

Risk Services Quarter Four Report  
1<sup>st</sup> January to 31<sup>st</sup> March 2020

Contents	Page
Quarter Four Summary .....	2
Service Developments .....	2
Performance .....	4
Risk Services performance indicators .....	4
Internal Audit Team performance indicators.....	4
Risk and Resilience Team performance indicators.....	4
Health and Safety performance indicators.....	5
Equality and Diversity performance indicators .....	5
Corporate Fraud Team performance indicators.....	5
2. Appendix A: Performance & Summary Tables for Quarter Four .....	8
3. Appendix B – Insurance Claim Payments by Financial Year .....	15

# Blackpool Council: Risk Services

## Quarter Four Summary

### Service Developments

#### 1.1 Internal Audit

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

Directorate	Internal Audits
Adult Services	<ul style="list-style-type: none"><li>Executive Decisions</li></ul>
Children's Services	<ul style="list-style-type: none"><li>Troubled Families Compliance</li><li>Bispham Endowed Primary School</li><li>Opportunity Area Funding</li></ul>
Chief Executives	<ul style="list-style-type: none"><li>Commissioning (currently paused until further notice)</li><li>Research and Data Analysis (currently paused until further notice)</li></ul>
Communication and Regeneration	<ul style="list-style-type: none"><li>Parking Services</li></ul>
Community and Environmental	<ul style="list-style-type: none"><li>Flood Management</li><li>CCTV</li></ul>
Governance and Partnerships	<ul style="list-style-type: none"><li>Wedding Chapel</li><li>Information Governance</li><li>Election Process (currently paused until further notice)</li></ul>
Resources	<ul style="list-style-type: none"><li>Council Tax Financial Control Assurance Testing</li></ul>

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.

Internal audit work has been paused in the short term as the Council dedicates its resources to responding to the Covid-19 incident. However, plans are being developed to determine how to reintroduce the internal audit programme using remote methods of auditing.

#### 1.2 Corporate Fraud

The focus of the team's proactive work in the quarter has predominately been on the coordination and delivery of the National Fraud Initiative, with 100% of the high risk data matches having been completed by 31<sup>st</sup> March 2020.

In order to assess the fraud risk faced by the Council and to inform the proactive work programme, a risk assessment has been undertaken. The revised Fraud Charter and Proactive work programme for 2020/21 was approved by the Audit Committee in March 2020.

The Senior Corporate Fraud Advisor participated in a CIPFA Counter Fraud Centre research project survey, which resulted in the publication of "*Tackling Fraud in the Public Sector – a Local Government Perspective*". In summary, the survey found that:

- 64% considered fraud to be a major problem for Local Authorities
- 52% considered fraud to be increasing
- 45% considered that fraud levels were under-reported
- 34% considered fraud losses in Local Authorities to be high
- 10% thought their organisation lost a lot through fraud

The key themes emerging from the research were in the areas of developing a robust culture, the benefits and challenges associated with digital technology, making better use of resources through working together and information sharing, and the pivotal role of internal controls in fraud prevention.

## Blackpool Council: Risk Services

The Senior Counter Fraud Advisor has been supporting the Head of Revenues and Exchequer Services in the administration of the Grant Funding Schemes as part of the response to COVID-19.

### 1.3 ***Risk and Resilience***

A quotation exercise was undertaken to commission an actuarial review of the insurance reserves, and the successful bidder will begin the exercise in the new financial year.

The Council's claim handlers, Gallagher Bassett, delivered a well-received Volunteer Risk Management training course to Council staff responsible for engaging and working with volunteers.

Work has been undertaken to understand the new alternative insurance provision being offered by the Department for Education to maintained schools across the Authority. There are concerns that schools moving to the new provision may not fully understand the offer and this may lead to gaps in cover.

The team, along with members of ICT, met with Cyber insurance experts to understand the complexities of cover and to ensure that an effective response can be provided by insurers to this high profile risk.

