

## Audit and Risk Services Quarter Three Report 1<sup>st</sup> October to 31<sup>st</sup> December 2022

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## 1. Quarter Three Summary

### Service Developments

#### 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>Respite Care (Coopers Way)</li> </ul>
Children's Services	<ul style="list-style-type: none"> <li>Special Educational Needs</li> <li>Children's Centres</li> <li>Elective Home Education</li> </ul>
Chief Executives	<ul style="list-style-type: none"> <li>Community Engagement</li> </ul>
Community and Environmental	<ul style="list-style-type: none"> <li>Driving at Work</li> <li>Leisure Centres</li> </ul>
Corporate	<ul style="list-style-type: none"> <li>Pandemic Response</li> <li>Compliance with Corporate Arrangements</li> <li>Use of Consultants</li> <li>Not in Education, Employment or Training</li> </ul>
Governance and Partnerships	<ul style="list-style-type: none"> <li>Wedding Chapel</li> </ul>
Resources	<ul style="list-style-type: none"> <li>Payment Sense (addition to the plan)</li> </ul>
Schools	<ul style="list-style-type: none"> <li>Bispham Endowed Primary School</li> </ul>

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

There are three auditor vacancies in the team at present. We have successfully appointed to one of these roles (due to start in February 2023) and are actively recruiting to fill the remaining posts. The recruitment issues have had an impact on delivery of the internal audit plan and some reviews will not be completed in the current financial year. However, these will be included on the 2023/24 internal audit plan to ensure coverage in the new financial year. Despite some reviews being deferred ample assurance work will have been completed to enable the Head of Audit and Risk to provide an Annual Opinion.

#### Corporate Fraud

The Senior Counter Fraud Advisor is leading on the post assurance work which is a requirement of Central Government in relation to the various grants paid to local businesses who were impacted by the pandemic and who qualified for the various grant schemes in place. Estimated figures based on the pre and post assurance work carried out are as follows (please note that the figures below do not include any payments made as part of the various discretionary schemes, as these were administered by Economic and Cultural Services):

#### **Small Business Grant Fund (01/04/20 – 31/3/21)**

Total number of payments made:	3,243
Total value of payments made:	£32,440,000
Number of payment errors recovered:	10
Value of payment errors recovered:	£100,000
Number of identified fraudulent applications paid:	1
Value of identified fraudulent applications recovered:	£10,000

Number of attempted fraudulent applications (not paid):	8
Value of attempted fraudulent applications not paid:	£80,000

**Retail Hospitality and Leisure Grants (01/04/20 – 31/03/21)**

Total number of payments made:	714
Total value of payments made:	£12,555,000
Number of payment errors recovered:	11
Value of payment errors recovered:	£185,000
Number of attempted fraudulent applications not paid:	12
Value of attempted fraudulent applications not paid:	£225,000

**Local Restriction Grants (November 2020 – June 2021) – (9 separate grant schemes)**

Total number of payments made:	17,169
Total value of payments made:	£30,742,942
Number of payments rejected due to prepayment checks:	1,848
Value of payments rejected:	£974,017

**Restart Grants (April 2021 – July 2021)**

Total number of payments made:	2,290
Total value of payments made:	£17,238,810
Number of payments rejected due to prepayment checks:	451
Value of payments rejected:	£232,345

**Omicron Grants (February 2022 – March 2022)**

Total number of payments made:	1,307
Total value of payments made:	£3,951,688
Number of payments rejected:	351
Value of payments rejected:	£107,346

**Summary**

Total number of payments made:	24,723
Total value of payments made:	£96,928,440
Number of errors / rejections and recoveries:	2,692
Value of errors / rejections and recoveries:	£1,913,708

In addition, the Corporate Fraud Team are currently investigating a further 2 potential fraudulent cases, with a combined total business grant payments of £124,471. The post assurance work is ongoing which may result in some changes to the above figures once verification from central government for each scheme is received.

In terms of proactive work by the end of the financial year the Corporate Fraud Team will have examined all 2,130 Single Person Discount (SPD) / Electoral Register data matches, as reported by the National Fraud Initiative (NFI) Exercise 2021. To date, this exercise has identified an 8% error rate in SPD claims, resulting in additional charges in excess of £97,000 being levied. In order to minimise potential income losses due to current incorrect SPD awards, the Council has subscribed to the NFI's 'Premium SPD Service' for 2023. In addition to the Electoral Register, this additional service combines intelligence from both Experian (Credit Reference Agency) and other datasets collected as part of the national NFI Exercise. This is intended to provide a complete data footprint for the constitution of households, hence assisting in the identification of any incorrect billing or undeclared changes of circumstances. The results from the data uploads will be received in January 2023.

The communication activity in the quarter focussed on International Fraud Week in November and also on Single Person Discount Fraud in December.

**Risk and Resilience**

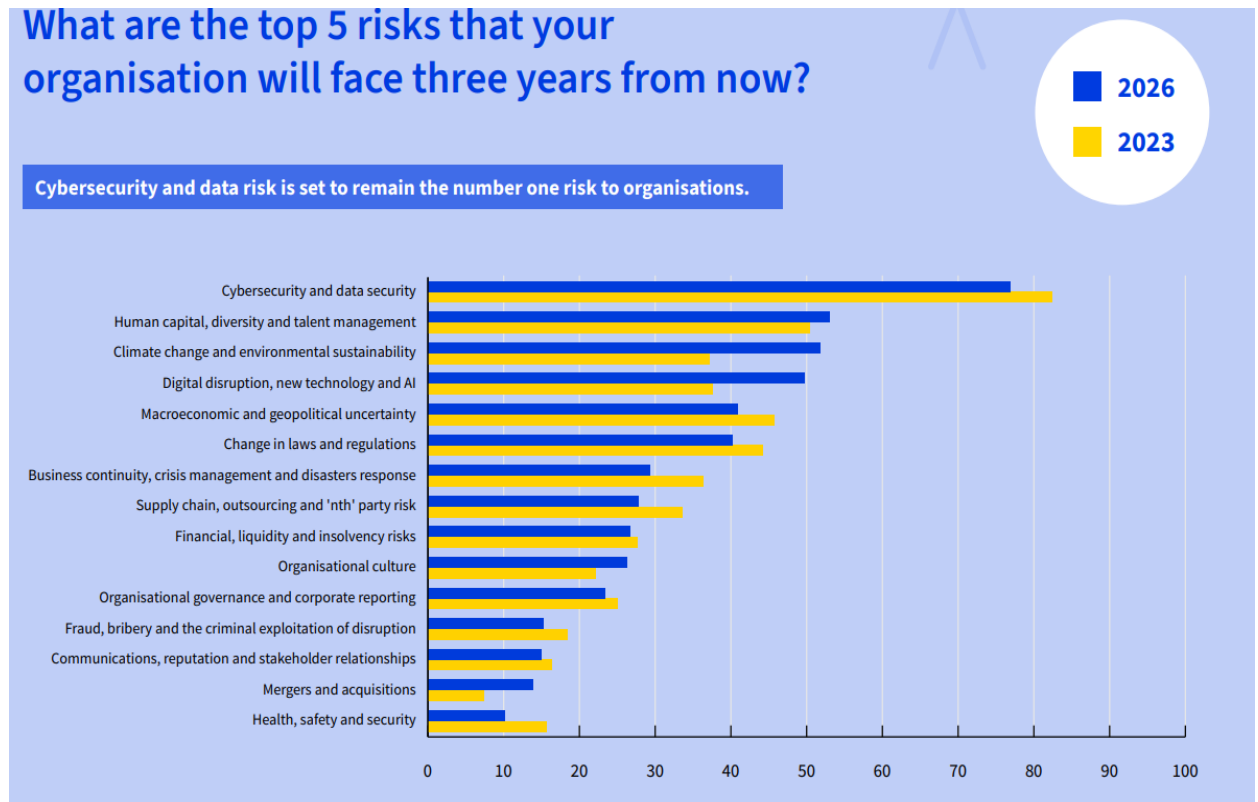
Overall 89% of the scheduled risk management groups were held in the quarter. Work is also underway with the wholly owned companies with all of their strategic risk registers now reviewed to enable effective reporting to the Shareholder Committee. The next stage will be to develop an overarching risk register for the companies.

