

Risk Services Quarterly Report
1st July to 30th September 2014

Contents	Page
1. Second Quarter Summary.....	2
Service Developments.....	2
2. Performance.....	3
Internal Audit performance indicators	3
Investigations performance indicators	3
Investigations Team Statistics.....	4
Civil Contingencies performance indicators	4
Risk and Insurance Performance Indicators.....	5
3. Appendix A: Performance & Summary Tables for Quarter 2– July to September 2014.....	7
Internal Audit reports issued in period	7
Progress with Priority 1 audit recommendations	14
Benefit overpayment recovery rates	14
The Regulation of Investigatory Powers Act 2000	14
Complaints in relation to benefit fraud investigations	14
Benefit fraud referrals.....	14
Insurance claims data.....	14
4. Appendix B Benefit Fraud Referrals – Analysis of Cases Opened and Closed to date.....	15
5. Appendix C – Insurance Claims Data.....	17

Risk Services Quarter Two Report – 2014/2015

1. Second Quarter Summary

Service Developments

1.1 *Corporate*

Some members of Risk Services have now moved to Bickerstaffe House and these include Internal Audit, Risk and Insurance and Corporate Fraud.

The Civil Contingencies Team is remaining at the Municipal Building co-located in the control centre which would be used if a major incident was to occur. The Benefit Fraud Investigators will also remain at the Municipal Building until they transfer to the Department for Work and Pensions in April 2015.

The Internal Audit Team and Corporate Fraud Officer have received training on IDEA software which is a file interrogation package. It is hoped that increased use of this will help generate further efficiencies in the way in which audit testing is completed and proactive anti-fraud work undertaken.

1.2 *Internal Audit*

Progress is now being made delivering the 2014/2015 audit plan. Whilst progress has not yet reached 50% at this half year stage work-planning has been undertaken to ensure that the majority of the plan will be delivered by the close of the financial year.

Edith Thompson (Auditor) has now commenced maternity leave and is expected back with the team in July 2015.

1.3 *Investigations*

A bid for funding has been made to the DCLG for the provision of a corporate fraud service. If successful, this will see an increase in the number of Corporate Fraud officers available at the Council. The outcome of the funding bid should be known by October 2014.

There are a number of corporate fraud investigations underway and there continues to be a number of referrals in this area. Work is ongoing on fraud awareness raising and planning has been undertaken for a range of anti-fraud initiatives including a potential multi-agency exercise to identify blue-badge fraud and also to improve processes for tackling insurance fraud.

Significant planning has been undertaken to ensure that the Council is ready to participate in the 2014/2015 National Fraud Initiative programme. Data sets are due to be uploaded in October and data matches are due to be received in January. With the transfer of the Benefit Fraud Investigators to the DWP, resource will need to be identified in order to undertake the investigation of the data matches.

1.4 *Risk Management and Insurance*

Preparations have commenced for the 2015/2016 insurance renewals and the starting point for this is a review of the information already provided to the Council's insurers to identify any changes to provision which may be required.

An exercise has been undertaken to identify all traded services across the Council and steps are now being taken to verify this before it is shared with our insurers to ensure that adequate cover is in place.

Work is underway to update the i-pool training course in relation to risk management and guidance in relation to the various insurance policies in place at the Council is also being prepared for services.

Risk Services Quarter Two Report – 2014/2015

1.5 *Emergency Planning and Business Continuity Planning*

The local flood plan is currently being reviewed and a multi-agency meeting has taken place to start this process in preparation for the winter months.

A corporate business continuity exercise is currently being planned and this will take place in January. A major incident exercise is also in the pipeline and steps are being taken to put in place the appropriate arrangements for this.

A training programme has been put in place for those staff on the major incident out of hours rota to ensure that they have the required knowledge and skills to effectively respond should an incident occur.

