession planning across the Council. (Target Date: March 2019)	Head of HR	<ul style="list-style-type: none"> • At a strategic level steps are being taken to implement appropriate succession measures. The Corporate Leadership Team are aware of the areas of the greatest risk and will review structures as appropriate to ensure the right levels of skills are in place to facilitate effective succession arrangements. • Better use of expertise in the wholly owned companies and wider partnerships is also being utilised to increase resilience. • A Workforce Strategy is in place and this is underpinned by individual succession 	<ul style="list-style-type: none"> • The removal of layers of senior managers across the Council has ensured that the Corporate Leadership Team are closer to operational activity therefore improving customer service in a number of areas. • Increased numbers of qualified staff in high risk areas such as social worker evidenced by an average

Strategic Risk Register Progress Report

		<p>planning by service areas utilising the Individual Performance Appraisal process (IPA).</p> <ul style="list-style-type: none"> • The greatest area of risk relates to roles which require technical skills. Options which are being used to address this include increased use of the apprenticeship scheme (including graduate level) and combining services together to increase resilience such as merging the Communications and Marketing Team with Visit Blackpool. • A Leadership Charter and survey are also in place to measure current leadership performance/capacity the results of which are analysed and acted upon. 	<p>vacancy rate this year of less than 8% which compares very favourably nationally.</p> <ul style="list-style-type: none"> • Increased resilience across Council services and its broader partnerships and wholly owned companies. • Good results from the Leadership survey undertaken in 2017/18.
<p>Full employee survey to be undertaken.</p> <p>(Target Date: March 2019)</p>	<p>Head of HR</p>	<ul style="list-style-type: none"> • The preparation of the survey is almost complete and it will be shared with the Corporate Leadership Team for final approval during October 2018. 	<ul style="list-style-type: none"> • The results of the employee survey will help inform the health and wellbeing of our employees together with levels of motivation/morale. This will enable us to review health and wellbeing initiatives and to consider/respond to any changes which may be proposed relating to policies, procedures, reward and recognition. • In actioning the above we will have greater insight into recruit and retention across the Council.
<p>Explore the potential of building capacity in front line social care</p>	<p>Head of Adult Care and Support</p>	<ul style="list-style-type: none"> • The Health and Social Care Career Academy had its formal launch in April 2018, and now 	<ul style="list-style-type: none"> • There has been good engagement from all

Strategic Risk Register Progress Report

<p>roles through the Health and Social Care Academy.</p> <p>(Target Date: March 2019)</p>		<p>has a new visible base on the ground floor of No.1 Bickerstaffe Square.</p> <ul style="list-style-type: none"> Website development and publicity programme are underway. The website contains recruitment and training portals, as well as information showing health and social care careers as a positive choice. The website can be found at www.hscacademy.org.uk. 	<p>partners, which is being built on.</p> <ul style="list-style-type: none"> While it is still early for full outcomes to be reported, an introductory course on Health Care work saw 18 of the 21 students offered jobs through an interview process at the end of the course.
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Sub-Risk: Over reliance on public sector services (weighting 30%)	Gross Risk Score	Nett Risk Score
		20
<i>Risk Score in 2017/18</i>	20	16
Risk Owner: Director of Strategy / Director of Public Health		
Existing Controls in Place:		
<ul style="list-style-type: none"> Five Year Council Plan in place. 		
<ul style="list-style-type: none"> Refreshed three year business planning cycle developed. 		
<ul style="list-style-type: none"> The Fairness Commission has succeeded in making Blackpool a Fairtrade Town and achieving Dementia Friendly town status through focused work within communities. 		
<ul style="list-style-type: none"> Blackpool Youth Council held a Youth Summit bringing together the Youth of Blackpool to discuss the issues brought up through their consultation program which saw feedback from approximately 4,000 young people across Blackpool. 		
<ul style="list-style-type: none"> Engagement with the Armed Forces communities through key activities throughout Armed Forces week, additional support with housing and work issues, and dedicated support through the Armed Forces email address. 		
<ul style="list-style-type: none"> Integration 2020 project, which involves multi-agency working to encourage connecting people and organisations in a coordinated approach to solution focused community engagement and development, in order to improve people's health and wellbeing. 		
<ul style="list-style-type: none"> Work being undertaken to encourage and support greater levels of community engagement and development in neighbourhoods, pushing health and social care services to consider factors that influence people's health and wellbeing beyond the medical model of intervention. 		

Strategic Risk Register Progress Report

Progress on new controls:			
Control	Risk Manager	Current Position	Outcomes / Results
<p>Delivery and implementation of the current Council Plan. Development of timeline and process in place for refreshed Council Plan (post 2019).</p> <p>(Target Date: October 2018)</p>	Head of Delivery and Performance	<ul style="list-style-type: none"> The Council Plan has been reviewed and the first draft is out for consultation with key partners. The Council Plan is on schedule to be approved by the Executive in December therefore ensuring that it is ready for 2019 onwards. There are a number of initiatives which link to the Council Plan specifically aimed at reducing reliance on public services. Examples including moving to Community Hub model in Children's Services and initiatives to ensure the sustainability of projects currently funded by the Big Lottery Fund. There are also lessons which can be learned by the Council which are key elements of the Big Lottery Funded projects. An example would be the co-producing of services where we design what we do, how we deliver it and where it is delivered from based on input from professionals and the people we want to help. 	<ul style="list-style-type: none"> The Council Plan provides an expression of the Council's strategic intent and purpose. The priorities and actions identified in the plan form a key part in service decisions for the budget setting process. The delivery of robust support mechanism which enable Blackpool residents increasing support themselves thus reducing reliance on public services.
<p>Refined performance management framework in place to ensure adequacy of internal service provision.</p> <p>(Target Date: August 2018)</p>	Head of Delivery and Performance	<ul style="list-style-type: none"> A headline Performance Management Framework is now in place for the Council with reporting of the key performance indicators to the Corporate Leadership Team on a quarterly basis. A Performance Management Framework has also been developed for the Council's wholly owned companies which are managed through the Shareholders Advisory Board. 	<ul style="list-style-type: none"> Enables high level performance monitoring of the Council and its companies.

Strategic Risk Register Progress Report

Deliver the former CLC (@theGrange) to relaunch the centre and engage the community through a fun day event. (Target Date: April 2018)	Community Engagement and Partnership Manager	<ul style="list-style-type: none"> The new community centre opened on its doors on Monday 12th March 2018. A Family Fun day was held on Saturday 14th April to formally launch the centre and over 1,500 people attended the event. A User Group and Development Group have been established to ensure continued/further development. A range of activities and events regularly take place at the centre. 	<ul style="list-style-type: none"> Every opportunity to engage with the community is taken. Since opening 476 people have been consulted with. 52 organisations are fully involved with the centre. In quarter 1, Volunteers have completed 3,274 volunteering hours. Funding (£17,500 in Q1) has been secured by the Development Manager to deliver events/activities.
A resident's survey to be undertaken. (Target Date: July 2018)	Community Engagement and Partnership Manager	<ul style="list-style-type: none"> The resident's survey is now complete. Data analysis is underway and will be reported to the Corporate Leadership Team once concluded. 	<ul style="list-style-type: none"> It is difficult to comment on outcomes at this stage until the results of the survey have been analysed.

Sub-Risk: Lack of individual resilience to work in a changing environment (weighting 20%)	Gross Risk Score	Nett Risk Score
	16	12
<i>Risk Score in 2017/18</i>	16	12
Risk Owner: Chief Executive		
Existing Controls in Place:		
<ul style="list-style-type: none"> Arrangements for managing work related pressure, supported by an online stress work tool, iPool module and face to face training. A range of training courses in place to help build resilience skills. Absence management procedures in place. Leadership Charter and survey conducted to ensure employees are well led. Annual staff conference and awards ceremony. Workforce planning iPool module in place. 		

Strategic Risk Register Progress Report

- Workforce Strategy in place.
- Change management e-learning package in place.
- Access to an employee assistance programme.

Progress on new controls:

Control	Risk Manager	Current Position	Outcomes / Results
<p>Results of the Leadership Survey to be reported and action plans developed.</p> <p>(Target Date: June 2018)</p>	<p>Head of HR</p>	<ul style="list-style-type: none"> • The 2018/19 Leadership survey has been undertaken and 856 employees responded. • The results have been analysed at both Council and Directorate level. • Reports are currently being prepared to be taken to and shared with the Corporate Leadership Team. 	<ul style="list-style-type: none"> • The results of the Leadership survey will help inform any future leadership development programme and will also enable Directorate Managers to consider any local actions which they may wish to take to further improve Leadership and Management. • Having a well led workforce will support health and wellbeing, resilience, motivation, morale and retention.
<p>Development of systems and processes to improve attendance management.</p> <p>(Target Date: March 2019)</p>	<p>Head of HR</p>	<ul style="list-style-type: none"> • The form for Managers to refer employees to Occupational Health has been reviewed/improved and work is underway to develop a Managers portal between Managers and Occupational Health to automate this process leading to improvements in the quality of referrals and therefore referral outcomes. • Recruit to an Invest to Save Attendance Officer post is underway to support Managers to improve compliance with the Attendance Policy. • Research is underway to consider the 	<ul style="list-style-type: none"> • All improvements to systems and processes will ensure employees are supported to maintain their health and wellbeing thereby enabling them to attend work.