The service has started a procurement exercise for leaseholder insurance. A broker has been appointed and requests made to the insurance market for quotations which will then be evaluated in January 2023. Continued liaison with the Growth and Prosperity Team is also taking place to understand any potential insurance risks arising due to the ongoing regeneration programme across the town, with property insurance being the greatest risk at present.

A new claims handling system has been procured which should increase efficiency when recording claims data and reporting outcomes. The software supplier has been identified following a procurement exercise and the system will be implemented by the end of March 2023 in preparation for the new financial year.

The Senior Risk and Resilience Advisor left the team in the quarter. Following a recruitment exercise the Risk and Resilience Officer was promoted to the senior role. A member of the Internal Audit team was subsequently appointed to the Risk and Resilience Officer role. There is still one vacancy in the team which is an additional post to create capacity and help manage demand and this is currently being advertised.

The Chartered Institute of Internal Auditors published their Risk in Focus (2023) report in the quarter which identifies the key risks faced by organisations in 2023 and over a three year period to 2026 as shown in the following chart:



Each of these areas will continue to be considered as part of the Council’s risk management processes and provide a useful insight to the update of the Strategic Risk Register.

**Health and Safety**

The modernisation of the health and safety management system on the Hub is ongoing, as is the transfer of accident reporting onto the new HR system which is due to go live in April 2023.

Core health and safety training has been delivered, and there is continued demand for more bespoke training for individual teams and the delivery of toolbox talks by the health and safety team.

The team have carried out a monitoring exercise across all of the libraries to identify any staff concerns in relation to health and safety and work with management to address any perceived issues.

The team made a Report to the HSE of a Dangerous Occurrence in relation to a window which shattered from the 4th floor of Bickerstaffe House onto pavement. The team have also supported Property Services and Layton Primary School following the visit from the HSE in relation to asbestos management.

The team continue to deliver services to a number of external organisations which generates an income for the team. These include three of the wholly owned companies, schools (in and out of borough) and Fylde Borough Council.

There are three vacancies in the health and safety team at present with active recruitment campaigns underway for two of these posts. The vacant trainee health and safety post is being held at present but is likely to be filled in the future, however options are just being considered. Offers have been made to two candidates for positions and pending pre-employment checks, it is hoped that these will take up post in quarter four.

**Performance****Risk Services performance indicators**

Performance Indicator (Description of measure)	2022/23 Target	2022/23 Actual
Professional and technical qualification as a percentage of the total.	85%	69%

**Internal Audit Team performance indicators**

Performance Indicator (Description of measure)	2022/23 Target	2022/23 Actual
Percentage audit plan completed (annual target).	90%	61%
Percentage draft reports issued within deadline.	96%	90%
Percentage audit work within resource budget.	92%	100%
Percentage of positive satisfaction surveys.	85%	96%
Percentage compliance with quality standards for audit reviews.	85%	94%

**Risk and Resilience Team performance indicators**

Performance Indicator (Description of measure)	2022/23 Target	2022/23 Actual
Percentage of Council service business continuity plans up to date.	100%	75%

Performance Indicator (Description of measure)	2022/23 Target	2022/23 Actual
Percentage of risk registers revised and up to date at the end of the quarter.	100%	64%
Number of risk and resilience training and exercise sessions held (annual target).	6	3
Percentage of property risk audit programme completed (annual target).	100%	100%

The updated information for risk registers is as follows:

Risk Management Group	Percentage Updated by end of December	Risk Registers Not Updated
Adult Services	100%	N/A
Central Support Services	62%	Executives Management Support
		Housing Strategy
		ICT
		Property Services
Children's Services	100%	N/A
Communications & Regeneration	38%	Arts Development Service
		Beach Patrol
		Corporate Print Services
		Economic Development
		Heritage Service
		Car Park Service
		Communications
		Visit Blackpool
		Grundy Art Gallery
Libraries		
Community & Environmental Services	89%	Highways (Engineering)
Public Health	100%	N/A

The updated information for business continuity plans is as follows:

Directorate	Percentage Updated Within 12 Months	Business Continuity Plans Not Updated
Adult Services	92%	Adult Social Care
Chief Executive	33%	Corporate Delivery, Commissioning & Performance
		Housing Options
Children's Services	100%	N/A

Communications & Regeneration	60%	Beach Patrol
		Print Blackpool
		Visit Blackpool
		Communications
		Blackpool Museum Project
		Strategic Leisure Assets
Community & Environmental Services	63%	Track Services
		Environmental Protection
		Food Control and H&S
		Planning Enforcement
		Housing Enforcement
		Trading Standards and Licencing
Governance & Partnerships	100%	N/A
Public Health	100%	N/A
Resources	86%	ICT Services

#### ***Health and Safety performance indicators***

<b>Performance Indicator (Description of measure)</b>	<b>2022/23 Target</b>	<b>2022/23 Actual</b>
RIDDOR Reportable Accidents for Employees	0	4

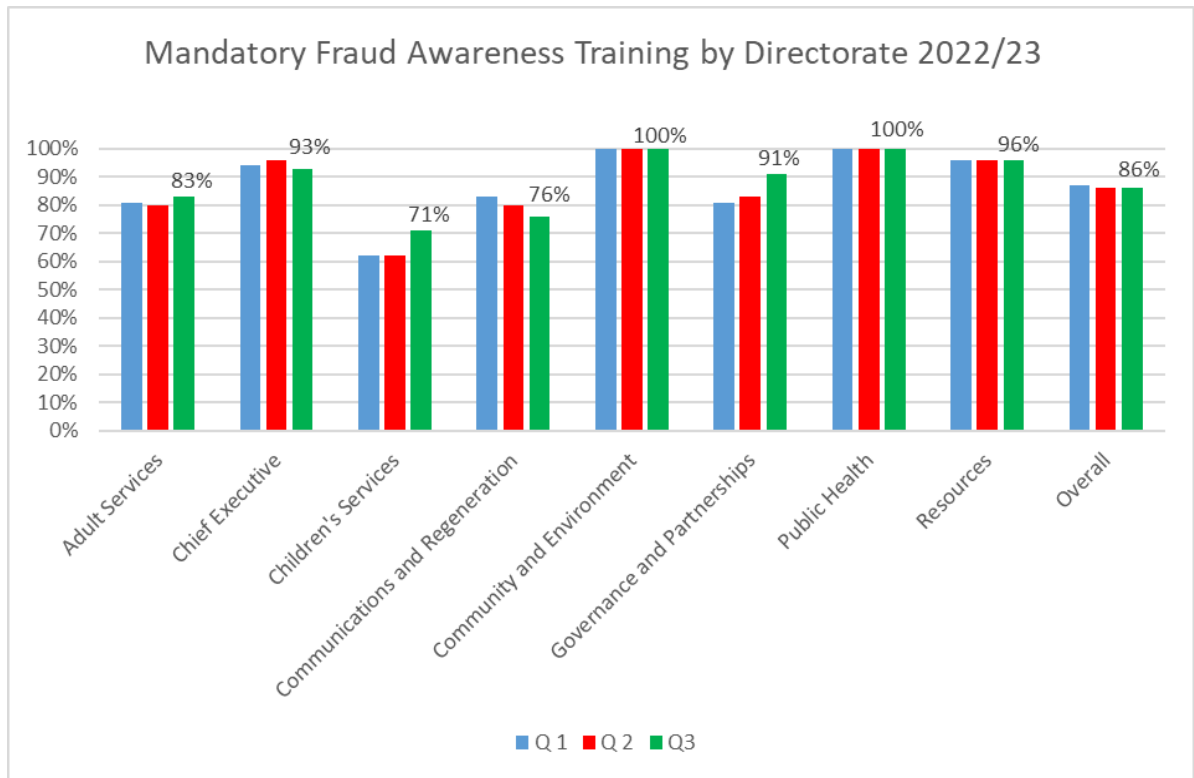
There were two new RIDDOR cases relating to employees reported in the quarter, a summary of the details is as follows:

