

Risk Services Quarter Four Report 1st January to 31st March 2017

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	3
Health and Safety.....	6
Corporate Fraud Team performance indicators	7
Corporate Fraud Team Statistics.....	8
3. Appendix A: Performance & Summary Tables for Quarter Three	9
Internal Audit reports issued in period	9
Progress with Priority 1 audit recommendations	15
The Regulation of Investigatory Powers Act 2000	15
Insurance claims data.....	15
4. Appendix B – Insurance Claim Payments by Financial Year.....	17

1. Fourth Quarter Summary

Service Developments

1.1 *Internal Audit*

There have been some staffing changes in the internal audit team with an Auditor leaving the Council. A recruitment process was undertaken and a member of staff from the Place Directorate was successful in being offered the role of Auditor and joined the team in January. One Auditor returned from maternity leave in January and the Auditor who was temporarily covering this role, has left the Council.

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

- Executive Decisions – Resources
- Estate Management and Investment Portfolio
- Holy Family Primary School
- Troubled Families Compliance Testing
- Positive Steps into Work Compliance Testing
- Children’s Safeguarding Compliance
- Public Health Integration with Council Services
- Public Health Measuring Outcomes for Preventative Measures
- Business Loans

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*

The team has been coordinating the delivery of the National Fraud Initiative 2016. Work will continue on this exercise through 2017 as there are over 2,000 recommended matches which need to be checked.

Steps have been taken to raise the profile of the Fraud Awareness Training Courses. Initially, the focus has been in Resources, Governance and Partnership and Chief Executives and it is pleasing to note an improvement in completion rates in these areas. Similar exercises are planned in quarter one with the remaining directorates and the outcome will be the identification of staff for who the training will be deemed mandatory.

Proactive anti-fraud work has continued to focus on council tax and blue badges. There has also been an increased focus on direct payment fraud and staff from the corporate fraud team and direct payment team attended a joint training session on direct payment fraud in March to identify how best to work together to prevent and detect fraud.

1.3 *Risk and Resilience*

The team has undertaken reconciliation between the Council’s claims handling system and financial system, a process which identified a number of errors which have now been corrected. Regular meetings have been held with Legal Services who are responsible for the claims handling to agree new processes going forward to reduce the risk of future errors. This will help ensure that the Council’s insurers can have confidence in the claims data presented.

The Council’s insurance arrangements have been renewed with effect from the 1st April 2017. Considerable work was required to complete the renewal questionnaires given the increased need for disclosure as a result on the Insurance Act 2015, which came into force 12th August 2016. Terms have been agreed on the same basis as the previous year.

Blackpool Council: Risk Services

A number of business continuity plans have now been transferred to the new template which links the plans to the Major Emergency Plan, with other plans been amended as and when they expire. A number of Business Continuity training sessions have also been arranged by the team for May and June. It is hoped that these will further enhance plan holders skills when writing plans.

1.4 *Health and Safety*

The team has issued a number of staff briefing notes in the quarter including the importance of exit interviews and accident reporting for health and safety matters.

The health and safety training programme for 2017/18 has been put in place with the Organisation and Workforce Development Team. The staff in the health and safety team deliver the vast majority of the training themselves in order to reduce costs and ensure that the quality of training is consistent with the health and safety management arrangements set by the Council. The team has also prepared an iPool course relating to control of substances that are hazardous to health (COSHH) and this is currently with the Organisation and Workforce Development Team for implementation.

The team continues to provide external work to a number of organisations including Fylde Borough Council, schools and academies and arrangements are in the process of being finalised for 2017/18 which generate an income to support the team.