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%	39%
Local IAPI2	Percentage draft reports issued within deadline.	96%	100%
Local IAPI3	Percentage audit work within resource budget.	92%	94%
Local IAPI4	Percentage of positive satisfaction surveys.	85%	82%
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	16.42
Local IPI2	Number of prosecutions and sanctions, per 1,000 caseload (annual target).	11	5.16
Local IPI3	Percentage cases closed resulting in changes to benefit.	50%	57%
Local IPI4	Percentage cases closed resulting in changes to benefit with sanctions.	54%	55%

Risk Services Quarter Two Report – 2014/2015

Investigations Team Statistics

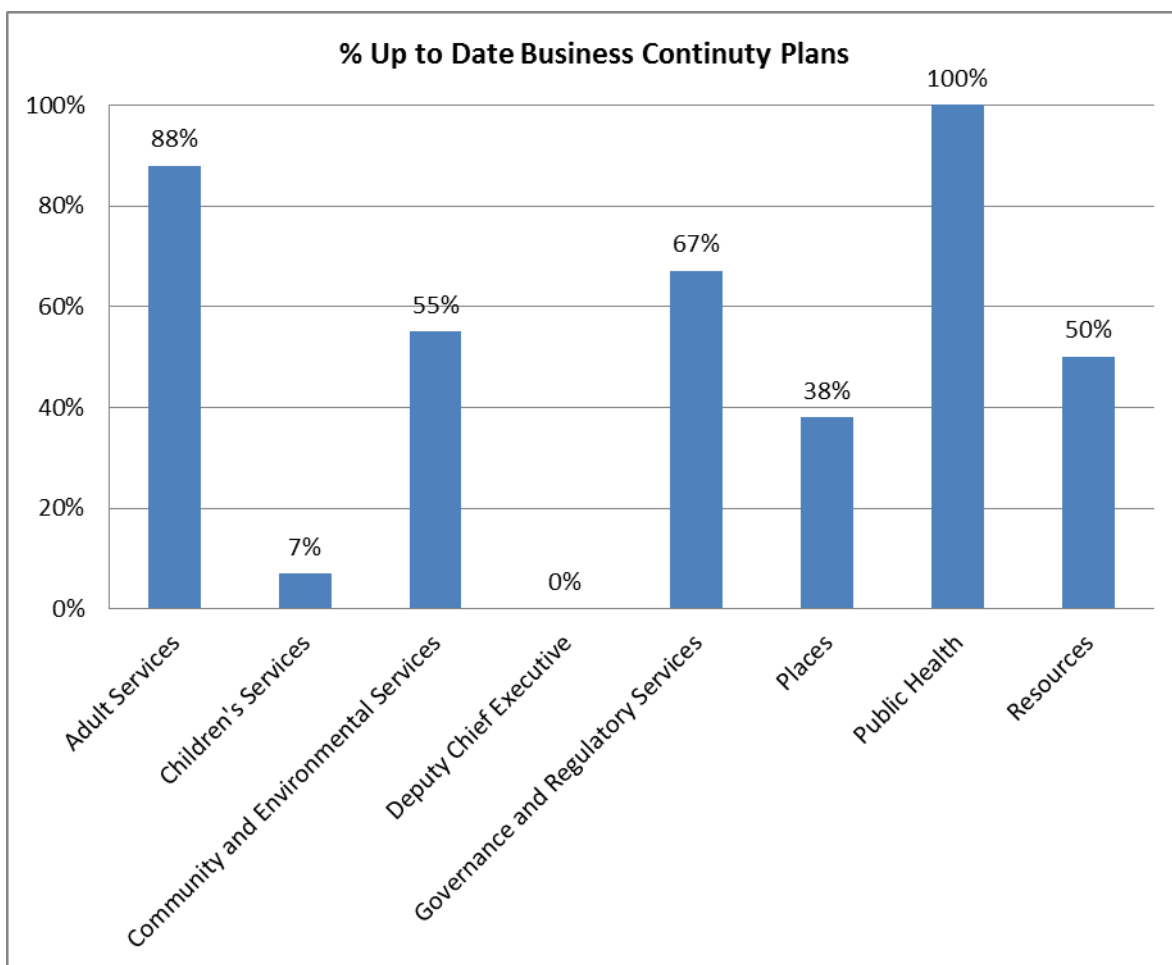
Month	Local Authority Overpayment	DWP Overpayment	Sanctions			
			Cautions	Admin Penalties	Completed Prosecutions	+/- Target
July	£97,848	£841	16	2	3	-1
August	£40,451	£21,927	16	3	3	0
September	£130,623	£76,316	15	1	8	2
Totals	£268,922.00	£99,084.00	47	6	14	1

