

Risk Services Quarterly Report
1st April to 30th June 2014

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1. First Quarter Summary

Service Developments

1.1 *Internal Audit*

Work has been underway in the quarter to finalise audit reports relating to 2013/2014 and to scope the first round of audits planned for 2014/2015.

The team has participated in the CIPFA benchmarking exercise for internal audit services and the results of this will be communicated to a future Finance and Audit Committee.

Helen Atkinson has been appointed to the Audit Administration Assistant role and will be taking up post in July 2014. Helen will be joining the team from Leisure Services where she has provided administrative support in the sports centres. This is a new role created to replace the Audit Apprentice which unfortunately was not successful.

1.2 *Investigations*

Tony Cooke (Senior Investigator) has taken on supervision responsibilities for the Benefit Fraud Team after the retirement of Mike Spencer.

Confirmation has now been received from the Department for Work and Pensions that the benefit fraud investigators will transfer to the DWP in April 2015 to become part of the Single Fraud Investigation Service. A project will be ongoing over the coming months to ensure that successful transition to the new working arrangements.

There are a number of corporate fraud investigations underway and there continues to be a number of referrals in this area. Alongside the reactive investigations, work is being undertaken to produce a suite of advisory documents in relation to putting adequate controls in place to prevent fraud and these will be launched on the Hub over the coming months.

1.3 *Risk Management and Insurance*

All new insurance policies are now in place and the team continue to monitor the success of the new arrangements and ensure that internal working practices evolve to be as efficient as possible.

The team continue to support the work of the various departmental and thematic risk management groups which are in place and address any gaps in this area. Adult Social Care has recently announced that they will be setting of their own risk management group which the Risk and Insurance Team will support as required. A focus is being given to high risk areas including driving at work and highways tripping claims.

Closer links are now in place between the in-house claims handling team in Legal Services and the Corporate Fraud Officer to enable robust checks to be undertaken to identify potentially fraudulent public liability claims.

1.4 *Emergency Planning and Business Continuity Planning*

The Business Continuity Officer was involved in planning for the national strike due to take place on the 10th July 2014 to help ensure that services, particularly those identified as a critical activities, had adequate continuity arrangements in place. Work has also been undertaken to discuss corporate arrangements for fuel disruption and which Council services would be deemed as essential.

The Emergency Planning Officer is leading on a review of the Lancashire Resilience Forum to ensure that the structure in place is effective. Considerable work is being undertaken on flood planning in conjunction with other Council services involved in the production of this plan.

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A rest centre exercise was undertaken in April which involved staff from the Emergency Response Group and from the Emergency Planning Out of Hour Rota. The exercise was attended by the voluntary agencies who play a key role in the providing support should a major incident be declared.

2. Performance

Internal Audit performance indicators

PI Ref.	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local IAPI1	Percentage audit plan completed (annual target).	90%	14%
Local IAPI2	Percentage draft reports issued within deadline.	96%	100%
Local IAPI3	Percentage audit work within resource budget.	92%	100%
Local IAPI4	Percentage of positive satisfaction surveys.	85%	78%
Local IAPI5	Percentage compliance with quality standards for audit reviews.	85%	83%

Investigations performance indicators

PI Ref.	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local IPI1	Number of fraud investigations, per 1,000 caseload.	35	8.22
Local IPI2	Number of prosecutions and sanctions, per 1,000 caseload (annual target).	11	2.48
Local IPI3	Percentage cases closed resulting in changes to benefit.	50%	56%
Local IPI4	Percentage cases closed resulting in changes to benefit with sanctions.	54%	53%

Investigations Team Statistics

Month	Local Authority Overpayment	DWP Overpayment	Sanctions			
			Cautions	Admin Penalties	Completed Prosecutions	+/- Target
April	£75,391	£11,561	16	7	3	5
May	£54,175	£12,464	14	4	2	-2
June	£108,909	£34,783	12	3	4	-2