All insurance policies have been renewed for the forthcoming period. This proved challenging given the hardening market across the insurance sector, and the Council's risk profile.

The team has been undertaking extensive work in relation to COVID-19; ensuring that business continuity plans for all services are up to date and fit for purpose, preparing a risk register and ensuring that insurance and risk management considerations are explored, confirmed and communicated across the Council.

### 1.4 ***Health and Safety***

The team have completed one health and safety management system audit in the quarter including for the Organisation and Workforce Development team.

The team have been supporting the Council's response to the Covid-19 incident through preparing relevant risk assessments and providing health and safety advice and support to managers.

The team are also meeting with stakeholders to discuss the review of the corporate arrangements to ensure that the revisions reflect what the Council has in place, prior to sign-off and launch. All corporate Guidance Notes have been reviewed and uploaded onto the Hub.

All planned corporate training has been delivered. Additionally, all requested ad hoc training has been completed and this is an area that seems to be growing due to the team's flexibility of arranging dates and times that can meet service needs.

### 1.5 ***Equality and Diversity***

The compliance assessment of Children's Services with the Public Sector Equality Duty has been finished. A report summarising the results and key learning across all Council departments has been prepared. In the next financial year work will focus on delivering the programme with the Council's wholly owned companies.

Support is being provided as part of the corporate effort to advise Directors on how to ensure that the equality impact of emergency Covid-19 decisions is adequately considered.

## Blackpool Council: Risk Services

### *Performance*

#### *Risk Services performance indicators*

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
Professional and technical qualification as a percentage of the total.	85%	72%

#### *Internal Audit Team performance indicators*

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
Percentage audit plan completed (annual target).	90%	90%
Percentage draft reports issued within deadline.	96%	98%
Percentage audit work within resource budget.	92%	93%
Percentage of positive satisfaction surveys.	85%	92%
Percentage compliance with quality standards for audit reviews.	85%	93%

#### *Risk and Resilience Team performance indicators*

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
Percentage of Council service business continuity plans up to date.	100%	100%
Percentage of risk registers revised and up to date at the end of the quarter.	100%	15%*
Number of risk and resilience training and exercise sessions held (annual target).	6	7
Number of trained Emergency Response Group Volunteers. (for monitoring purposes only – responsibility lies with Adult Social Care)	50	33
Percentage of property risk audit programme completed (annual target).	100%	100%

\*Only 15% of risk registers had been updated by the end of the quarter. Due to the on-going Covid-19 situation services have not been actively chased, however each service will have received an email reminder in late February/early March. This will be revisited in quarter one of the new financial year.

## Blackpool Council: Risk Services

### *Health and Safety performance indicators*

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
RIDDOR Reportable Accidents for Employees	0	9
Training Delivered to quarterly plan	100%	100%

There were three RIDDOR cases relating to employees reported in the quarter which included:

- Schools – Employee had a slip / trip fall.
- Adult Services Directorate - Employee had a road traffic collision.
- Adult Services Directorate – Employee had a road traffic collision.