- Integrated Transport - Slip, trip, fall injury - Whilst cleaning a wing mirror, the employee was thrust forward into the bus causing injury to head, right hand, wrist, and left knee and aggravated hip from the previous injury.
- School - Physical Assault - Pupil bit through skin and fractured employee's thumb.

#### ***Corporate Fraud Team performance indicators***

<b>Performance Indicator (Description of measure)</b>	<b>2022/23 Target</b>	<b>2022/23 Actual</b>
% of agreed Council employees completed i-Pool fraud awareness course.	100%	86%

As at the end of Quarter 3, the overall completion rate has remained the same from Quarter 2 (i.e. 86%). Whilst there have been some changes to the levels of completion within individual Directorates, further analysis has revealed that such fluctuations can be attributed to Directorate staffing changes which have occurred during the quarter.





2. **Appendix A: Performance & Summary Tables for Quarter Three****Internal Audit reports issued in period**

Directorate	Review Title	Assurance Statement										
Adult Services	Direct Payments Financial Control Assurance Testing	<p><b>Scope</b></p> <p>The scope of our audit was to ensure that effective controls are in place to minimise financial risk related to direct payments.</p> <p><b>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 577 1465 618"> <thead> <tr> <th colspan="2" data-bbox="778 577 1465 618">Adequate</th> </tr> </thead> <tbody> <tr> <td data-bbox="778 618 1126 658">Overall we have assessed that there is an adequate system of controls over the Direct Payments system. The use of the Direct Payments module in Mosaic, the Social Care case management system, has improved and streamlined processes. However, policies and procedures need to be brought up to date and there needs to be a more consistent approach to completing the audit paperwork. Furthermore, where we sought evidence of compliance with the key financial controls it was found that the evidence demonstrated that there were lapses in compliance in some of the areas tested.</td> <td data-bbox="1126 618 1465 658"></td> </tr> </tbody> </table> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 1077 1465 1189"> <tbody> <tr> <td data-bbox="778 1077 1126 1117">Priority 1</td> <td data-bbox="1126 1077 1465 1117">0</td> </tr> <tr> <td data-bbox="778 1117 1126 1158">Priority 2</td> <td data-bbox="1126 1117 1465 1158">2</td> </tr> <tr> <td data-bbox="778 1158 1126 1189">Priority 3</td> <td data-bbox="1126 1158 1465 1189">2</td> </tr> </tbody> </table> <p><b>Management Response</b></p> <p>Management will ensure that finance policies and caseworker procedures will be updated. In addition, policies and procedures which are no longer relevant will be deleted.</p> <p>Management do not intend to reintroduce spot checks (as per arrangements pre-Covid) as peer checking clawbacks and regular supervision mitigate the risks.</p> <p>The Direct Payments Team Manager will review all agreements for completeness and ensure that they have been signed by the Direct Payments Team Manager. The audit testing had identified one email authorisation which had been misfiled and this has since been located.</p> <p>Staff will be reminded of the need to ensure that the direct payment audit checklist is complete, evidence is saved in the appropriate file, all audit actions are included on the returns letter and audit return letters provide clear instruction to the client including deadline dates where appropriate. Team procedures will also be updated to reflect this.</p>	Adequate		Overall we have assessed that there is an adequate system of controls over the Direct Payments system. The use of the Direct Payments module in Mosaic, the Social Care case management system, has improved and streamlined processes. However, policies and procedures need to be brought up to date and there needs to be a more consistent approach to completing the audit paperwork. Furthermore, where we sought evidence of compliance with the key financial controls it was found that the evidence demonstrated that there were lapses in compliance in some of the areas tested.		Priority 1	0	Priority 2	2	Priority 3	2
Adequate												
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Priority 1	0											
Priority 2	2											
Priority 3	2											

Directorate	Review Title	Assurance Statement							
Adult Services	Hornby Road Setting	<p><b><u>Scope</u></b></p> <p>The scope of the audit was to undertake compliance testing in the following areas:</p> <ul style="list-style-type: none"> <li>• Processes regarding referrals and escalations.</li> <li>• Processes regarding Care Plans.</li> <li>• Procedures for medication.</li> <li>• Whether Infection control arrangements are in place which follow National Guidelines.</li> <li>• Whether Occupational Health and Safety Manuals and Risk Assessments are in place.</li> <li>• How annual leave is managed.</li> <li>• Whether staff training plans are in place.</li> <li>• Whether DBS checks have been carried out.</li> <li>• Purchasing cards and petty cash.</li> <li>• Quality assurance arrangements are in place.</li> <li>• Security measures are in place.</li> <li>• Service user's monies and personal items.</li> <li>• Inventories and stock control procedures.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 1003 1465 1043"> <tr> <td style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate overall. In most areas 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="778 1218 1465 1330"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">4</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>A Document Control system will be created.</p> <p>The Operational Lead will source a pool of staff to support the setting in the event of needing extra staffing.</p> <p>A Training Matrix is in place and is currently being reviewed.</p> <p>All card holders will familiarise themselves with the guidance for purchase cards.</p> <p>The Centre Manager will discuss cleaning regimes to enable the creation of an effective cleaning system.</p> <p>The Centre Manager is looking at software to track Regulation 44 OFSTED recommendations.</p> <p>An activity coordinator will be planning and organising internal and external activities.</p>	<b>Adequate</b>	Priority 1	0	Priority 2	5	Priority 3	4
<b>Adequate</b>									
Priority 1	0								
Priority 2	5								
Priority 3	4								

Directorate	Review Title	Assurance Statement								
Adult Services	Phoenix Centre Setting	<p><b><u>Scope</u></b></p> <p>The scope of the audit was to undertake compliance testing in the following areas:</p> <ul style="list-style-type: none"> <li>• Processes regarding referrals and escalations.</li> <li>• Processes regarding Care Plans.</li> <li>• Procedures for medication.</li> <li>• Whether Infection control arrangements are in place which follow National Guidelines.</li> <li>• Whether Occupational Health and Safety Manuals and Risk Assessments are in place.</li> <li>• How annual leave is managed.</li> <li>• Whether staff training plans are in place.</li> <li>• Whether DBS checks have been carried out.</li> <li>• Purchasing cards and petty cash.</li> <li>• Quality assurance arrangements are in place.</li> <li>• Security measures are in place.</li> <li>• Service user's monies and personal items.</li> <li>• Inventories and stock control procedures.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 1003 1465 1043"> <tr> <td colspan="2" style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate overall, with some risk identified and some changes necessary. Our testing revealed minor lapses with the controls.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 1249 1465 1361"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">1</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Processes are now in place to bring risk assessments up to date. Additionally, all staff members will attend Risk Assessment training.</p> <p>All Health and Safety documentation that is produced will have document/version control implemented.</p> <p>A training matrix is in place, and the maintenance of this has been allocated to an identified Duty Manager. A new system for collating training information is being discussed at a divisional level to ensure there is a consistent approach.</p> <p>All members of staff are now subscribed to annual DBS update service.</p> <p>During all team meetings there will be a purchase card agenda item, to remind staff members of the process.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	4	Priority 3	1
<b>Adequate</b>										
Priority 1	0									
Priority 2	4									
Priority 3	1									