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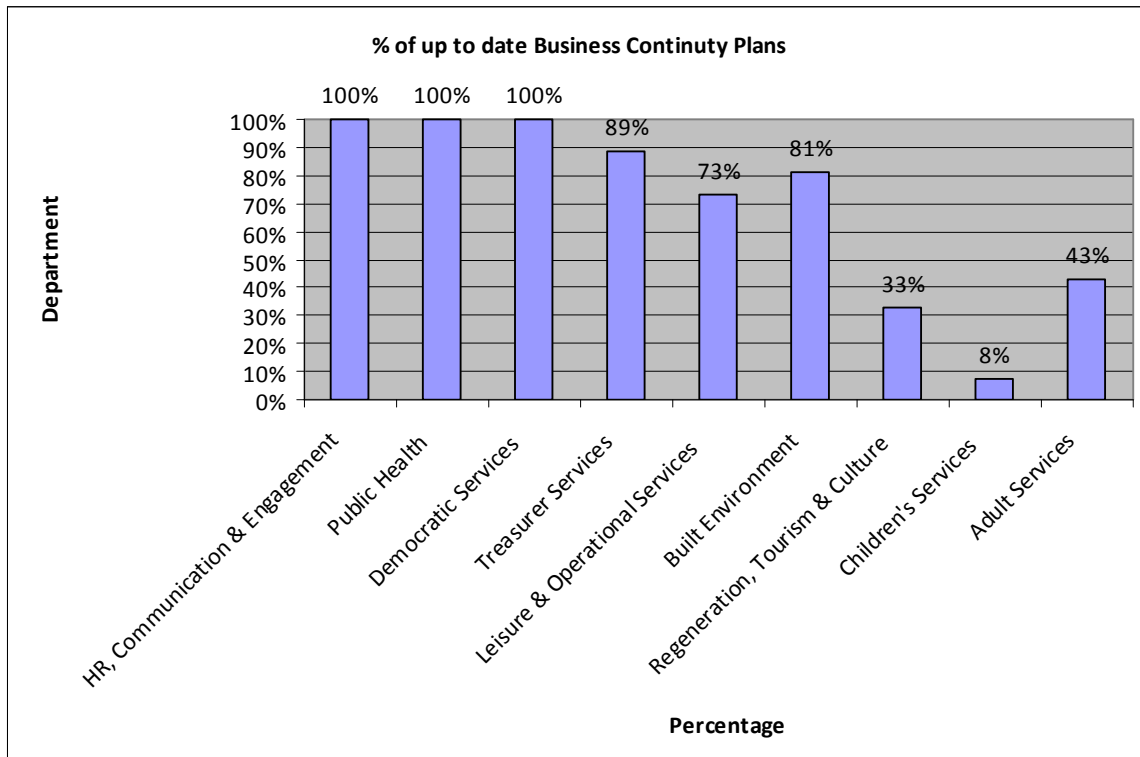
Month	Local Authority Overpayment	DWP Overpayment	Sanctions			
			Cautions	Admin Penalties	Completed Prosecutions	+/- Target
Totals	£238,475.00	£58,808.00	42	14	9	1

Civil Contingencies performance indicators

PI Ref. (BVPI, Local, PSA)	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local CC1	Percentage of Council services with business continuity plans.	100%	92%
Local CC2	Percentage of Council service business continuity plans updated during the financial year.	90%	44%
Local CC3	Number of civil contingency training and exercise sessions held.	6	1
Local CC4	Number of trained Emergency Response Group Volunteers.	60	32
Local CC5	Number of updates to the Major Emergency Plan.	2	0
Local CC6	Percentage integration into the Lancashire Resilience Forum workstreams	70%	70%

*In support of the 44% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by department. Please note that this follows the Council structure prior to the changes announced in May. Once full details of the restructure are known the way in which we record this data will be amended appropriately.

