

Risk Services Quarterly Report
1st July to 30th September 2015

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1. Second Quarter Summary

Service Developments

1.1 *Internal Audit*

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

- Anchorsholme Sea Defence Work
- Cultural Services and Libraries
- Executive Decision Making
- Better Start Project
- Carbon Reduction Scheme compliance
- Car Parking Income
- Coroners Service
- Banking Contract
- Leisure Centres
- Purchase Cards
- Information Management and Data Breaches
- Compliance with Corporate Contracts
- Ability to Transform
- Lancashire Waste Partnership
- Coastal Communities Fund
- Payroll
- Care Act: Deferred Payments
- Framework-I – Residential Payments
- Framework-I – Non-Residential Payments

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 National Fraud Initiative (NFI) data matches for 2015 are currently being investigated with the focus being on those that are high risk.

Steps are being taken to raise awareness of the Fraud Awareness training which is available on i-pool. Notification has been sent out to the Senior Leadership Team encouraging all staff to complete the course and plans are in place to follow this up, particularly in areas where the risk of fraud is high.

Steps are being taken to review the Council's fraud risk register to take account of the latest trends in local government fraud and to assess whether further action needs to be taken. However, the ability for the team to deliver proactive work is limited by the small size of the team and the need to investigate frauds reactively when they are reported.

Risk and Resilience

The team provided the tactical response for the boiled water notice being implemented for a four week period due to contamination in the water supply. An internal debrief is scheduled to take place in October to discuss how the incident was managed and to determine whether any lessons can be learned. The Council's position will then feed into the Lancashire Resilience Forum's debrief that will assess the response Lancashire wide.

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The team continues to contribute to the work of the Lancashire Resilience Forum including attending meetings, facilitating exercises, conducting reviews and contributing to the various work streams.

The Corporate Business Continuity Plan and Critical Activities List have been approved by the Corporate Leadership Team and circulated to senior officers. Significant progress has been made in terms of service level business continuity plans being prepared however the quality of the content is variable. Over the coming months the Risk and Resilience Team will review each of the plans received and make recommendations on how this could be strengthened going forward. The results of these reviews will be reported to the Departmental Risk Management Groups for action. Work has started on the development of two thematic business continuity plans (property and ICT) however this is still very much in the planning stage and discussions are being held to agree what format these will take.

Preparations are being made for the insurance renewals as new policies need to be in place by April 2016. This will be the last year of the current long term agreements however there is an option to extend these for another two years which is likely to be taken as the current policies are providing value for money.

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%	85%

Internal Audit Team performance indicators

Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Percentage audit plan completed (annual target).	90%	41%
Percentage draft reports issued within deadline.	96%	94%
Percentage audit work within resource budget.	92%	94%
Percentage of positive satisfaction surveys.	85%	88%
Percentage compliance with quality standards for audit reviews.	85%	89%