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%	74%

Internal Audit Team performance indicators

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Percentage audit plan completed (annual target).	90%	92%
Percentage draft reports issued within deadline.	96%	87%
Percentage audit work within resource budget.	92%	86%
Percentage of positive satisfaction surveys.	85%	88%
Percentage compliance with quality standards for audit reviews.	85%	87%

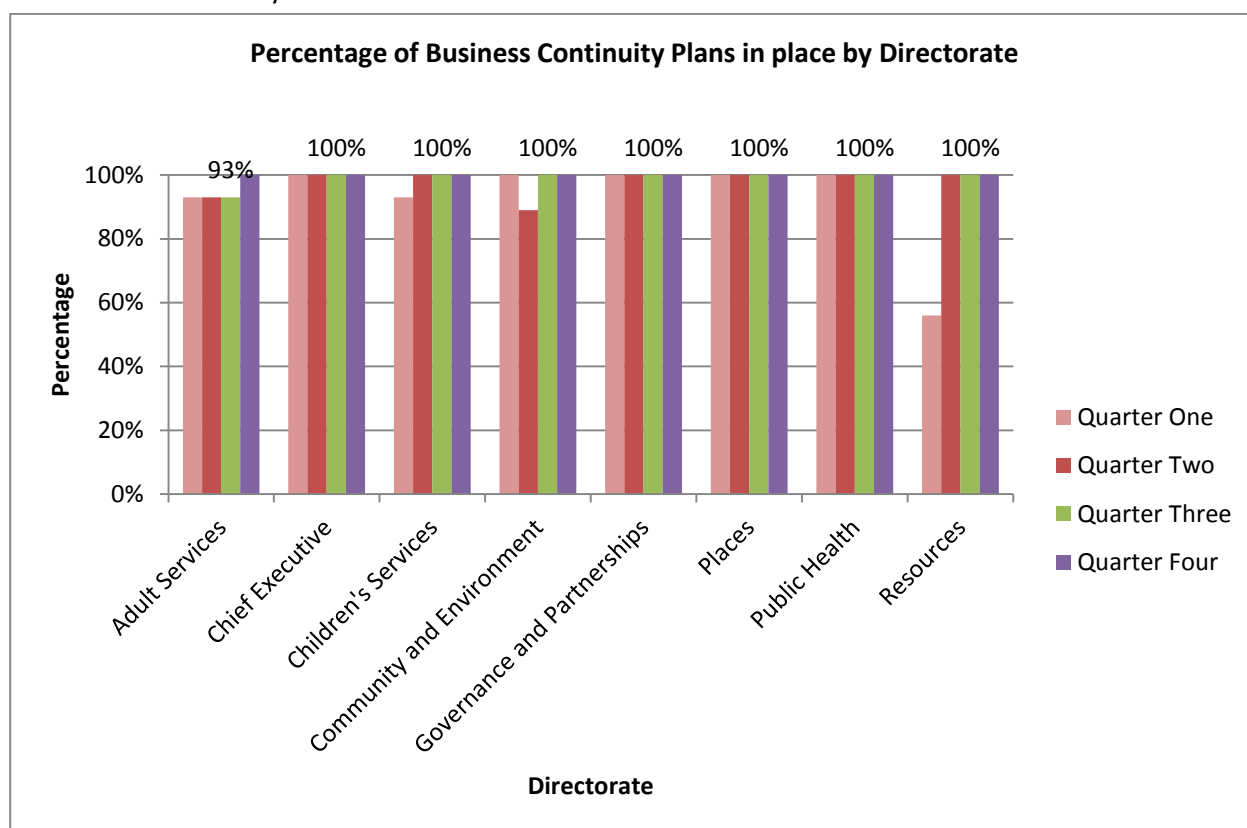
Risk and Resilience Team performance indicators

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Percentage of Council service business continuity plans up to date.	90%	100%