Strategic Risk Register Progress Report

		<p>procurement of an Attendance Management system which will improve absence recording and monitoring. This would be a significant piece of work to ensure a smooth implementation so the lead time will be fairly lengthy. In the interim the Invest to Save post will undertake this activity manually.</p> <ul style="list-style-type: none"> • A Corporate Health and Wellbeing group has been established chaired by the Director of Public Health with a senior representative from each Directorate in attendance. • A network of Council wide Health Champions has been established 	
<p>Employee survey to be developed and undertaken.</p> <p>(Target Date: March 2019)</p>	Head of HR	<ul style="list-style-type: none"> • See previous comments. 	<ul style="list-style-type: none"> • See previous comments.
<p>Upskill the workforce in key areas such as project management.</p> <p>(Target Date: March 2019)</p>	Head of HR	<ul style="list-style-type: none"> • Access to Project Management Apprenticeships through the apprenticeship levy is being promoted. 	<ul style="list-style-type: none"> • Improvements in project management leading to delivery of successful outcomes within resource constraints.

Report to:	AUDIT COMMITTEE
Relevant Officers:	Judith Mills, Public Health Specialist
Date of Meeting	8 November 2018

PUBLIC HEALTH INTEGRATION AUDIT FOLLOW-UP

1.0 Purpose of the report:

- 1.1 To consider a progress report on the recommendations made in the internal audit report of Public Health Integration issued on the 8 May 2017.

2.0 Recommendation(s):

- 2.1 To consider the actions being implemented to address the audit recommendations relating to Public Health Integration.

3.0 Reasons for recommendation(s):

- 3.1 To enable Audit Committee to consider an update and progress report on the audit recommendations.

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

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

3.3 Other alternative options to be considered:

3.4 None.

4.0 Council Priority:

4.1 The relevant Council priority is organisational resilience.

5.0 Background Information

5.1 At its meeting in June 2018, the Audit Committee agreed to invite Heads of Service to the meeting to provide an update in relation to internal audit recommendation implementation.

The report being considered at this meeting relates to Public Health Integration with the scope and assurance statement as follows:

Scope

The scope of the audit was to review progress against the agreed actions from previous internal audit reviews relevant to the topic of Public Health integration, namely:

- Public Health Post Transition Review (2013/14);
- Public Health Integration (2014/15);
- Physical Activities (2015/16).

Overall Opinion and Assurance Statement

We consider that the recommendations and actions highlighted in the previous three audit reports have been adequately addressed. However, there are improvements that could be made to aid further integration and recommendations have been made in this report in order to help assist this process going forward.

Does the information submitted include any exempt information? No

5.2 List of Appendices:

Appendix 4(a): Internal Audit Recommendations and Agreed Actions.

6.0 Legal considerations:

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

7.0 Human Resources considerations:

7.1 The controls being implemented will be undertaken by current employees.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

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

10.0 Risk management considerations:

10.1 To enable the Audit Committee to gain assurance that risks are being effectively managed.

11.0 Internal/ External Consultation undertaken:

11.1 The progress report has been prepared in conjunction with the relevant Heads of

Service and Chief Officers.

12.0 Background papers:

12.1 None.

Appendix 1 - Agreed Action Plan

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
Page 22	<p><i>R1</i></p> <p>Public Health and Leisure Services should explore the possibility of incorporating physical activity initiatives into to the already established 'Healthy Weight' group, in order to help encourage physical activity in Blackpool.</p>	2	<p>The Public Health Specialists have considered this option. They believe that as the 'Healthy Weight' group is more focussed on reducing calorie intake and physical activity has wider benefits it should remain separate from a physical activity based group. Public Health can however see potential benefits in a more locally based physical activity group led by Leisure Services.</p>	N/a	N/a	<p>The Healthy Weight Group continues to meet and implement the updated action plan.</p> <p>The physical activity strategy group led by another directorate has met.</p>

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
<i>R2</i>	The Public Health Team should liaise with the Risk and Resilience Team regarding Business Continuity Plan training so that the testing of their plan can be scheduled and executed as soon as possible.	2	Agreed.	Director of Public Health	30/9/17	The Business Continuity plan was tested on 1st November 2017. Action points identified have been considered and measures put into place.
<i>R3</i>	Public Health representation at Directorate's Management Team meetings and should be reviewed to ensure that the best possible use can be made of these opportunities.	2	Agreed. It may not always be the Directorate Management Team meetings which are the best forum for this, in which case an alternative will be identified.	Director of Public Health	30/9/17	Public health has attended directorate DMTs and has an agreed joint work programmes where appropriate.

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Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	8 November 2018

ANTI-MONEY LAUNDERING POLICY AND PROCEDURE

1.0 Purpose of the report:

1.1 To consider and approve the Council's revised Anti-Money Laundering Policy and procedure.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to approve the Anti-Money Laundering Policy and Procedure.

3.0 Reasons for recommendation(s):

3.1 Although local authorities are not directly covered by the requirements of the Money Laundering Regulations (2017), guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) indicates that Councils should comply with the underlying spirit of the regulations. It states that a 'prudent and responsible' Council will adopt 'appropriate and proportionate' policies and procedures designed to 'detect and avoid involvement in crimes described in the legislation and regulations'.

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:

3.4 None.

4.0 Council Priority:

4.1 Organisational Resilience.

5.0 Background Information

5.1 The Anti-Money Laundering Policy and Procedure explains what money laundering is and the legal framework that is in place to govern it.

It also details the procedures that need to be followed by the Council.

The policy and procedure were last reviewed in 2015 and this update reflects the revised regulations launched in 2017.

The aims of the policy and procedure are to:

- Assist staff and Councillors at Blackpool Council to understand money laundering and their personal legal obligations and responsibilities arising from the requirements of legal and regulatory provisions.
- Reduce the risk of Council services being used for money laundering purposes.
- Set out the procedures that must be followed to enable the Council and its staff to comply with their legal obligations.

5.2 This policy applies to all Council employees and Councillors and aims to help to maintain high standards of conduct by preventing criminal activity through money laundering. This also includes casual employees and agency staff. The policy links to the Council's Code of Conduct.

Non-compliance by a member of staff with the procedures set out in this policy may lead to disciplinary action. Non-compliance by a Councillor will be reported to the Monitoring Officer to undertake an independent review of conduct.

Does the information submitted include any exempt information?

No

5.3 List of Appendices:

Appendix 5(a) - Anti-Money Laundering Policy and Procedure.

6.0 Legal considerations:

6.1 There are three key pieces of legislation which make money laundering a criminal offence and these include:

Terrorism Act (2000):

The Terrorism Act (2000) applies to all individuals and businesses in the UK including local authorities. If during your employment at the Council you become aware of information which provides knowledge, or provides reasonable grounds for belief or

suspicion, that proceeds have come from, or are likely to be used for, terrorism it must be reported. Reporting will prevent you being subject to money laundering offences relating to being implicated in illegal activity.

Proceeds of Crime Act (2002):

The Proceeds of Crime Act (2002) defines six money laundering offences of which the first four are the most relevant to the Council. These include:

- Concealing, disguising, converting, transferring or removing from the UK any criminal property.
- Becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property.
- Doing something that might prejudice an investigation.
- Failing to disclose known or suspected money laundering offences in the non-regulated sector.
- Failing to disclose known or suspected money laundering offences in the regulated sector.
- 'Tipping Off' by giving information to someone suspected of money laundering in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

The Money Laundering Regulations (2017) are not legally binding on local authorities because they are neither 'relevant persons' nor part of the 'regulated sector'. However, there is a risk of reputational damage for any local authority that does not have adequate policies and procedures in place. Although local authorities are not directly covered by the requirements of the Money Laundering Regulations (2017), guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) concerning the predecessor MLR 2007, indicated that Councils should comply with the underlying spirit of the regulations. It states that a 'prudent and responsible' Council will adopt 'appropriate and proportionate' policies and procedures designed to 'detect and avoid involvement in crimes described in the legislation and regulations'.

7.0 Human Resources considerations:

- 7.1 The policy and procedure are intended to protect staff when dealing with financial transactions that may be related to money laundering. The policy and procedure sit alongside the Council's Officer Code of Conduct, Fraud Prevention Charter and Financial Regulations.

8.0 Equalities considerations:

8.1 The policy and procedure affects all employees equally and is not intended to discriminate against individual groups.

9.0 Financial considerations:

9.1 The Council could be subject to financial loss through being fined should the policy and procedure not be adhered to.

