

Risk Services Quarter Four Report 1st January to 31st March 2016

Contents	Page
1. Fourth Quarter Summary.....	2
Service Developments.....	2
2. Performance.....	3
Risk Services Performance indicators	3
Internal Audit Team performance indicators	3
Risk and Resilience Team performance indicators	4
Corporate Fraud Team performance indicators	5
Corporate Fraud Team Statistics (Including National Fraud Initiative Findings)	6
3. Appendix A: Performance & Summary Tables for Quarter Four	7
Internal Audit reports issued in period	7
Progress with Priority 1 audit recommendations	18
The Regulation of Investigatory Powers Act 2000	18
Insurance claims data.....	18
4. Appendix B – Insurance Claims Data.....	19

Risk Services Quarter Four Report – 2015/2016

1. Fourth Quarter Summary

Service Developments

1.1 *Internal Audit*

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

- Banking Contract
- Framework-I – Non-Residential Payments
- Blackpool Housing Company
- Positive Steps into Work
- Ward Budgets

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*

Stephen Hagan has been appointed at the Council’s new Corporate Fraud Officer and will be taking up post in April 2016. Stephen has considerable experience working in corporate fraud in the NHS and his knowledge, particularly around fraud prevention work, will help enhance the current processes in place.

Steps are being taken to revise the Council’s policies and procedures for undertaking covert surveillance as part of the work of the Corporate RIPA Group. These changes are being made to reflect best practice and the knowledge obtained from the training received earlier in the year.

Under the Local Government Transparency Code (2014) there is a requirement to publish on annual basis further information in relation to fraud investigation undertaken by the Local Authority. In order to comply with this it was agreed with the Corporate Leadership Team that this information would be reported on an annual basis in the Risk Services Annual Report and the table below provides the required information for 2015/2016:

Information Recommended for Publication	Council Position
The number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) Regulations 2014, or similar powers.	None.
Number of Counter Fraud Staff Employed by the Authority.	Three.
Amount Spent by the Authority on Counter Fraud Work.	£104,044
Number of Fraud Cases Investigated.	See table on page 6 of this report.
Number of occasions on which fraud was identified.	See table on page 6 of this report.
Monetary value of the fraud detected and recovered.	See table on page 6 of this report.

Risk Services Quarter Four Report – 2015/2016

1.3 *Risk and Resilience*

The team has been working on the insurance renewals for the Council, BCH and the Housing Company to ensure that adequate provision is in place for 2016/17. The terms and cover arrangements implemented for 2015/16 have been retained.

The Driving at Work Handbook has been reviewed in consultation with the Driving at Work Risk Management Group. The document is now going for approval prior to being rolled-out across the Council and will be relevant to all employees who drive a vehicle whilst at work.

Business continuity guidance for information technology has been produced in conjunction with ICT Services. This has been rolled-out via the Senior Leadership Team and will also feature on future risk management group agendas to ensure that all services are aware of the guidance.

A major incident exercise was undertaken on the 19th January 2016 involving a wide range of Council services. The outcome of this exercise is being collated and will help with future learning and development of the Major Emergency Plan.

The team are supporting the planned demolition at Queens Park to offer advice on insurance, risk management and emergency planning arrangements.

2. Performance

Risk Services Performance indicators

Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Professional and technical qualification as a percentage of the total.	85%	71%