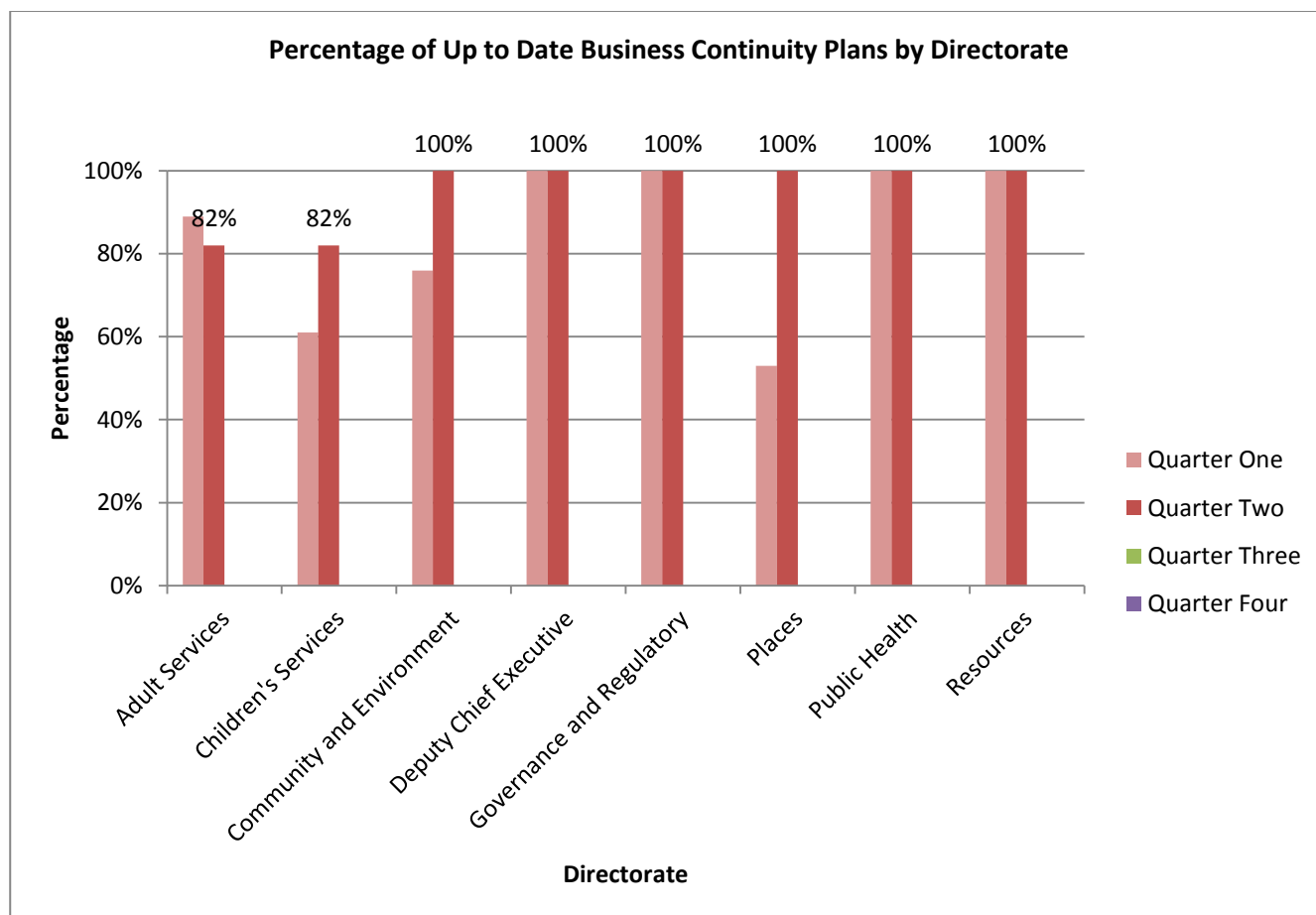
Risk and Resilience Team performance indicators

Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Percentage of Council service business continuity plans up to date.	90%	91%

