

## Risk Services Quarter Three Report 1<sup>st</sup> October to 31<sup>st</sup> December 2016

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### 1. Third Quarter Summary

#### *Service Developments*

##### 1.1 *Internal Audit*

There have been some staffing changes in the internal audit team with Edith Thompson, Auditor, leaving the Council. A recruitment process was undertaken and Nicola Alcock from the Place Directorate was successful in being offered the role of Auditor. Nicola joins the team in January 2017.

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

- Blackpool Museum Project
- Framework-I
- Treasury Management
- Executive Decisions – Resources
- Stanley Primary School
- Health and Safety
- Adolescent Hub
- Estate Management and Investment Portfolio
- Refunds of Council Tax and Business Rates
- Care and Repair

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 have agreed an audit plan with the newly formed Audit Committee for Blackpool Housing Company and will be undertaking work for this wholly owned company this financial year.

##### 1.2 *Corporate Fraud*

Proactive anti-fraud work undertaken by the team has focused on Council Tax Single Person Discount fraud, insurance fraud and blue badge fraud. A fraud risk has presented in year in relation to direct payments and work is now underway with the direct payments team to look at how best to prevent, detect and tackle direct payment fraud.

##### 1.3 *Risk and Resilience*

The focus of the teams work this quarter has been in relation to insurance matters. The insurance recharges for 2016/17 have been calculated and work undertaken to prepare for the insurance renewals for 2017/2018. The requirements of the Insurance Act (2016) put a greater emphasis on disclosure than ever before and therefore considerably more information has needed to be collated for the renewals process. A detailed reconciliation between the financial data held in the claims handling and the financial management system has also been undertaken to ensure that insurance claim figures quoted are accurate going forward.

The team have started to review the quality of risk registers and the first directorate report has now been issued and work is underway on the other directorates' risk registers. A programme of transferring the business continuity plans onto the new template, which creates further integration with the Major Emergency Plan, has also commenced, although it is envisaged that it will be twelve months before all plans have been transferred.

##### 1.4 *Health and Safety*

The team have issued a number of staff briefing notes in the quarter including the importance of safety, communication and cooperation when dealing with health and safety matters.

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A review of the Health and Safety arrangements has been undertaken and is nearing completion. They have been reviewed to take account of organisational changes and changes in practice and legislation. These will be cascaded across the organisation in the new calendar year.

The team has been proactively promoting the use of health and safety monitoring to managers, which is a process that has been agreed with the Corporate Leadership Team. The team are offering to work with managers to set up monitoring systems which the managers can then use going forward. To date there has been limited take up but this will continue to be promoted over the next twelve months.

### 2. Performance

#### *Risk Services Performance indicators*

| Performance Indicator<br>(Description of measure)                      | 2016/17<br>Target | 2016/17<br>Actual |
|--|-------------------|-------------------|
| Professional and technical qualification as a percentage of the total. | 85%               | 83%               |

#### *Internal Audit Team performance indicators*

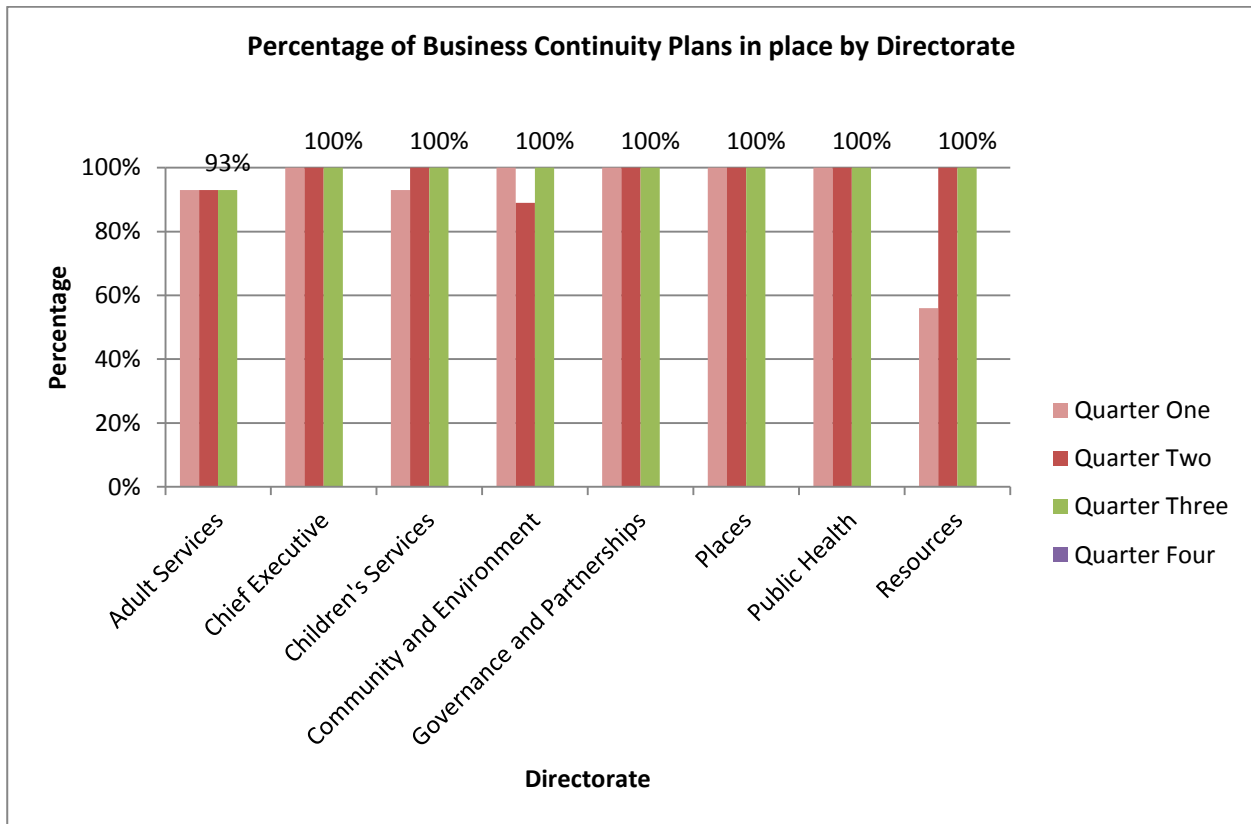
| Performance Indicator<br>(Description of measure)               | 2016/17<br>Target | 2016/17<br>Actual |
|---|-------------------|-------------------|
| Percentage audit plan completed (annual target).                | 90%               | 59%               |
| Percentage draft reports issued within deadline.                | 96%               | 86%               |
| Percentage audit work within resource budget.                   | 92%               | 93%               |
| Percentage of positive satisfaction surveys.                    | 85%               | 92%               |
| Percentage compliance with quality standards for audit reviews. | 85%               | 87%               |