Internal Audit Team performance indicators

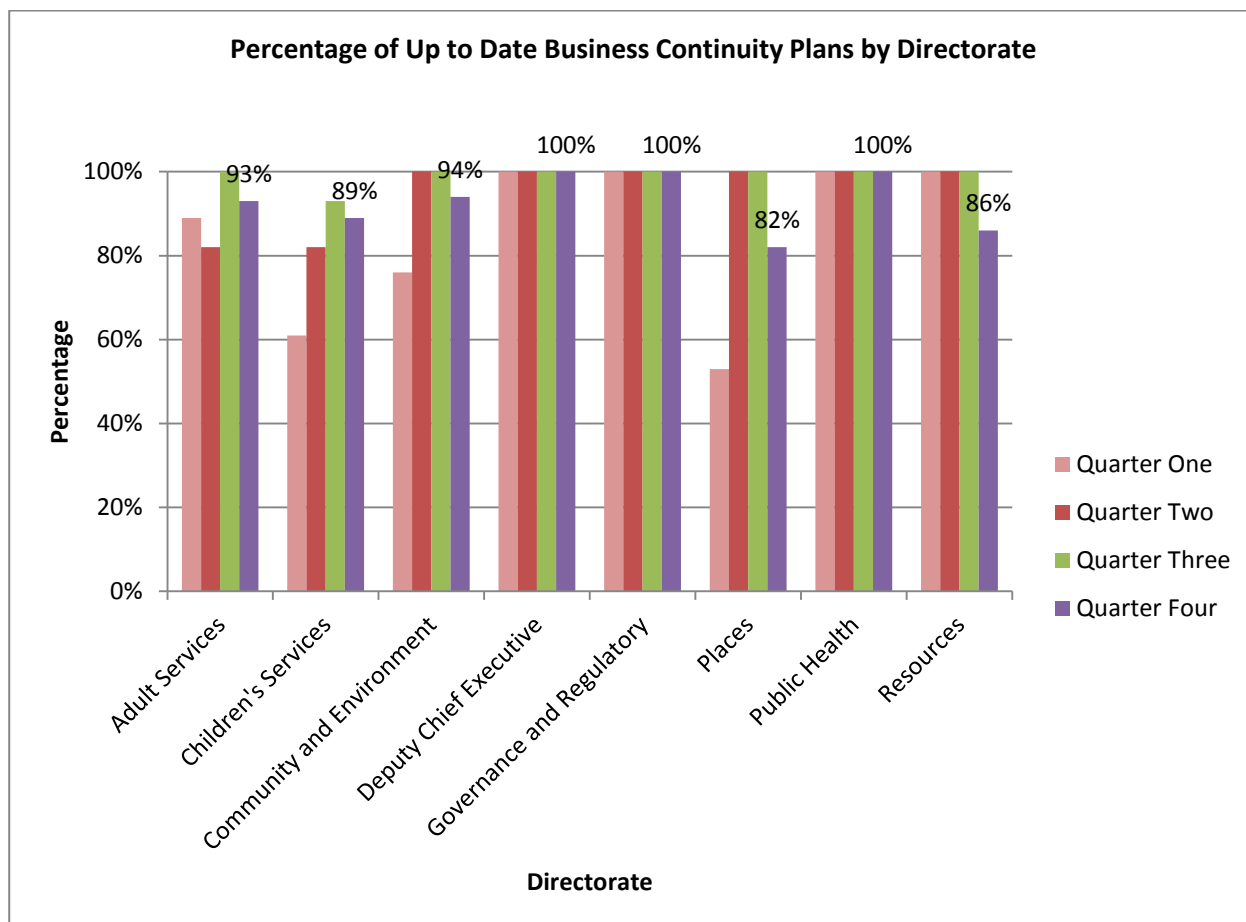
Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Percentage audit plan completed (annual target).	90%	89%
Percentage draft reports issued within deadline.	96%	97%
Percentage audit work within resource budget.	92%	91%
Percentage of positive satisfaction surveys.	85%	88%
Percentage compliance with quality standards for audit reviews.	85%	87%