10.0 Risk Management considerations:

10.1 The adoption of and adherence to the policy and procedure will help protect the Council and its employees against the risk of money laundering.

11.0 Ethical considerations:

11.1 None.

12.0 Internal/ External Consultation undertaken:

12.1 Relevant officers were invited to comment on the draft policy and procedure via e-mail on 20 August 2018. The e-mail was issued to:

Steve Thompson – Director of Resources
Mark Towers – Director of Governance and Partnerships
Phil Redmond – Chief Accountant
Linda Dutton – Head of HR and Workforce Development
Lorraine Hurst – Head of Democratic Governance
Gemma Duxbury – Deputy Head of Legal Services
Tony Doyle – Head of ICT
Scott Butterfield – Transformation Manager
Andy Divall – Equality and Diversity Manager
Steve Maher – Finance Manager
Peter Legg – Head of Economic Development

Any feedback and comments received from this consultation have been incorporated into the policy and procedure.

13.0 Background papers:

13.1 None.

Anti-Money Laundering Policy and Procedure

October 2018

Blackpool Council



Anti-Money Laundering Policy and Procedure

Introduction

This policy explains what money laundering is and the legal framework that is in place to govern it.

It also details the procedures that need to be followed by the Council.

The aims of this policy and procedure are to:

- Assist staff and elected members at Blackpool Council to understand money laundering and their personal legal obligations and responsibilities arising from the requirements of legal and regulatory provisions.
 - Reduce the risk of Council services being used for money laundering purposes.
 - Set out the procedures that must be followed to enable the Council and its staff to comply with their legal obligations.
-

Scope of Policy

This policy applies to all Council employees and elected members and aims to help to maintain high standards of conduct by preventing criminal activity through money laundering. This also includes casual employees and agency staff. The policy links to the Councils Code of Conduct.

Non-compliance by a member of staff with the procedures set out in this policy may lead to disciplinary action. Non-compliance by an elected member will be reported to the Monitoring Officer to undertake an independent review of conduct.

What is Money Laundering?

Money laundering is any attempt to convert the proceeds of crime to money or assets that appear to have derived from legitimate activities. Anyone who becomes involved in an activity which they know or suspect is related to the proceeds of crime may be guilty of money laundering.

There are three stages to money laundering:

- Stage 1 – Placement – criminally derived funds are introduced into the financial system.
 - Stage 2 – Layering – the funds are ‘washed’ and its ownership and source is disguised.
 - Stage 3 – Integration – the ‘laundered’ property is re-introduced as clean funds.
-

Money Laundering: Legal and Regulatory Framework

There are three key pieces of legislation which make money laundering a criminal offence and these include:

Anti-Money Laundering Policy and Procedure

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- Concealing, disguising, converting, transferring or removing from the UK any criminal property.
- Becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property.
- Doing something that might prejudice an investigation.
- Failing to disclose known or suspected money laundering offences in the non-regulated sector.
- Failing to disclose known or suspected money laundering offences in the regulated sector.
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The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

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Aims and Requirements of the Money Laundering Legislation

The 2017 Regulations represent an evolution of content and a reorganisation of structure rather than a root and branch change to the Money Laundering Regulations 2007 and the aims therefore remain:

- To enable suspicious transactions to be recognised and reported to law enforcement agencies.
- To ensure that, if a business's client comes under investigation in the future, the business can provide its part of the audit trail.

Anti-Money Laundering Policy and Procedure

The Regulations require:

- Identification procedures
- Record keeping procedures
- Internal reporting procedures
- Procedures to prevent money laundering

Broadly speaking MLR 2017 introduces a greater emphasis on risk assessments and an enhanced risk-based approach in respect of anti-money laundering (AML) /counter-terrorism financing (CTF) compliance programmes. Some of the key changes include:

- MLR 2017 does away with “automatic” simplified due diligence (SDD) categories. Instead, each business area or function, as well as individual relationships and transactions, requires a risk assessment to decide whether a lower degree of risk exists and SDD can be applied. This should take into account a list of specific risk factors referred to in the MLR 2017 (see below).
- Enhanced due diligence (EDD) is required in respect of politically exposed persons (PEPs), correspondents, larger or complex transactions, as well as transactions with unusual patterns. More generally, EDD has to be applied in any case where there exists a higher risk of money laundering.
- The PEPs for AML requirements is extended to include domestic PEPs, “members of the governing bodies of political parties” as well as “directors, deputy directors and members of the board or equivalent function of an international organisation”.
- This substantially broadens EDD’s scope. Where a person ceases to be a PEP, entities should continue to monitor the risk they pose for at least another 12-months.
- The threshold for customer due diligence (CDD) in respect of cash transactions has been reduced to €10,000 (£9,000 approx).
- Under MLR 2017, estate agents are required to conduct CDD on the purchaser and the seller.
- A new blacklist of high-risk jurisdictions is to be published from time to time. Any transactions or business relationships in such jurisdictions will require EDD.

What are the Offences and Penalties?

There are three principal money laundering offences:

- **Laundering** – Conviction resulting in a maximum 14 years imprisonment and / or fine.
- **Failing to Report** - Conviction resulting in a maximum of 5 years imprisonment and / or fine.
- **Tipping off** - Conviction resulting in a maximum of 5 years imprisonment and / or fine.

A new criminal offence under MLR 2017 makes any individual who recklessly makes a statement in the context of money laundering which is false or misleading liable to a fine and/or up to two years’ imprisonment.

Anti-Money Laundering Policy and Procedure

Where can the money come from?

There are a number of sources of money laundering and some examples include:

- VAT / Customs Fraud
 - Theft
 - Forgery
 - Blackmail
 - Art and antique theft and fraud
 - Corruption
 - Smuggling
 - Illegal drugs trade
 - Fraud and extortion
-

Risk Factors Identified in MLR 2017

When assessing whether there is a high risk of money laundering or terrorist financing in a particular situation, and the extent of the measures which should be taken to manage and mitigate that risk, relevant persons must take account of risk factors including, among other things:

Customer risk factors, including whether:

- the business relationship is conducted in unusual circumstances;
 - the customer is resident in a geographical area of high risk;
 - the customer is a legal person or legal arrangement that is a vehicle for holding personal assets;
 - the customer is a company that has nominee shareholders or shares in bearer form;
 - the customer is a business that is cash intensive;
 - the corporate structure of the customer is unusual or excessively complex given the nature of the company's business;
-

Product, service, transaction or delivery channel risk factors, including whether:

- the product involves private banking;
- the product or transaction is one which might favour anonymity;
- the situation involves non face to face business relationships or transactions, without certain safeguards, such as electronic signatures;
- payments will be received from unknown or un-associated third parties;

Anti-Money Laundering Policy and Procedure

- new products and new business practices are involved, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products;
- the service involves the provision of nominee directors, nominee shareholders or shadow directors, or the formation of companies in a third country;

Geographical risk factors, including:

- countries identified by credible sources as not having effective systems to counter money laundering or terrorist financing;
- countries identified by credible sources as having significant levels of corruption or other criminal activity, such as terrorism, money laundering, and the production and supply of illicit drugs;
- countries subject to sanctions, embargos or similar measures issued by, for example, the European Union or the United Nations;
- countries providing funding or support for terrorism;
- countries that have organisations operating within their territory which have been designated by the government of the United Kingdom as prohibited organisations under Schedule 2 to the Terrorism Act 2000(a), or by other countries, international organisations or the European Union as terrorist organisations;
- countries identified by credible sources as not implementing requirements to counter money laundering and terrorist financing that are consistent with the recommendations published by the Financial Action Task Force in February 2012 and updated in October 2016.

Money Laundering Policy

Elected members and staff at Blackpool Council need to be vigilant for signs of money laundering. The Council has a process in place for reporting suspicious activity, will provide appropriate training and has procedures for identification checks. The roles and responsibilities are defined below.

Roles and Responsibilities

Blackpool Council will strive to:

- Prevent the Council and its staff being exposed to money laundering.
- Identify the potential areas where it may occur.
- Comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases of money laundering.
- Make all staff aware of the obligations placed on the Council and on themselves as individuals by the anti-money laundering legislation.
- Provide training and guidance to those most likely to encounter money laundering activity.

Blackpool Council employees and elected members are required to:

Anti-Money Laundering Policy and Procedure

- In relevant situations, perform a risk assessment to determine the appropriate level of due diligence that should be applied to mitigate the risk of becoming involved in money laundering.
- Report promptly all suspicions of money laundering activity to the Money Laundering Reporting Office (MLRO) or Deputy MLRO.
- Follow any subsequent directions of the MLRO or Deputy.

Employees receiving or arranging to receive cash on behalf of the Council must:

- Ensure that they are familiar with the Council's Anti-Money Laundering Procedures.
- Ensure that no payment to the Council should be accepted in cash if it exceeds £9,000 unless appropriate due diligence has taken place.