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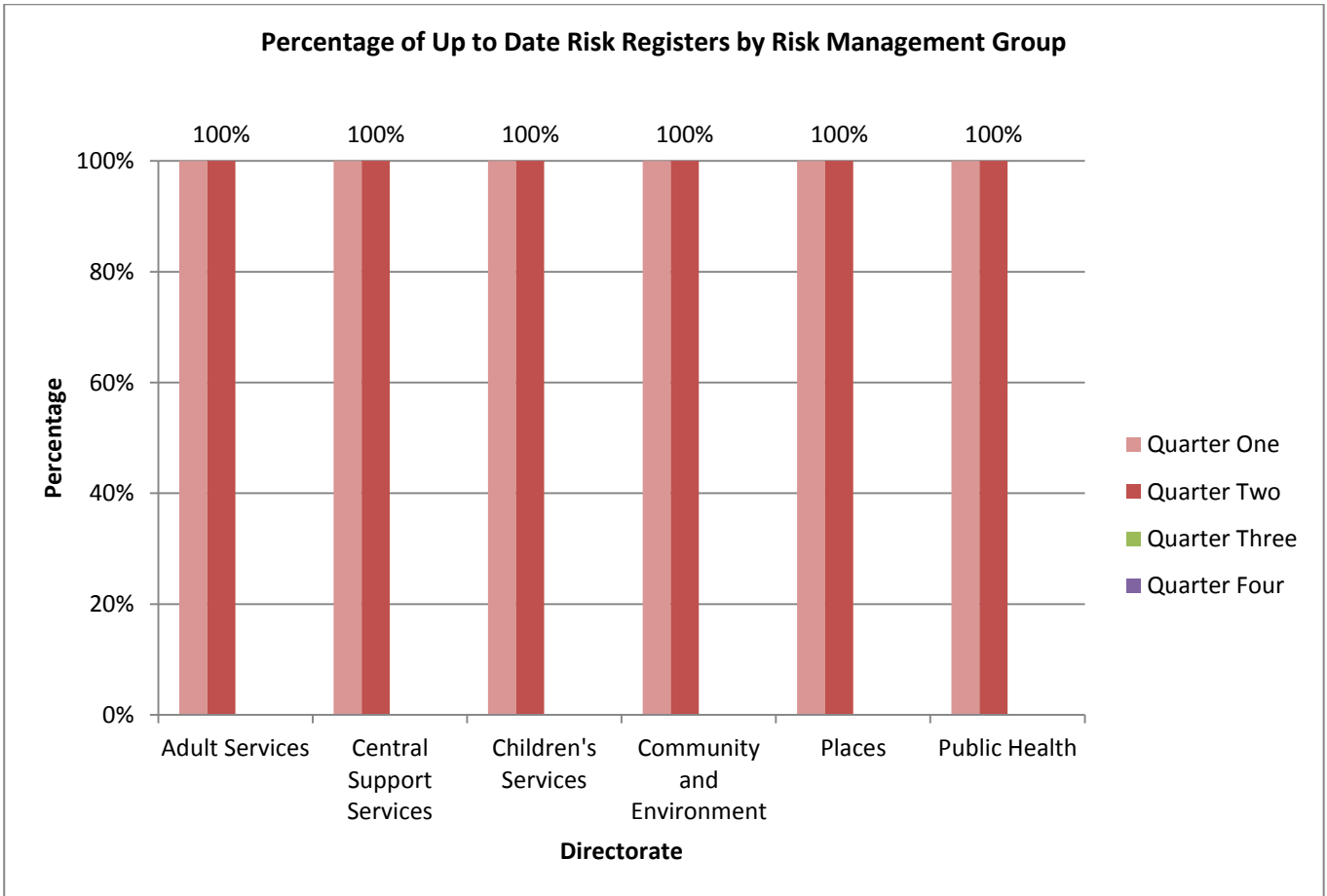
Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Number of risk and resilience training and exercise sessions held (annual target).	6	1
Number of trained Emergency Response Group Volunteers (for monitoring purposes only – responsibility lies with Adult Social Care)	60	44
Percentage integration into the Lancashire Resilience Forum workstreams.	70%	70%
Percentage of property risk audit programme completed (annual target).	90%	22%
Percentage of risk registers revised and up to date at the end of the quarter.	90%	100%

*In support of the 91% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate:



*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:

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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%	81%

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Corporate Fraud Team Statistics (Including National Fraud Initiative Findings)