Directorate	Review Title	Assurance Statement							
Chief Executives	Social Housing White Paper Preparations	<p><b><u>Scope</u></b></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> <li>• Governance and management arrangements;</li> <li>• Project planning; and</li> <li>• Gap analysis work conducted and interactions with the Council's housing companies.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 577 1465 613"> <tr> <td style="text-align: center;"><b>Good</b></td> </tr> </table> <p>We consider that the controls in place are good with most risks identified and assessed and only minor control improvement required.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 792 1465 904"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">2</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Evidential requirements will be agreed which will include the type of evidence required, its location, who the owner of that information is and how it will be obtained. The working group will create a decision log which will be escalated to the Board to ensure appropriate oversight.</p> <p>Reporting arrangements will be agreed once systems are in place including what should be reported, to who and when and how these systems will be managed going forward. This will include consideration of reporting to Elected Members.</p>	<b>Good</b>	Priority 1	0	Priority 2	0	Priority 3	2
<b>Good</b>									
Priority 1	0								
Priority 2	0								
Priority 3	2								

Directorate	Review Title	Assurance Statement								
Communications and Regeneration	Planning	<p><b><u>Scope</u></b></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> <li>• Governance and Management Arrangements;</li> <li>• Adherence to Performance against Statutory Functions and duties;</li> <li>• Development Management processes;</li> <li>• Disputes and appeals process, including quality of decision making; and</li> <li>• Community engagement, including Social Value.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 723 1465 757"> <thead> <tr> <th colspan="2" style="text-align: center;"><b>Adequate</b></th> </tr> </thead> </table> <p>We consider that the controls in place are adequate with some risk identified and several changes necessary. We note that there are system limitations preventing robust automated mechanisms and there are documented procedures in place to mitigate these weaknesses. 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="778 1077 1465 1189"> <tbody> <tr> <td>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;">6</td> </tr> </tbody> </table> <p><b><u>Management Response</u></b></p> <p>Options for the use of e-signatures will be explored for use on authorising officer reports.</p> <p>Case Officer monitoring spreadsheets will be stored on the SharePoint site to enable accessibility in the instances of unplanned absences.</p> <p>The recharging process for highways related applications will be reviewed and embedded.</p> <p>A reminder of the planning application review requirements will be issued to authorising officers.</p> <p>The statutory return procedure note will be produced and made available to the wider team.</p> <p>Appeal outcome statistics will be presented to Planning Committee.</p> <p>Liaison between Growing Places and Public Protection will take place to ensure awareness of each services priorities and ensure these are suitably aligned.</p> <p>Liaison with the Corporate Procurement Team will take place to explore the introduction of social value information in planning guidance.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	2	Priority 3	6
<b>Adequate</b>										
Priority 1	0									
Priority 2	2									
Priority 3	6									

Directorate	Review Title	Assurance Statement							
Communications and Regeneration	Illuminations	<p><b><u>Scope</u></b></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> <li>• Project Management of the Illuminations Town Deal;</li> <li>• Management of Illuminations including financial management, cost controls and stock controls;</li> <li>• Roles and responsibilities including staff skill set; and</li> <li>• Income generation relating to the services provided to other local authorities.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 757 1465 795"> <tr> <td style="text-align: center;"><b>Inadequate</b></td> </tr> </table> <p>Although our audit has recommended a number of improvements, it is specifically the non-compliance with procurement procedures that has tipped the overall assurance rating from adequate, therefore we have assessed the controls in place are inadequate, a number of material risks have been identified and significant improvement is required.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 1115 1465 1227"> <tr> <td>Priority 1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">8</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>A formal tendering exercise will be undertaken in line with the Council's Contract Procedure Rules.</p> <p>Advice will be sought from Legal Services about contracts with penalties for late delivery of goods.</p> <p>The Town Deal plan will be developed further to ensure it encompasses all of the elements listed in the expenditure profile.</p> <p>Monitoring of overtime and sickness absences will continue and, if possible, a suitable solution found.</p> <p>The manual stock recording process will be reviewed to ensure it is robust and is being complied with. An exercise will be undertaken to determine the minimum levels required for each line of stock.</p> <p>Staffing costs in relation to services provided to third parties will be charged to the relevant scheme so that the profitability of each scheme can easily be identified.</p> <p>Steps will be taken to ensure that where invoices are raised outside of the period to which they relate these are included on the end of year journals lists.</p>	<b>Inadequate</b>	Priority 1	1	Priority 2	8	Priority 3	3
<b>Inadequate</b>									
Priority 1	1								
Priority 2	8								
Priority 3	3								

Directorate	Review Title	Assurance Statement										
Corporate	Wholly Owned Companies Leases, Asset Registers, Contracts and Operating Agreements	<p><b>Scope</b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• Whether accurate, complete and up-to-date leases, asset registers, contracts and operating agreements are in place.</li> <li>• Whether roles and responsibilities relating to these documents are clear in order to ensure compliance with obligations and to support financial management of each subsidiary.</li> </ul> <p><b>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 667 1465 703"> <thead> <tr> <th colspan="2" data-bbox="778 667 1465 703">Adequate</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="778 703 1465 846">We consider that controls relating to wholly owned companies leases, asset registers, contracts and operating agreements are adequate with most risks identified and assessed and some changes necessary.</td> </tr> </tbody> </table> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 913 1465 1025"> <tbody> <tr> <td data-bbox="778 913 1123 949">Priority 1</td> <td data-bbox="1123 913 1465 949">0</td> </tr> <tr> <td data-bbox="778 949 1123 985">Priority 2</td> <td data-bbox="1123 949 1465 985">7</td> </tr> <tr> <td data-bbox="778 985 1123 1025">Priority 3</td> <td data-bbox="1123 985 1465 1025">1</td> </tr> </tbody> </table> <p><b>Management Response</b></p> <p>Business Continuity Plans for each of the companies should consider the risk of the loss of senior management. The Shareholder Liaison Officers will gain assurance that this is routinely considered.</p> <p>The Shareholder Committee have been consulted regarding the documentation required for BECL and it has been agreed that an Operating Agreement will be put in place.</p> <p>The completion and renewal of outstanding leases will be addressed.</p> <p>The leasehold agreements for BAOL properties will be updated to reflect the current parties involved.</p> <p>BECL are responsible for producing a full asset register for the complex. Progress on producing this register will be reported to the Shareholder Liaison Officer.</p> <p>As BCH use a system to maintain a register of the social housing stock that they manage on behalf of the Council, it will be ensured that Property Services also have access.</p> <p>The Company Secretaries will liaise with the Shareholder Liaison Officers to determine what documentation is required for each company in order to manage internal operations and mitigate risk to the Council.</p>	Adequate		We consider that controls relating to wholly owned companies leases, asset registers, contracts and operating agreements are adequate with most risks identified and assessed and some changes necessary.		Priority 1	0	Priority 2	7	Priority 3	1
Adequate												
We consider that controls relating to wholly owned companies leases, asset registers, contracts and operating agreements are adequate with most risks identified and assessed and some changes necessary.												
Priority 1	0											
Priority 2	7											
Priority 3	1											