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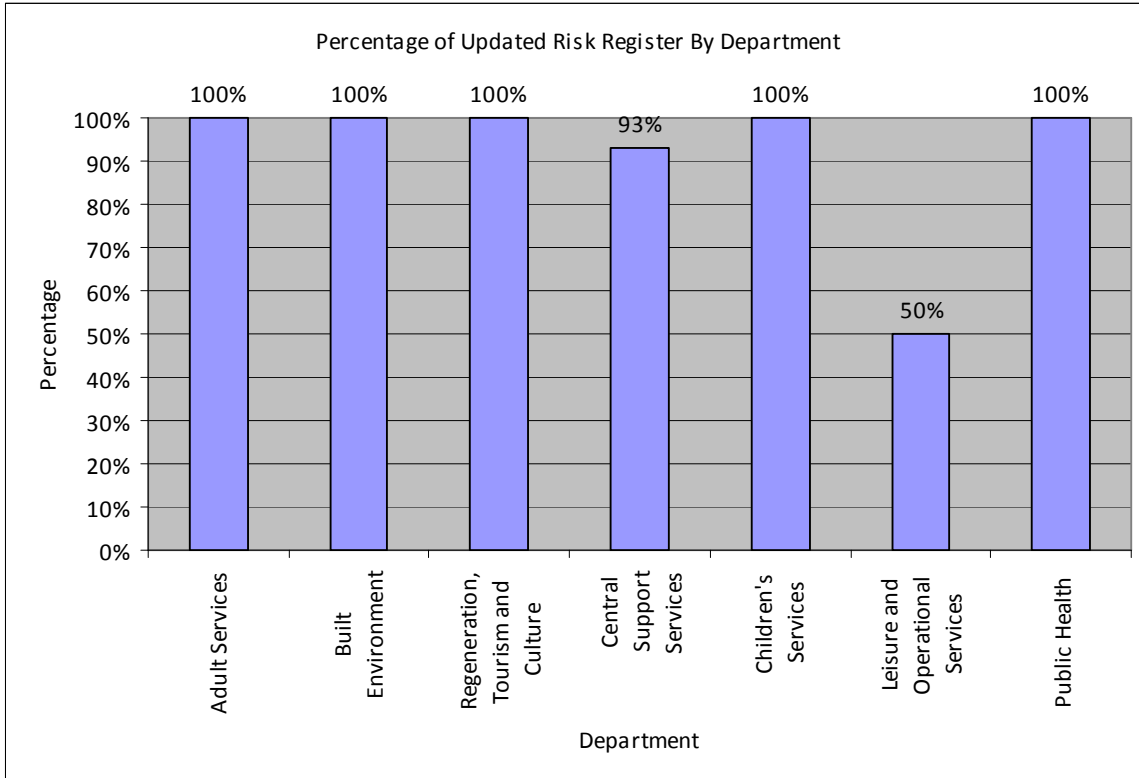
Risk and Insurance Performance Indicators

PI Ref. (BVPI, Local, PSA)	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
RI1	Number of new liability insurance claims notified each month.	30	30
RI2	Number of liability insurance claims settled each month.	35	31
RI3	Number of liability insurance claims outstanding.	550	455
RI4	Percentage of new insurance claims registered and dispatched to insurers within 3 working days of receipt.	92%	100%
RI5	Percentage of property risk audit programme completed (annual target).	90%	0%
RI6	Percentage of risk registers revised and up to date at end of quarter.	90%	85%

*In support of the 85% of risk registers revised and up to date by the end of the quarter the following graph shows a breakdown by department. Please note that this follows the Council structure prior to the changes

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announced in May. Once full details of the restructure are known the way in which we record this data will be amended appropriately.



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3. Appendix A: Performance & Summary Tables for Quarter 1– April to June 2014

Internal Audit reports issued in period

Department	Review Title	Assurance Statement
Corporate	Financial Control Assurance Testing 2013/2014	<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 2013/2014, we have assessed the key financial controls in place for business rates, council tax, creditor payments, housing benefits, housing rents, capital accounting and payroll/HR to be satisfactory.</p> <p>Results in relation to traded services have been variable throughout the year with some examples of good practice and other areas failing to meet the criteria agreed with the Corporate Leadership Team.</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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Department	Review Title	Assurance Statement
Deputy Chief Executive	Grants to the Voluntary Sector	<p><u>Scope:</u></p> <p>The scope of our audit work was to carry out compliance testing on a sample of the service level agreement payments and individual grants to the voluntary sector which the Council funded in 2013/2014.</p> <p>The service level agreements (SLAs) included within the scope of the audit were:</p> <ul style="list-style-type: none"> ○ Blackpool, Fylde and Wyre Council for Voluntary Services; ○ Claremont First Step Community Centre; ○ Disability First; and ○ One Blackpool. <p>The grants included in the sample were:</p> <ul style="list-style-type: none"> ○ Blackpool Boys and Girls Club; and ○ Aunty Social Community Interest Company. <p><u>Assurance Statement:</u></p> <p>We consider that all of the payments for service level agreements and grant allocations made to the organisations within our sample have been spent appropriately and in accordance with the intended objectives.</p>

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Department	Review Title	Assurance Statement
Deputy Chief Executive	Culture Change	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> ○ The approach the Council is proposing to take to utilise culture change to provide a driver for efficiency and improved performance, ○ How the organisation plans to ascertain the prevailing cultures, determine their appropriateness and in what ways and to what extent cultural change is desirable, ○ The degree to which culture change is enabled by the new office environment and the associated changes in IT facilities and equipment, ○ How the proposed culture changes are effectively communicated across the organisation and the processes by which the changes are measured and assessed. <p><u>Assurance Statement:</u></p> <p>We consider that the strategic level approach to culture change to date has been adequate, with some risks identified and assessed, and some changes necessary. Culture change will however be a long process and there is further work to do to clarify expectations and get all services on board with the necessary changes.</p> <p>We consider the current and planned support and resources available to help individual officers and teams to make the desired changes are adequate.</p>