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

| Performance Indicator<br>(Description of measure)  | 2016/17<br>Target | 2016/17<br>Actual |
|--|-------------------|-------------------|
| Percentage of Council service business continuity plans up to date.  | 90%               | 99%               |
| 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                 | 4                 |
| Number of trained Emergency Response Group Volunteers<br>(for monitoring purposes only – responsibility lies with Adult Social Care) | 60                | 50                |
| Percentage of property risk audit programme completed (annual target).   | 90%               | 60%               |

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In support of the 99% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate:

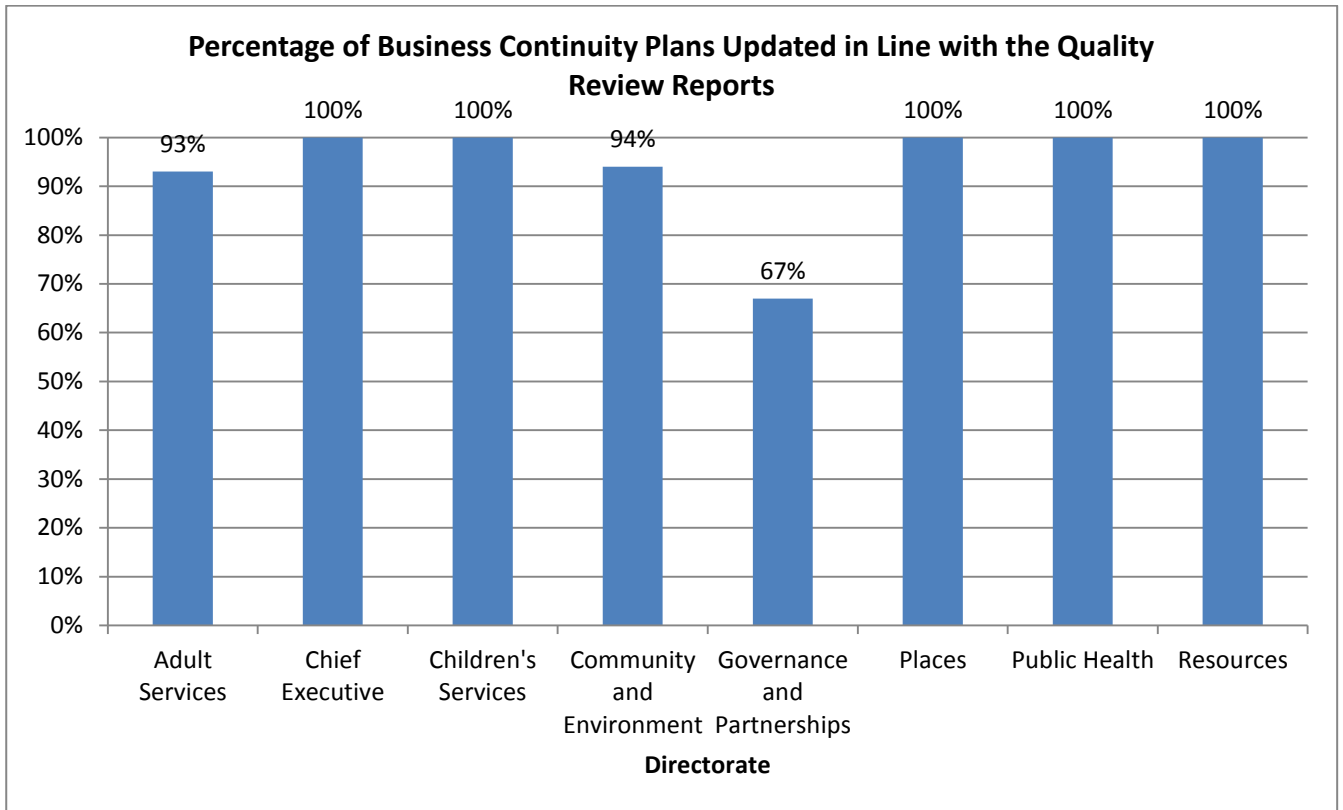


All Council services now have a business continuity plan in place but the following service plan is out of date:

| Directorate    | Plan which requires updating                                 |