Directorate	Review Title	Assurance Statement							
Corporate	Event Management	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• How internal and external co-ordination, procedures and communications are used to manage risks around events;</li> <li>• Progress made against the actions agreed to address the recommendations made in our previous audit.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 645 1465 685"> <tr> <td style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>A number of areas of good practice have been identified, for example in relation to attracting and arranging popular events in Blackpool and the operation of the Safety Advisory Group. Therefore, we consider that the controls in place in relation to events management arrangements are currently adequate. There are a number of areas where improvements can be made to further develop formal event co-ordination, written procedures and communication.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 1070 1465 1182"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">9</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">1</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Preparations have already been undertaken and currently known Protect Duty requirements embedded. The exact date of Protect Duty legislation is as yet unknown at which point further adjustments to event management will be required.</p> <p>A third party pricing policy will be discussed to try and achieve consistency of approach to event charging.</p> <p>A written understanding with the BID is being developed specifying relative responsibilities, communications and access mechanisms in relation to events.</p> <p>Reminders regarding the timeliness of event notifications will be issued to event organisers.</p> <p>The Safety Advisory Group will be used to ensure that the organisers understand their responsibility for insurance, and that evidence of insurance is provided when requested.</p> <p>A Council wide approach to event site visits and sign off processes will be developed and incorporated within an overall events policy and written procedure.</p>	<b>Adequate</b>	Priority 1	0	Priority 2	9	Priority 3	1
<b>Adequate</b>									
Priority 1	0								
Priority 2	9								
Priority 3	1								



Directorate	Review Title	Assurance Statement								
Governance and Partnerships	Adult Social Care Legal Services Support	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• The level of legal support being accessed by Adult Social Care;</li> <li>• Whether any changes are required to ensure that Adult Social Care are receiving and accessing an appropriate level of support.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 611 1465 647"> <tr> <td colspan="2" style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that controls relating to Adult Social Care Legal Services Support are adequate with most risks identified and assessed and some changes necessary. The quality of the legal support available to the Adult Social Care department has significantly improved since the introduction of a dedicated, internal Adult Social Care Legal Team.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 967 1465 1079"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>The client department and external solicitors have all been encouraged to contact the Adult Social Care Legal Team using the catch-all email address going forward.</p> <p>The more experienced Adult Social Care Solicitor has arranged to regularly attend meetings scheduled by the client department so that regular contact can be maintained with all service managers.</p> <p>Action is underway to document the risks associated with the outstanding Deprivation of Liberty Safeguards applications so that this information can be provided to the client department. Written confirmation will be obtained from the client department agreeing a way forward in respect of these applications.</p> <p>Conversations have already commenced to arrange training with the client department focussing on earlier engagement. Training opportunities will continue to be arranged in conjunction with the client department to support continuous professional development needs.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	1	Priority 3	3
<b>Adequate</b>										
Priority 1	0									
Priority 2	1									
Priority 3	3									

Directorate	Review Title	Assurance Statement								
Public Health	Health Protection Arrangements	<p><b>Scope</b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• Delivery of health protection duties as assigned by statute and central Government;</li> <li>• Clarity of roles and responsibilities and interface with the UK Health Security Agency (UKHSA) and other new public health arrangements; and</li> <li>• Resource and budget capacity to deliver existing and new duties, following the pandemic response.</li> </ul> <p><b>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 719 1465 757"> <thead> <tr> <th colspan="2" data-bbox="778 719 1465 757">Adequate</th> </tr> </thead> </table> <p>An experienced Health Protection Team lead by a Consultant in Public Health is in place to support the Director of Public Health in executing health protection responsibilities. Activity to support the development of a five year Health Protection Strategy is underway. Roles and responsibilities between the Council and UKHSA are understood and are in the process of being formally documented via a memorandum of understanding. We therefore consider that the controls in place for health protection arrangements are adequate.</p> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 1182 1465 1294"> <tbody> <tr> <td data-bbox="778 1182 1123 1220">Priority 1</td> <td data-bbox="1123 1182 1465 1220">0</td> </tr> <tr> <td data-bbox="778 1220 1123 1258">Priority 2</td> <td data-bbox="1123 1220 1465 1258">3</td> </tr> <tr> <td data-bbox="778 1258 1123 1294">Priority 3</td> <td data-bbox="1123 1258 1465 1294">2</td> </tr> </tbody> </table> <p><b>Management Response</b></p> <p>Steps will be taken to ensure that in the event of key representatives not being available to attend Health Protection Board meetings, a deputy attends.</p> <p>The Health Protection Strategy development event has taken place and both the finalised strategy and associated Health Protection Plan will now be produced.</p> <p>A pilot using a toolkit to evaluate a nurse led door knocking service has been undertaken and has worked well. The toolkit will now be used to help evaluate programmes (particularly vaccination related ones) going forward.</p> <p>Steps will be taken to ensure that the memorandum of understanding between the Council and UKHSA is finalised.</p> <p>The resourcing of the Health Protection Team will continue to be reviewed to ensure that future needs are met if additional responsibilities are delegated to local authorities by UKHSA.</p>	Adequate		Priority 1	0	Priority 2	3	Priority 3	2
Adequate										
Priority 1	0									
Priority 2	3									
Priority 3	2									

Directorate	Review Title	Assurance Statement								
Resources	Energy Management Detailed Follow-Up	<p><b><u>Scope</u></b></p> <p>The scope of this follow up audit was to assess whether the recommendations of last year’s audit review have been appropriately addressed.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 488 1465 521"> <tr> <td colspan="2" style="text-align: center;"><b>Inadequate</b></td> </tr> </table> <p>We consider that the controls in place are inadequate given that there are still two outstanding priority one recommendations although we acknowledge that progress is being made to address these issues.</p> <p><b><u>Number of Recommendations Made</u></b></p> <table border="1" data-bbox="778 734 1465 846"> <tr> <td>Priority 1</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">0</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Steps will be taken to ensure all end of year journals are captured and signed off by the Service Manager Energy and Sustainability at year end namely utilities due but not paid and recharges due but not raised to the customer.</p> <p>The Service Manager will conduct a review to quantify the work activity within the area, matched to the available resources to ascertain whether there is an acute resource issue or whether streamlined processes and smarter billing processes will rectify the situation.</p> <p>The new billing arrangements will be monitored to ensure they free up sufficient resources. The Service Manager (Energy and Sustainability) will seek feedback from customers on the new billing arrangements and make adjustments where appropriate.</p> <p>SystemsLink will be reconciled to Efinancials at least on a quarterly basis but this needs to be guided by the frequency of re-charges. The reconciliation will include re-charges to the Academies and wholly owned companies up to the point they transfer to the new billing system. The implementation of the new ‘Technology One’ finance system in 2023/24 financial year will be considered in relation to further improvements and more streamlined billing processes.</p> <p>The ongoing issues with Water Plus will be resolved as soon as is reasonably practicable and advice has been sought from Legal Services. A new statement of account has been received from Waterplus and a process of reconciliation and challenge is underway.</p>	<b>Inadequate</b>		Priority 1	2	Priority 2	3	Priority 3	0
<b>Inadequate</b>										
Priority 1	2									
Priority 2	3									
Priority 3	0									

Directorate	Review Title	Assurance Statement								
Resources	Council Tax Financial Control Assurance Testing	<p><b><u>Scope</u></b></p> <p>The scope of our audit was to ensure that effective controls are in place to minimise financial risk related to council tax.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <table border="1" data-bbox="778 488 1465 521"> <tr> <td colspan="2" style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and assessed with changes necessary. The recommendations we have made in this review reflect similar findings to the Council Tax Internal Audit Report of 2019/20.</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" data-bbox="778 857 1465 969"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><b><u>Management Response</u></b></p> <p>Up-to-date guidance and procedures will be implemented and regularly reviewed, dated and version controlled.</p> <p>Quality checks will be reintroduced as a control and to target training requirements.</p> <p>A documented scheme of delegation will be created for transaction authorisation limits.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	0	Priority 3	3
<b>Adequate</b>										
Priority 1	0									
Priority 2	0									
Priority 3	3									