### *Equality and Diversity performance indicators*

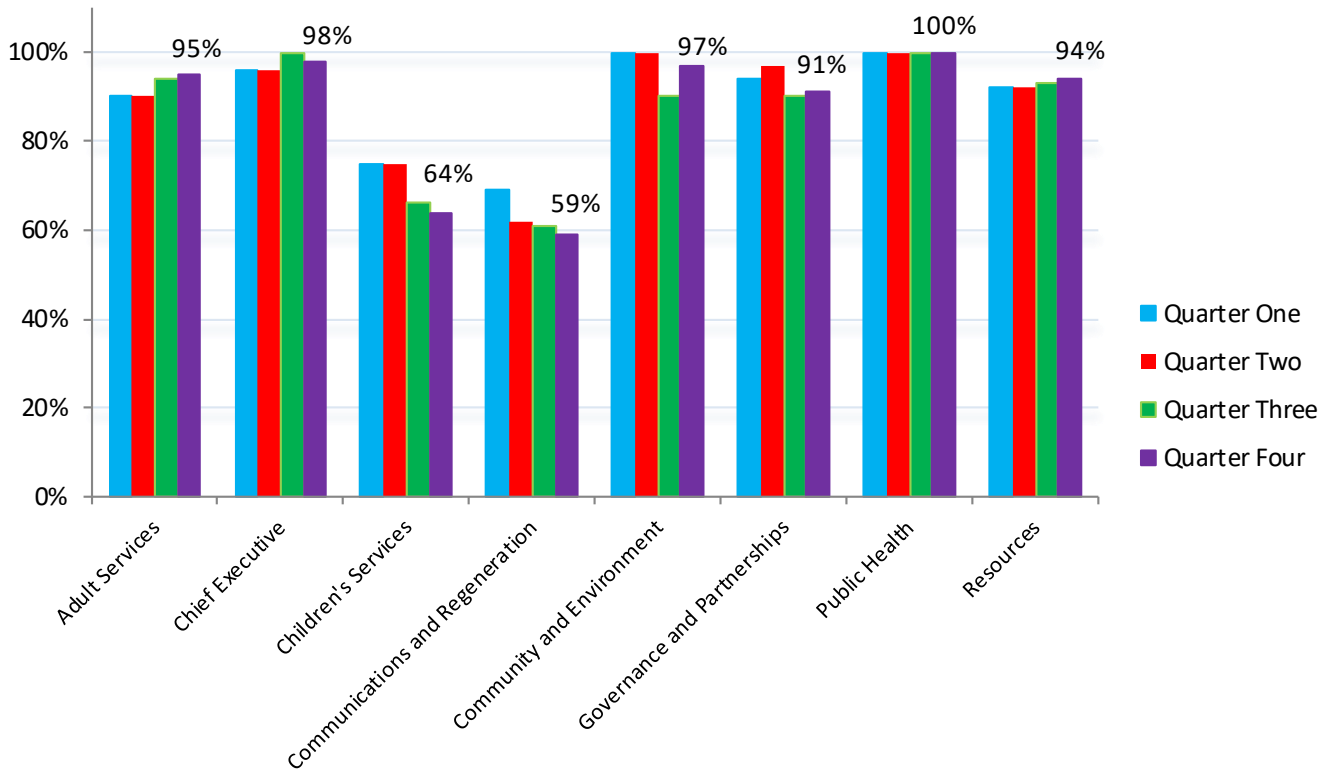
Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
Percentage of Executive Decisions made with evidence of Equality Impact Assessments or due regard.	100%	100%
Percentage take up of Equality i-Pool course.	100%	81%

### *Corporate Fraud Team performance indicators*

Performance Indicator (Description of measure)	2019/20 Target	2019/20 Actual
% of agreed Council employees completed i-Pool fraud awareness course.	100%	83%

This overall figure is broken down by directorate in the following graph:

### Mandatory Fraud Awareness Training by Directorate



Note: The changes in both overall and directorate percentage completion rates appears to be the result of staff turnover.

## Blackpool Council: Risk Services

<b><u>CORPORATE FRAUD</u></b> <b><u>STATISTICS - 2019/2020</u></b>	Number of Cases Brought Forward from 2018/19	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		<b>ANNUAL SUMMARY 2019-20</b>										
Council Tax - Single Person Discount	9	50	17	28	£4,220.55	45	0	0	0	0	14	
Council Tax Reduction (CTR)	3	11	2	8	£469.01	10	0	0	0	0	4	
Business Rates	0	5	0	2	-	2	0	0	0	0	3	
Procurement	1	0	0	1	-	1	0	0	0	0	0	
Fraudulent Insurance Claims	7	1	0	0	-	0	0	0	0	0	8	
Social Care	2	0	1	0	-	0	1	0	0	0	1	
Economic & Third Sector Support	0	0	0	0	-	0	0	0	0	0	0	
Gross Misconduct (Disciplinary Code)	1	4	3	0	-	0	0	3	0	0	2	
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	1	-	1	0	0	0	0	2	
Abuse of Position - Manipulation of Financial or Non-Financial Data	0	0	0	0	-	0	0	0	0	0	0	
General Financial Fraud	0	3	0	1	-	1	0	0	0	0	2	
Disabled parking concessions	1	3	0	2	-	2	0	0	0	0	2	
NFI 2018	82	2738	507	2,255	£261,016.74	2762	0	0	0	0	58	
<b>Totals:</b>	<b>107</b>	<b>2817</b>	<b>530</b>	<b>2298</b>	<b>£265,706.30</b>	<b>2824</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>96</b>	

