

## Risk Services Quarter One Report 1<sup>st</sup> April to 30<sup>th</sup> June 2016

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## Risk Services Quarter One Report – 2016/2017

### 1. First Quarter Summary

#### *Service Developments*

##### 1.1 *Internal Audit*

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

- Blackpool Housing Company
- Ward Budgets
- Playground Maintenance
- Beach Patrol
- Adult Social Care Safeguarding Compliance
- Staff Time Recording
- Cyber Security
- Blue Badges
- Adult Establishment Visits
- Driving at Work
- Budgetary and Financial Management
- Blackpool Museum Project

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.

The internal audit team were externally assessed against the Public Sector Internal Audit Standards. The verbal feedback received was positive with some recommendations to be considered by the Council. We are currently awaiting the final inspection report and once received this will be presented to Audit Committee.

##### 1.2 *Corporate Fraud*

Proactive counter fraud work is underway in a number of areas with the focus for quarter one being on purchase cards, insurance fraud and blue badges. Plans are in place to increase the remit of proactive work over the coming months with a focus on council tax fraud, procurement and expenses. Links are being established with other local authorities and public sector bodies to share best practice and intelligence when appropriate to do so.

Plans are being developed to increase the level of fraud awareness across the Council. The i-pool fraud awareness course continues to be promoted on the Hub and via the Senior Leadership Team and a fraud awareness survey is also being developed.

There continues to be a number of fraud referrals being made to the service with a particular increase in whistleblowing cases. The team continue to react to these as appropriate however the number of cases received does impact on the resource available for the proactive work.

##### 1.3 *Risk and Resilience*

The team arranged a training session for sixteen volunteer loggists who are now trained to record decisions for strategic and tactical coordinators dealing with a major incident. Other training courses currently being planned by the team include business continuity management, an introduction to civil protection, events management and dealing with sensitive / abuse claims. I-pool training courses are also being developed for risk management and business continuity planning as a resource which all employees will be able to refer to.

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

The business continuity plan template has been updated to closer align the service level documents with the Major Emergency Plan and services are now starting to return their updated plans after the quality review undertaken by the team.

The team are in the process of quality reviewing service level risk registers and reports will be sent to the relevant Risk Champions to progress in their directorates. The aim of this review is to ensure consistency across all services and to ensure that key risks are not overlooked.

The team have contributed to the review of the Lancashire Resilience Forum and the development of a work programme for the LRF based on the level of risk identified in the Community Risk Register.

**1.4 Health and Safety**

The Health and Safety Team moved from the Deputy Chief Executives Directorate to Risk Services on the 1<sup>st</sup> April 2016 as part of the Council restructure.

Throughout the quarter the team have delivered all planned training and have also developed and delivered additional training sessions which generate an income for the team.

As well as providing all elements of the health and safety system to Blackpool Council, the team also provide contractual health and safety services to Fylde Borough Council, many of the Blackpool schools and academies and two out of borough academies.

Work has been underway to prepare the Annual Health and Safety Report for 2015/16 and also to review the Consultation and Communication arrangements in place for liaising with staff and Trade Unions with regard to health and safety.

**2. Performance**

***Risk Services Performance indicators***

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Professional and technical qualification as a percentage of the total.	85%	79%

***Internal Audit Team performance indicators***

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Percentage audit plan completed (annual target).	90%	14%
Percentage draft reports issued within deadline.	96%	82%
Percentage audit work within resource budget.	92%	89%
Percentage of positive satisfaction surveys.	85%	87%