|----------------|--|
| Adult Services | <ul style="list-style-type: none"> <li>• Homecare</li> </ul> |

At the last Committee data was requested on the quality of the business continuity plans in place. All business continuity plans have been quality reviewed by the Risk and Resilience Team and a report issued to the Risk Champion highlighting improvements which are required. The below chart shows the percentage per directorate of those services who have complied with the quality check requirements:

## Blackpool Council: Risk Services

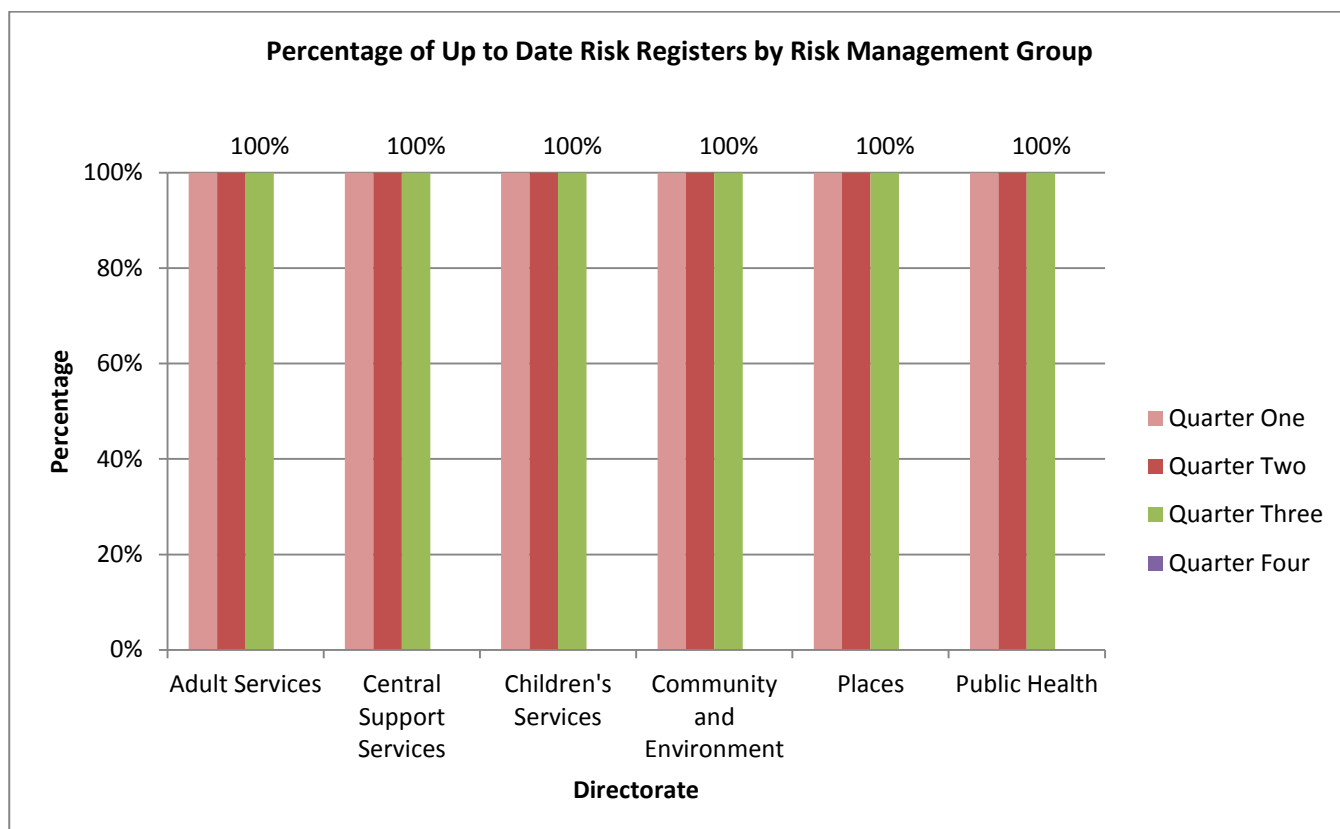


The services that have yet to update their plans include:

| Directorate                 | Plan does not meet Quality Requirements                            |
|-----------------------------|--|
| Adult Services              | <ul style="list-style-type: none"> <li>• Homecare</li> </ul>       |
| Community and Environmental | <ul style="list-style-type: none"> <li>• Highways</li> </ul>       |
| Governance and Partnerships | <ul style="list-style-type: none"> <li>• Legal Services</li> </ul> |