## Blackpool Council: Risk Services

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

#### *Internal Audit reports issued in period*

Directorate	Review Title	Assurance Statement								
Adult Services	Care at Home	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• Whether the purchasing portal is being used as intended and achieves its aims;</li> <li>• Whether information sharing is effective;</li> <li>• Whether social value and Care Charter commitments made by providers are being fulfilled;</li> <li>• Whether payments from Mosaic are prompt and accurate;</li> <li>• Whether providers wishing to hand back care packages to the internal care provision have had adequate support.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td colspan="2"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate with some issues identified around communication and sharing of information with care providers, and the monitoring of social value commitments.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Priority 1</td> <td>0</td> </tr> <tr> <td>Priority 2</td> <td>1</td> </tr> <tr> <td>Priority 3</td> <td>6</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Management agreed to address a number of recommendations at the Provider Forum, so that boundaries regarding the level of detail appropriate to provide can be discussed.</p> <p>A care plan improvement project is in place and management will monitor and assess after 6 months.</p> <p>Management agreed to monitor circumstances under which issues occur and discuss at the Provider Forum.</p> <p>Joint working with Quality Monitoring Officers will be strengthened and the Business Support Services Manager will be better engaged in performance monitoring meetings.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	1	Priority 3	6
<b>Adequate</b>										
Priority 1	0									
Priority 2	1									
Priority 3	6									



**Blackpool Council: Risk Services**

Children's Services	Children's Homes	<p><b><u>Scope</u></b></p> <p>The scope of our audit work was to review two Children's Homes and undertake compliance testing on a range of operational controls.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="746 443 1469 479"> <tr> <td align="center"><b>Adequate</b></td> </tr> </table> <p>Generally we consider that the controls in place to be adequate, with some risks identified and several changes necessary. In most areas our testing revealed minor lapses in compliance with the controls. However, there is a need to ensure medication refresher training is undertaken annually and that medication competency assessments are recorded in training logs and therefore we consider this area needs improvement.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="746 831 1469 943"> <tr> <td>Priority 1</td> <td align="center">0</td> </tr> <tr> <td>Priority 2</td> <td align="center">13</td> </tr> <tr> <td>Priority 3</td> <td align="center">3</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Management agreed to document the requirement for a service user file and undertake service user file reviews on a regular basis to maintain quality standards.</p> <p>A procedure/guidance for the production of the rota's to ensure a consistent and transparent approach will be maintained.</p> <p>Management agreed to review training logs regularly and ensure medication training is undertaken annually.</p> <p>Management agreed to implement regular DBS status checks across all sites.</p> <p>The medication policy will be updated to include review dates and a responsible officer and a documented process will be maintained for handling and reporting any errors in medication administration.</p> <p>Management agreed to liaise with Finance to raise awareness to ensure purchase cards and petty cash usage has robust arrangements for ensuring value for money and authorisation is obtained. They will also ensure that timely authorisation of transactions and the appropriate reporting of VAT.</p> <p>Management agreed to produce a document to detail the induction process for parents, children and employees.</p> <p>Management agreed to continue to ensure that the care management system currently under development is made functional and fit for purpose for the service.</p> <p>Management agreed to make local managers aware of corporate arrangements ensuring corporate contracts are used where appropriate.</p>	<b>Adequate</b>	Priority 1	0	Priority 2	13	Priority 3	3
<b>Adequate</b>									
Priority 1	0								
Priority 2	13								
Priority 3	3								