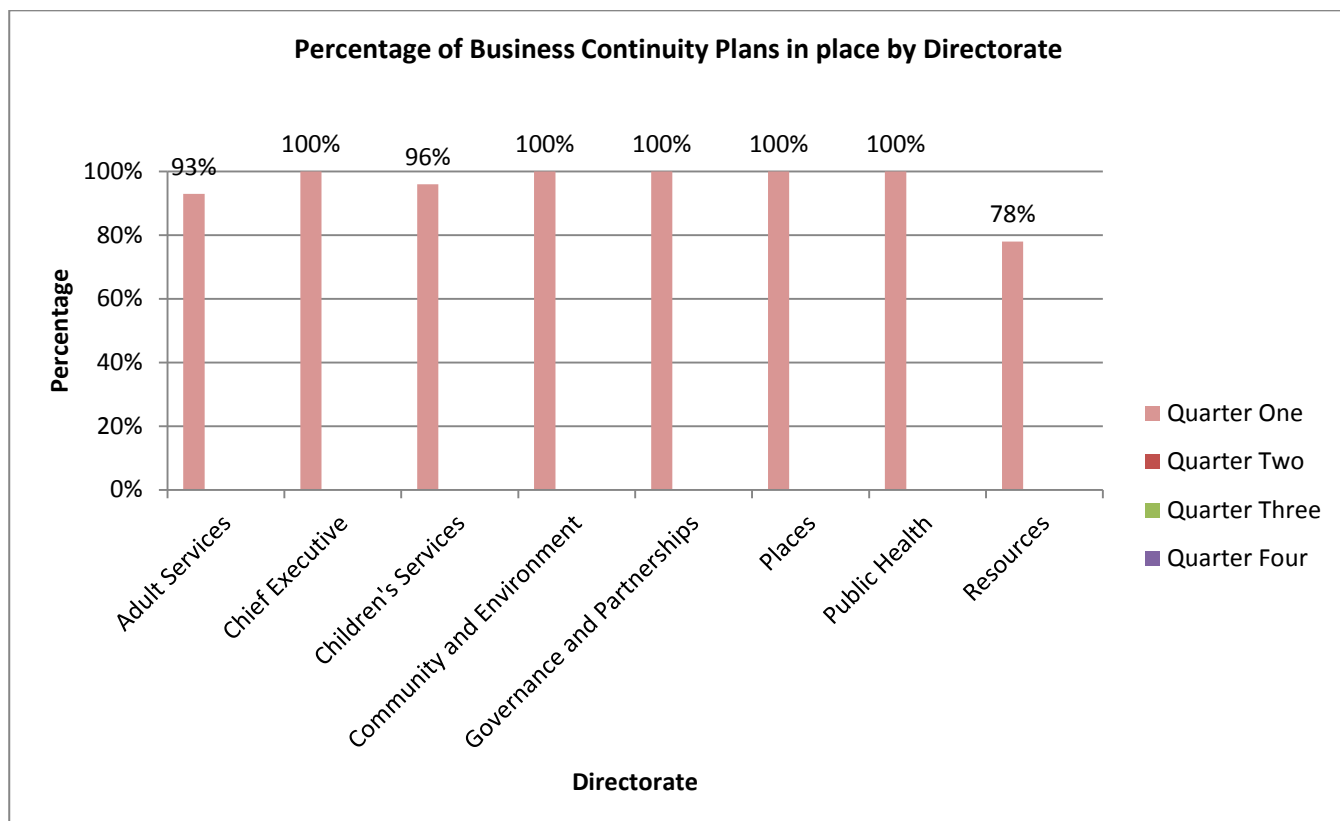
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Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Percentage compliance with quality standards for audit reviews.	85%	87%