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 risk management group:

## Blackpool Council: Risk Services



### *Health and Safety*

| Performance Indicator<br>(Description of measure) | 2016/17<br>Target | 2016/17<br>Actual |
|---|-------------------|-------------------|
| RIDDOR Reportable Accidents for Employees         | 0                 | 2                 |
| Training Delivered to quarterly plan              | 100%              | 100%              |

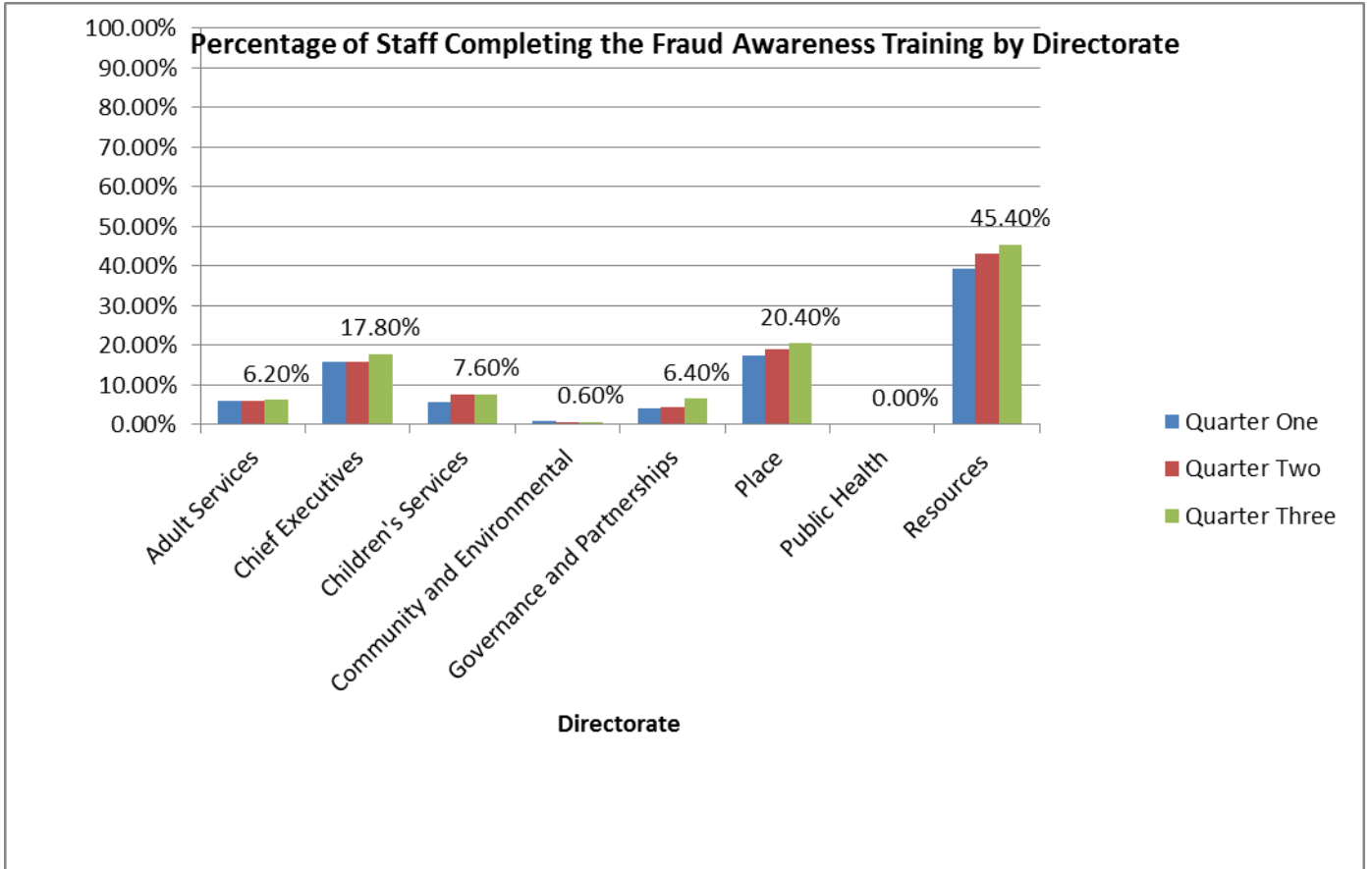
### *Corporate Fraud Team performance indicators*

| Performance Indicator<br>(Description of measure)                       | 2016/17<br>Target | 2016/17<br>Actual |
|---|-------------------|-------------------|
| % of overall Council employees completed i-pool fraud awareness course. | 50%               | 9.30%             |

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 graph below shows completion rate by directorate:

# Blackpool Council: Risk Services



## Blackpool Council: Risk Services

### Corporate Fraud Team Statistics

| <b>CORPORATE FRAUD STATISTICS - 2016/2017<br/>(QUARTER 3 CUMULATIVE TOTALS)</b> | 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 Recommended | Disciplinary | Administrative Penalty | Prosecution |          |   |
| <b>Type of Fraud</b>  |                                 |                                    |                    |                           |  |                               |              |                        |             |          |   |
| Council Tax - Single Person Discount  | 2                               | 38                                 | 9                  | 14                        | £1,705.08                                      | 23                            | 0            | 0                      | 0           | 0        | 17  |
| Council Tax Reduction (CTR)   | 2                               | 35                                 | 4                  | 18                        | £6,113.59                                      | 22                            | 0            | 0                      | 0           | 0        | 15  |
| Business Rates  | 0                               | 0                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 0   |
| Procurement   | 1                               | 4                                  | 0                  | 4                         | -  | 4                             | 0            | 0                      | 0           | 0        | 1   |
| Fraudulent Insurance Claims   | 22                              | 38                                 | 0                  | 41                        | -  | 41                            | 0            | 0                      | 0           | 0        | 19  |
| Social Care   | 1                               | 0                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 1   |
| Economic & Third Sector Support   | 0                               | 0                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 0   |
| Debt  | 0                               | 0                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 0   |
| Pension   | 0                               | 0                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 0   |
| Investment  | 0                               | 0                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 0   |
| Payroll & Employee Contract Fulfilment  | 0                               | 1                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 1   |
| Expenses  | 0                               | 0                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 0   |
| Abuse of Position - Financial Gain  | 2                               | 2                                  | 0                  | 2                         | -  | 2                             | 0            | 0                      | 0           | 0        | 2   |
| Abuse of Position - Manipulation of Financial or Non-Financial Data             | 1                               | 3                                  | 0                  | 3                         | -  | 2                             | 1            | 0                      | 0           | 0        | 1   |
| Fraudulent Cashing of Housing Benefit Cheque                                    | 0                               | 0                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 0   |
| Disabled parking concessions  | 0                               | 2                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 2   |
| National Fraud Initiative 2016/2017   | 0                               | 0                                  | 0                  | 0                         | -  | 0                             | 0            | 0                      | 0           | 0        | 0   |
| <b>Totals:</b>  | <b>31</b>                       | <b>123</b>                         | <b>13</b>          | <b>82</b>                 | <b>£7,818.67</b>                               | <b>94</b>                     | <b>1</b>     | <b>0</b>               | <b>0</b>    | <b>0</b> | <b>59</b>                                     |



## Blackpool Council: Risk Services

### 3. Appendix A: Performance & Summary Tables for Quarter Three

*Internal Audit reports issued in period*

| Directorate    | Review Title         | Assurance Statement   |
|----------------|----------------------|---|
| Adult Services | Establishment Visits | <p><b><u>Scope</u></b></p> <p>The scope of our audit work was to review the Phoenix Centre and Keats Centre, and undertake compliance testing which covered the following areas:</p> <ul style="list-style-type: none"> <li>• Care plans,</li> <li>• Staff rotas,</li> <li>• Training logs,</li> <li>• DBS checks,</li> <li>• Policies and Procedures,</li> <li>• Medication,</li> <li>• Occupational Health and Safety and Risk Assessments,</li> <li>• Purchasing Cards,</li> <li>• Infection Control,</li> <li>• Quality Assurance,</li> <li>• Security,</li> </ul> <p>In addition, for the Phoenix Centre, we also included in the scope:</p> <ul style="list-style-type: none"> <li>• Client Monies,</li> <li>• Assets,</li> <li>• External Activities,</li> <li>• Cash Handling,</li> <li>• Respite Payments</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the controls in place are adequate, with most risks identified and assessed and only minor control improvement required.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p> |

## Blackpool Council: Risk Services

| Directorate    | Review Title            | Assurance Statement  |
|----------------|-------------------------|--|
| Adult Services | Safeguarding Compliance | <p><b><u>Scope</u></b></p> <p>The scope of our audit was to undertake:</p> <ul style="list-style-type: none"> <li>• Compliance testing on the safeguarding process and whether the required stages are being followed, including that there is adequate evidence to confirm the reasons why a case has been stopped and that actions are being followed through, and</li> <li>• A review of the proposed changes and assess whether these will address issues that have been identified.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the control framework in place is adequate, with some risks identified and assessed and several changes necessary. For each of the completed cases reviewed, there was sufficient information recorded on the system to enable an understanding of the nature of the allegation, the work that has been undertaken, the level of involvement of the adult at risk, and how the outcome was determined.</p> <p>However, our testing revealed a number of lapses in evidencing compliance with the controls and therefore compliance is assessed as inadequate. We identified some weaknesses relating to the completeness of records, the audit trail relating to episode form updates, adherence to timescales set out in the guidelines, confirmation that identified actions had been undertaken and the recording of meeting notes. The case status and outcomes were not accurately recorded in some cases.</p> <p>The proposed changes to the system should address many, but not all, of the issues that have been identified. Monitoring of exception reports by service management and further promotion of good practice should help to address the remaining issues identified.</p> |