	Number of Referrals Received	Number of Fraud Proven	Under Investigation	No Fraud	Value of Fraud	Action Taken				
						AP	Pro	Rec	NFA	Disc
Type of Fraud	2015/2016 Cumulative Figure									
Council Tax Discount	15	1	2	12	£1,233.84	0	0	1	12	0
Council Tax Reduction (CTR)	28	0	26	2	£0.00	0	0	0	2	0
Business Rates	0	0	0	0	£0.00	0	0	0	0	0
Procurement	3	0	0	3	£0.00	0	0	0	3	0
Fraudulent Insurance Claims	0	0	0	0	£0.00	0	0	0	0	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	1	0	0	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 contact fulfilment	0	0	0	0	£0.00	0	0	0	0	0
Expenses	0	0	0	0	£0.00	0	0	0	0	0
Abuse of position - financial gain	5	1	1	3	£1,449.99	0	0	0	3	1
Abuse of position - manipulation of financial or non-financial data	2	2	0	0	£0.00	0	0	0	0	2
Disabled parking concessions	0	0	0	0	£0.00	0	0	0	0	0
National Fraud Initiative (high risk)	2,639	6	508	2,125	£55,409	0	0	6	2,125	0
Totals:	2,693	10	537	2,146	£58,092.83	0	0	7	2,146	3

	July	August	September
Number of Referrals Sent to a Third Party (DWP/Planning/other LA)	2	3	4

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

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement
Adult Services	Social Care Establishment Visits	<p><u>Scope:</u></p> <p>The scope of our audit work was to review two establishments within adult services; Coopers Way Respite Service and Langdale Day Centre, and undertake compliance testing which covered the following areas:</p> <ul style="list-style-type: none"> • Care plans, • Staff rotas, • Training logs, • DBS checks, • Policies and Procedures, • Medication, • Occupational Health and Safety and Risk Assessments, • Purchasing Cards, • Infection Control, • Quality Assurance, • Security, <p>In addition for Coopers Way:</p> <ul style="list-style-type: none"> • Client Monies, • Assets, • External Activities, • Cash Handling, • Respite Payments <p>In addition for Langdale Day Centre:</p> <ul style="list-style-type: none"> • Session Delivery <p><u>Assurance Statement:</u></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>

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Directorate	Review Title	Assurance Statement
Adult Services	Contract and Performance of Providers	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • The contract monitoring arrangements in relation to externalised Adult Social Care Services; • The policy for managing poor performance; • The process for managing provider failure; • Quality Assessment Frameworks and the approach to achieving continuous improvement; and • The impact of the Care Act 2014 on contract monitoring. <p><u>Assurance Statement:</u></p> <p>We consider the controls in place around the processes for the Contract and Performance of Providers to be adequate, however some risks have been identified and assessed, and some changes are required to strengthen the approach in relation to the development of quality accreditation and changes required as a result of the Care Act.</p>
Children’s Services	Boundary 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>Based on the new processes being introduced, we consider that the 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>

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Directorate	Review Title	Assurance Statement
Children's Services	Mereside 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>We consider that the controls in place are adequate with most risks identified and assessed and minor control improvement required. Our testing revealed minor lapses in compliance with the controls.</p>

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Directorate	Review Title	Assurance Statement
Community and Environment	Physical Activities	<p><u>Scope:</u></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> • The effectiveness of joint working arrangements between Leisure Services and other Council services that commission or provide physical activity programmes; • The value for money achieved from physical activity programmes commissioned by or provided by Council services; and • Whether commissioning of physical activity services is in line with the Council’s procurement policies and procedures and whether the procurement policies and procedures facilitate effective joint working and value for money for the Council as a whole in respect of physical activity programmes. <p><u>Assurance Statement:</u></p> <p>There are a range of organisations, including Leisure Services, providing physical activity opportunities for residents. Some of this is funded through the generation of income and others through externally commissioned programmes by Public Health. We consider the current approach to be inadequate and believe that better integration between Leisure Services and Public Health could potentially improve the opportunities available to residents and may deliver better value for money.</p>

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Directorate	Review Title	Assurance Statement
Corporate	Financial Control Assurance Testing 2014/2015	<p><u>Scope:</u></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"> • Business Rates • Capital Accounting / Asset Management • Council Tax • Creditor Payments (general, e-procurement and recurring payments) • Sundry Debtors • Housing Benefits • Housing Rents • Payroll • Trading Services <p><u>Assurance Statement:</u></p> <p>Overall, for 2014/2015 we have assessed the key financial controls in place for business rates, council tax, creditor payments, capital accounting, 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>