Blackpool Council: Risk Services

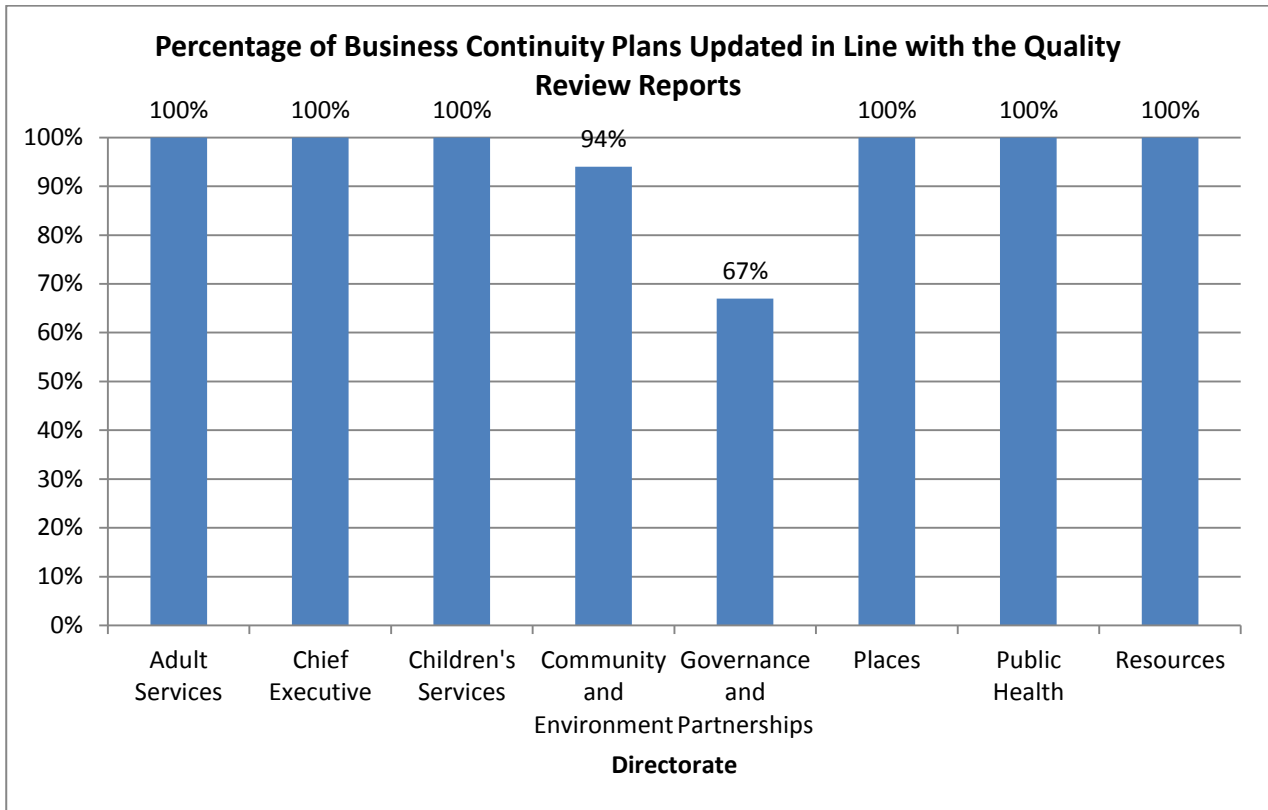
Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
Percentage of risk registers revised and up to date at the end of the quarter.	90%	96%
Number of risk and resilience training and exercise sessions held (annual target).	6	4
Number of trained Emergency Response Group Volunteers (for monitoring purposes only – responsibility lies with Adult Social Care)	60	50
Percentage of property risk audit programme completed (annual target).	90%	100%

In support of the 100% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate:



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
Community and Environmental	<ul style="list-style-type: none"> Highways
Governance and Partnerships	<ul style="list-style-type: none"> Legal Services

In support of the 96% 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



The services that have yet to update their risk registers include:

Directorate	Plan does not meet Quality Requirements
Community and Environmental	<ul style="list-style-type: none"> • CVMU • Parks

Health and Safety

Performance Indicator (Description of measure)	2016/17 Target	2016/17 Actual
RIDDOR Reportable Accidents for Employees	0	7
Training Delivered to quarterly plan	100%	100%

In relation to the RIDDOR cases which have occurred in the year two of these related to potential hand arm vibration matters and the remaining five were due to an employee having an accident whilst at work and being absent for 7 days or more after the incident.