**Risk and Resilience Team performance indicators**

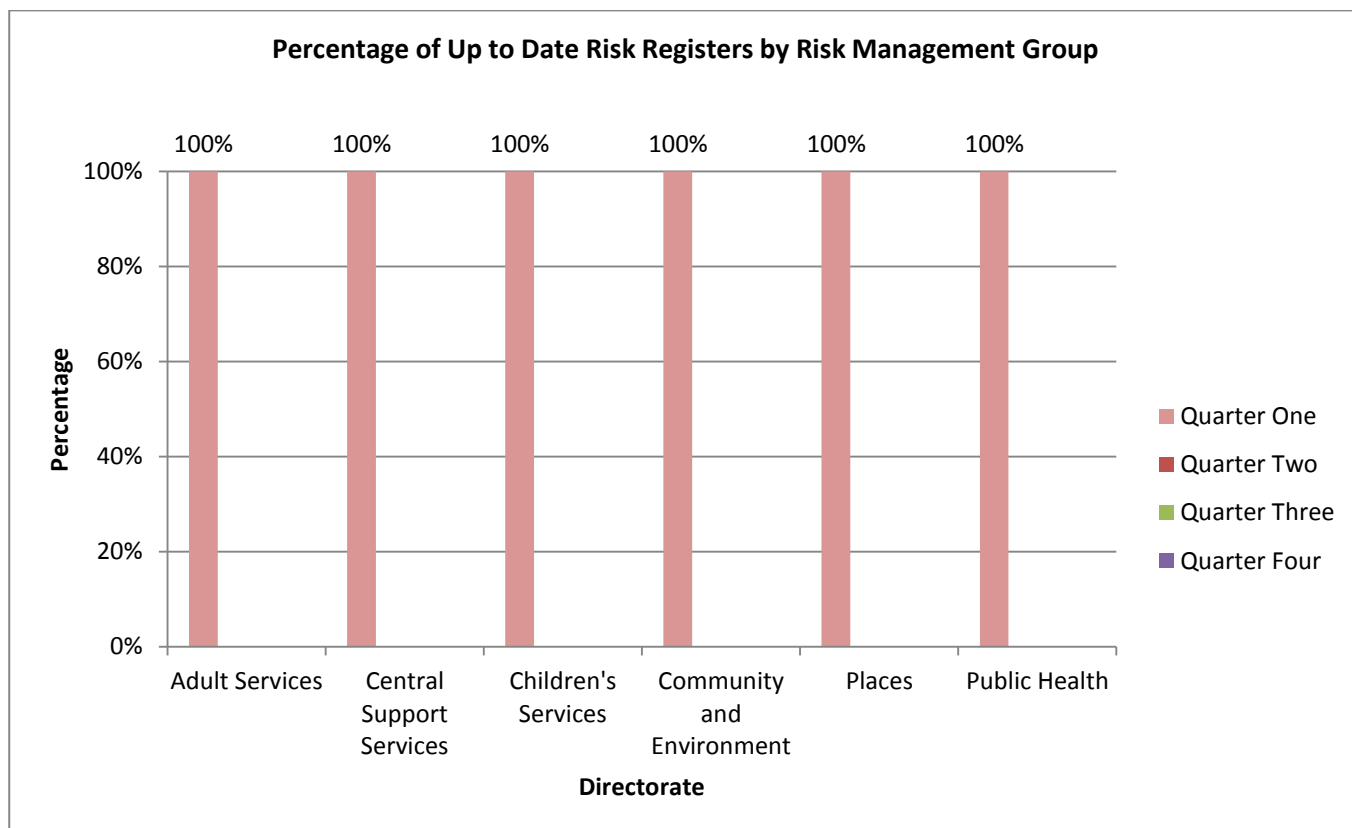
Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Percentage of Council service business continuity plans up to date.	90%	96%
Percentage of risk registers revised and up to date at the end of the quarter.	90%	100%
Number of risk and resilience training and exercise sessions held (annual target).	6	1
Number of trained Emergency Response Group Volunteers (for monitoring purposes only – responsibility lies with Adult Social Care)	60	50
Percentage of property risk audit programme completed (annual target).	90%	40%

In support of the 92% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate:



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In support of the 100% of risk registers revised and up to date by the end of the quarter the following graph shows a breakdown by department:



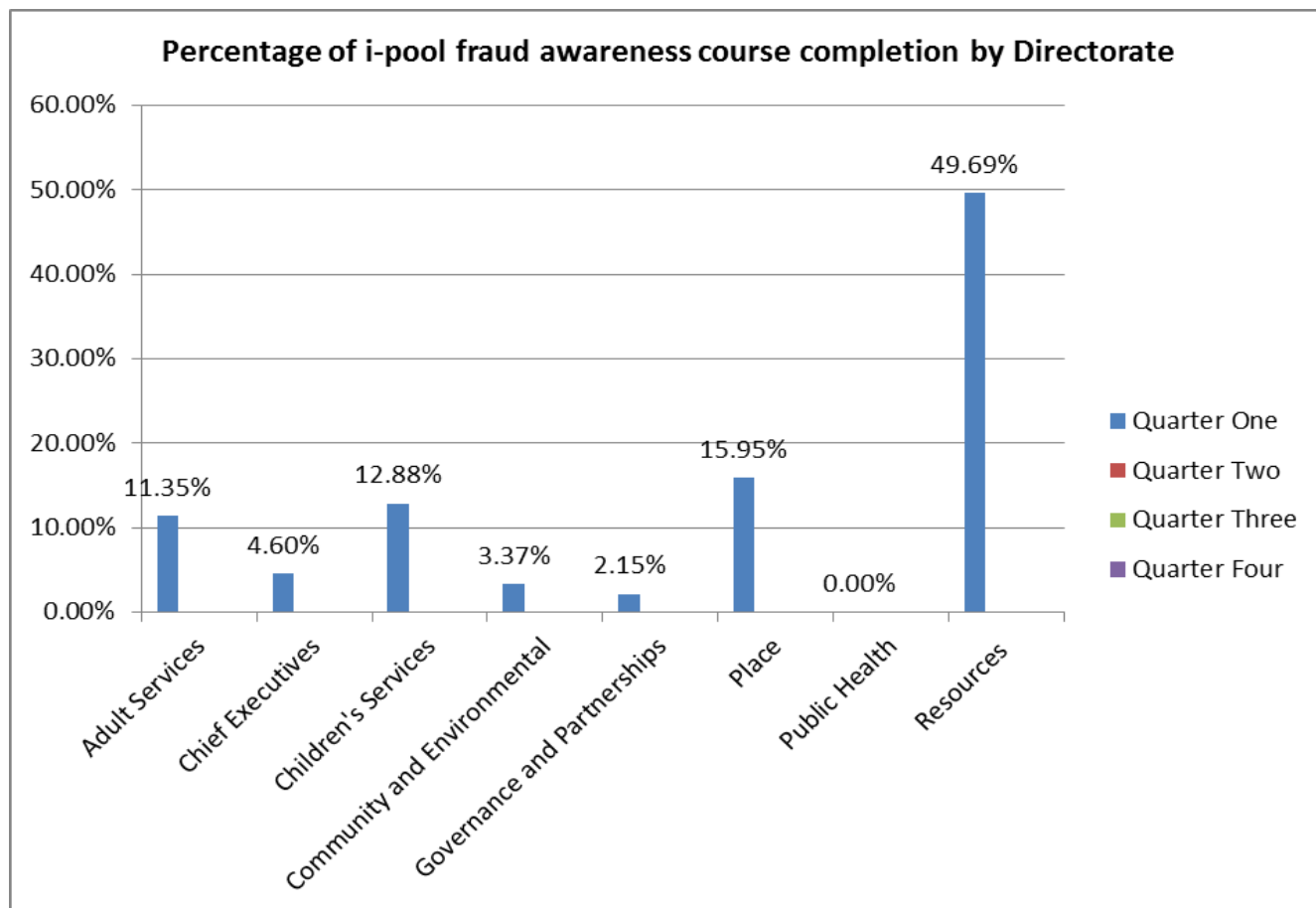
**Corporate Fraud Team performance indicators**