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Directorate	Review Title	Assurance Statement
Governance and Regulatory	Ward Funding	<p><u>Scope:</u></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> • The policies and procedures in place for ward funding budgets and assess whether these are effective. • The level of compliance with the policies and procedures in place. <p><u>Assurance Statement:</u></p> <p>We consider that the updated controls are good and should address the control weaknesses identified in the previous year’s audit report.</p> <p>We have been unable to test the compliance with the improved controls due to the updated procedure not being in place in time for the ward funding grants being applied for in 2014/15. Compliance with the new procedure will be tested as part of the 2015/16 internal audit programme.</p>

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Directorate	Review Title	Assurance Statement
Governance and Regulatory	Licensing	<p><u>Scope:</u></p> <p>The scope of the audit was to review the following:</p> <ul style="list-style-type: none"> • Document management and the effectiveness of information sharing between the Licensing and Enforcement services and other relevant Council services, particularly in relation to Child Sexual Exploitation (CSE); • The effectiveness of income management processes within the Licensing team; and • The management of various licensing policies and clarity of decisions taken in line with those policies. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are currently inadequate, with a number of material risks identified, for which significant improvement is required. The current processes in relation to document management and information sharing could be strengthened to effectively contribute to the potential identification and prevention of child sexual exploitation. Proactive work is already being undertaken to raise taxi driver awareness of the issues and provide them with the knowledge to report any concerns which they may come across whilst working.</p> <p>The current procedures in relation to income management are also weak and a number of issues have been identified which require attention. Implementation of the recommendations in the report will assist in reducing the risks to an acceptable level.</p> <p>Our testing revealed minor lapses in compliance with the controls, as there was no evidence of authorisation for a number of lower risk licences.</p>

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Directorate	Review Title	Assurance Statement
Place	Positive Steps into Work Security Plan	<p><u>Scope:</u></p> <p>The scope of our audit was to:</p> <ul style="list-style-type: none"> • Ensure that the existing security plan has been reviewed by key members of staff within the last 12 months and updated where necessary. • Review outstanding actions from the previous action plan and ensure these have all been addressed. • Perform compliance testing of the physical security aspects of the security plan. <p><u>Assurance Statement:</u></p> <p>We consider that the Security Plan has been fully reviewed and updated as required by the contract between the Council and A4e with the exception of the extension of use of the RSA EnVision system for the storage and retention of log data and there is no specified completion date for this action.</p> <p>Our testing revealed some lapses in compliance with physical security controls.</p>
Place	CCTV Service	<p><u>Scope:</u></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> • Whether CCTV assets are appropriately recorded; • Whether business continuity plans are in place and regularly reviewed; • Compliance with corporate policies to include Health and Safety; • Potential models of delivery of the CCTV service; • Value for money achieved in the maintenance of the service to include maintenance contacts with external parties; and • Value for money achieved in the procurement of equipment and consumables. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are inadequate with a number of material risks identified and significant improvement required across all of the areas of the scope of this review. Our testing also revealed a number of lapses in compliance with those controls that are in place.</p>

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Directorate	Review Title	Assurance Statement
Public Health	Continuing Professional Development	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • The processes in place for recording and submitting Continuing Professional Development (CPD) returns to the Faculty of Public Health and other professional bodies. • The more general CPD needs of the Public Health team and how effectively these are identified and met through the Individual Performance Appraisal process and other training and development processes in place. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are adequate with some risks identified and some changes necessary.</p>

Progress with Priority 1 audit recommendations

A full 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.

A number of actions have now been implemented and signed off and this includes for the Waste PFI, Area Forum and Ward Budgets, E-invoicing, Advertising, Out of Hours Cover, Framework-I, Bereavement Service, Deferred Payments and Year 7 Savings Accounts.