**Blackpool Council: Risk Services**

Directorate	Review Title	Assurance Statement							
Corporate	Non-Contracted ICT Software	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• Whether any non-contracted pieces of software exist which have not been identified as part of GDPR related activities.</li> <li>• Whether there are any websites which have been commissioned outside the Council’s own website which have not been captured and assessed to ensure that they are secure.</li> <li>• Whether any software or websites identified above may present a significant risk in relation to data protection or cyber security.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="748 786 1466 824"> <tr> <td align="center"><b>Inadequate</b></td> </tr> </table> <p>Our audit identified that progress in terms of software governance processes had been notable over recent months, with additional work planned to further enhance the approach. However there are uncontrolled risks relating to the security of externally hosted websites.</p> <p>Work relating to potential contract variations as part of GDPR related activity has also fallen by the wayside and remains incomplete. We therefore consider that the controls in place are currently inadequate and have made a number of recommendations in order to address the issues identified.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="748 1305 1466 1413"> <tr> <td>Priority 1</td> <td align="center">2</td> </tr> <tr> <td>Priority 2</td> <td align="center">5</td> </tr> <tr> <td>Priority 3</td> <td align="center">2</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>The Information Governance Group will be re-established and steps will be taken to ensure that the remaining outstanding work regarding high risk contracts and potential contract variations is completed.</p> <p>Management agreed to amend the online software form and flow to prevent a user from continuing with a new software request if personal data is being processed and there is no contract in place with Procurement and Legal Services.</p> <p>Management agreed that DPIA and IT due diligence will be validated at an early stage in the process.</p> <p>Tools to be utilised to identify unknown software will be undertaken to determine if there are any concerns.</p> <p>The Information Governance Group will consider how checks of Due Diligence and DPIA for externally hosted websites should be introduced in order to provide assurance that potential vulnerabilities are addressed.</p>	<b>Inadequate</b>	Priority 1	2	Priority 2	5	Priority 3	2
<b>Inadequate</b>									
Priority 1	2								
Priority 2	5								
Priority 3	2								

**Blackpool Council: Risk Services**

Directorate	Review Title	Assurance Statement	
Corporate	Organisational Culture	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to assess the Council’s organisational culture against the McKinsey model which is advocated by the Chartered Institute of Internal Auditors. The tool covers seven themes including:</p> <ul style="list-style-type: none"> <li>• Shared Values</li> <li>• Style</li> <li>• Skills</li> <li>• Staff</li> <li>• Strategy</li> <li>• Structure</li> <li>• Systems</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="751 792 1465 831"> <tr> <td align="center"><b>Adequate</b></td> </tr> </table> <p>The data considered as part of this audit evidenced that the Council has in place an adequate organisational culture. Whilst further improvements can always be made no significant gaps in terms of systems and processes were identified. The greatest area of risk is ensuring that arrangements are consistently applied as found in the recent audit of Compliance with Corporate Arrangements.</p> <p>Specific recommendations have not been made in this report as this base data should be used in conjunction with the output from the employee survey in order to develop a coordinated and robust methodology to further develop and embed the Council’s organisational culture.</p>	<b>Adequate</b>
<b>Adequate</b>			