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Department	Review Title	Assurance Statement
Public Health	Procurement	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> ○ The procurement processes undertaken for public health contracts and whether these are consistent with corporate processes, ○ Ramifications of decisions taken relating to whether to undertake procurement exercises for services currently delivered by Council departments. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place in relation to procurement activity undertaken by Public Health are adequate, with some risks identified and assessed and several changes necessary.</p> <p>Procurement activity has not yet been undertaken for all contracts. However, we recognise that the Public Health Team has a procurement programme in place in relation to future activity and has obtained appropriate dispensations. The Public Health Team has a positive working relationship with the Corporate Procurement Team which provides a level of confidence that the Public Health Team is seeking to comply with corporate procurement processes.</p>

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Department	Review Title	Assurance Statement
Public Health	Service Contract Monitoring	<p><u>Scope:</u></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> ○ Monitoring arrangements by the Public Health Team of Local Enhanced Services (LES) contracts, ○ Systems used for data monitoring and whether there are preferable alternatives available. <p><u>Assurance Statement:</u></p> <p>The service is experiencing national level challenges around gaining access to clinical data for payment monitoring purposes. We consider that the service has begun to put in place reasonable processes for contract monitoring given these current challenges.</p> <p>However, we consider that the current controls in place around data monitoring prior to payments to GP Practices and pharmacies are inadequate due to these national level data access challenges, with a number of material risks identified and significant improvement required in relation to addressing the current challenges.</p>

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Department	Review Title	Assurance Statement
Regeneration, Tourism and Culture	Economic Development	<p><u>Scope:</u></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> ○ Whether there is an effective over-arching strategy to ensure that all economic development related activities are coherent; ○ The delivery model including resourcing since the service was brought back in-house; ○ Blackpool’s place within the Lancashire Enterprise Partnership including the ability to influence strategy towards Blackpool’s benefit; ○ Blackpool’s relationships with Fylde and Wyre Borough Councils and their effectiveness at producing mutual benefits. <p><u>Assurance Statement:</u></p> <p>Overall we consider that the controls in place are inadequate to address the level of business risk. There is no sufficient strategy in place which sets out the long term aims for economic development for both Blackpool and the Fylde Coast as a whole.</p>

Progress with Priority 1 audit recommendations

There are a number of outstanding recommendations which have either not yet been fully implemented or a response is still required from the service area.

We are working with each of the service areas to ensure that actions are fully implemented and will follow-up each of the above actions to check progress in quarter two of the new financial year.

Benefit overpayment recovery rates

Current performance for the value of all overpayments recovered this year compared to those raised this year is 58.70%.

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The Regulation of Investigatory Powers Act 2000

In line with best practice it has been agreed that the Council will report to the Finance and Audit Committee the number of RIPA authorisations undertaken each quarter which enables the Council to undertake directed and covert surveillance. Between April and June 2014 the Council had authorised no directed surveillance reported to Legal Services.

Complaints in relation to benefit fraud investigations

Within the quarter we received two complaints the first relating to procedures and the second relating to the professionalism on one of the investigating officers. Both complaints were investigated and in terms of the procedural complaint it was identified that correct procedure had been followed. In terms of staff conduct the investigator was spoken to and an apology issued to the complainant.

Benefit fraud referrals

An analysis of the benefit fraud cases to date in 2014/2015 has been included at **Appendix B**. This includes details of the referral source for cases opened and closed in 2014/2015.

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 C** of this report.

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4. Appendix B Benefit Fraud Referrals – Analysis of Cases Opened and Closed in to date

Cases Opened – Fraud Referral Source

	Benefit Section	Data Matching	DWP	Fraud Team	Other External	Other Internal	Public	Fraud Hotline	Verification Framework Activities	Total
No. of referrals received	70	136	39	14	5	76	67	8	2	417
No. of new referrals	1	0	0	0	0	6	4	4	1	16
No. of cases passed to DWP	16	1	0	1	2	20	26	2	0	68
No. of cases passed to Visiting Team	8	0	3	0	1	24	16	2	0	54
No. of cases not investigated	3	2	3	1	1	9	10	0	0	29

Cases Closed– Fraud Referral Source

	Benefit Section	Data Matching	DWP	Fraud Team	Other External	Other Internal	Public	Fraud Hotline	Verification Framework Activities	Total
No. of cases closed	60	92	30	19	6	97	75	6	2	387
No. of cases passed to DWP	17	1	0	1	2	25	26	2	0	74
No. of cases passed to Visiting Team	8	0	3	0	1	29	17	2	0	60
No. of cases not investigated	5	3	2	4	1	11	12	0	0	38