The nominated officers for reporting issues are:

- MLRO – Head of Audit and Risk
- Deputy MLRO – Audit Manager

The MLRO or Deputy must:

- Evaluate all concerns raised by staff to determine whether it is appropriate to make a report to the National Crime Agency (NCA).
 - If appropriate, ensure that an internal report is completed using the pro forma provided in the Anti-Money Laundering Procedures.
 - If appropriate, submit a Suspicious Activity Report to the NCA using the NCA's standard form.
-

Anti-Money Laundering Procedures

What are the obligations on the Council?

The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance advises that Council's should:

- Maintain robust recording keeping procedures.
- Make those members and employees who are likely to be exposed to, or suspicious of, money laundering activities, aware of the requirements and obligations in relation to money laundering.
- Provide targeted training to those considered most likely to encounter money laundering activities.
- Implement formal systems for employees and elected members to report money laundering suspicions to the MLRO.
- Establish internal procedures to anticipate and prevent money laundering and make relevant individuals aware of the procedures.
- Report any suspicions on money laundering to the NCA.

Anti-Money Laundering Policy and Procedure

- Put in place procedures to monitor developments in 'grey' areas of legislation and to keep abreast of further advice and guidance as issued by relevant bodies.

To avoid the risk of non-compliance with the requirements of the legislation the above obligations should be considered across all areas of the Council. Therefore all elected members and employees are required to comply with the policy and procedures.

It is management's responsibility to implement systems of internal control capable of identifying unusual or suspicious transactions or customer activity and quickly report the details to the MLRO indicated below. A process chart highlighting the key stages can be seen in **Appendix 1**. Systems of internal control should include the following:

- Identification of senior management responsibilities.
- Provision of information to senior management on money laundering and terrorist financing risks.
- Training of relevant employees on the legal and regulatory responsibilities for money laundering and terrorist financing controls and measures.
- Documentation of the Council's risk management policies and procedures.
- Measures to ensure that money laundering and terrorist financing risks are taken into account in the day to day operations of the organisation.

Customer Due Diligence (CDD)

Under the regulations you are required to:

- identify your client and verify their identity on the basis of a reliable independent source (such as a passport)
- where applicable, identify the beneficial owners of the client, take reasonable measures to verify their identity so you know who they are and, if the beneficial owner is an entity or legal arrangement, take reasonable measures to understand its ownership and control structure
- assess and where appropriate obtain information on the purpose and intended nature of the business relationship or transaction and
- identify and verify the identity of a person who purports to act on behalf of a client and verify that they are authorised to act on behalf of the client.

The way you comply with the requirement to take CDD measures may differ from case to case but must reflect both your risk assessment and your assessment of the level of risk arising in the particular case.

The new regulations are more prescriptive than the 2007 regulations when it comes to carrying out CDD checks on corporate bodies. Where your client is a corporate body, you must obtain and verify:

- its name
- its company number or other registration and
- the address of its registered office and, if different, its principal place of business.

Anti-Money Laundering Policy and Procedure

In addition, unless the corporate body is a company listed on a regulated market, you must take reasonable measures to determine and verify:

- the law to which it is subject and its constitution or other governing documents and
- the names of the board of directors (or equivalent management body) and the
- senior persons responsible for its operations.

Regulations impose an obligation on corporate bodies (other than companies listed on a regulated market) to provide you with the information outlined above when you enter into a transaction or form a business relationship with them, which should assist you in carrying out your CDD checks.

Enhanced Due Diligence (EDD)

Regulations set out a list of circumstances in which EDD measures must be applied, which are set out in the section above entitled Risk Factors Identified in MLR 2017.

While you must take these factors into account, you should consider the situation as a whole and bear in mind that the presence of one or more of the risk factors is not in and of itself determinative of a higher risk situation.

Under the regulations EDD measures must include, as a minimum, examining the background and purpose of the transaction and increased monitoring of the business relationship.

Simplified Due Diligence (SDD)

Simplified due diligence is permitted where you determine that the business relationship or transaction presents a low risk of money laundering or terrorist financing, taking into account your risk assessment. This is a change from the Money Laundering Regulations 2007, under which SDD was the default option for a defined list of entities.

Regulations set out a list of factors to be taken into account in determining whether a situation poses a lower risk of money laundering or terrorist financing, such that SDD measures can be applied. However, you should be aware that the presence of one or more of the factors is not necessarily indicative that a given situation is lower risk.

Factors that might lead to the conclusion that SDD is the appropriate option may include whether the customer, product or geographic location is:

- A public body
- An individual resident in a low risk geographical area
- A financial institution in the regulated sector
- A company listed on a regulated market
- Managed by financial limits or transparency of ownership

Anti-Money Laundering Policy and Procedure

- An EEA state
- A country with effective counter money laundering systems

Where SDD is assessed to be appropriate you should continue to comply with CDD but adjust the type and timing of measures to reflect the low level of risk and carry out sufficient monitoring to detect any unusual or suspicious transactions.

The Money Laundering Reporting Officer (MLRO)

The officer nominated to receive disclosures in relation to money laundering activity across the Council is the Head of Audit and Risk and the deputy MLRO is the Audit Manager. The contact details for both these officers are:

Money Laundering Reporting Officer (MLRO)

Tracy Greenhalgh

Head of Audit and Risk

Tel: (01253) 478554

E-mail: tracy.greenhalgh@blackpool.gov.uk

Deputy Money Laundering Reporting Officer (MLRO)

Gary Smith

Audit Manager

Tel: (01253) 478560

Email: gary.smith@blackpool.gov.uk

The MLRO (or deputy) will determine whether the information or other matters contained in the report received give rise to knowledge or suspicion that a person is engaged in money laundering. In making this judgement they will consider all other relevant information available to the Council concerning the person or business to which the initial allegation relates. The MLRO will complete a form to evidence this process, a copy of which can be found in **Appendix 2** of this document.

On completing this review the MLRO needs to be satisfied with the suspicions that the subject is engaged in money laundering. If this is the case the MLRO must then ensure that the information is disclosed to the NCA.

Reporting to the MLRO (Disclosure)

When you know or suspect that money laundering activity is taking / has taken place or is about to take place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as possible to the MLRO.

The disclosure should ideally be made within 'hours' of the information coming to your attention, wherever practical, not weeks or months later.

Anti-Money Laundering Policy and Procedure

The disclosure should be made to the MLRO using the pro forma attached at **Appendix 3** of this document. The report should include copies of any evidence and must contain as much detail as possible including:

- Full details when known of the people involved such as name, address, company name, directorships and phone numbers.
- Full details of the nature of their / your involvement.

If you are concerned that your involvement in the transaction would be a prohibited act, then your report must include all relevant details, as you will need consent from the NCA, via the MLRO, to take any further part in the transaction. This is the case even if the party giving rise to concern gives instructions for the matter to proceed before such consent is given.

You should explain in as much detail in the report to the MLRO:

- What consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.
- The types of money laundering activities involved.
- What type of money laundering offence you believe may be happening.
- The date of such activities and make a note stating whether the activity has happened, on-going or imminent.
- The location where the activity took place i.e. department, section, and building.
- How the activities were undertaken.
- The (likely) amount of money / assets involved (if known).
- Why you are suspicious of the activity – the NCA will require full reasons.
- Any other available information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering.

Recognition of Suspicious Transactions

As the type of transaction which may be used by money launderers are almost unlimited, it is difficult to define a suspicious transaction.

The Council has set a general cash transaction limit of £9,000 (in line with the 2017 Regulations) over which any transaction or group of transactions from the same source should automatically be classified or deemed as suspicious. This does not however mean to say that any transactions under this limit on which you have suspicions should not be reported. All suspicious transactions, irrespective of their values, should be reported.

How can Suspicious Activity be identified?

Employees dealing with transactions that involve income for goods and services should look for:

- Cash over the value of £9,000 being received.
- Overpayment is received in cash and a refund is made.

Anti-Money Laundering Policy and Procedure

- Overpayment is received by credit or debit card and a cheque refund is requested.

When dealing with a new customer think about:

- Is checking their identity proving difficult, is the individual reluctant to provide details?
- Is there a genuine reason for using the services provided?
- Is the customer attempting to introduce intermediaries to either protect their identity or hide their involvement?
- Is the customer requesting a large cash transaction?
- Is the source of the cash known and reasonable?

For regular and established customers you need to consider:

- Is the transaction reasonable in the context of the service provider's normal business?
- Is the size or frequency of the transaction consistent with the normal activities of the customer?
- Has the pattern of the transaction changed since the business relationship was established?

Record Keeping Procedures

Each section of the Council conducting relevant business must maintain appropriate records of:

- Client identification evidence obtained.
- Details of all relevant business transactions carried out for clients for at last five years. This is so they may be used as evidence in any subsequent investigation into money laundering.

The precise nature of the records to be held is not prescribed by law, however they must be capable of providing an audit trail during any subsequent investigation.

In practice, Council services will routinely be making records of work carried out for various parties, customers and clients in the course of normal business and these should suffice in this regard.