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%	84%
Local CC2	Percentage of Council service business continuity plans updated during the financial year.	90%	39%
Local CC3	Number of civil contingency training and exercise sessions held.	6	3
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 39% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate:

Risk Services Quarter Two Report – 2014/2015

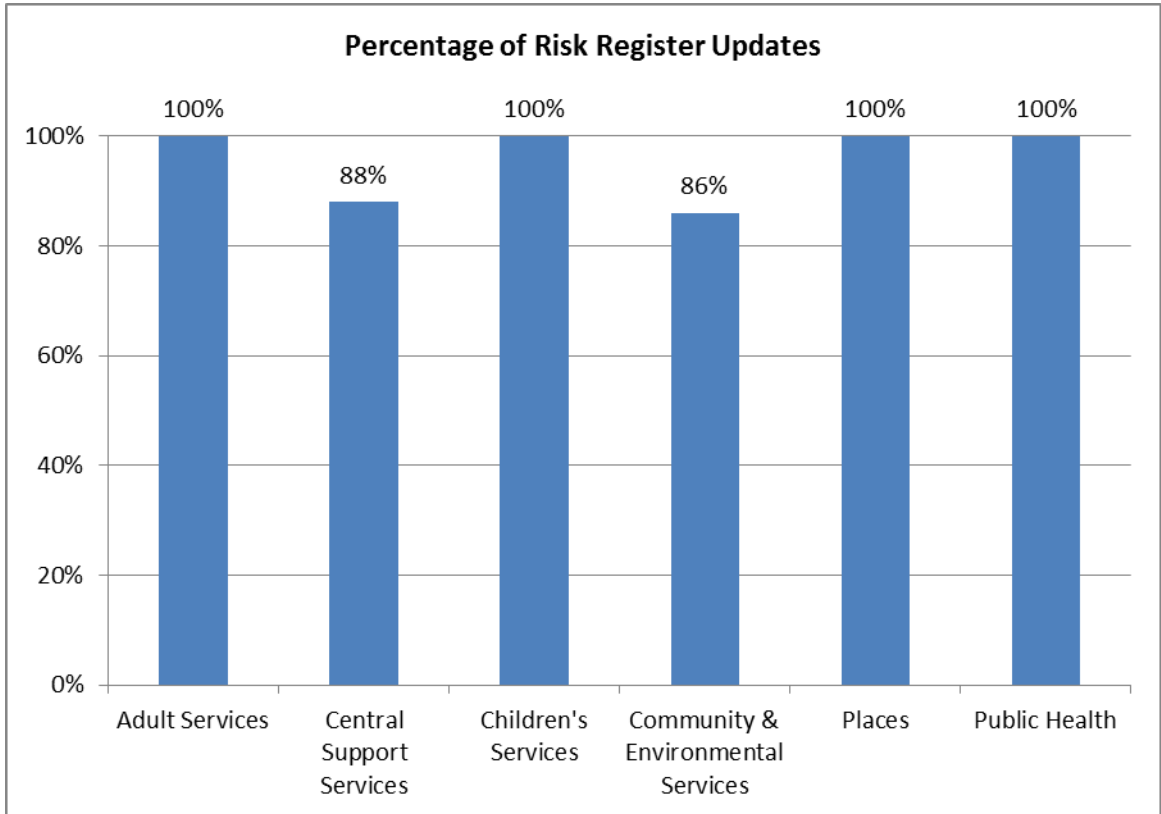


Risk and Insurance Performance Indicators

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	28
RI2	Number of liability insurance claims settled each month.	35	33
RI3	Number of liability insurance claims outstanding.	550	452
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%	33%
RI6	Percentage of risk registers revised and up to date at end of quarter.	90%	93%

Risk Services Quarter Two Report – 2014/2015

*In support of the 93% of risk registers revised and up to date by the end of the quarter the following graph shows a breakdown by department:



Risk Services Quarter Two Report – 2014/2015

3. Appendix A: Performance & Summary Tables for Quarter 2– July to September 2014

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement
Corporate	CIPFA Value for Money Benchmarking	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • The requirements for submission to the Chartered Institute of Public Finance and Accountancy (CIPFA) for the Value for Money Indicators (VfMI) benchmarking for key corporate service activities; • The data supplied and the reasonableness of the assumptions used to form the basis of the submissions by Blackpool corporate service managers; and • The data on centrally managed services available in the relevant Audit Commission VfM profiles for the Council. <p><u>Assurance Statement:</u></p> <p>Overall, we consider that most services involved in the benchmarking exercise submitted accurate information and therefore the results in relation to value for money benchmarking exercise reflect a fairly accurate picture of how the Council compares with other authorities.</p> <p>However, in terms of Estates Management, Legal Services and Human Resources we have not been able to fully validate the information submitted for a variety of reasons and therefore are unable to provide assurance that value for money is being delivered.</p> <p>The experience of undertaking the 2013 CIPFA VfMI corporate services benchmarking exercise could be built upon to further develop the processes for the collection and interpretation of cost and performance data and to identify any further corporate service improvements in economy, efficiency and effectiveness.</p>

Risk Services Quarter Two Report – 2014/2015

Directorate	Review Title	Assurance Statement
Governance and Regulatory Services	Area Forum Grants and Ward Budgets	<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 area forum grants and ward budgets and assess whether these are effective; and • The level of compliance with the policies and procedures in place. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are currently inadequate with a number of risks identified and improvements required.</p> <p>Our testing revealed some lapses in compliance with the controls.</p>
Governance and Regulatory Services	Registration Service Cash Handling Procedures	<p><u>Scope:</u></p> <p>The scope of the audit was to:</p> <ul style="list-style-type: none"> • Review the controls in place for handling cash within the Registration Service to confirm that these are appropriate; • Establish the controls required to minimise the risk of shortfalls in the cash taken; • Review the current procedures in place to reconcile the amount of cash taken to the amount of income due / certificates issued; • Establish a process for investigating any discrepancies; • Implement a procedure for undertaking spot checks on spoiled certificates; and • Determine whether the insurance arrangements in place are appropriate; <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are currently inadequate, with several risks identified and assessed and control improvements required.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

Risk Services Quarter Two Report – 2014/2015

Directorate	Review Title	Assurance Statement
People	Pupil Welfare	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • The current service delivered by Pupil Welfare Officers in relation to school attendance, and whether the current model is effective and clearly understood, • The current methodology for allocating pupil welfare resource across schools, and whether this is equitable and appropriate, • The current approach used to allocate resources between addressing universal and persistent attendance issues and whether this is effective in raising attendance across Blackpool, • Financial resources currently available to the service, including processes in place to recoup monies for the delivery of ‘buy back’ services, • Whether administrative resources are effectively deployed. <p><u>Assurance Statement:</u></p> <p>We consider the controls in place around the processes adopted by the pupil welfare team to be adequate, with some risks identified and assessed, and several changes required to improve the efficiency of the service.</p> <p>However, we consider the controls in place for the wider strategy in relation to pupil welfare to be inadequate, with a number of material risks identified and significant improvement required. The strategy currently in place is now out of date due to changes such as the increasing number of schools converting to academy status.</p>

Risk Services Quarter Two Report – 2014/2015

Directorate	Review Title	Assurance Statement
<p>People</p>	<p>School Improvement Plan</p>	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • How the school improvement plan addresses the recommendations of the Ofsted inspection report on local authority arrangements for supporting school improvement; • How does the plan measure and report impact; • The capacity identified for the delivery of the school improvement plan; • What initial progress on implementing the plan has been achieved; • Whether there are adequate action plans in place to support the delivery of the school improvement plan; • How the improvement plan was developed and how key stakeholders have been involved in the schools improvement planning process; and • How progress on implementing the school improvement plan is reviewed and monitored. <p><u>Assurance Statement:</u></p> <p>We consider the controls in place around the processes for school improvement planning to be adequate, with some risks identified and assessed, and some changes required to further improve the approach.</p> <p>Achievement by September 2016 of the overall school improvement target of 100% of Blackpool schools to be rated by Ofsted to be good or outstanding, with 20% of schools rated as outstanding, represents a demanding goal to be achieved. It will require a continuing effort over time to ensure the necessary sustainable improvement.</p> <p>In addition, by mid-September 2014, six out of what will then be Blackpool’s seven secondary schools will have academy status. For the Council, the increased number of academy schools represents increased complexity in relation to challenging school improvement. For academy schools, Local Authority intervention powers are more limited than for maintained schools. Effective communication with and challenge to the academies’ performance on an ongoing basis may be required to meet school improvement goals.</p>