**Blackpool Council: Risk Services**

Directorate	Review Title	Assurance Statement								
Resources	Client Finances	<p><b><u>Scope</u></b></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> <li>• The policies and procedures in place to assess whether these are being operated as intended;</li> <li>• Progress made to implement the recommendations which were agreed in the 2016 audit; and</li> <li>• The additional controls put in place following the discovery of fraudulent activity within the service in 2018.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="748 680 1468 719"> <tr> <td align="center" colspan="2"><b>Adequate</b></td> </tr> </table> <p>Overall we have assessed that there is an adequate system of controls for client finances. However, there is scope to further enhance controls around authorisation of purchase card transactions, finance requests and the reconciliation process. Our testing revealed minor lapses in compliance with the controls.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="748 1021 1468 1133"> <tr> <td>Priority 1</td> <td align="center">0</td> </tr> <tr> <td>Priority 2</td> <td align="center">4</td> </tr> <tr> <td>Priority 3</td> <td align="center">2</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Management agreed that clients link card details will not be disclosed on the cardholder agreement.</p> <p>Records will be maintained of all future visits to Blackpool Football Stadium to evidence audit visits.</p> <p>Management agreed to carry out more checks between clients' accounts and bank accounts.</p> <p>Typed signatures will no longer be accepted unless supported by an email from the relevant service manager.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	4	Priority 3	2
<b>Adequate</b>										
Priority 1	0									
Priority 2	4									
Priority 3	2									

**Blackpool Council: Risk Services**

Directorate	Review Title	Assurance Statement							
Resources	Water Self Supply	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to review the arrangements for and outcomes from water self- supply.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="748 461 1469 499"> <tr> <td align="center"><b>Inadequate</b></td> </tr> </table> <p>We consider the controls in place regarding water self - supply arrangements and outcomes to be inadequate, with a number of risks identified and changes necessary to improve controls. The key issues relate to a lack of clarity regarding historical financial liability for water supplies and savings achieved as a result of the new arrangements.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="748 819 1469 931"> <tr> <td>Priority 1</td> <td align="center">3</td> </tr> <tr> <td>Priority 2</td> <td align="center">5</td> </tr> <tr> <td>Priority 3</td> <td align="center">0</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Management agreed to identify the actual application costs incurred for water self – supply.</p> <p>Management agreed to reconcile the full costs of operating the Council’s water self – supply arrangements in the first 12 months of operation versus the expected outcomes from the arrangements and the costs for the previous 12 months of operation. This will be reported to the Council’s Energy and Utilities Group.</p> <p>Management have sought legal advice and an appropriate approach and debt provision has been determined relating to water charges and potential historical liabilities.</p> <p>Management agreed to review and change the system towards suppliers billing directly to services.</p>	<b>Inadequate</b>	Priority 1	3	Priority 2	5	Priority 3	0
<b>Inadequate</b>									
Priority 1	3								
Priority 2	5								
Priority 3	0								

## Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Schools	Stanley Primary School	<p><b><u>Scope</u></b></p> <p>The audit testing which was carried out included:</p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Risk Management</li> <li>• Financial Planning &amp; Budgetary Control</li> <li>• Payroll / HR Management</li> <li>• Expenditure</li> <li>• Income</li> <li>• Unofficial Funds</li> <li>• Security Of Assets</li> <li>• Core Assurance Testing</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td colspan="2"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate with some risk identified and assessed, and several changes necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Priority 1</td> <td>0</td> </tr> <tr> <td>Priority 2</td> <td>7</td> </tr> <tr> <td>Priority 3</td> <td>4</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>The school agreed that the governing body should agree a scope for the use of the unofficial fund and ensure the purpose of the account is solely for this use with regular oversight by governors.</p> <p>The school agreed that the school should refrain from using the unofficial fund where transactions are for the school budget.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	7	Priority 3	4
<b>Adequate</b>										
Priority 1	0									
Priority 2	7									
Priority 3	4									

### ***Progress with Priority 1 audit recommendations***

The review of priority one recommendations is usually undertaken at the end of each quarter. Due to the Council being extremely busy responding to the Covid-19 incident this review has been delayed until the first quarter in 2020/21.