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
% of overall Council employees completed i-pool fraud awareness course.	50%	8.43%

Please note that the completion of the fraud awareness course is not yet mandatory and it is being promoted through staff newsletters, the Hub and the Senior Leadership Team.

The completion rate for the i-pool fraud awareness course by directorate is shown in the following graph:

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**Health and Safety**

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
RIDDOR Reportable Accidents for Employees	0	0
Training Delivered to quarterly plan	100%	100%

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*Corporate Fraud Team Statistics*

<u>CORPORATE FRAUD STATISTICS - 2016/2017</u>	Number of Cases Brought Forward	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			
<b>Type of Fraud</b>												
Council Tax - Single Person Discount	2	1	1	2	£352.55	2	1	0	0	0	0	
Council Tax Reduction (CTR)	2	2	0	0	£0.00	0	0	0	0	0	4	
Business Rates	0	0	0	0	£0.00	0	0	0	0	0	0	
Procurement	1	1	0	2	£0.00	2	0	0	0	0	0	
Fraudulent Insurance Claims	22	11	0	12	£0.00	12	0	0	0	0	21	
Social Care	1	0	0	0	£0.00	0	0	0	0	0	1	
Economic & Third Sector Support	0	0	0	0	£0.00	0	0	0	0	0	0	
Debt	0	0	0	0	£0.00	0	0	0	0	0	0	
Pension	0	0	0	0	£0.00	0	0	0	0	0	0	
Investment	0	0	0	0	£0.00	0	0	0	0	0	0	
Payroll & Employee Contract Fulfilment	0	0	0	0	£0.00	0	0	0	0	0	0	
Expenses	0	0	0	0	£0.00	0	0	0	0	0	0	
Abuse of Position - Financial Gain	2	0	0	1	£0.00	1	0	0	0	0	1	
Abuse of Position - Manipulation of Financial or Non-Financial Data	1	1	0	2	£0.00	1	1	0	0	0	0	
Fraudulent Cashing of Housing Benefit Cheque	0	0	0	0	£0.00	0	0	0	0	0	0	
Disabled parking concessions	0	0	0	0	£0.00	0	0	0	0	0	0	
<b>Totals:</b>	<b>31</b>	<b>16</b>	<b>1</b>	<b>19</b>	<b>£352.55</b>	<b>18</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>	

	Q1	Q2	Q3	Q4	Total
<b>Referred to a Third Party (DWP/Planning/other LA)</b>	14	-	-	-	14

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**3. Appendix A: Performance & Summary Tables for Quarter One**