Risk Services Quarter Two Report – 2014/2015

Directorate	Review Title	Assurance Statement
People	Social Care Purchase Unit and Domiciliary Care Contracting	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Initial plans and arrangements for the imminent procurement exercise to be undertaken for the new domiciliary care framework, assessing whether the approach should address the reasons for undertaking the exercise, and • The new contract allocation system which is currently being piloted with a view to assess its effectiveness. <p><u>Assurance Statement:</u></p> <p>We consider that the controls in place are adequate, with some risks identified and assessed, and some changes necessary.</p>
People	St Nicholas C of E 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 some control improvements required.</p> <p>Our testing revealed only minor lapses in compliance with the controls.</p>

Risk Services Quarter Two Report – 2014/2015

Directorate	Review Title	Assurance Statement
Places	Rigby Road Housing Development	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • The effectiveness of contract management arrangements; • The effectiveness of governance arrangements in place; and • Value for money achieved in the procurement process. <p><u>Assurance Statement:</u></p> <p>We consider the controls in place around the processes for the Rigby Road Housing Development to be adequate, with some risks identified and assessed, and some changes required to further improve the approach.</p>

Risk Services Quarter Two Report – 2014/2015

Directorate	Review Title	Assurance Statement
Resources	Property Services Procurement	<p><u>Scope:</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • Procurement arrangements in relation to ERDF funded leisure assets to assess whether adequate controls are in place to minimise financial exposure and potential claw back of funding, • Compliance with the Council’s internal policies and procedures for commissioning minor works / day to day repairs directly from Building Services, • Whether adequate procurement and contract management arrangements are in place in relation to inspection of buildings, • The approach to contract management in relation to Property Services, • Accountability and roles and responsibilities between Property Services and the Procurement Team, • Potential implications of new EU legislation which may lead to changes within UK law around awarding concession contracts by public authorities. <p><u>Assurance Statement:</u></p> <p>In relation to the ERDF funded projects evidence of controls has, in the past, been inadequate. However, for the current ERDF project we are satisfied that adequate controls are in place</p> <p>The agreed process for the automatic award of low value works by Property Services to Building Services is not yet working effectively and there are currently inadequate controls to enforce compliance with this arrangement.</p> <p>We recognise that procurement activity is underway to put suitable contracts in place to ensure compliance with procurement legislation and enable effective contract management. However, there has been some slippage in the procurement programme and there are various processes in place for contract management. We therefore consider this element of the scope to be inadequate.</p> <p>We consider that the controls in place in relation to the, accountability between Property Services and the Procurement Team, and the potential implications of the new EU legislation around awarding concession contracts by public authorities to be adequate.</p>

Risk Services Quarter Two Report – 2014/2015

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 three of this 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%.

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 July and September 2014 the Council 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 a minor data breach and the second relating to the professionalism of one of the investigating officers. The data breach complaint has been passed to the Council's Information Governance Team for investigation and any recommendations arising from this will be implemented with immediate effect. With regards to the second complaint the Investigating Officer was found to have lacked adequate customer service and internal action has been taken to address this by the Chief Internal Auditor.

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.

Risk Services Quarter Two Report – 2014/2015

4. Appendix B Benefit Fraud Referrals – Analysis of Cases Opened and Closed 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	109	181	57	18	14	127	129	25	5	665
No. of new referrals	0	1	1	0	2	2	2	0	0	8
No. of cases passed to DWP	31	1	0	3	4	54	61	11	0	165
No. of cases passed to Visiting Team	13	0	3	0	5	34	28	7	0	90
No. of cases not investigated	15	3	4	2	1	12	14	2	1	54

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	133	188	57	33	12	162	138	25	5	753
No. of cases passed to DWP	32	1	0	3	4	59	61	11	0	171
No. of cases passed to Visiting Team	13	0	3	0	5	39	29	7	0	96
No. of cases not investigated	17	5	4	2	6	14	16	1	1	66