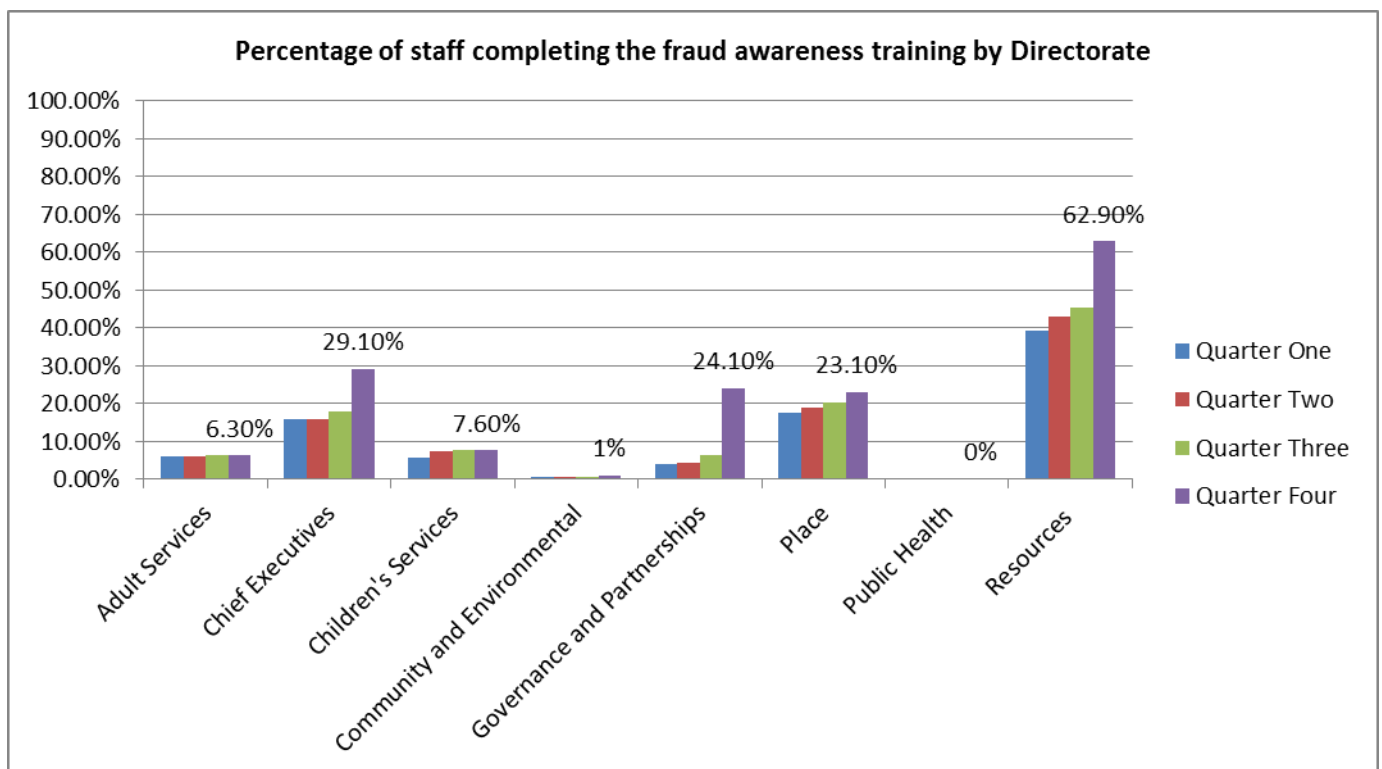
Blackpool Council: Risk Services

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%	12.98%

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. Steps are being taken to identify those staff that the course is mandatory for and the figures will be measured against this in 2017/18.

The graph below shows completion rate by directorate:



Blackpool Council: Risk Services

Corporate Fraud Team Statistics

CORPORATE FRAUD STATISTICS - 2016/2017 (QUARTER 3 CUMULATIVE TOTALS)	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	
Type of Fraud											
Council Tax - Single Person Discount	2	59	16	24	£3,200.79	24	15	1	0	0	21
Council Tax Reduction (CTR)	2	49	5	29	£6,113.59	29	5	0	0	0	17
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	50	4	44	£32,500.00	48	0	0	0	0	24
Social Care	1	1	0	0	£ -	0	0	0	0	0	2
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	4	£ -	3	1	0	0	0	0
Fraudulent Cashing of Housing Benefit Cheque	0	0	0	0	£ -	0	0	0	0	0	0
Disabled parking concessions	0	2	0	1	£ -	1	0	0	0	0	1
National Fraud Initiative 2016/2017 (recommended matches)	0	2,384	30	286	£ -	286	30	0	0	0	2068
Totals:	31	2,555	55	394	£41,814.38	397	51	1	0	0	2,137