## Blackpool Council: Risk Services

| Directorate         | Review Title        | Assurance Statement  |
|---------------------|---------------------|--|
| Adult Services      | Direct Payments     | <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 controls in place and whether these are robust and being adhered to, including the audit regime currently undertaken by the service;</li> <li>• The draft guidance in place for direct payments and exceptional circumstances and whether this is fit for purpose;</li> <li>• The process for recouping monies inappropriately spent by clients; and</li> <li>• Review the processes currently in place for identifying potential fraud.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the controls in place are currently adequate, with some risks identified and assessed but some further control improvements required. The implementation of the recommendations made in the report should help to address this going forward.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>   |
| Children's Services | External Placements | <p><b><u>Scope</u></b></p> <p>The scope of our audit was to review the arrangements for Children's Social Care external placements in order to ensure that value for money is obtained for the Council.</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>There is a significant overspend on the commissioning of external placements budget, however we recognise that this has arisen with the recent increase in demand and complexity of requirements for independent children's homes and independent fostering agency placements beyond the level that had previously applied and that had been budgeted for. We consider that the controls now in place in relation to the arranging of External Placements processes once children are in care and have been assessed as needing placement are adequate overall, with some risks identified and assessed. There have been recent changes to external placements processes and to care provision which have the potential to improve value for money, though it is too early as yet to identify the impact of those changes.</p> |

## Blackpool Council: Risk Services

| Directorate         | Review Title                | Assurance Statement   |
|---------------------|-----------------------------|---|
| Children's Services | Placement Order Legal Costs | <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 drivers of increases in the number of care proceedings;</li> <li>• The process by which decisions as to whether to instruct Counsel in placement order cases or to handle in-house are arrived at; and</li> <li>• Whether insurance arrangements in place are appropriate.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>The significant overspend on the Children's Services legal and court costs budget has arisen with the high level of demand and the complexity of requirements in relation to care proceedings and Placement Orders beyond the level that had been budgeted for.</p> <p>Whilst there are structured processes in place through the Legal Planning meetings process, we consider that the controls in place in relation to the Placement Orders Legal Costs processes are inadequate overall, given the significant level of overspend, the high level of care proceedings and the current lack of an up to date and effective prevention strategy which has had the effect of reducing the need for the high number of care proceedings whilst still protecting children.</p> <p>A number of actions are being taken, but it is too early as yet to evidence the impact of these actions on the number of care proceedings. We understand that areas of action include a peer challenge process, an early help summit, work supporting children on the edge of care, developing work on the Adolescent Hub and the 0 – 19 offer through children's centres.</p> <p>The Council has insurance arrangements in place in relation to Children's Services claims and a claims provision has been agreed using the Council's general fund. The arrangements for the provisions for Children's Services claims should be kept under review.</p> |

## Blackpool Council: Risk Services

| Directorate                          | Review Title             | Assurance Statement  |
|--------------------------------------|--------------------------|--|
| Children's Services                  | Claremont Primary School | <p><b><u>Scope</u></b></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> <li>• Purchasing</li> <li>• Procurement</li> <li>• Petty cash and purchase cards</li> <li>• Income</li> <li>• Payroll</li> <li>• Banking</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the controls in place are good with most risks identified and assessed and only minor control improvement required.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>  |
| Community and Environmental Services | Flood Management         | <p><b><u>Scope</u></b></p> <p>The scope of our audit was to assess the Council's roles and responsibilities in relation to flood management, including links and joint working arrangements with external partners, planners, utility companies and developers</p> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the current arrangements in place for flood management are adequate, with some risks identified and assessed and several changes.</p> <p>The risks are in relation to resilience and the Council's ability to deliver statutory responsibilities should key members of staff become unavailable. Capacity and resources to deliver strategies and projects across the Council is stretched, therefore it is important to focus on issues that present a significant risk to Blackpool. The Council can also improve its processes by further integrating flood management actions holistically across the Council and further defining its role through risk assessment within the array of wider flood management activity in the region.</p> |

## Blackpool Council: Risk Services

| Directorate                          | Review Title                     | Assurance Statement   |
|--------------------------------------|----------------------------------|---|
| Community and Environmental Services | Household Waste Recycling Centre | <p><b><u>Scope</u></b></p> <p>The scope of the audit was to perform an establishment review of the Household Waste Recycling Centre and undertake compliance testing on key controls. The testing carried out during the audit covered the following areas:</p> <ul style="list-style-type: none"> <li>• Management Information</li> <li>• Purchasing</li> <li>• Income and Banking</li> <li>• Security</li> <li>• Health and Safety</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>Our compliance testing has identified a number of low and medium priority risks which need to be addressed to ensure future compliance with key controls at the HWRC. As no high risk areas have been identified we have concluded that overall the controls in place are adequate. The recommendations made should reduce the risk of inaccurate transactions or low level fraud within the service.</p> |
| Corporate                            | Staff Time Recording             | <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 various staff time recording systems in place across the Council and whether they are fit for purpose;</li> <li>• Whether appropriate checks are undertaken by management to ensure that time recording is accurate.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>Our findings indicate that services are using a variety of time recording systems that meet with the needs of that particular service. The level of checking also varies significantly between different services and in some areas is inadequate to mitigate against the risk of the theft of time. Dealing with the misuse of time recording systems is covered within the Council's Disciplinary Procedure.</p>  |