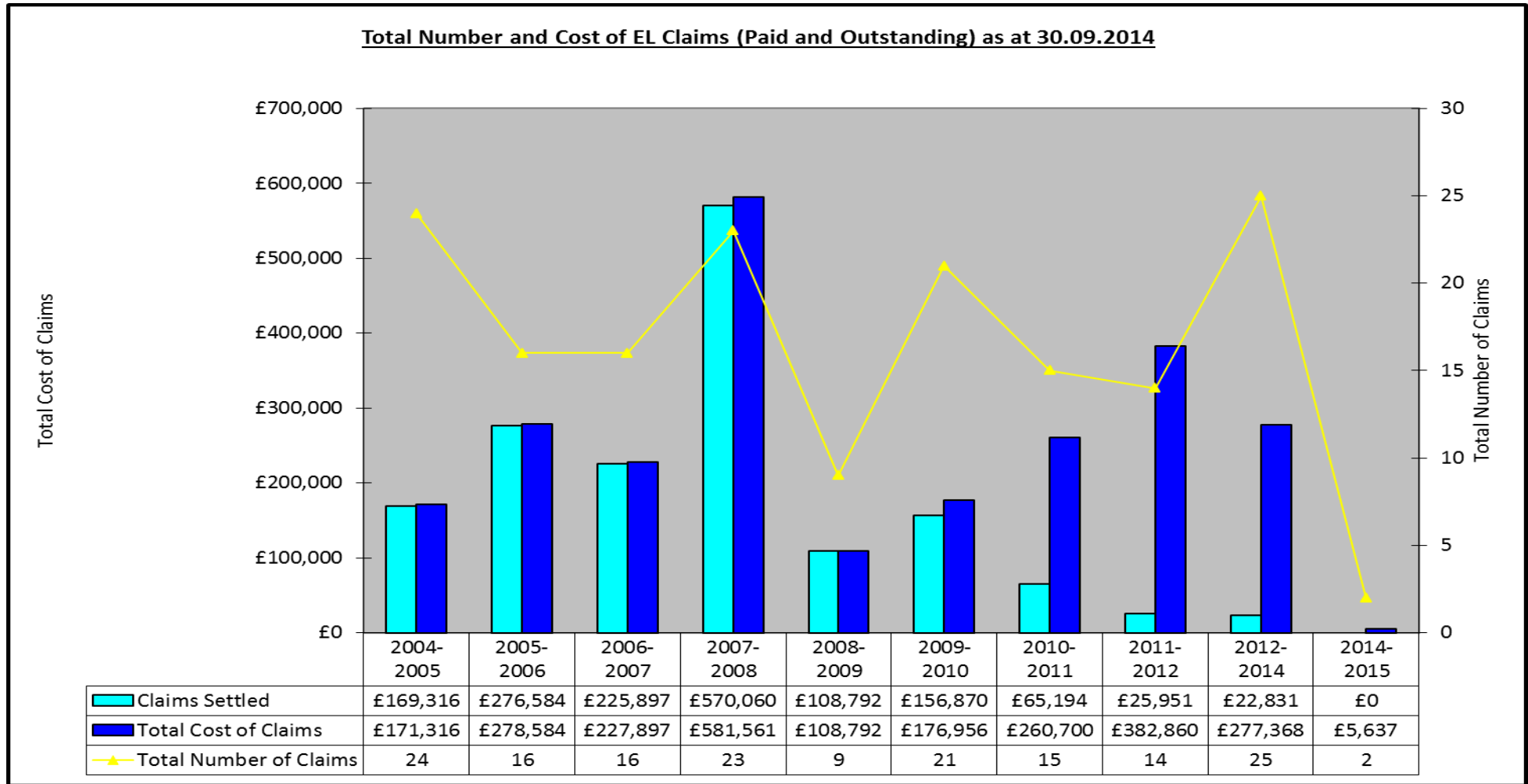
Blackpool Council: Risk Services

Risk Services Quarter Two Report – 2014/2015

	Benefit Section	Data Matching	DWP	Fraud Team	Other External	Other Internal	Public	Fraud Hotline	Verification Framework Activities	Total
No. of investigations undertaken	71	182	50	23	2	56	32	0	4	420
No. of no fraud cases	30	55	16	15	1	33	24	3	2	179
No. of positive cases in period	41	120	34	8	1	17	15	3	2	241
No. of prosecutions in period	2	5	14	0	0	0	1	0	1	23
No. of admin penalties in period	4	8	4	0	0	1	3	0	0	20
No. of cautions in period	23	45	4	2	1	7	4	2	1	89