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	Blackpool Equipment Services and Disabled Facilities Grant	<p><u>Scope</u></p> <p>This audit was jointly commissioned by Blackpool Council and Blackpool Coastal Housing and was a change to both audit plans to reflect a risk identified in year. The scope of this audit was to review:</p> <ul style="list-style-type: none"> • The policies and procedures recently put in place by Blackpool Equipment Services (BES) following the review by NHS Midlands and Lancashire Commissioning Support Unit and other weaknesses identified internally. This included whether updated policies and procedures are fit for purpose and fraud proof, including the defect procedure; • The controls put in place in relation to the BES Transforming Community Equipment Services (TCES) ordering system; <p>In addition we reviewed the following areas for both BES and the Disabled Facilities Grant (DFG):</p> <ul style="list-style-type: none"> • The contract monitoring arrangements in place with BES and the DFG suppliers and whether these are robust; • The process for inspection and maintenance of equipment and the reporting of faults; • The asset registers to ensure that they are complete and accurate; and • The invoice reconciliation procedures and the coding of supplier invoices. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place for Blackpool Equipment Services and Disabled Facilities Grant are adequate. We understand there have been significant concerns over the controls previously in place, however, we are satisfied that most risks have now been addressed. There are however some further minor control improvements required.</p> <p>Our testing revealed a satisfactory level of compliance with the controls.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Children's Services	Framework-i for Foster Payments	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Service resilience including breadth of operational knowledge and whether process documentation is sufficiently robust, • The extent to which the Framework-i system is fully utilised in relation to fostering payments, • The extent to which transition arrangements for fostering payments are appropriately set up to allow a smooth migration to the Mosaic system, • The options available for sending remittance information in relation to foster payments. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are adequate, with some risks identified and assessed and some changes necessary. There are several different parties involved in the process which provides for various checks and segregation of duties. However the processing system requires rationalisation to remove manual records which are being maintained outside of Framework-i. The operation of controls requires clarification as checks could be performed more effectively and efficiently through the Framework-i system. Framework-i could be used to enforce key steps and exception reports could be used to monitor changes and unusual transactions.</p>
Children's Services	Stanley 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>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are adequate with some risks identified and assessed, several changes necessary.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Children's Services	Bispham Endowed 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>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are good with most risks identified and assessed, with only minor control improvement required. Our testing revealed minor lapses in compliance with the controls.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Place	Blackpool Museum Project	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Whether the Blackpool Museum governance and project management arrangements are robust; • Whether there are adequate plans in place to identify other sources of funding for the Blackpool Museum project; • The adequacy of the process for preparing for an application to be submitted to the Heritage Lottery Fund for Heritage Grant round two funding; • Whether the wider Council support, enabling mechanisms and structures are consistently in place to deliver this highly complex project effectively and efficiently to ensure the best chances of success; and • Whether there is greater potential to ensure and enhance best value from this project by more effective use of in-house knowledge, expertise and resources council-wide. <p><u>Overall Opinion and Assurance Statement</u></p> <p>The delivery of the Blackpool Museum is a key project identified in the Council Plan 2015-2020. There are areas of good practice identified throughout the Project, including effective consultation and raising the profile of the project. We consider overall that the current controls in place at this stage of the Museum Project are now adequate, whilst it remains important that preparations for the future development of the Project continue to be closely monitored to ensure that the requirements of the Project delivery phase when this is progressed are met and that any continuing uncertainties are addressed.