Directorate	Review Title	Assurance Statement								
Resources	Creditor Payments Financial Control Assurance Testing	<p><b>Scope</b></p> <p>The scope of our audit was to ensure that effective controls are in place to minimise financial risk related to creditor payments.</p> <p><b>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 488 1465 521"> <tr> <td colspan="2" style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>Overall we have assessed that there is an adequate system of controls over the Creditors system. Our testing revealed a satisfactory level of compliance with the controls.</p> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 734 1465 846"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">2</td> </tr> </table> <p><b>Management Response</b></p> <p>New documents and processes will be implemented as part of the new system and will be reviewed going forward.</p> <p>Petty Cash Guidance for users and managers has been reviewed and updates published on the Hub. A reminder will be sent to petty cash users and authorisers that the limit for any one transaction processed through petty cash is £30. Where there is a need to go above this limit other methods of payment should be considered such as purchase cards.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	1	Priority 3	2
<b>Adequate</b>										
Priority 1	0									
Priority 2	1									
Priority 3	2									

Directorate	Review Title	Assurance Statement								
Schools	Stanley Primary School	<p><b>Scope</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>Overall Opinion and Assurance Statement</b></p> <table border="1" data-bbox="778 748 1465 786"> <tr> <td colspan="2" style="text-align: center;"><b>Adequate</b></td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and assessed and several changes necessary. Our testing revealed minor lapses in compliance with the controls.</p> <p><b>Number of Recommendations Made</b></p> <table border="1" data-bbox="778 996 1465 1108"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">5</td> </tr> </table> <p><b>Management Response</b></p> <p>A register of business interests will be maintained and updated each year using the Governor Hub.</p> <p>The Purchase Card Policy will be communicated to all staff as a reminder of the procedures to be followed.</p> <p>The write-off/ disposal of equipment policy will be updated to include the authorisation for the disposal of equipment.</p> <p>The school now have a copy of the Scheme for Financing Schools and will use it to review our financial policies.</p> <p>The school will ensure that financial benchmarking is completed.</p> <p>The school will contact Employee Relations to update Google Drive so that they have the Whistleblowing Policy to share with all staff.</p> <p>The Administration Assistant will be trained so that cover can be provided in the event of staff absence and ensure continued segregation of duties for financial transactions.</p> <p>Review dates for the Governor's Terms of Reference will be included in the document.</p>	<b>Adequate</b>		Priority 1	0	Priority 2	3	Priority 3	5
<b>Adequate</b>										
Priority 1	0									
Priority 2	3									
Priority 3	5									

**Progress with Priority 1 audit recommendations**

Two priority one recommendations were implemented in the quarter including:

- Community Engagement x 1
- Civil Claims Financial Data x 1

A number of priority one recommendations which were due in the quarter have had their deadline extended following discussion between the relevant Head of Service and the Head of Audit and Risk, and include:

- Water Self-Supply x 1
- Managing the Leavers Process x 1
- CCTV x 1
- Animal Health Outbreak Management x 1
- Track Maintenance Programme x 1
- Wholly Owned Companies Governance Arrangements x 1
- Energy Management x 2
- Cyber Security (Data Infrastructure) x 1
- Highways Enforcement x 2
- Commissioning x 1

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

In line with best practice, it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between October 2022 and December 2022, the Council authorised no RIPAs.

***Fraud and Error Data***

The fraud and error statistics are now in the new format agreed as part of this year's Fraud and Error Prevention Charter and can be found in Appendix B.

***Insurance claims data***

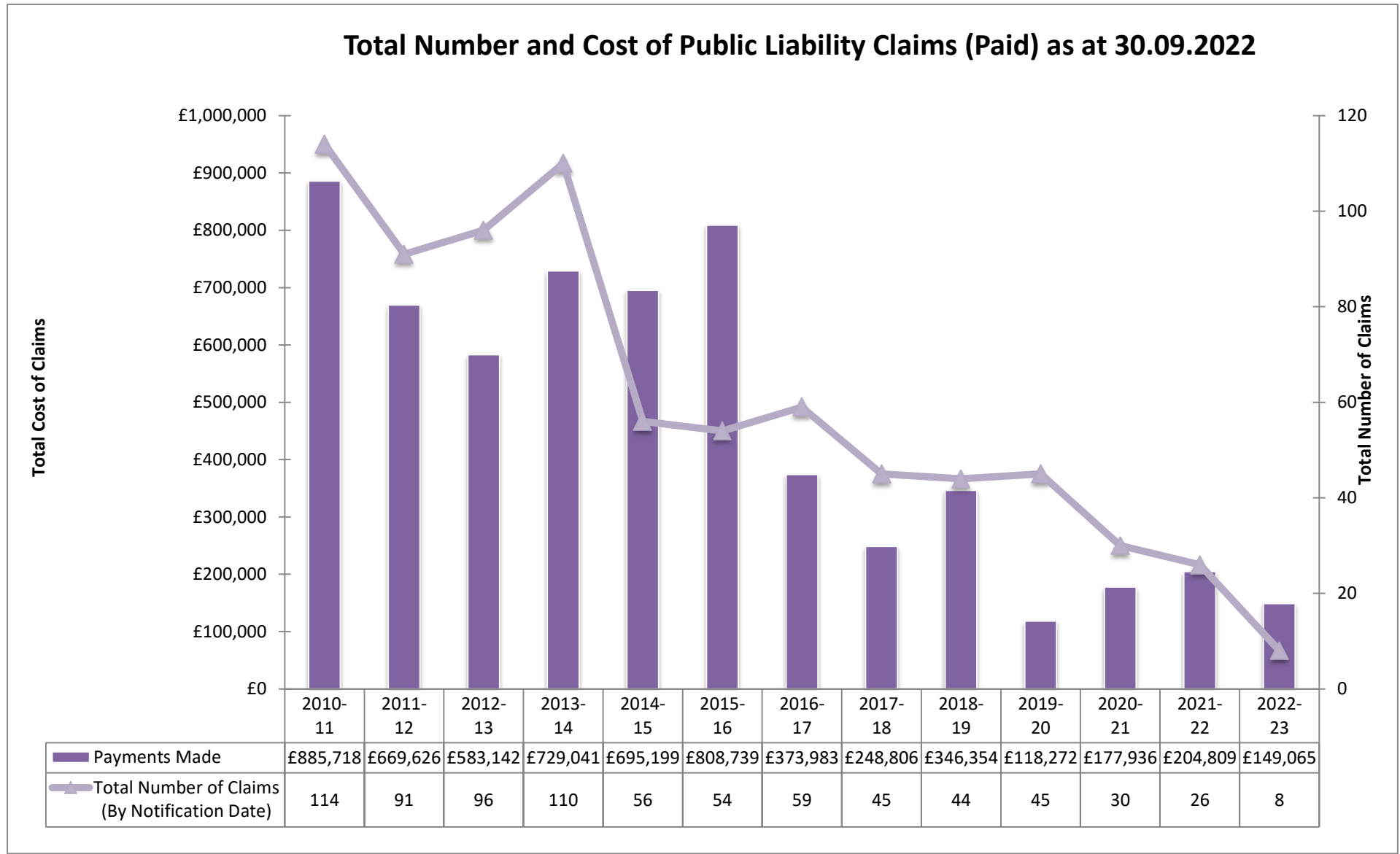
The graphs at Appendix C show the cost of liability insurance claims paid to date during each financial year by the Council.