Risk Services Quarter Four Report – 2015/2016

Risk and Resilience Team performance indicators

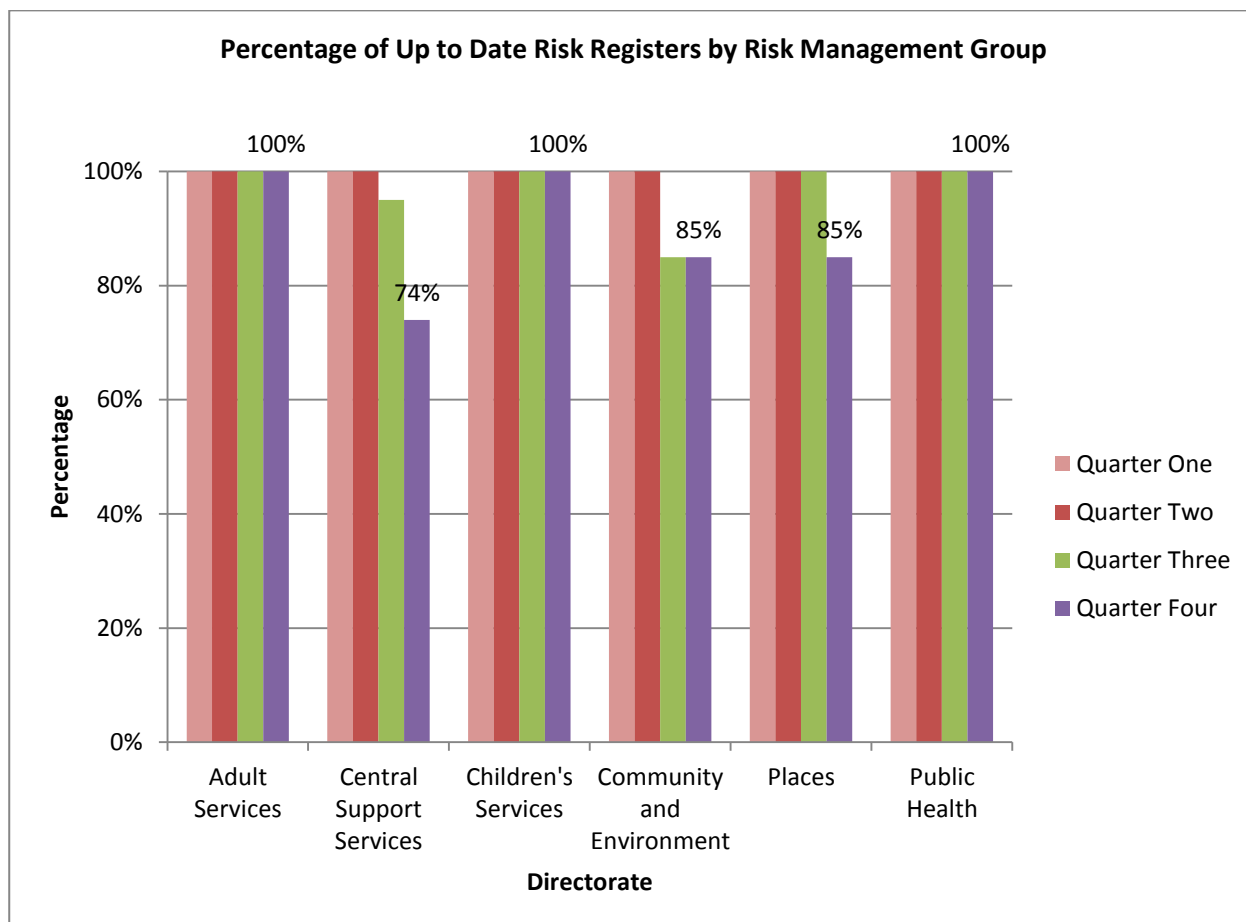
Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Percentage of Council service business continuity plans up to date.	90%	90%
Number of risk and resilience training and exercise sessions held (annual target).	6	10
Number of trained Emergency Response Group Volunteers (for monitoring purposes only – responsibility lies with Adult Social Care)	60	42
Percentage integration into the Lancashire Resilience Forum workstreams.	70%	70%
Percentage of property risk audit programme completed (annual target).	90%	89%
Percentage of risk registers revised and up to date at the end of the quarter.	90%	85%

*In support of the 90% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate:



Risk Services Quarter Four Report – 2015/2016

*In support of the 85% of risk registers revised and up to date by the end of the quarter the following graph shows a breakdown by department:



Corporate Fraud Team performance indicators

Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Percentage of high risk / recommended National Fraud Initiative matches investigated (annual target).	100%	100%

Blackpool Council: Risk Services

Risk Services Quarter Four Report – 2015/2016

Corporate Fraud Team Statistics (Including National Fraud Initiative Findings)

	Number of Referrals Received	Number of Fraud / Error Proven	Under Investigation	No Fraud	Value of Fraud / Error	Action Taken				
						AP	Pro	Rec	NFA	Disc
Type of Fraud	2015/2016 Cumulative Figure									
Council Tax Discount	19	1	3	15	£1,233.84	0	0	1	15	0
Council Tax Reduction (CTR)	39	4	19	16	£1,495.59	0	0	4	16	0
Business Rates	0	0	0	0	£0.00	0	0	0	0	0
Procurement	8	1	1	6	£546.11	0	0	1	6	0
Fraudulent Insurance Claims	27	0	22	5	£0.00	0	0	0	5	0
Social Care	0	0	0	0	£0.00	0	0	0	0	0
Economic & Third Sector Support	0	0	0	0	£0.00	0	0	0	0	0
Debt	2	0	1	1	£0.00	0	0	0	1	0
Pension	0	0	0	0	£0.00	0	0	0	0	0
Investment	0	0	0	0	£0.00	0	0	0	0	0
Payroll & Employee contract fulfilment	1	1	0	0	£21,109.49	0	0	0	0	1
Expenses	0	0	0	0	£0.00	0	0	0	0	0
Abuse of position - financial gain	9	1	2	6	£1,449.99	0	0	0	6	1
Abuse of position - manipulation of financial or non-financial data	5	2	1	2	£0.00	0	0	0	2	2
Fraudulent cashing of housing benefit cheque	2	0	0	2	£0.00	0	0	0	2	0
Disabled parking concessions	2	0	0	2	£0.00	0	0	0	2	0
National Fraud Initiative (high risk)	2,752	553	0	2,199	£120,904.01	0	0	553	2,199	0
Totals:	2,866	563	49	2,254	£146,739.03	0	0	559	2,254	4