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

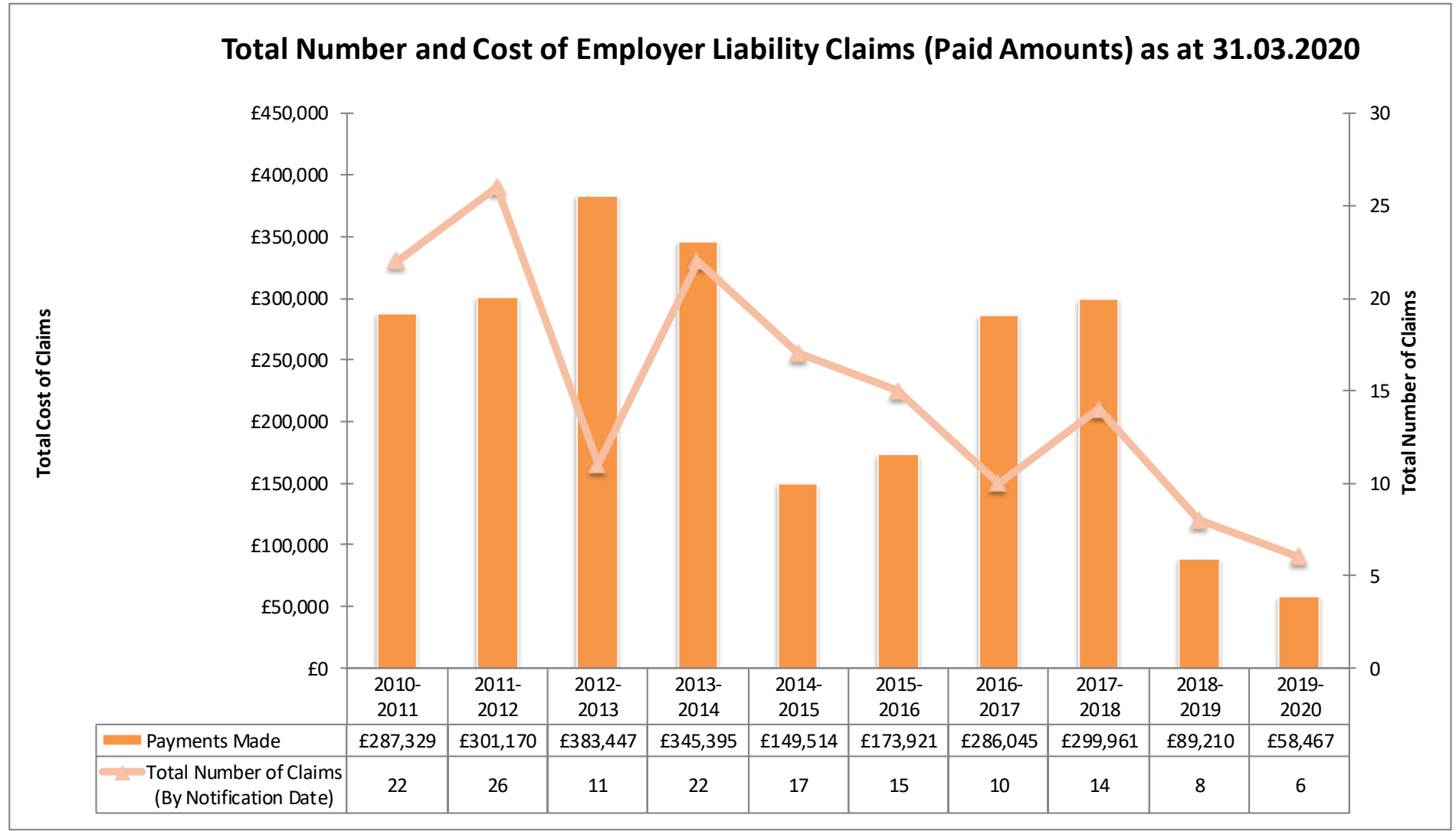
In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between January and March 2020 the Council authorised no RIPA's.