3. Appendix B - Fraud and Error Statistics 2022/23

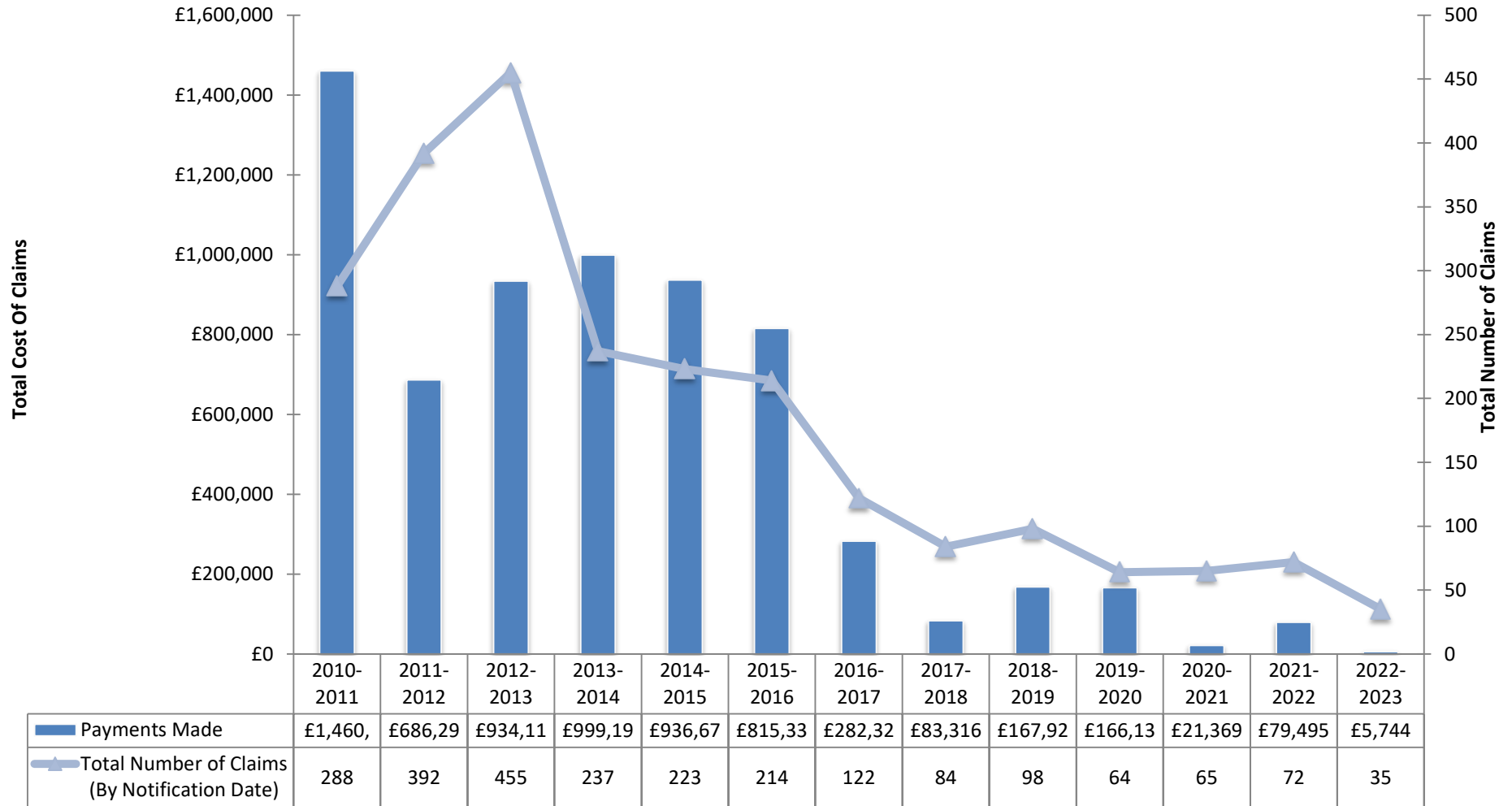
CORPORATE FRAUD AND ERROR STATISTICS - 2022/2023	Number of Cases Brought Forward from 2021/22	Referrals Received				Case Closures									Total Value of Fraud Proven / Error Identified	Action Taken on Closed Cases					Number of Cases Currently Under Investigation
		Internal	External	NFI	Total Number of Referrals Received	Fraud Proven			Error Proven			No Fraud/Error Identified				No Further Action	Recommendation	Disciplinary	Administrative Penalty	Prosecution	
						Internal	External	NFI	Internal	External	NFI	Internal	External	NFI							
<b>ANNUAL SUMMARY 2022/23</b>																					
<b>Type of Fraud</b>																					
Council Tax - Single Person Discount	2,121	54	7	35	96	0	0	0	37	1	157	22	9	1,894	£ 111,322.01	2,120	0	0	0	0	97
Council Tax Reduction (CTR)	762	33	11	271	315	0	0	0	5	0	1	13	12	427	£ 18,130.61	458	0	0	0	0	619
Housing Benefit Claims	7	0	0	0	0	0	0	0	0	0	5	0	0	2	£ -	7	0	0	0	0	-
Housing Tenants	129	0	0	0	0	0	0	0	0	0	0	0	0	111	£ -	111	0	0	0	0	18
Payroll	11	5	0	0	5	2	0	0	0	0	0	0	0	5	£ -	5	0	2	0	0	9
Business Rates	4	0	0	0	0	0	0	0	0	0	0	0	0	-	£ -	-	0	0	0	0	4
Procurement	2,538	0	0	0	0	0	0	0	0	0	0	0	0	2,524	£ -	2,524	0	0	0	0	14
Fraudulent Insurance Claims	2	0	0	0	0	0	0	0	0	0	0	0	0	-	£ -	-	0	0	0	0	2
Social Care	3	1	0	0	1	0	0	0	0	0	0	2	0	-	£ -	2	0	0	0	0	2
Abuse of Position - Financial Gain	-	0	0	0	0	0	0	0	0	0	0	0	0	-	£ -	-	0	0	0	0	-
Abuse of Position - Data	-	2	1	0	3	0	0	0	0	0	0	0	0	-	£ -	-	0	0	0	0	3
General Financial Fraud	17	2	4	0	6	1	0	0	1	0	0	3	5	-	£ 721.19	9	0	1	0	0	13
Blue Badge Parking/Travel Concessions/Resident Parking	23	3	1	0	4	0	0	0	1	0	0	1	2	-	£ 515.91	4	0	0	0	0	23
Housing/Right to Buy	-	0	0	0	0	0	0	0	0	0	0	0	0	-	£ -	-	0	0	0	0	-
<b>Totals:</b>	<b>5,617</b>	<b>100</b>	<b>24</b>	<b>306</b>	<b>430</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>1</b>	<b>163</b>	<b>41</b>	<b>28</b>	<b>4,963</b>	<b>£ 130,689.72</b>	<b>5,240</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>804</b>