*Internal Audit reports issued in period*

Directorate	Review Title	Assurance Statement
Adult Services	Framework-I	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to review invoice payment controls relating to non-residential care.</p> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place are adequate, with some risks identified and assessed and several changes necessary. There is a significant amount of manual intervention in terms of checking and clearing variations and potential errors that contributes to the effectiveness of the overall system of control.</p> <p>Our testing revealed only minor lapses in compliance with the controls.</p>
Adult Services / Resources	Social Care Debt	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to:</p> <ul style="list-style-type: none"> <li>• Ascertain the reasons for social care benefit debt write offs, through a review of actual write-offs during the last twelve months; and</li> <li>• Assess whether any potential changes to policy, procedure or practice could help to reduce the ongoing level of write-offs.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that overall the controls in place are now adequate, with some risks identified and assessed and several changes necessary. However, historic factors, as identified in this report may mean that it will be some time before the overall level of debt write-off begins to reduce significantly.</p>



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Directorate	Review Title	Assurance Statement
Community and Environmental	Selective Licencing	<p><b><u>Scope:</u></b></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> <li>• Expenditure attributed to the Selective Licencing Scheme to ensure each transaction is appropriate and relates to the scheme and thereby ascertain whether fee levels charged to landlords are appropriate; and</li> <li>• The apportionment of time spent on the scheme by staff who also perform other duties and whether this has been appropriately accounted for.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>Our review of selective licencing scheme expenditure has identified that the invoice and internal journal transfer expenditure incurred by the scheme are reasonable and in line with the delivery of the schemes. As in line with many schemes run by the Council, the system adopted by the service means that it has not been possible to independently verify staff time associated with the scheme as time recording records were not maintained. As part of the audit we interviewed all staff involved in the scheme to gain some verification of the time spent on selective licencing which has provided us with some assurance that the costs are reasonable. Some immaterial miscoding has been identified as part of the audit however this was due to error rather than misappropriation of funds.</p> <p>Overall, there should have been more robust budget management by the service which has resulted in a number of changes being made in 2015/16 to ensure that the budgets for the schemes reflect actual expenditure when a working group was established to verify the accuracy of expenditure. The focus of the service has been delivering outcomes rather than monitoring resources and lessons have now been learned. Now that appropriate corrections have been made both schemes are forecasting an overspend which demonstrates that landlords have not been overcharged for licences but does create a budget pressure for the Council which needs to be managed through the core funding of the Public Protection Service. We have made a number of recommendations to further enhance controls in relation to the operation of the schemes and further increase transparency of how licence fee income is spent.</p>

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Directorate	Review Title	Assurance Statement
Corporate	Financial Control Assurance Testing (2015/16)	<p><b>Scope:</b></p> <p>Annual internal audit work is undertaken to test the controls over the key financial systems across the Council. The systems covered are:</p> <ul style="list-style-type: none"> <li>• Business Rates</li> <li>• Capital Accounting / Asset Management</li> <li>• Council Tax</li> <li>• Creditor Payments</li> <li>• Sundry Debtors</li> <li>• Housing Benefits</li> <li>• Housing Rents</li> <li>• Payroll</li> <li>• Trading Services</li> <li>• Purchase Cards</li> </ul> <p><b>Assurance Statement:</b></p> <p>Overall, for 2015/2016 we have assessed the key financial controls in place for business rates, capital accounting, council tax, creditor payments, housing benefits, housing rents, traded services and payroll/HR to be satisfactory.</p> <p>We continue to identify recurring issues with the sundry debtors system and these relate to duplicate accounts being created, incomplete information being recorded on the customer file, the timeliness of issue of invoices and the completeness/quality of information contained on the invoices. As the sundry debtors system is used by practitioners across the Council the results of this testing will continue to be reported to the Income Management Group to drive further improvements.</p> <p>Key financial controls in place for purchase cards have been tested for the first time during 2015/2016. Issues have been noted relating to authorisation of expenditure and uploading of valid VAT receipts to the system. The purchase cards system is used by practitioners across the Council. The results of this testing will continue to be reported to the Income Management Group to drive further improvements.</p>