## Blackpool Council: Risk Services

| Directorate | Review Title                       | Assurance Statement  |
|-------------|------------------------------------|--|
| Resources   | Budgetary and Financial Management | <p><b><u>Scope</u></b></p> <p>The scope of the audit included a review of:</p> <ul style="list-style-type: none"> <li>• Budgetary and financial management arrangements, including the use of the collaborative planning tool, to assess whether these are working effectively,</li> <li>• Significant variances to approved budgets since the end of the financial year 2015/2016,</li> <li>• The risk based approach undertaken by Accountancy Services to determine their service offer,</li> <li>• A selection of invest to save business cases to assess whether the desired savings have been achieved or whether these have led to additional demand and costs to the Council,</li> <li>• Action taken to address the recommendations included in the 2015/2016 internal audit review of Deliverability of Savings Targets.</li> </ul> <p><b><u>Overall Opinion and Assurance Statement</u></b></p> <p>We consider that the controls in place for budgetary and financial management are adequate, with some risks identified and assessed and several changes necessary.</p> |

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

Good progress is currently being made on implementing priority one recommendations. A full review will be undertaken in March when a number of priority one recommendations will become due for follow-up.

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

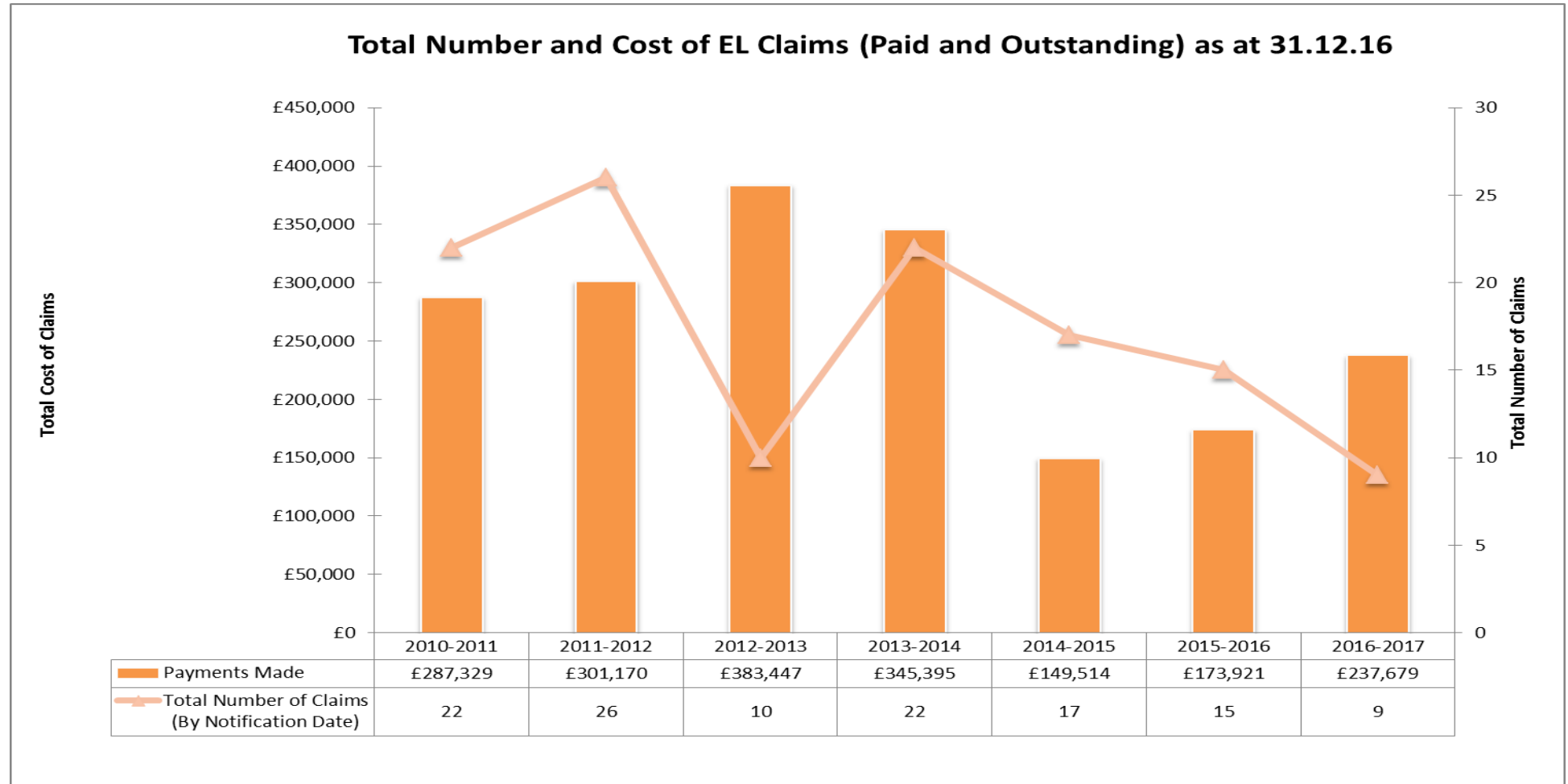
In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between October and December 2016 the Council authorised no RIPAs.