Potential Money Laundering Indicators

Some key things to look out for when considering money laundering include:

- Overpayments.
- Secretive client.
- Unknown client.
- Illogical third party involvement.
- Payment of substantial cash sums.
- Concerns about honesty, identity or location of client.
- Unusual request for account details.
- Movement of funds overseas.

Anti-Money Laundering Policy and Procedure

- Absence of legitimate source of funds.
 - Size, nature and frequency of transactions out of line with expectations.
 - Cancellation or reversal of a transaction.
-

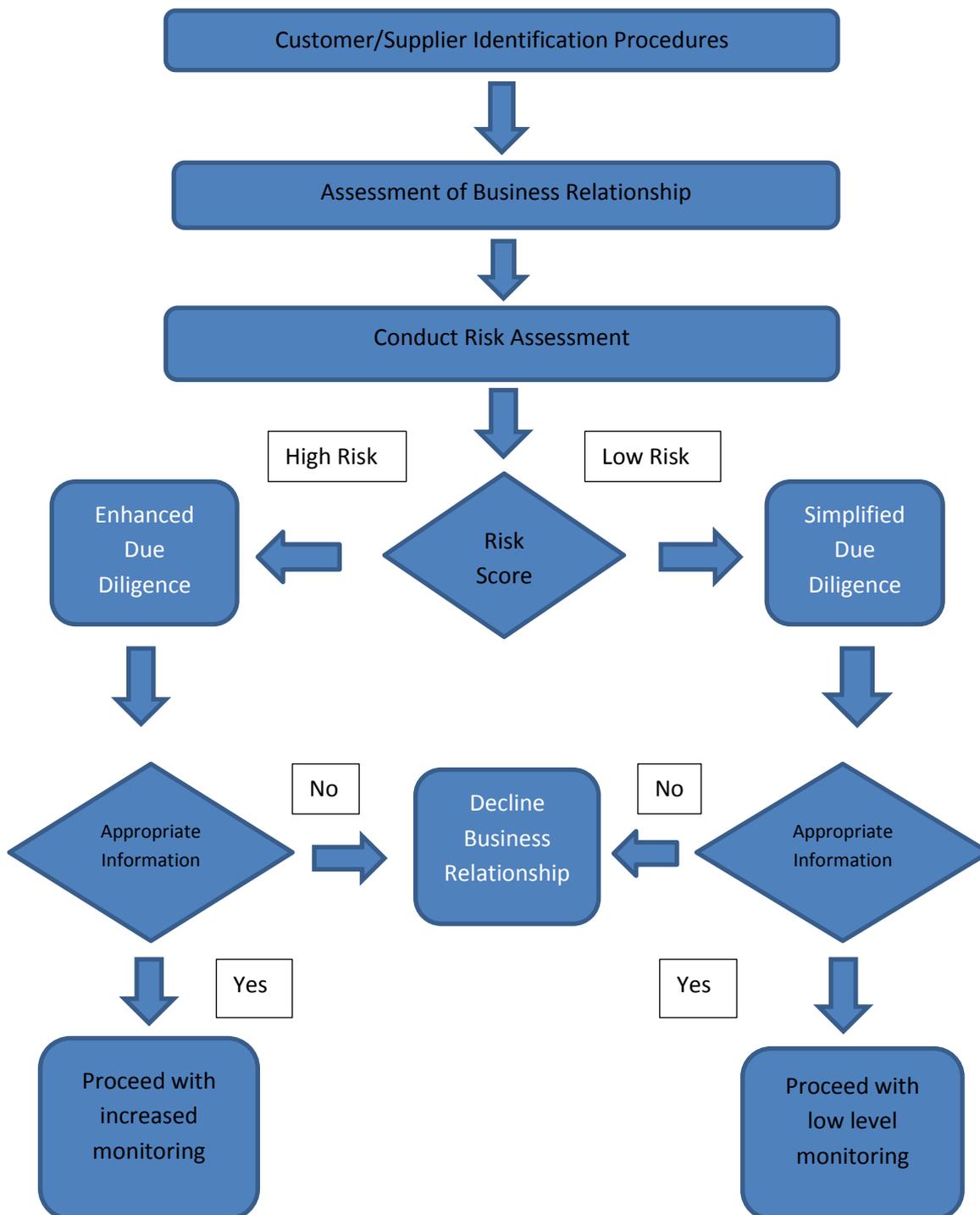
Conclusion

The legislative requirements concerning anti-money laundering procedures are lengthy and complex. The policy and procedural guidance notes have been written to enable the Council to meet the legal requirements in a way that is proportionate to the Council's risk of contravening the legislation.

Should you have any concerns whatsoever regarding any transaction then you should contact the MLRO or their deputy.

Anti-Money Laundering Policy and Procedure

Appendix 1 - Process Flow



Anti-Money Laundering Policy and Procedure

Appendix 2

Confidential

**Money Laundering Reporting Officers Report
(to be completed by the Money Laundering Reporting Officer)**

Date Report Received: _____

Date Receipt of Report Acknowledged: _____

Consideration of Disclosure / Action Plan:

Outcome of Consideration of Disclosure:

(Are there reasonable grounds for suspecting money laundering activity? Do you know the identity of the alleged money launderer or the whereabouts of the property concerned?)

If there are reasonable grounds for suspicion will a report be made to the NCA?

Yes / No

(Please delete as appropriate)

If yes please confirm date of the report to the NCA and complete the box below:

Anti-Money Laundering Policy and Procedure

Date of Referral:

Notice period: _____ to _____

Moratorium period: _____ to _____

Is consent required from NCA to any ongoing or imminent transactions which would otherwise be prohibited?

Yes / No

(Please delete as appropriate)

If YES please confirm full details here:

Date consent received from NCA: _____

Date consent given by you to employee: _____

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out the reason (s) for non-disclosure:

Anti-Money Laundering Policy and Procedure

Date consent given be you to the employee for any transactions prohibited by legislation to proceed:

Other relevant information:

Signed: _____

Date: _____

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence which carries a maximum penalty of five years imprisonment.

This report needs to be retained for five years.

Anti-Money Laundering Policy and Procedure

Appendix 3

Confidential

Report to the Money Laundering Reporting Officer

Re: Money Laundering Activity

To: Money Laundering Reporting Officer

From:

Directorate:

Tel No:

Details of Suspected Offence:

Name and Address of Persons Involved:

(If a company / public body please include details of the nature of business)

Nature, whereabouts, value and timing of activity / property involved:

(Please include full details e.g. what, where, when and how. Please include whereabouts of the laundered property, as far as you are aware)

Anti-Money Laundering Policy and Procedure

Nature of suspicions regarding such activity:

Has an investigation been undertaken (as far as you are aware)?

Yes / No

If yes please provide details below:

Have you discussed your suspicions with anyone else?

Yes / No

If yes please provide details below:

Do you feel you have a rational explanation for not disclosing the matter to NCA?

Yes / No

(e.g. are you a lawyer and wish to claim legal professional privilege?)

If yes please provide details below:

Anti-Money Laundering Policy and Procedure

Please set out below any other information you feel is relevant?

Signed: _____

Date: _____

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence which carries a maximum penalty of five years imprisonment.

This report needs to be retained for five years.

Anti-Money Laundering Policy and Procedure

Document Control:

Document owner:	Head of Audit and Risk
Document category:	Fraud Prevention
Document location:	The Hub
Issued by:	Tracy Greenhalgh
Last edited:	October 2018

Approved By:

Name	Date
Corporate Leadership Team	9 th October 2018
Audit Committee	8 th November 2018

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Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh – Head of Audit and Risk
Date of Meeting	8 November 2018

RISK SERVICES QUARTER TWO REPORT 2018/2019

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 two of the 2018/2019 financial year.

2.0 Recommendation(s):

2.1 To consider the findings from the Risk Services Quarterly 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:

3.4 None.

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

5.2 List of Appendices:

Appendix 6(a) - Risk Services Quarter Two Report

6.0 Legal considerations:

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

7.0 Human Resources considerations:

7.1 None.

8.0 Equalities considerations:

8.1 None.

9.0 Financial considerations:

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

10.0 Risk management considerations:

10.1 The primary role of Risk Services is to provide assurance that the Council is effectively managing its risks and 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 None.

12.0 Internal/ External Consultation undertaken:

12.1 The Risk Services Quarterly Report was presented to the Corporate Leadership Team on 23 October 2018.

13.0 Background papers:

13.1 None.

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Risk Services Quarter Two Report 1st July to 30th September 2018

Contents	Page
1. Second Quarter Summary	4
Service Developments	4
Performance	6
Risk Services performance indicators	6
Internal Audit Team performance indicators	6
Risk and Resilience Team performance indicators	6
Health and Safety performance indicators	7
Equality and Diversity performance indicators	7
Corporate Fraud Team performance indicators	7
2. Appendix A: Performance & Summary Tables for Quarter Two	10
Internal Audit reports issued in period	10
Progress with Priority 1 audit recommendations	14
The Regulation of Investigatory Powers Act 2000	14
Insurance claims data	14

Second Quarter Summary***Service Developments*****1.1 *Internal Audit***

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

- Purchase Cards
- Adult Services Safeguarding Enquiries
- School Improvement Board and Processes
- Business Rates
- Accessing Children's Social Work Placements
- Early Years Financial Systems
- Financial Management and HR Systems
- Compliance with Mandatory Arrangements
- CRC Scheme
- Improved Better Care Fund
- Sundry Debtors
- Community Engagement
- Fostering and Adoption
- Risk Management

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.