	January	February	March
Number of Referrals Sent to a Third Party – Not including NFI	6	4	6

Risk Services Quarter Four Report – 2015/2016

3. Appendix A: Performance & Summary Tables for Quarter Four

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement
Adult Services	Care Act: Deferred Payments	<p><u>Scope:</u></p> <p>The scope of our audit was to review whether the Council’s Deferred Payment Scheme meets the relevant requirements of the Care Act and whether the business processes supporting the implementation of the scheme are robust.</p> <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place in relation to the deferred payment scheme are adequate, with some risks identified and assessed and some further control improvements required. Implementation of the recommendations specified in the report, should ensure a satisfactory level of control going forward.</p>
Children’s Services	Early Years Free Entitlement Grant	<p><u>Scope:</u></p> <p>The scope of our audit included:</p> <ul style="list-style-type: none"> • The robustness of processes and controls in place designed to ensure that claims for funding of free entitlement are free from fraud or error. • The level of compliance with those processes and controls. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place designed to ensure that claims for funding of free entitlement are free from fraud or error, are adequate however there is a significant degree of reliance on the settings providing accurate and up to date information to the Early Years team in order to ensure that payments are correct.</p> <p>The quality of information provided by settings varies and so overall the level of compliance with the controls within the settings is inadequate given the inconsistencies with attendance record keeping, issuing of invoices and keeping of birth certificates. The addition of spot checks of evidence provided by settings and reinforcement of the procedures will reduce the risk of incorrect payments.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Children's Services	Layton Primary School	<p><u>Scope:</u></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> • Purchasing • Procurement • Petty cash and purchase cards • Income • Payroll • Banking <p><u>Assurance Statement:</u></p> <p>Layton Primary School has cheque book status and has previously experienced issues with completing reconciliations on a timely basis. We understand that work has now been undertaken to resolve this issue and the reconciliation controls are currently working adequately.</p> <p>We consider that the financial controls in place are adequate with some risks identified and assessed and several changes necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Children's Services	Leaving Care Service	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • The general reasons for the increase in the number of children accessing the Leaving Care service and the increase in costs; • The arrangements for children accessing the Leaving Care service, including relationships with other Council departments, external agencies and local authorities, to assess whether the current arrangements are the most efficient and cost effective way to provide the service; • Controls around payment mechanisms and how expenditure is recorded, controlled and accounted for. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are inadequate, with a number of risks identified and improvements required particularly around the use of cash and financial monitoring. The service is currently taking steps to address identified issues however proposed improvements have not yet been fully implemented.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Children's Services	<p>Troubled Families (January 2016 Grant Submission)</p>	<p><u>Scope:</u></p> <p>Our agreed testing of the January 2016 return involved undertaking the following compliance tests:</p> <ul style="list-style-type: none"> • For a sample of ten families per the claim, check that the family was eligible to be selected for the programme and met at least two of the selection criteria. • For a sample of ten families per the claim, check that the results have been attained for each of the criteria identified for each of the families tested (Education/Crime/ASB, Progress to Work and Continuous Employment outcomes). • Check for duplication between this claim and the previous claims to ensure that results are not claimed twice for the same family. • Check for duplication within the current claim to ensure that results are not claimed twice. <p><u>Assurance Statement:</u></p> <p>Having carried out an appropriate level of testing we are satisfied that the Troubled Families Payments by Results return submitted in January 2016 is satisfactory and complies with the DCLG Framework published in November 2014.</p> <p>During September 2015 testing we identified four duplicated claims, these were confirmed and agreed to be deducted from the number of claims being made in the January 2016 submission.</p> <p>An additional six duplications were identified as part of the testing for the January 2016 submission, however, there were also six families that were detailed in the submission list that have not been claimed for due to the families not being included at the time of the audit review as they were identified as eligible to be claimed for following the audit testing. Therefore no adjustment to the duplications is necessary though the additional six families will need to be reviewed at the next submission to ensure they are not then claimed for.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Community and Environment	Street Lighting PFI	<p><u>Scope:</u></p> <p>The scope of our audit included:</p> <ul style="list-style-type: none"> • The appropriateness and effectiveness of the Council contract management arrangements now that the contract has moved beyond the Core Investment Programme to include plans for resourcing going forward, resilience and succession planning. • The effectiveness of relationships with other Council services such as Energy and Sustainability and Highways. • Follow-up of the recommendations from the 2013/14 Internal Audit Street Lighting and Traffic Signal PFI. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are adequate with some risks identified and assessed and some further control improvements required. However, we consider the lack of succession planning to be inadequate.</p>