</p> <p>Whilst there is still a potential funding gap of c£10 million for the delivery phase, there are also several significant potential sources of additional funding that could be secured to close the gap and the Director of Resources has confirmed that the Council will consider underwriting any remaining shortfall in order to extend the fundraising timeframe if necessary.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Resources	Health and Safety	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • The effectiveness of overall Health and Safety management systems; • Accident and incident investigation and evidence capture; • Policies and arrangements to manage risk relating to Musculoskeletal Disorders; • Policies and arrangements to manage risk relating to prevention of slips, trips and falls; • The effectiveness of tools available to Council managers and staff for managing or coping with work related pressures; • Policies and arrangements to manage risk relating to workplace transport. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place in respect of Health and Safety management are adequate, with some risks identified and assessed and several changes necessary.</p> <p>The risk that the Council's Elected Members and Corporate Leadership Team may not be fully aware of their role and responsibilities to ensure effective leadership of Health and Safety and the penalties which can be imposed where failures occur needs to continue to be addressed.</p>
Resources	Treasury Management	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Governance arrangements established to determine suitable investment opportunities, while minimising the financial risk to the Council, including the establishment and approval of the Treasury Management Strategy and Medium Term Financial Sustainability Strategy; • Operational controls designed to safeguard the Council's funds, including the process for transferring money and; • The level of Prudential Borrowing and how it is managed by the Council including review of a sample of two projects involving such borrowing. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place in respect of Treasury Management are adequate, with some risks identified and assessed and several changes necessary.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Resources	Managing Client Finances	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Progress made to address the findings and implement recommendations which were agreed following the previous audit and advice work in this business area. The previous audit was Managing Client Finances (November 2013) and the advice work was Client Finances Banking (August 2015); • Policy, procedures and guidance to support staff to assess whether these enable effective and efficient management of Client Finances; • The Client Finances action plan with a view to evaluating whether the actions included should address any gaps or weaknesses in controls. <p><u>Overall Opinion and Assurance Statement</u></p> <p>There are several different parties involved in the process which provides for various checks and segregation of duties and a generally effective system of internal control. An OPG assurance visit was completed in October 2016 and they were very satisfied that the Council showed comprehensive understanding of the Standards required, which they also met.</p> <p>However, there is a need to introduce an effective system which will bring forward client case files for follow up and ensure that cases requiring action do not become stalled at any point in the management process. Also appropriate security protection to ensure that sensitive information such as Debit Card Details, PIN Numbers and Security Codes are suitably protected and a plan of onsite client financial reviews should be established.</p> <p>We therefore consider that the controls in place overall are currently inadequate, with some risks identified and assessed and some changes necessary.</p>