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Directorate	Review Title	Assurance Statement
Corporate	Catalogue Prices	<p><b><u>Scope:</u></b></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> <li>• The use of the FPM system to pay invoices circumventing the requirement to raise a purchase order.</li> <li>• Discrepancies between purchases orders that are raised based on catalogue prices and invoice amount charged.</li> <li>• How Lodge Cards are used in practice and identify associated risks and exposure.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the current controls are inadequate with a number of risks identified and changes necessary. This was supported by our testing which revealed inconsistencies of practice with the controls by various services across the Council.</p> <p>We identified that the Finance Process Manager (FPM) system is used in circumstances where the e-procurement system should have been used to ensure that appropriate authorisations are in place prior to ordering goods or services. In addition, we identified that authorisation limits in both payment systems are not in line with the Scheme of Delegation and there is insufficient evidence that these non-standard limits have been appropriately authorised.</p>
Place	Positive Steps into Work	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to review the responses on the Information Security Form, which forms part of the Security Plan required by People Plus, and ensure that all procedures are in place as confirmed on the form.</p> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that procedures are in place as stated on the Information Security Form and that overall assurance regarding the Information Security is assessed as adequate. Clarification should be sought from People Plus in relation to requirements regarding data stored on back-up media, recording user activity and the required frequency of penetration testing.</p>

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Directorate	Review Title	Assurance Statement
Resources	Banking Contract Post-Implementation Review	<p><b><u>Scope:</u></b></p> <p>The scope of this review was to:</p> <ul style="list-style-type: none"> <li>• Conduct a post implementation review of the project to assess the effectiveness of the transition to the new banking contract and identify any outstanding issues which need to be resolved; and</li> <li>• Ensure that key banking operation controls, such as the bank reconciliations, have continued to work effectively since the change to the new supplier has taken place.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place for the new banking contract are good with most risks identified and assessed and we consider that only minor control improvements are required.</p> <p>Our testing revealed a satisfactory level of compliance with the controls.</p>

***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***

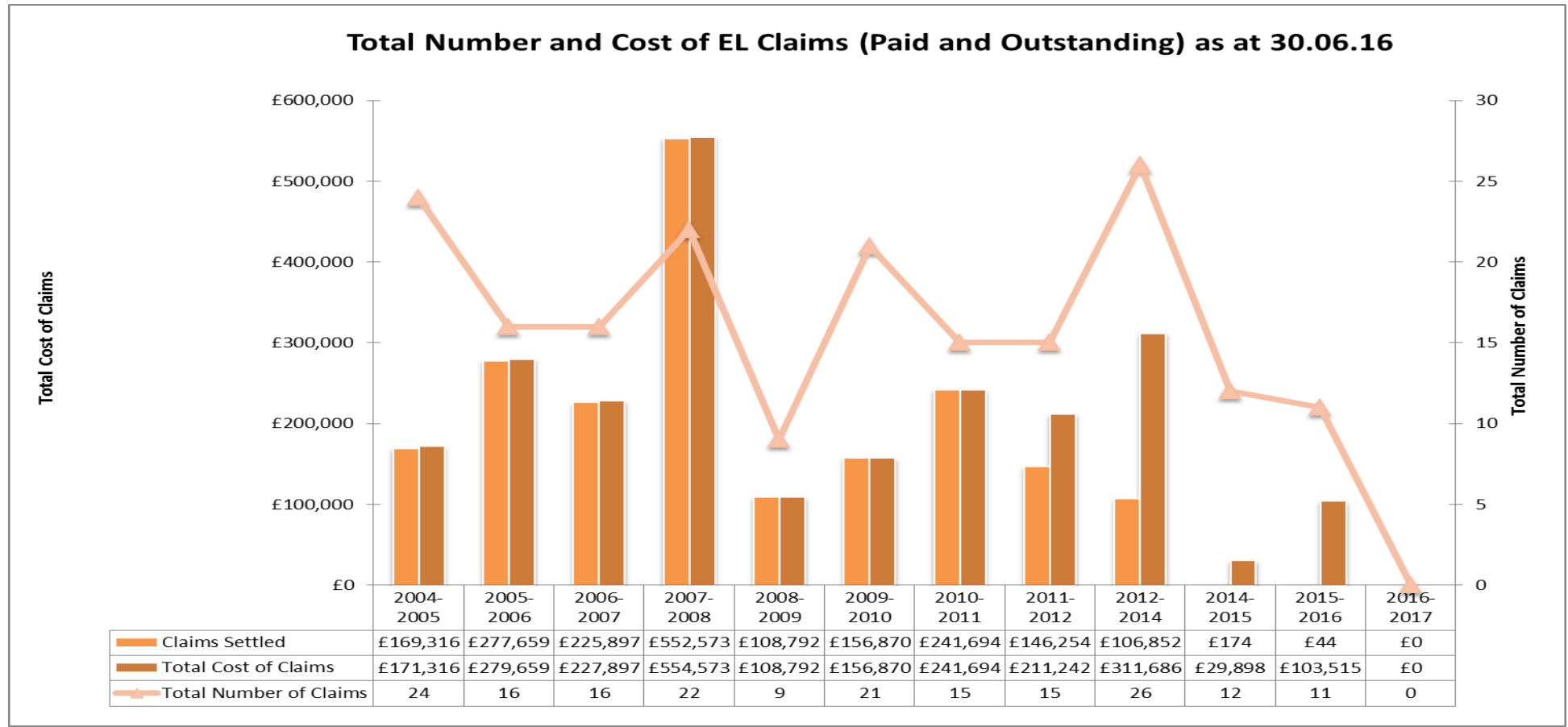
In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between April and June 2016 the Council authorised one RIPA which was reported to the Governance and Regulatory Service. This related to the offence of fly-tipping and was requested by the Community Safety Team.