Community and Environmental	Lancashire Waste Partnership	<p>The scope of our audit was to:</p> <ul style="list-style-type: none"> • Follow up recommendations from the 2014/15 Internal Audit Waste PFI report; and • Review the effectiveness of the relationship between the partners. <p><u>Assurance Statement:</u></p> <p>A number of key developments have been implemented to strengthen governance arrangements for the Lancashire Waste Partnership, since our last audit, to improve both governance overall and the effectiveness of partnership working. These developments have helped to foster good working relationships between the parties.</p> <p>There is however a need to make significant savings to the waste disposal budgets of both partners which necessitates a number of significant changes to operations. Although outline proposals for the achievement of the operational savings have been agreed, the detailed plans are to be developed over the next few months. Therefore, at this stage, the lack of an up to date business plan leads us to conclude that overall the governance arrangements are currently inadequate.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Community and Environment	Highways	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • The responses provided for the ‘dry run’ of the Department for Transport’s Local Highways Maintenance Capital Funding: self-assessment questionnaire for the incentive fund, in particular weaknesses that have been identified and how these can be addressed to achieve the full Band 3 attainment, • The service’s ability to demonstrate value for money for its operations division, and • The service’s plans to deliver the new Road Asset Management Strategy (2015-2045) and whether these are deliverable under the current structure and arrangements. <p><u>Assurance Statement</u></p> <p>The Council has recently submitted the Department for Transport’s Local Highways Maintenance Capital Funding: self-assessment questionnaire for the incentive fund and has assessed itself as attaining band two score.</p> <p>The Council has a number of good practice arrangements in place and the new Road Asset Management Strategy was approved by Executive on 4th April 2016. Additional work needed to be able to demonstrate the ability to attain the full band three score for the Department for Transport’s Highways Capital Maintenance Incentive Fund is set out in a detailed action plan. In terms of having adequate plans to achieve the band three score and having a deliverable highways strategy the service is assessed as adequate.</p> <p>The service is currently liaising with the Corporate Procurement Team to put in place appropriate procurement arrangements for its Operations Service Division which will help ensure value for money going forward.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Corporate	Deliverability of Savings Targets	<p><u>Scope:</u></p> <p>The scope of the audit included a review of the:</p> <ul style="list-style-type: none"> • Overall corporate process to arrive at the approved list of proposed savings including the incorporation of lessons learned from previous years; and • Robustness of the plans in place for deliverability of the individual proposed savings with an emphasis on the larger savings targets and those perceived as highest risk. <p><u>Assurance Statement:</u></p> <p>We consider that the process identified to continue to meet the ever increasing reductions to Council funding is adequate although we have identified some areas for improvement.</p> <p>However, at the time of our review some of the resultant plans to deliver the larger corporate savings targets identified were not sufficiently developed and therefore considered inadequate until the details of their delivery are finalised. We do however recognise that additional savings have had to be identified in a short time frame and appreciate that further work will be undertaken over the coming weeks and months to finalise detailed delivery plans.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Deputy Chief Executives	Payroll	<p><u>Scope:</u></p> <p>The scope of our audit included:</p> <ul style="list-style-type: none"> • Key financial controls, • Segregation of duties, • System access arrangements, • Management information and exception reports, • Integration of the payroll system with other systems; and • Responsibilities of payroll and service management particularly information flows and the timeliness of information. <p><u>Assurance Statement:</u></p> <p>We consider that based on the financial controls testing performed for Blackpool Council the controls in place are adequate. However, clear and robust documentation of procedures is not in place for all key payroll processes.</p> <p>Our testing also found that there were two known instances where controls in place have not been sufficient to prevent significant overpayments. We note that the service has either put in, or agreed to put in, more stringent control measures to prevent future reoccurrence.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Governance and Regulatory	Coroners Service	<p><u>Scope:</u></p> <p>The scope of our audit included: a review of:</p> <ul style="list-style-type: none"> • Whether the service is working effectively on an operational level taking account of the relationships with other bodies such as the Police, the hospital, judiciary and funeral directors; • Whether the new service arrangements and processes brought about following the Coroners and Justice Act 2009 are embedded effectively in the Blackpool and Fylde local authority areas; and • The management of the increased burden brought about by the new requirement to ensure that the death of a person detained subject to Deprivation of Liberty Safeguards (DoLS) is subjected to a coroner's investigation. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are adequate with some risks identified and assessed and some further control improvements required.</p> <p>The service business plan, departmental risk register and business continuity plan need to be revisited to ensure that they adequately reflect the Coroner's service and remain current.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Place	Coastal Communities Fund	<p><u>Scope:</u></p> <p>The scope of our audit was to:</p> <ul style="list-style-type: none"> • Review the LightPool project business plan and its alignment with the details in the bid document. • Assess whether the LightPool business plan is robust, setting out aims and measures that will help to facilitate the successful completion of the Illuminations development and enable success in achieving sustainability and wider economic benefits into the long term future. • Assess whether anticipated outcomes are beginning to be achieved in the first season for LightPool and whether monitoring procedures implemented to date are robust. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are currently inadequate due to the lack of a robust income stream which leaves the project at risk of incompleteness and being unsustainable. We are also concerned that the project is not following a formal project management methodology and key documents such as project plans and action plans are not in place.</p> <p>Results for anticipated outcomes are not yet available although methods proposed for obtaining these are in development. It is recognised however that the project is still in its first year.</p>