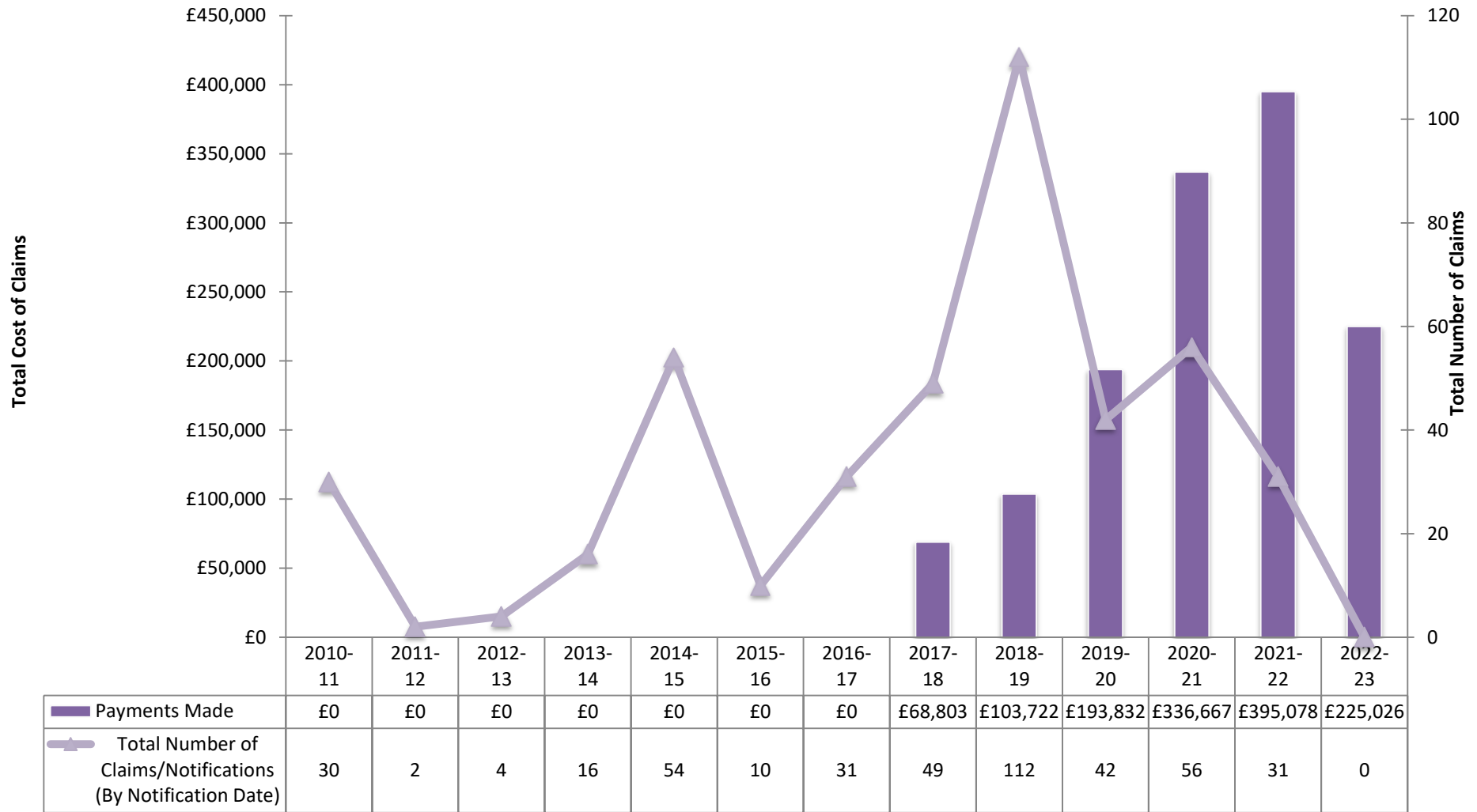
4. Appendix C – Insurance Claim Payments by Financial Year



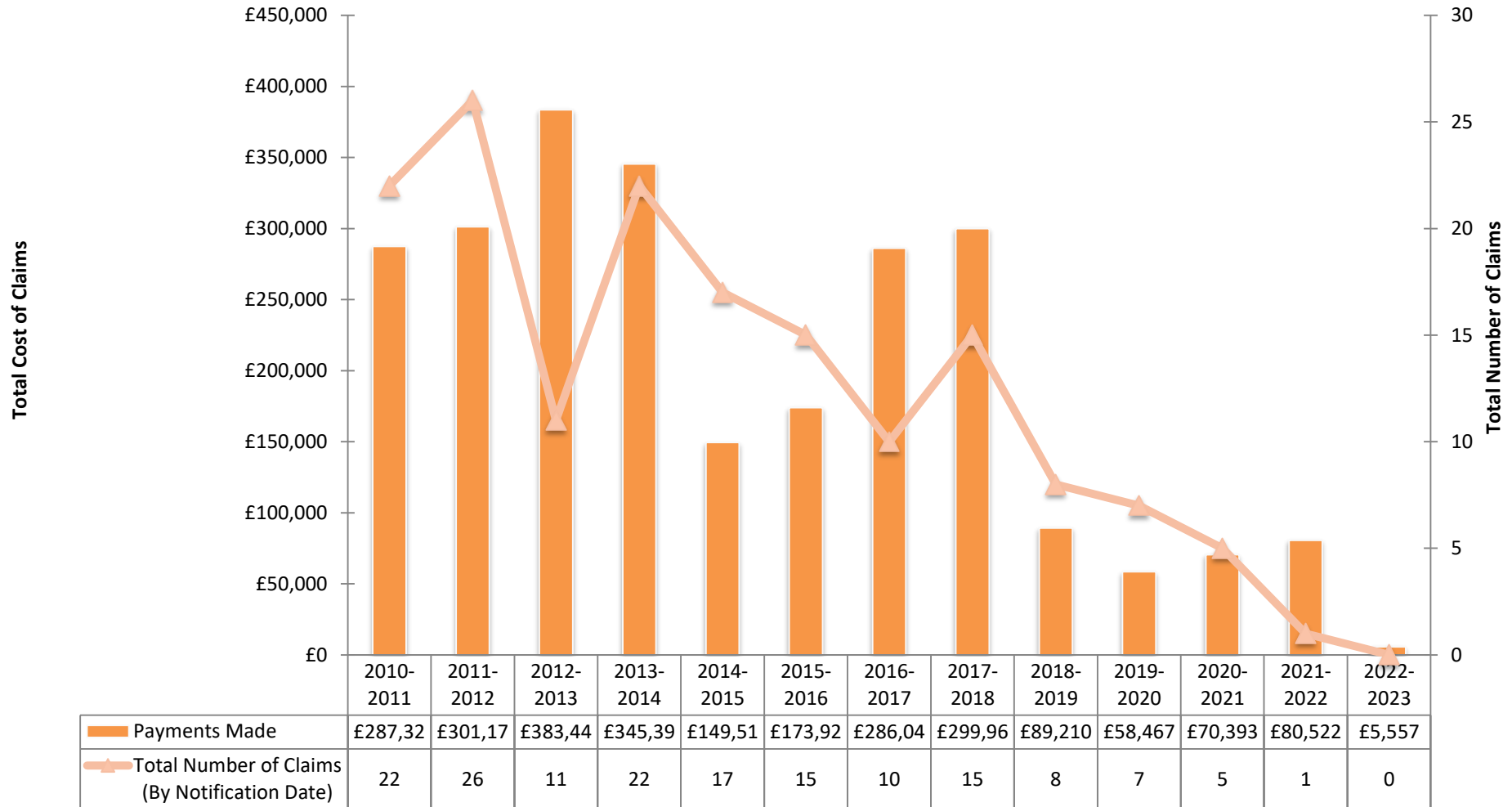
### Total Number and Cost of Public Liability Highways Claims (Paid) as at 30.09.2022



**Total Number and Cost of Sensitive Claims/Notifications (Paid) as at 30.09.2022**



**Total Number and Cost of Employer Liability Claims (Paid Amounts) as at 30.09.2022**



**Total Number and Cost of Data Breach Claim (Paid) as at 30.09.2022**