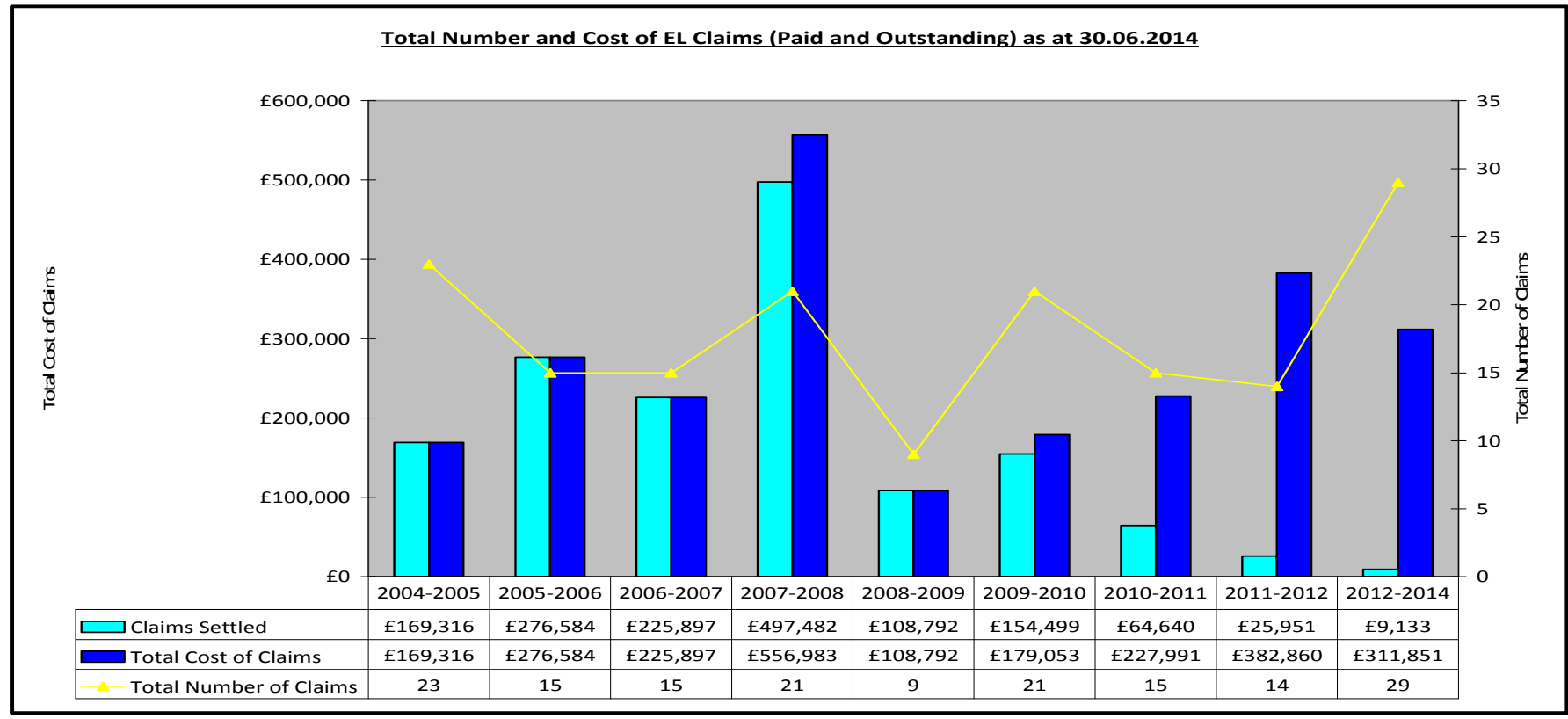
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	Benefit Section	Data Matching	DWP	Fraud Team	Other External	Other Internal	Public	Fraud Hotline	Verification Framework Activities	Total
No. of investigations undertaken	31	88	25	13	2	32	20	2	2	215
No. of no fraud cases	11	34	9	8	1	21	10	0	0	94
No. of positive cases in period	20	54	16	5	1	11	10	2	2	121
No. of prosecutions in period	0	2	6	0	0	0	0	0	1	9
No. of admin penalties in period	3	4	4	0	0	1	2	0	0	14
No. of cautions in period	10	18	3	0	1	5	3	1	1	42

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5. Appendix C – Insurance Claims Data



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Total Number and Cost of PL Claims (Paid and Outstanding) as at 30.06.14



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Total Number and Cost of PLH Claims (Paid and Outstanding) as at 30.06.2014