Risk Services Quarter Four Report – 2015/2016

Directorate	Review Title	Assurance Statement
Corporate	Executive Decisions	<p><u>Scope:</u></p> <p>This review was undertaken jointly between Internal Audit and Democratic Governance.</p> <p>The agreed scope of the review was to:</p> <ul style="list-style-type: none"> • Establish the roles and responsibilities and breadth and depth of knowledge of the Council’s decision making procedures within directorates. • Review a sample of decisions made within directorates in order to establish whether the Council’s decision making procedures are being followed correctly, or whether there are valid reasons for not doing so that would inform any future review of the decision making process. • Identify any items that should have followed the decision making process through a review of meeting minutes, large items of expenditure, plans, strategies and bid documents and establish any reasons for not following the appropriate procedures and whether there are valid reasons for not doing so that would inform any future review of the decision making process. <p><u>Assurance Statement</u></p> <p>The review was prompted following some known inconsistencies within directorates’ decision making procedures and is intended to provide a lessons learned guide to assist future procedures rather than act as a full compliance audit.</p> <p>The review highlighted a need for improvement in relation to an audit trail of actions from meetings and briefings with senior members. In addition, one funding bid should have been supported by Member approval; however no formal decision was documented due to time pressure in submitting the bid application by the deadline. Overall, assurance over the decision making procedures operating within directorates was assessed as inadequate at the time of the review.</p> <p>As a result of this review, more structured processes and procedures have been developed which will be used in undertaking further reviews in directorates.</p>

Risk Services Quarter Four Report – 2015/2016

Progress with Priority 1 audit recommendations

A review of priority one recommendations was undertaken to confirm the current position. This focused on all priority one recommendations implemented, those where new target dates have been agreed, those where no response has yet been received by the service and those not yet due.

Some priority one recommendations have not been implemented by the agreed target date however steps have been taken with the service to agree revised target dates and these will be followed-up once the new target dates are reached.