### ***Insurance claims data***

We are currently reviewing the way in which we report insurance data. A review of the current process has identified some differences between the claims handling system and the Council's financial management system. Reconciliation is still underway and this may require the re-coding of some expenditure to different insurance policies. The graphs at **Appendix B** show the cost of claims paid to date each financial year by the Council but these figures may change once the reconciliation has been completed.

## Blackpool Council: Risk Services

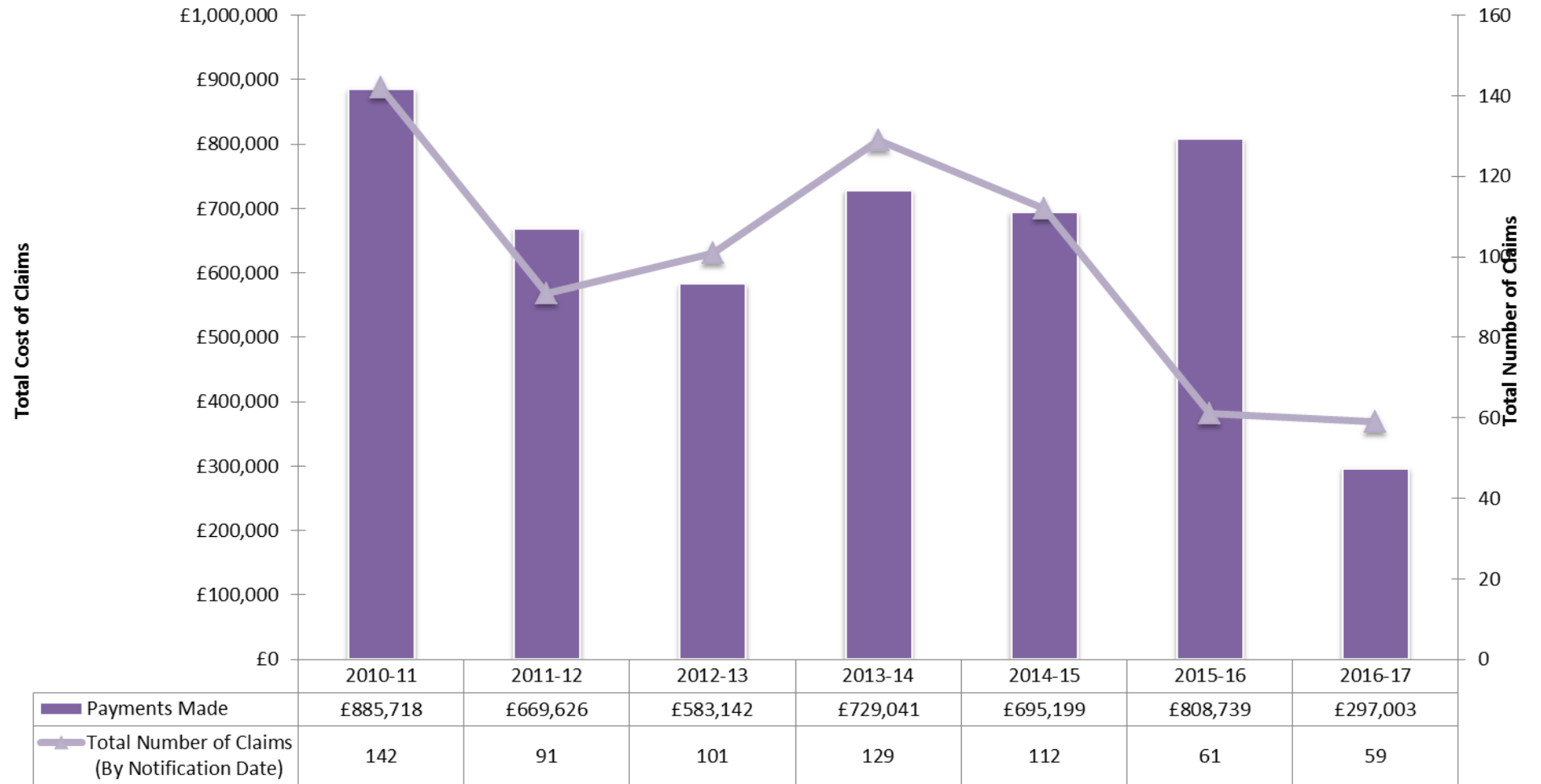
### 4. Appendix B – Insurance Claim Payments by Financial Year





## Blackpool Council: Risk Services

### Total Number and Cost of PL Claims (Paid and Outstanding) as at 31.12.16



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