1.2 *Corporate Fraud*

Progress is being made in implementing the actions identified in the Fraud Prevention Charter with the following actions now addressed:

- Refresher training has been received by the Money Laundering Reporting Officer and their Deputy.
- The roles and responsibilities of the corporate fraud team have been reviewed to ensure that all members of the team can respond to all types of fraud.
- Improved links with the Communications Team have been put in place to proactively publish success stories.
- A process for undertaking proactive anti-fraud work in social care has been piloted using real-time data provided from the National Fraud Initiative.
- It has been confirmed that the Council will be undertaking joint working with the DWP on council tax / benefit fraud investigation with the go-live date scheduled for April 2019.

Other actions are being progressed and further updates will be provided in future Risk Services Quarterly reports.

1.3 *Risk and Resilience*

The key focus of the team has been the project to procure insurance for the Council and three of its wholly owned companies (Blackpool Coastal Housing, Blackpool Housing Company and Blackpool Entertainment Company). A significant amount of work has been undertaken to evidence how the Council and the companies in scope effectively manage risk in order to secure the best possible premium. The Invitation to Tender was put out to the market on the 21st September 2018 and the deadline for tender responses is the 2nd November 2018. The new insurance arrangements will take effect as of 1st April 2019.

Risk workshops have been facilitated in a number of services across the following directorates:

- Resources
- Community and Environmental
- Governance and Partnerships
- Chief Executives

The output of these will be revised service level risk registers and these are currently being finalised. Once these are complete, which is planned for the end of October, steps will be taken to arrange risk workshops with services across the other directorates. It is intended that revised risk registers will be in place across the Council by the end of March.

As part of the revised Risk Management Framework it was agreed to report to Audit Committee the progress in terms of the use of SharePoint and the Risk Management Groups which were held in the quarter. In terms of risk management groups held as per the agreed schedule there was 75% compliance with two groups not meeting. These included the Children's Services Health and Safety Group, which was cancelled due to an inspection and the Communication and Regeneration Health and Safety Group which was cancelled due to apologies. Around 33% of risk management groups are now using the SharePoint sites which have been set up for each group for the circulation of documents with Adult Services, Children's Services, Communication and Regeneration, Community and Environmental, Highways and Property yet to fully embrace the revised process.

1.4 ***Health and Safety***

A number of employee briefing notes have been issued in the quarter to help ensure that health and safety remains on the agenda for all teams.

Work is underway to review the health and safety training available across the Council and a training needs analysis is being undertaken to help inform future training provision and further enhance the current offer.

A recruitment exercise is underway, which is ring-fenced to existing members of the health and safety team, to fulfil a new role of Senior Health and Safety Advisor. The successful candidate will take on responsibility for the day to day management of the team once the current Health and Safety Manager retires at the end of March 2019. This should enable ample time for a robust handover to take place and has been achieved through appropriate succession planning in the service.

1.5 ***Equality and Diversity***

The Equality and Diversity Toolkit process is currently underway with the Governance and Partnerships Directorate and the Community and Environmental Services Directorate.

The service has been supporting Disability First in a bid for funding from the Coastal Communities Fund. It has now been confirmed that the bid has been successful and Disability First, as the lead applicant, have been awarded £985,000, to deliver a range of schemes which will encourage visitors with disabilities to the Fylde Coast.

A report is currently being produced for consideration by the wholly owned companies Shareholder Panel to explore how the Council's companies can demonstrate how they adhere to the public sector duty as defined in the Equality Act. The aim is to look at the potential of implementing a consistent approach across all Council companies.

Blackpool Council: Risk Services

Performance

Risk Services performance indicators

Performance Indicator (Description of measure)	2018/19 Target	2018/19 Actual
Professional and technical qualification as a percentage of the total.	85%	84%

Internal Audit Team performance indicators

Performance Indicator (Description of measure)	2018/19 Target	2018/19 Actual
Percentage audit plan completed (annual target).	90%	33%
Percentage draft reports issued within deadline.	96%	90%
Percentage audit work within resource budget.	92%	90%
Percentage of positive satisfaction surveys.	85%	86%
Percentage compliance with quality standards for audit reviews.	85%	89%

Risk and Resilience Team performance indicators

Performance Indicator (Description of measure)	2018/19 Target	2018/19 Actual
Percentage of Council service business continuity plans up to date.	100%	Updates are being undertaken in October, in line with the Corporate Compliance Calendar, the position will therefore be reported in quarter three.
Percentage of risk registers revised and up to date at the end of the quarter.	100%	100%
Number of risk and resilience training and exercise sessions held (annual target).	6	4
Number of trained Emergency Response Group Volunteers (for monitoring purposes only – responsibility lies with Adult Social Care)	50	45
Percentage of property risk audit programme completed.	100%	100%

Blackpool Council: Risk Services

Health and Safety performance indicators

Performance Indicator (Description of measure)	2018/19 Target	2018/19 Actual
RIDDOR Reportable Accidents for Employees	0	3
Training Delivered to quarterly plan	100%	100%

One new RIDDOR case relating to an employee was reported in the quarter which was:

- 1- Adults / Care & Support - over 7 day absence due to hurting knee while carrying rubbish down stairs at service users home.

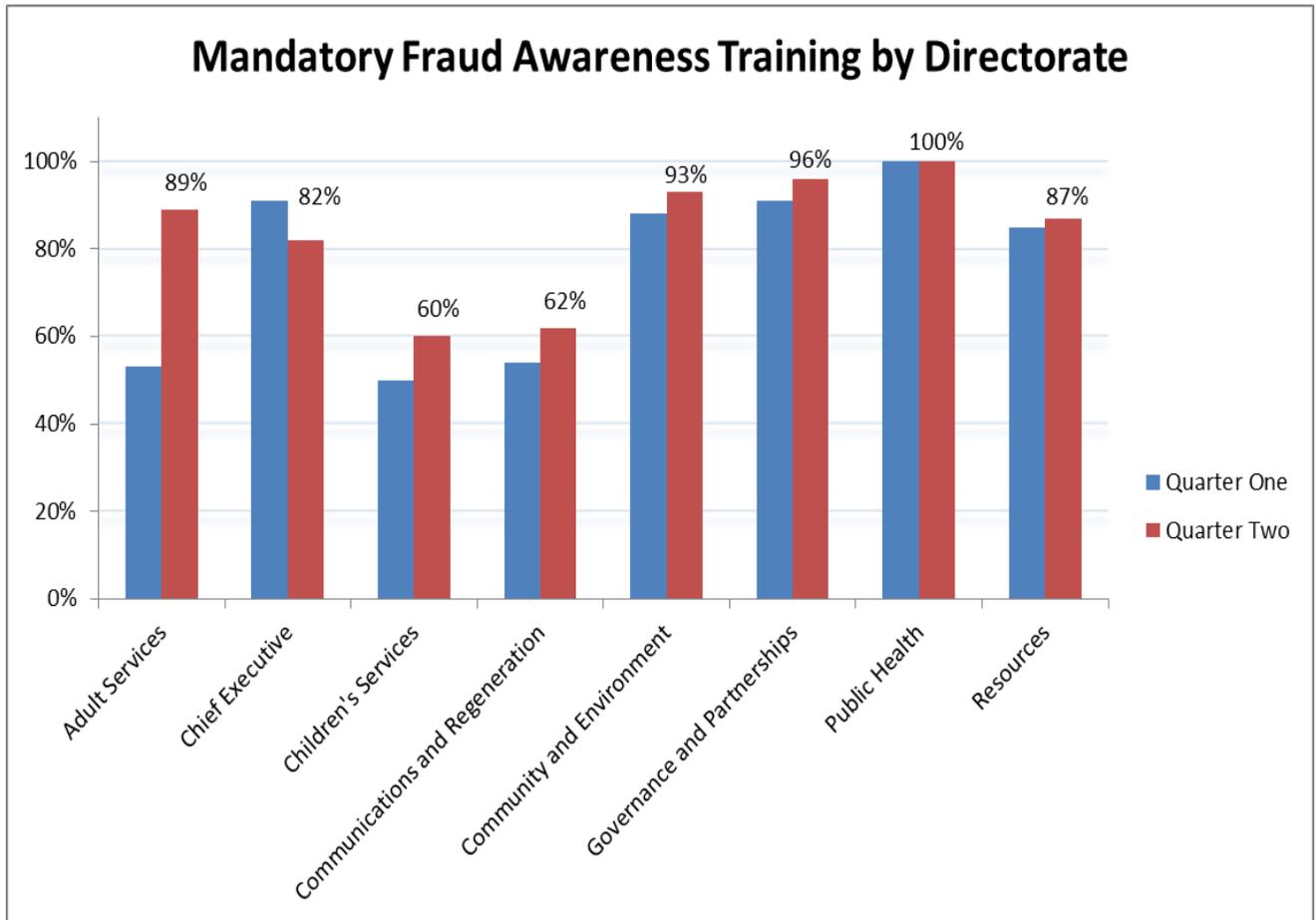
Equality and Diversity performance indicators