The Regulation of Investigatory Powers Act 2000

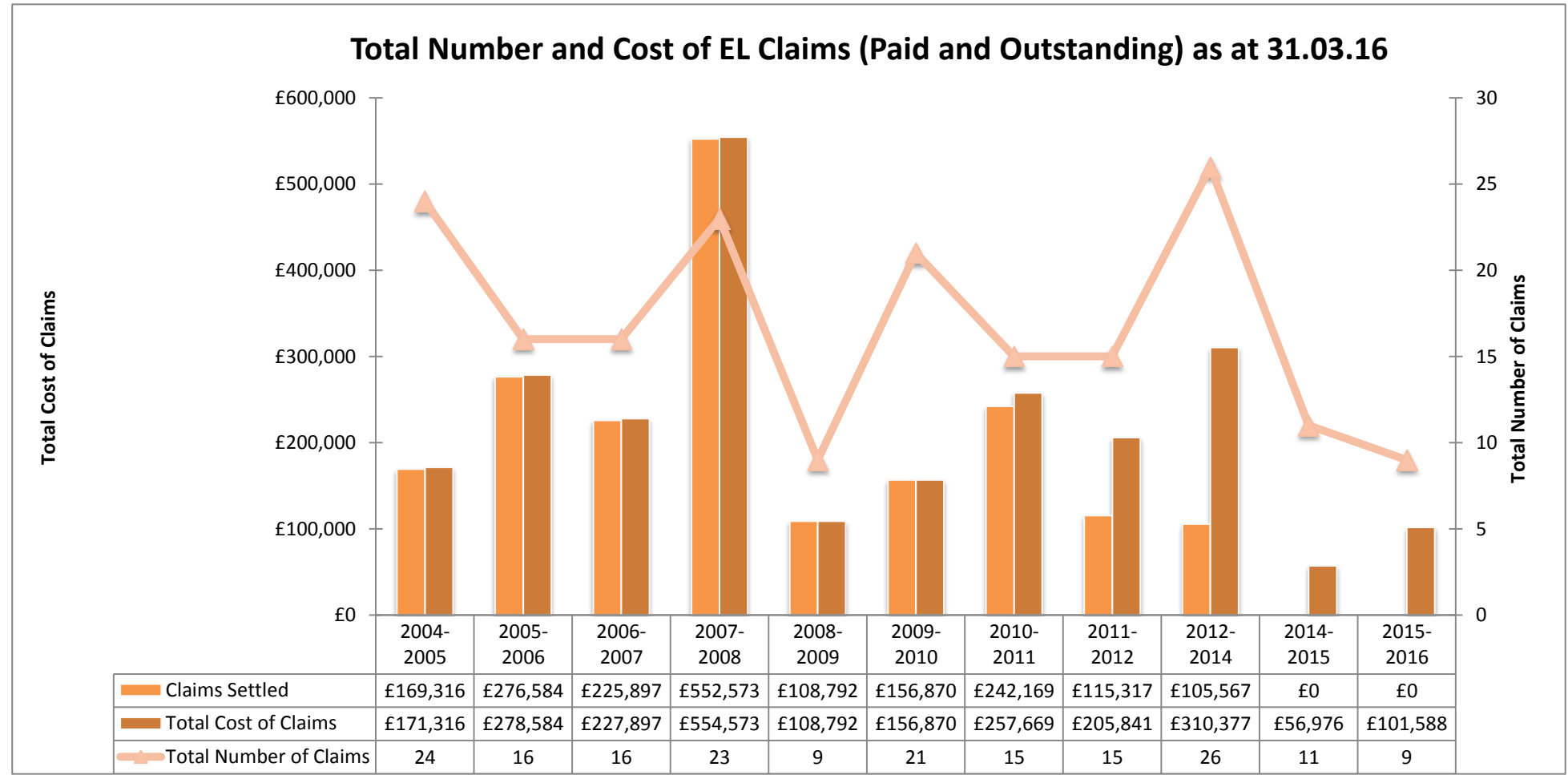
In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter which enables the Council to undertake directed and covert surveillance. Between January and March 2016 the Council did not authorise any directed surveillance reported to the Governance and Regulatory Service.

Insurance claims data

Statistics in relation to insurance claims are collated on a quarterly basis and details of the latest information can be seen in **Appendix B** of this report.

Risk Services Quarter Four Report – 2015/2016

4. Appendix B – Insurance Claims Data



Please note that for the period 2012 to 2014 the policy ran for an 18 month period whilst arrangements were made to align all policy dates to a 1st April start in preparation for the procurement exercise.