A number of 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

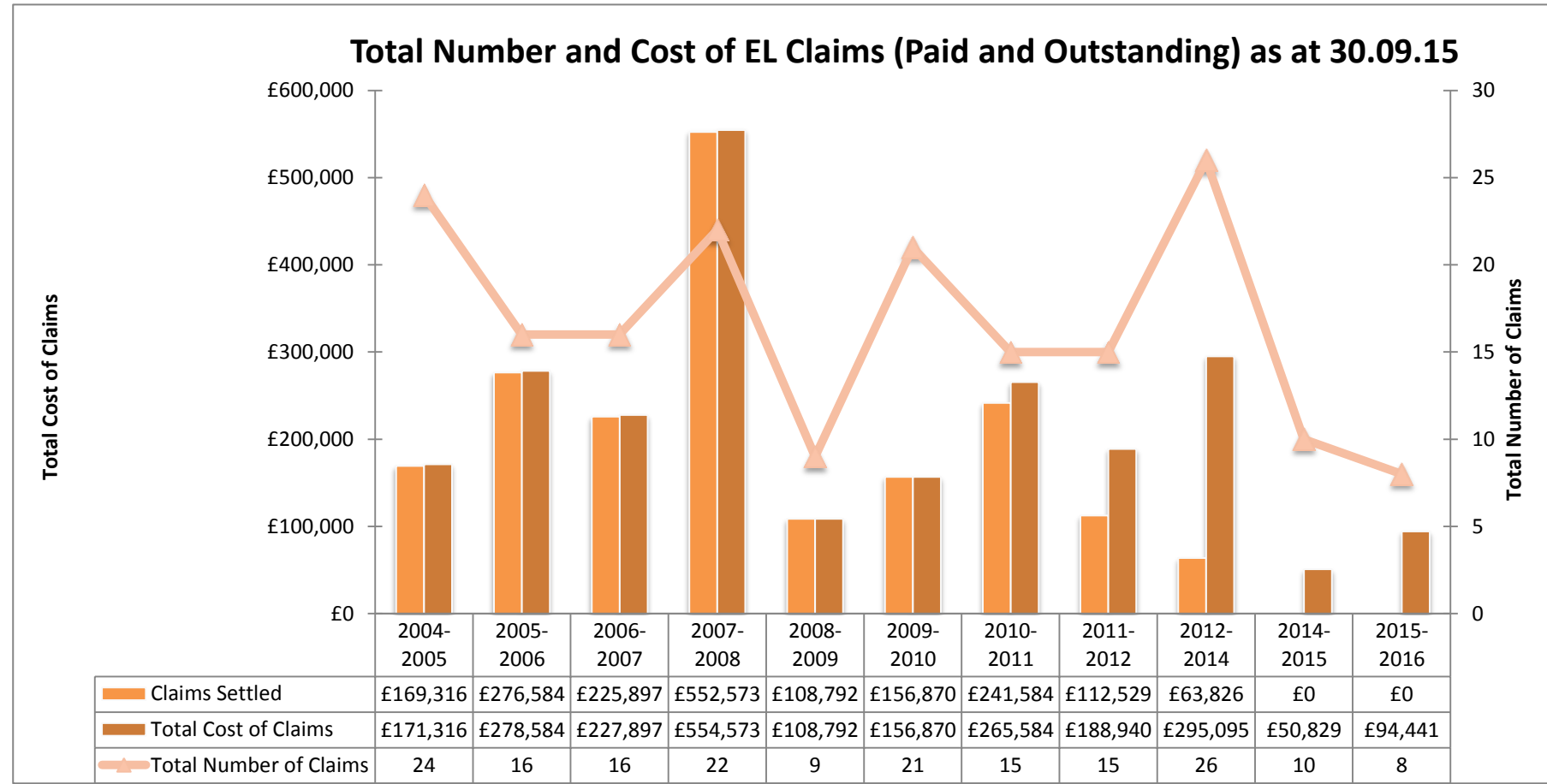
In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter which enables the Council to undertake directed and covert surveillance. Between July and September 2015 the Council authorised no directed surveillance 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.