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement
Resources	Cyber Security	<p><u>Scope</u></p> <p>The scope of our audit was to assess the Council’s attitude to risk in relation to cyber security, including relationships with key partners in relation to data sharing, and whether this is consistent with the level of current and planned measures to pre-empt and address cyber security threats.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place for cyber security are adequate, with some risks identified and assessed and several changes necessary. The Council has a range of security measures in place and has the required compliance certificates. However, the cyber risks faced by the Council continue to evolve and therefore it is important to ensure that this strategic risk continues to be effectively managed to help control emerging threats. Further work is also required to identify and address cyber security risks in relation to key partners.</p>
Resources	Council Tax and Business Rates Refunds	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Appropriate controls are in place to ensure that refunds of Council Tax and Business rates are being issued correctly. <p><u>Overall Opinion and Assurance Statement</u></p> <p>We consider that the controls in place are good, as most risks are identified and assessed, and only minor control improvements are required.</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 April when a number of priority one recommendations will become due for follow-up and this will be reported in the next quarterly report.

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 2017 the Council authorised no RIPAs.

Insurance claims data

The graphs at **Appendix B** show the cost of claims paid to date each financial year by the Council. Significant progress has been made in reducing highways claims in the year. One of the key risk areas is in relation to

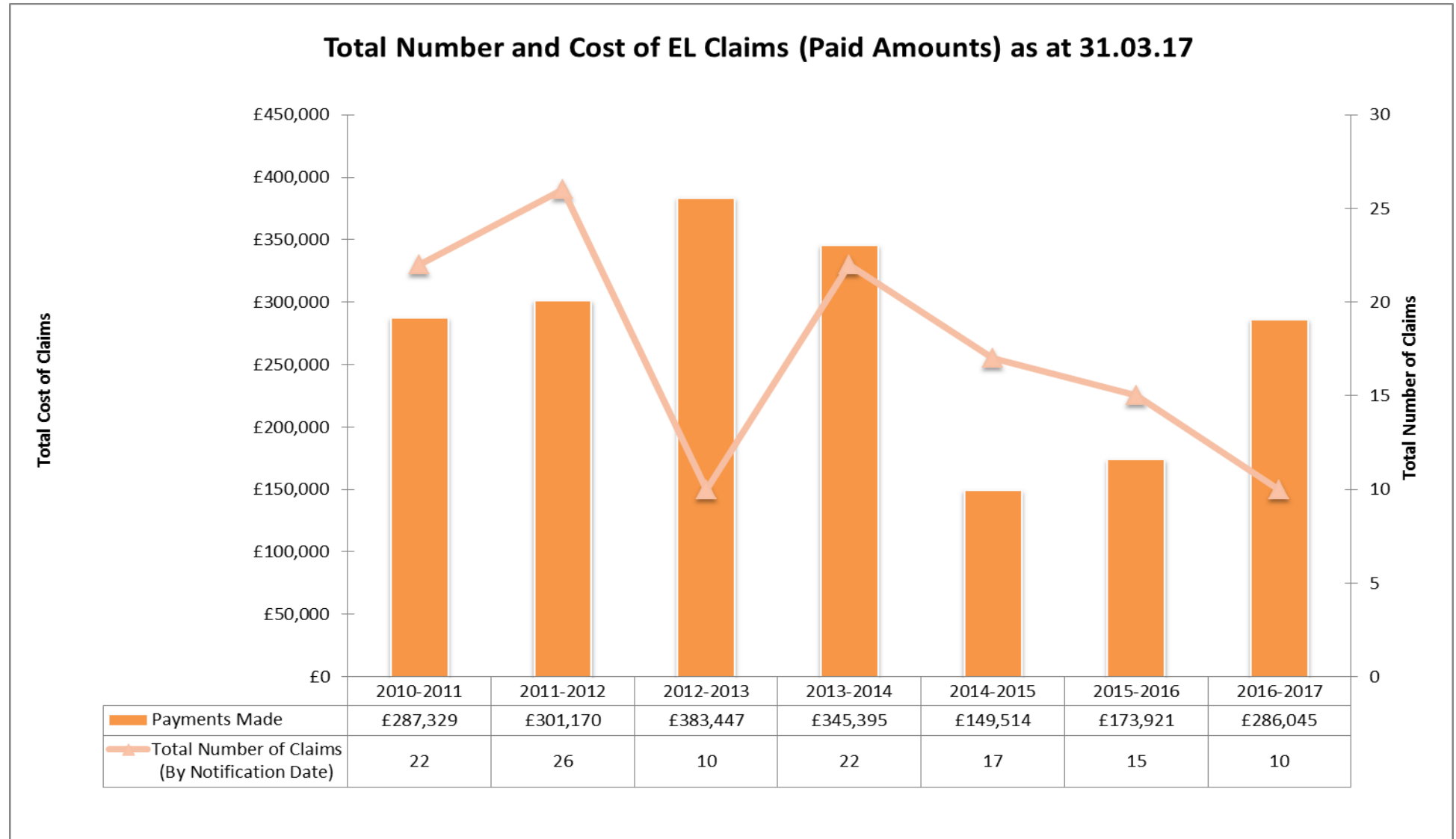
Blackpool Council: Risk Services

sensitive / abuse allegations in the public liability category where there has been a significant increase in the number of notifications being received. A considerable amount of work may be required by specialist solicitors prior to a claim being received (if at all) and the cost of this will be borne by the service rather than the self-insurance provisions.

As with all liability claims a claimant has a number of years in which to submit a claim and there are also a number of claims which have not yet been settled or repudiated and therefore costs will fluctuate until such time a claim has been closed.