Risk Services Quarter Four Report – 2015/2016

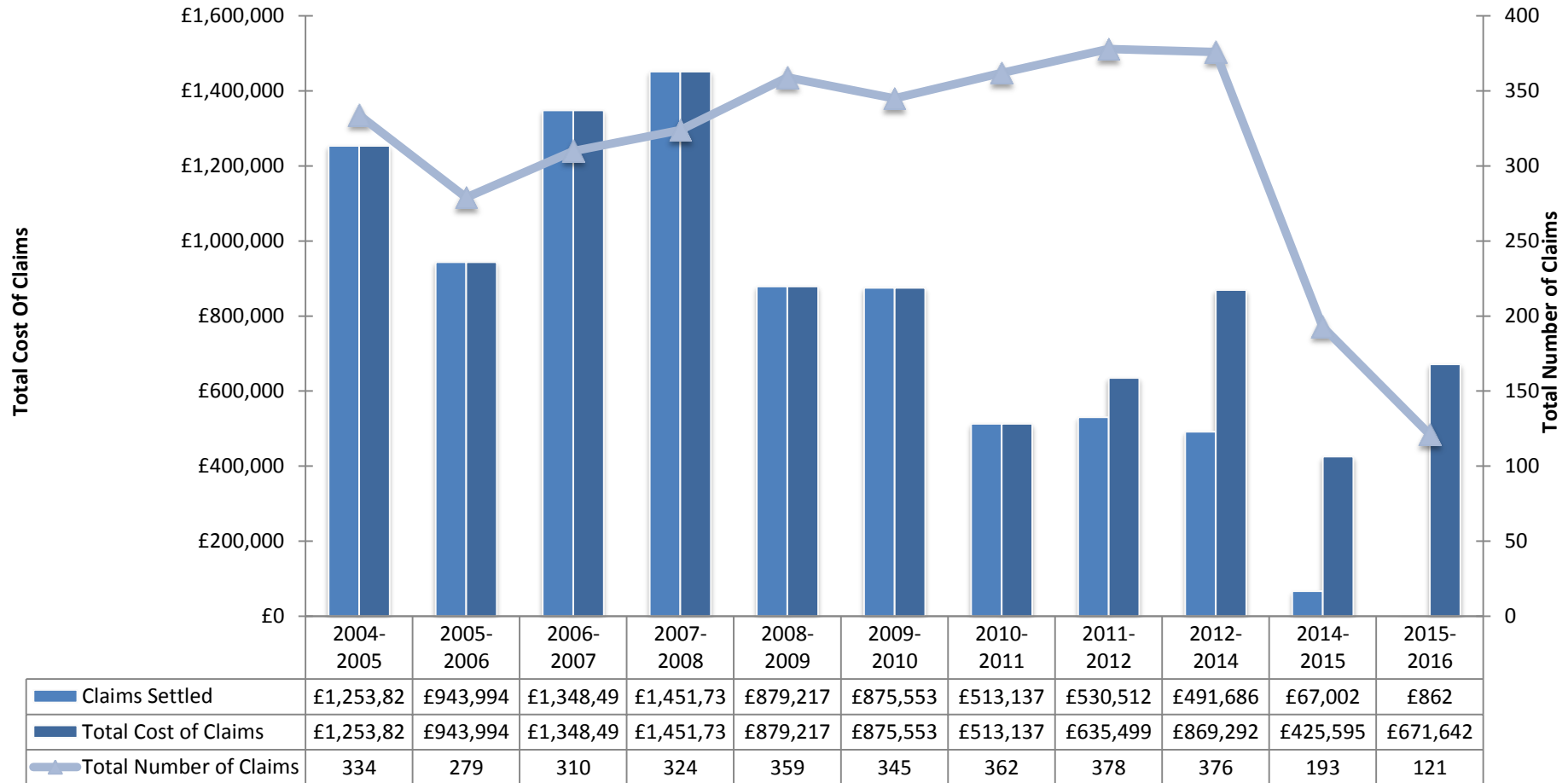
Total Number and Cost of PL Claims (Paid and Outstanding) as at 31.03.16



Please note that for the period 2012 to 2014 the policy ran for an 18 month period whilst arrangements were made to align all policy dates to a 1st April start in preparation for the procurement exercise.

Risk Services Quarter Four Report – 2015/2016

Total Number and Cost of PLH Claims (Paid and Outstanding) as at 31.03.16



Please note that for the period 2012 to 2014 the policy ran for an 18 month period whilst arrangements were made to align all policy dates to a 1st April start in preparation for the procurement exercise.