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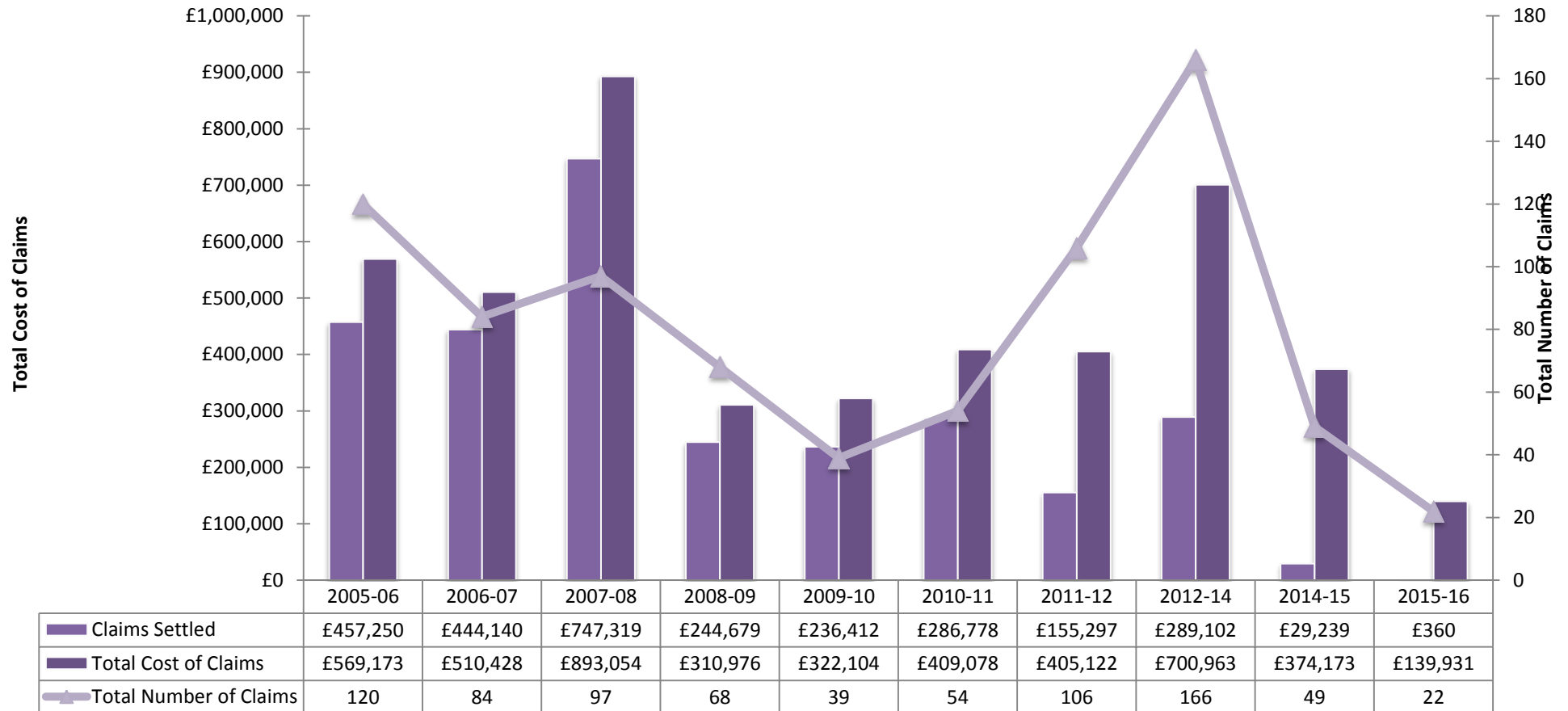
4. Appendix B – Insurance Claims Data



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 1st April start in preparation for the procurement exercise.