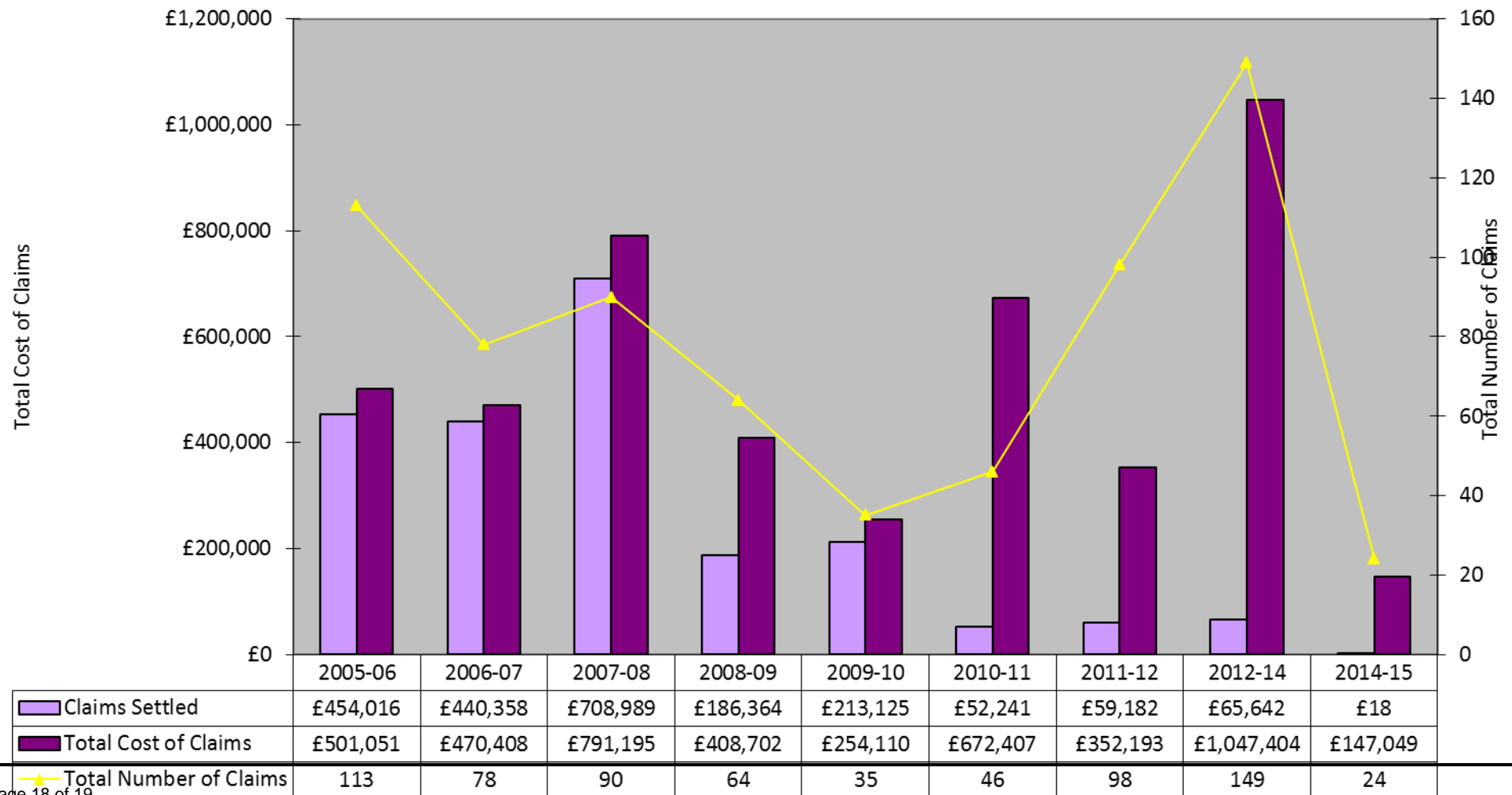
Risk Services Quarter Two Report – 2014/2015

5. Appendix C – Insurance Claims Data



Risk Services Quarter Two Report – 2014/2015

Total Number and Cost of PL Claims (Paid and Outstanding) as at 30.09.14



Risk Services Quarter Two Report – 2014/2015

Total Number and Cost of PLH Claims (Paid and Outstanding) as at 30.09.2014