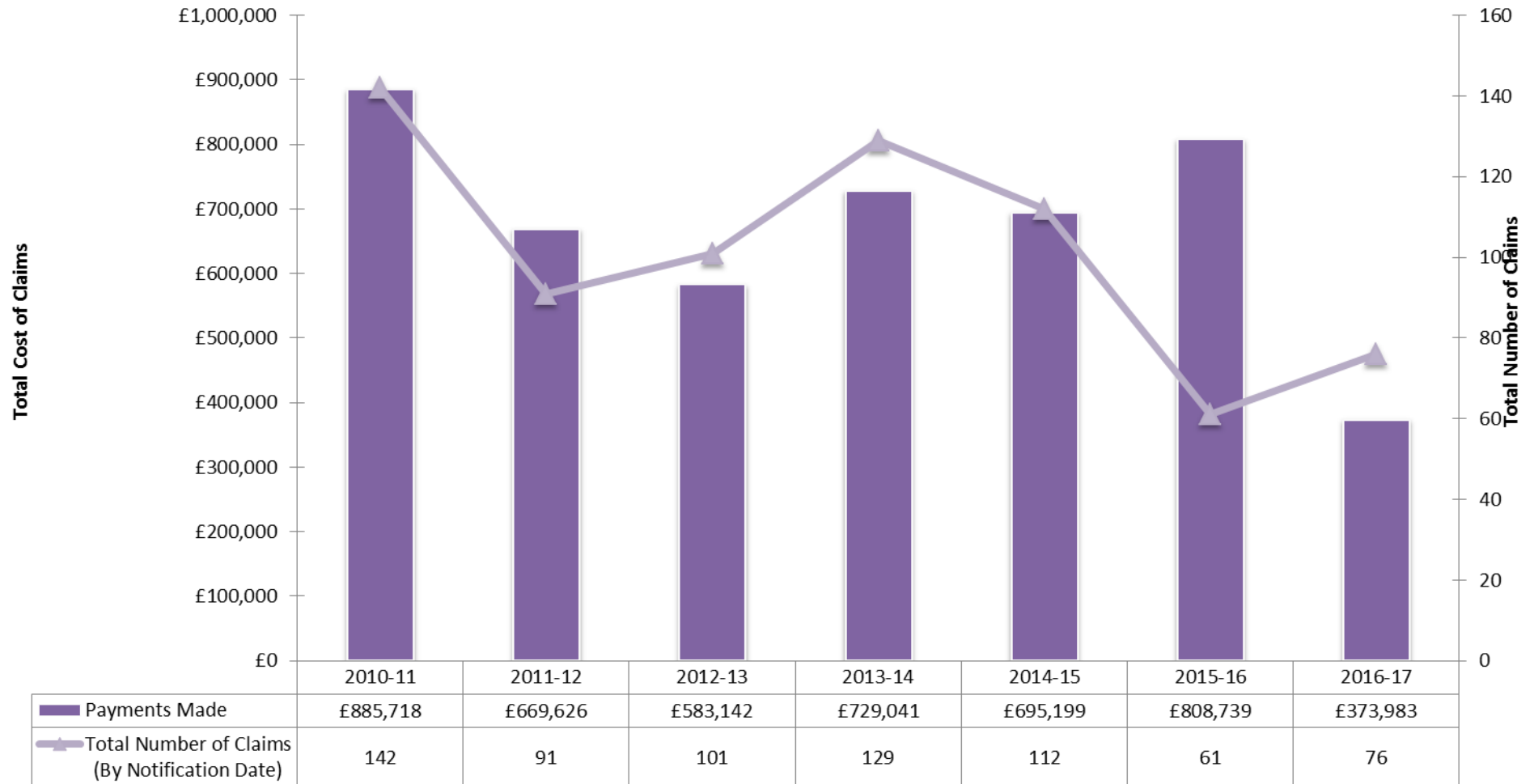
Blackpool Council: Risk Services

4. Appendix B – Insurance Claim Payments by Financial Year



Blackpool Council: Risk Services

Total Number and Cost of PL Claims (Paid) as at 31.03.17



Blackpool Council: Risk Services