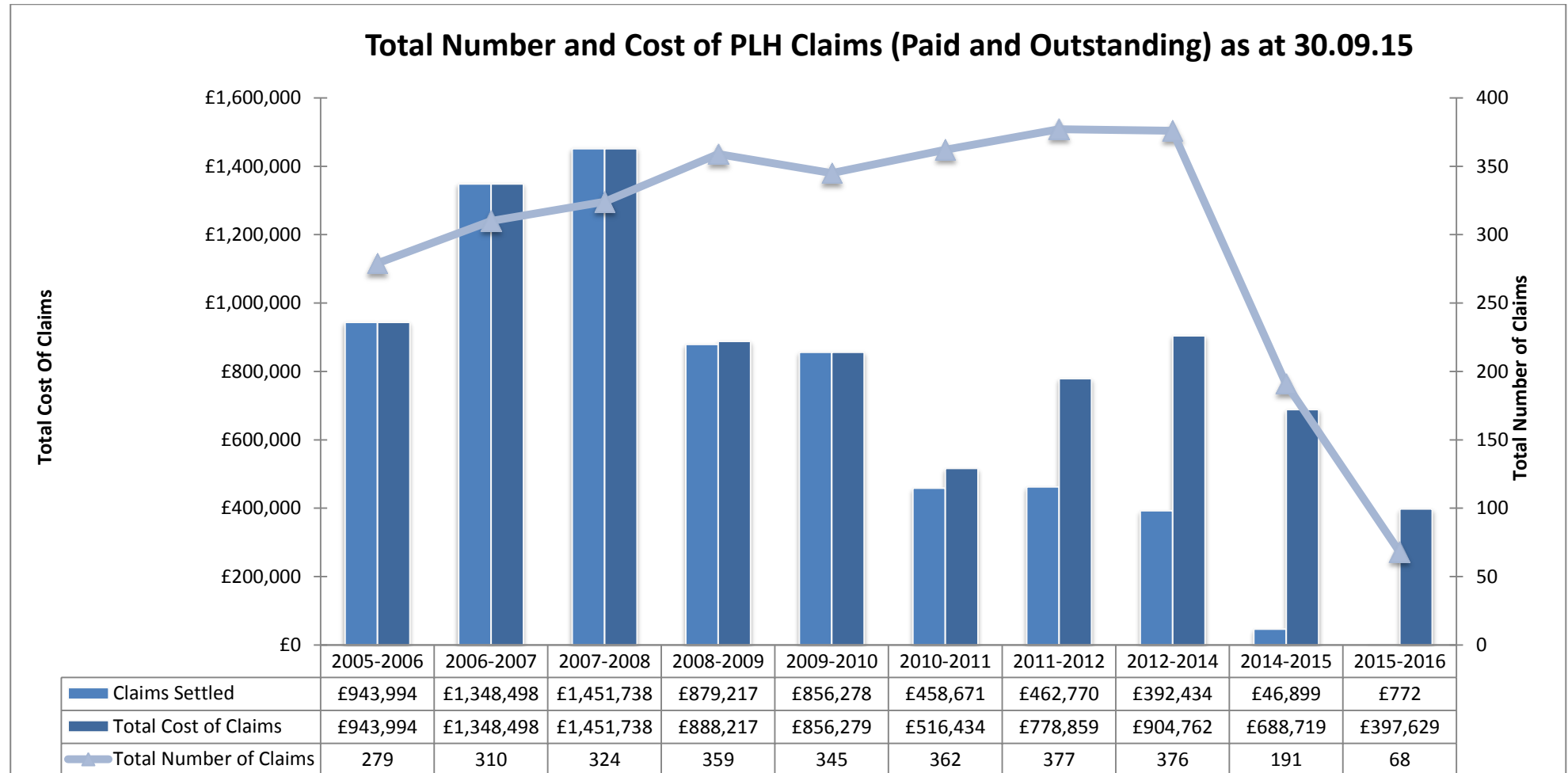
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Total Number and Cost of PL Claims (Paid and Outstanding) as at 30.09.15.



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.

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