Performance Indicator (Description of measure)	2018/19 Target	2018/19 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%	82%

Corporate Fraud Team performance indicators

Performance Indicator (Description of measure)	2018/19 Target	2018/19 Actual
% of agreed Council employees completed i-Pool fraud awareness course.	100%	80%

Blackpool Council: Risk Services



Blackpool Council: Risk Services

CORPORATE FRAUD STATISTICS - 2018/2019	Number of Cases Brought Forward from 2017/18	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 2018-19									
Council Tax - Single Person Discount	25	21	8	24	£2,732.79	32	0	0	0	0	14
Council Tax Reduction (CTR)	36	11	2	33	£1,832.67	34	0	1	0	0	12
Business Rates	0	0	0	0	-	0	0	0	0	0	0
Procurement	1	2	0	2	-	2	0	0	0	0	1
Fraudulent Insurance Claims	10	8	0	6	-	6	0	0	0	0	12
Social Care	2	1	0	0	-	0	0	0	0	0	3
Economic & Third Sector Support	0	0	0	0	-	0	0	0	0	0	0
Gross Misconduct (Disciplinary Code)	0	1	1	0	-	0	0	1	0	0	0
Pension	0	0	0	0	-	0	0	0	0	0	0
Investment	0	0	0	0	-	0	0	0	0	0	0
Payroll & Employee Contract Fulfilment	0	0	0	0	-	0	0	0	0	0	0
Expenses	0	0	0	0	-	0	0	0	0	0	0
Abuse of Position - Financial Gain	1	2	0	2	-	2	0	0	0	0	1
Abuse of Position - Manipulation of Financial or Non-Financial Data	0	1	0	1	-	1	0	0	0	0	0
Fraudulent Cashing of Housing Benefit Cheque	1	0	0	1	-	1	0	0	0	0	0
Disabled parking concessions	1	2	0	1	-	1	0	0	0	0	2
NFI 2017	557	0	0	4	-	4	0	0	0	0	553
Totals:	634	49	11	74	£4,565.46	83	0	2	0	0	598

2. Appendix A: Performance & Summary Tables for Quarter Two

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement						
Communication and Regeneration	Quality Corridors	<p><u>Scope</u></p> <p>The scope of the audit was to review the project and contract management arrangements in place to ensure the effective delivery of the Quality Corridors project, which includes:</p> <ul style="list-style-type: none"> • Road and infrastructure; • Shop front grants; and • Acquisitions. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are inadequate particularly in relation to governance and project management arrangements. We made a number of recommendations which were agreed by management to strengthen the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1025 1476 1137"> <tbody> <tr> <td>Priority 1</td> <td>1</td> </tr> <tr> <td>Priority 2</td> <td>5</td> </tr> <tr> <td>Priority 3</td> <td>6</td> </tr> </tbody> </table> <p><u>Management Response</u></p> <p>The audit report did not highlight any concerns with regards to the delivery of the project and the schemes are being delivered in line with the spend schedule. However, it is acknowledged that project governance arrangements need to be strengthened and action is already underway to clarify roles and responsibilities and structure for the delivery of the Quality Corridors scheme, including the development of a Terms of Reference for the Project Board. Management agreed that the project board should clarify the project management methodology being used. It was also agreed that the Group Engineer, as the project manager for the road and infrastructure, should maintain a project plan for the delivery and management of these works. Management agreed that the Project Board and Grant Officer should put in place appropriate safeguards to reduce the financial risk of an applicant not having sufficient funds to pay their contribution. Management agreed that the scheme's resource requirements should be formally planned so that the necessary resources are made available to the Grant Officer as required.</p>	Priority 1	1	Priority 2	5	Priority 3	6
Priority 1	1							
Priority 2	5							
Priority 3	6							

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement						
Community and Environmental	Lancashire Waste Partnership	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Whether the governance arrangements are robust; and • Management information. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider the controls in place around the processes for the Lancashire Waste Partnership to be adequate but with several further changes necessary to ensure that costs and performance are adequately controlled going forward.</p> <p>The joint waste disposal operating company has undergone a transformation programme which has achieved significant cost savings, financial monitoring arrangements are adequate and a range of governance arrangements have been established. An up to date business plan should be developed, there should be active Council involvement in the development of a new Lancashire Municipal Waste Strategy and further savings are required from the waste partnership with the forecast depletion in the level of the Council's Waste PFI reserve.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 70%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">6</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">1</td> </tr> </tbody> </table> <p><u>Management Response</u></p> <p>Management agreed that the Council should be actively involved in the development of a new Lancashire Municipal Waste Strategy including the appraisal of future options for waste disposal and increasing recycling and their financial and regulatory implications. Management agreed that communication arrangements with LCC should be reviewed to ensure that there are adequate systems in place for the notification of business planning for changes to the waste disposal operations. Management agreed that the business continuity plan should be reviewed with LCC. Management agreed that work should be undertaken with LCC to achieve further reductions in the cost of waste disposal activities. Management agreed that clarification should be obtained for how Blackpool's share of the capital contingency reserve fund held by LCC can be applied in future. Management agreed that the Council should be involved with LCC in agreeing an up to date company business plan to ensure that it sets out an adequate and effective approach to further improving company performance and reducing costs.</p>	Priority 1	0	Priority 2	6	Priority 3	1
Priority 1	0							
Priority 2	6							
Priority 3	1							

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement						
Resources	CEDAR Upgrade Post Implementation Review	<p><u>Scope</u></p> <p>The scope of the audit was to conduct a post implementation review of the upgrade from version 4 to version 5 of the Cedar financial information system. The scope of the review included:</p> <ul style="list-style-type: none"> • Assessment of the effectiveness of the system upgrade; and • Identification of any outstanding issues which need to be resolved. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place for the Cedar e-financials were adequate with most risks identified and assessed and we consider only minor control improvements to be required for any future such upgrades.</p> <p>Although the go live date was delayed, the reasons for this were primarily due to contractor performance issues that had largely been foreseen and had in the most part been mitigated as far as possible. Overall the Council's Project Team managed their side of the upgrade well.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 70%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">4</td> </tr> </tbody> </table> <p><u>Management Response</u></p> <p>Management agreed that a firm escalation procedure should be documented and agreed with the contractor prior to any future upgrade work commencing.</p> <p>Management agreed that consideration should be given to incorporating penalties, incentives and performance indicators into future agreements and that was discussed with the Account Manager on the 27th September 2018 and will be considered for future projects.</p>	Priority 1	0	Priority 2	2	Priority 3	4
Priority 1	0							
Priority 2	2							
Priority 3	4							

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement						
Resources	Housing Benefit Risk Based Verification	<p><u>Scope</u></p> <p>The scope of the review included whether:</p> <ul style="list-style-type: none"> • The Risk Based Verification (RBV) process is achieving value for money in line with anticipated savings; and • Detection and reduction of fraud and error has improved through the introduction of RBV. <p><u>Overall Opinion and Assurance Statement</u></p> <p>Since the introduction of RBV the service has not measured the effectiveness of this approach to the previous claims administration process in terms of cost savings, identifying fraud and error, and whether times to process new claims have improved. Therefore we consider that there is inadequate data to inform whether RBV delivers value for money. However, the restructure of the team and the return to work of staff on long-term sick and vacant posts filled in the second part of 2017/18 has had a positive effect on performance. Since our audit fieldwork concluded the shared service has decided that RBV will be discontinued as it believes that it has not had a positive influence on processing times, there is a potential imminent decrease in claims due to Universal Credit, that ceasing RBV will detect more fraud and error and will also save on the cost of the Callcredit solution.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 70%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">7</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">0</td> </tr> </tbody> </table> <p><u>Management Response</u></p> <p>Management agreed that all significant future changes to administrative arrangements and practices should be subject to a formal business case and put forward to both Council's management teams detailing why the changes are necessary together with the expected benefits should there be any significant new changes to administration. Discussion took place at the Shared Service meeting in September as to whether rollout of RBV to change in circumstances would be cost effective and the group agreed not to continue.</p> <p>Management agreed that the service should review its arrangements and ensure that resources are allocated economically to those areas of potential risk that threaten the achievement of its objectives and where most value is added. Management agreed that the potential impact of Universal Credit on the Service should be determined and covered as part of the cost vs benefit assessment of retaining RBV and this was considered as a factor when the decision to stop using RBV was agreed at the Shared Service meeting.</p>	Priority 1	0	Priority 2	7	Priority 3	0
Priority 1	0							
Priority 2	7							
Priority 3	0							