### ***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

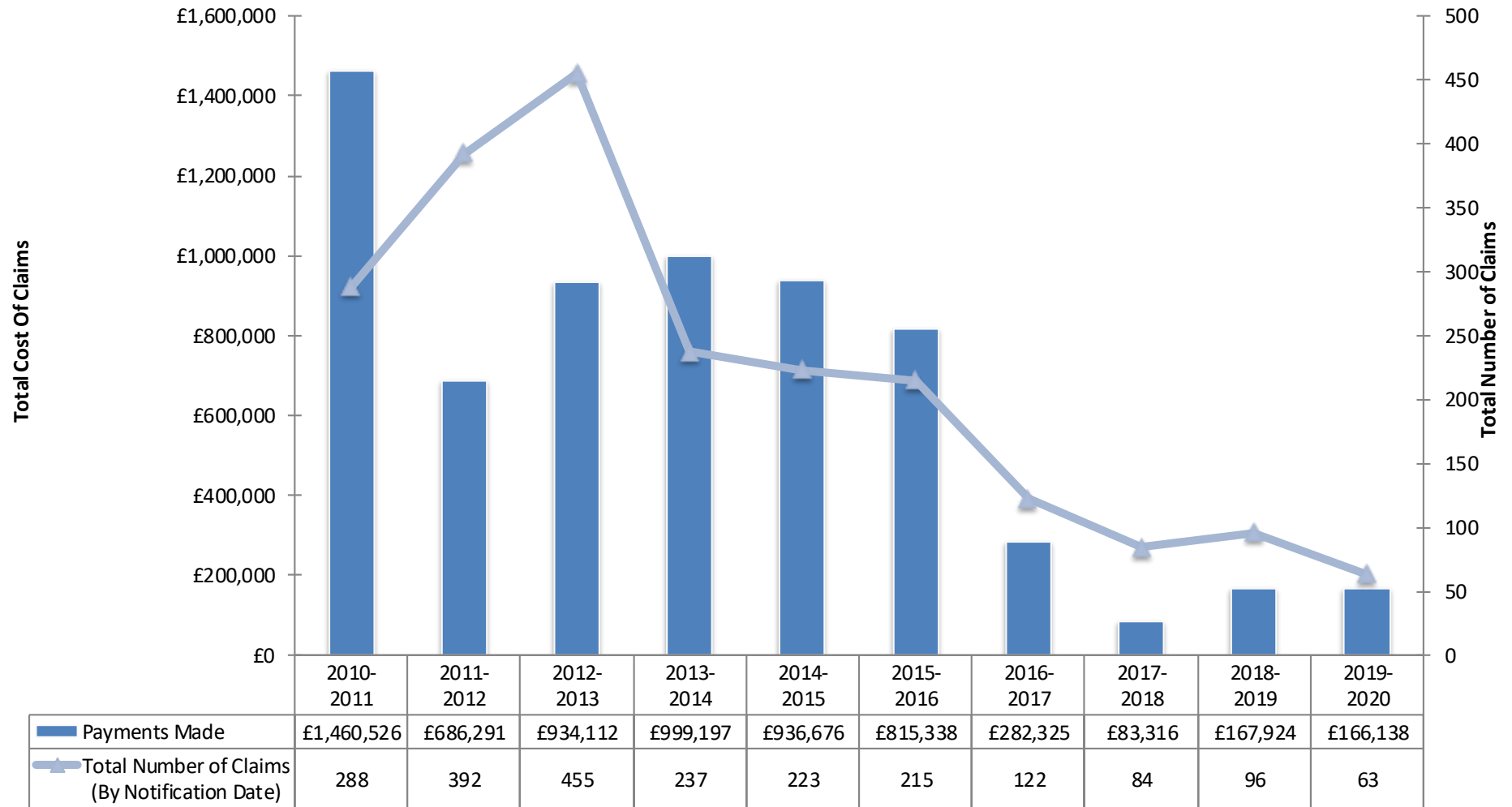
### Total Number and Cost of Public Liability Claims (Paid) as at 31.03.2020





## Blackpool Council: Risk Services

### Total Number and Cost of Public Liability Highways Claims (Paid) as at 31.03.2020



Blackpool Council: Risk Services

**Total Number and Cost of Sensitive Claims/Notifications (Paid) as at 31.03.2020**