***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** to this report.

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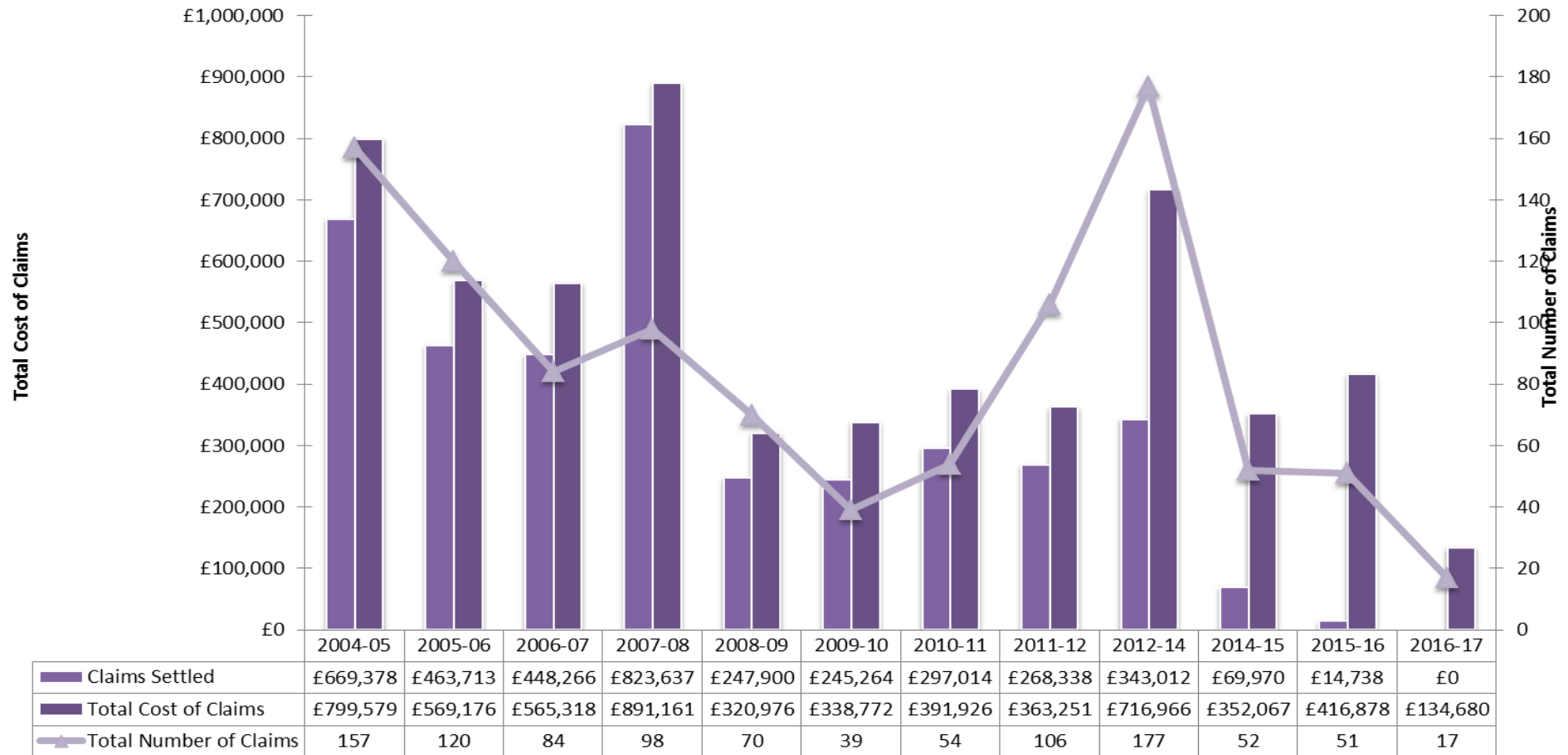
**4. Appendix B – Insurance Claims Data**



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 1<sup>st</sup> April start in preparation for the procurement exercise.