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:

- Head Start x 3 recommendations
- Claims Handling x 3 recommendations
- Public Health Outcomes x 1 recommendation
- Estates and Investment Portfolio x 3 recommendations

Some priority one recommendations had not been fully addressed by the agreed target date however reasons have been provided for the delays and new completion dates agreed. These include:

- E-invoicing x 1 recommendation
- Placement Orders and Legal Costs x 1 recommendation
- Rideability x 1 recommendation
- Public Health Outcomes x 1 recommendation
- Estates and Investment Portfolio x 1 recommendation
- Transition from Children's to Adult's Services x 1 recommendation
- Oversight of Shared Services x 1 recommendation

A number of priority one recommendations have been followed up however no response has been received from the service area by the end of September response deadline and these include:

- Events Risk Management x 3 recommendations

The Regulation of Investigatory Powers Act 2000

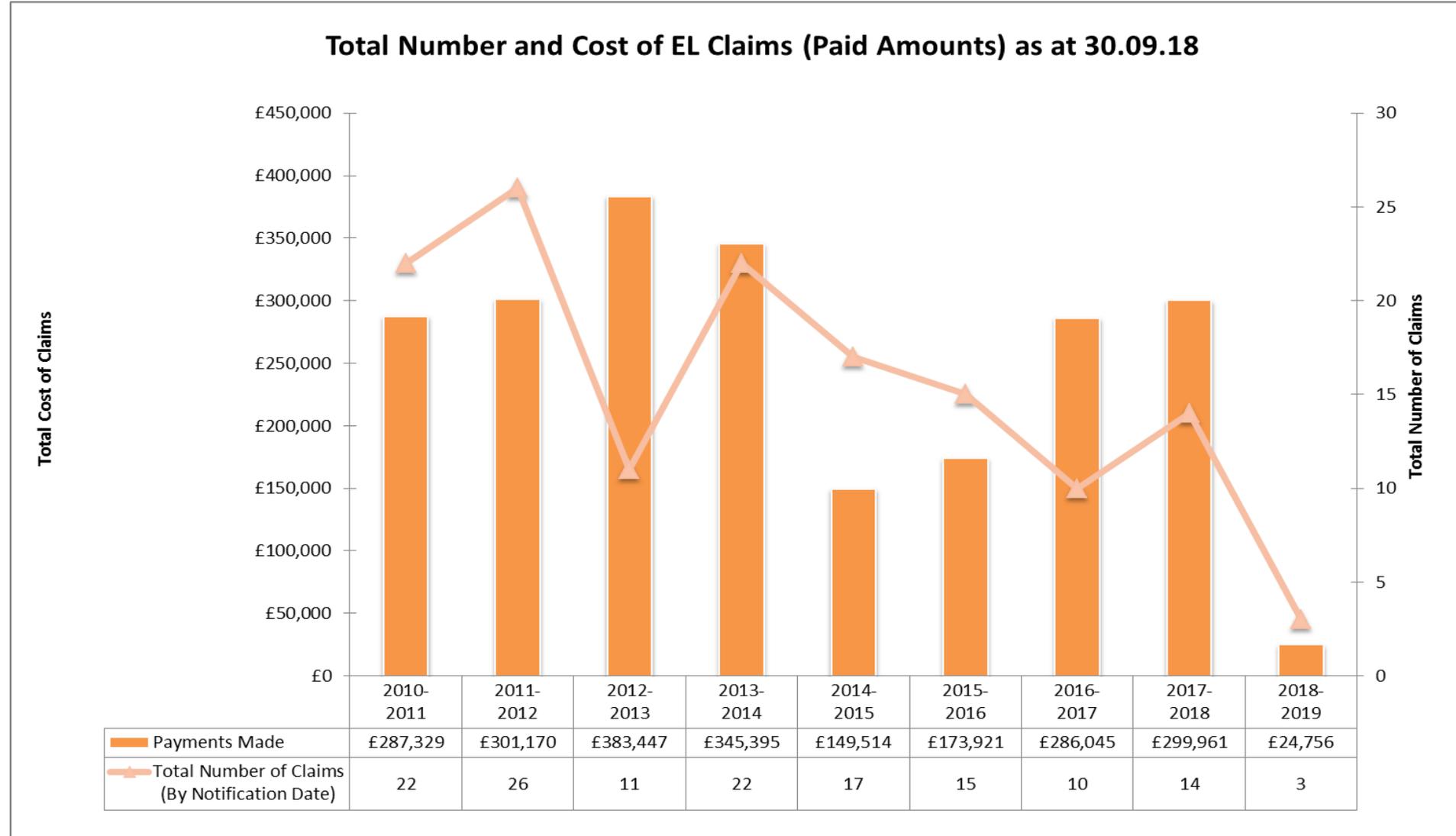
In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between July and September 2018 the Council authorised no RIPAs.

Insurance claims data

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

Blackpool Council: Risk Services

3. Appendix B – Insurance Claim Payments by Financial Year



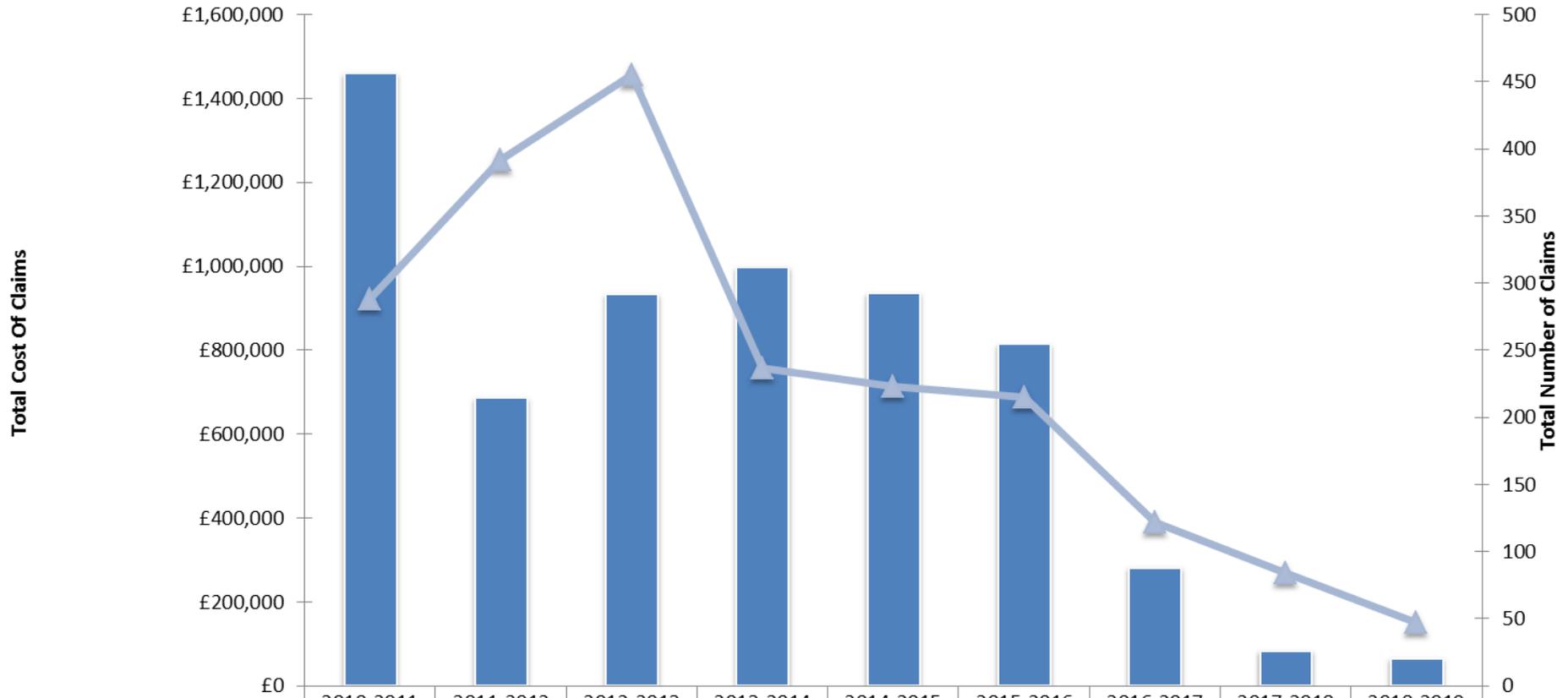
Blackpool Council: Risk Services

Total Number and Cost of PL Claims (Paid) as at 30.09.18



Blackpool Council: Risk Services

Total Number and Cost of PLH Claims (Paid) as at 30.09.18



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