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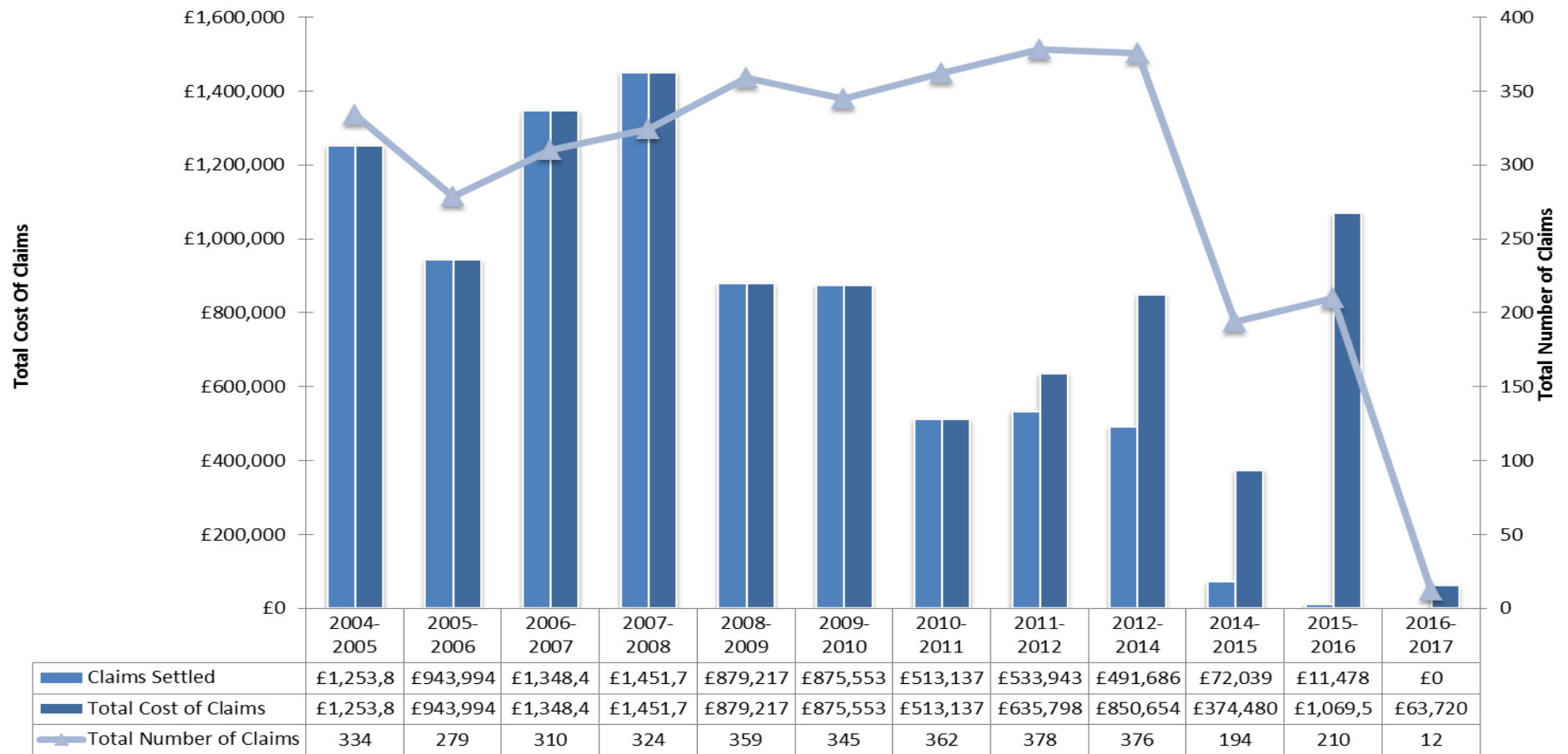
**Total Number and Cost of PL Claims (Paid and Outstanding) as at 30.06.16**



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 1<sup>st</sup> April start in preparation for the procurement exercise.

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**Total Number and Cost of PLH Claims (Paid and Outstanding) as at 30.06.16**



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 1<sup>st</sup> April start in preparation for the procurement exercise.