

Risk Services Annual Report and  
Quarterly Report 1<sup>st</sup> April to 30<sup>th</sup> June 2015

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## Risk Services Quarter One Report – 2015/2016

### 1. First Quarter Summary

#### *Service Developments*

##### 1.1 *Internal Audit*

Internal Audit has been focused on finalising the audit reports relating to the previous financial year and starting the work scheduled to take place from the 2015/2016 Internal Audit Plan. Internal audits that have been scoped in the quarter and fieldwork underway include:

- Anchorsholme Sea Defence Work
- CCTV
- Physical Activities
- Cultural Services and Libraries
- Executive Decision Making
- Area and Ward Budgets
- Positive Steps into Work
- Better Start Project
- Public Health Continuing Professional Development
- Licensing
- Banking Contract
- Leisure Centres
- Purchase Cards

Details of the scope and final outcome for each of the above audits will be reported to Audit Committee in the Risk Services Quarter Two report once the fieldwork has been completed.

##### 1.2 *Corporate Fraud*

The National Fraud Initiative (NFI) data matches for 2015 are currently being investigated with a focus being on those that are high risk. On completion of the exercise details of the outcomes will be reported to Audit Committee.

A recruitment exercise has been undertaken to appoint an Insurance Fraud Officer and the procurement of a system to facilitate the investigation of insurance fraud is well underway. It is hoped that this planned element of the Corporate Fraud Team can begin in September with the objective being to implement a robust approach to insurance fraud for all claims that the Council is currently unable to defend.

##### 1.3 *Risk and Resilience*

The lessons learned from the corporate business continuity exercise have been reported to the Corporate Leadership Team and a number of actions agreed to help strengthen arrangements going forward. In terms of the key action for the Risk and Resilience Team this is the update of the Corporate Business Continuity Plan, the production of a 'Quick Guide' for use by managers in an incident and the refinement of the Council's Critical Activity's List.

Plans are being made to test the Council's Major Emergency Plan and a corporate exercise is scheduled to take place in September, plans for which are well advanced.

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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 team has been working with the BSafe partnership and has prepared a paper to the Corporate Leadership Team on counter terrorism and the local authority's responsibilities for preventative measures.

The Council's risk management arrangements, with a focus on liability issues, have been independently reviewed by Gallagher Bassett, the Council's claim handlers. The report is currently being finalised and will be reported to a future Audit Committee for information, however initial feedback at draft report stage has been positive with a small number of areas identified for improvement.

The Council's self-insurance fund has been audited by an independent actuary. The results of this have been reported to the Director of Resources and Chief Accountant and will be followed up with a payment schedule to strengthen the insurance reserves going forward to ensure that there is adequate provision in place.

**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%	86%

***Internal Audit Team performance indicators***

Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Percentage audit plan completed (annual target).	90%	19%
Percentage draft reports issued within deadline.	96%	100%
Percentage audit work within resource budget.	92%	100%
Percentage of positive satisfaction surveys.	85%	85%
Percentage compliance with quality standards for audit reviews.	85%	86%

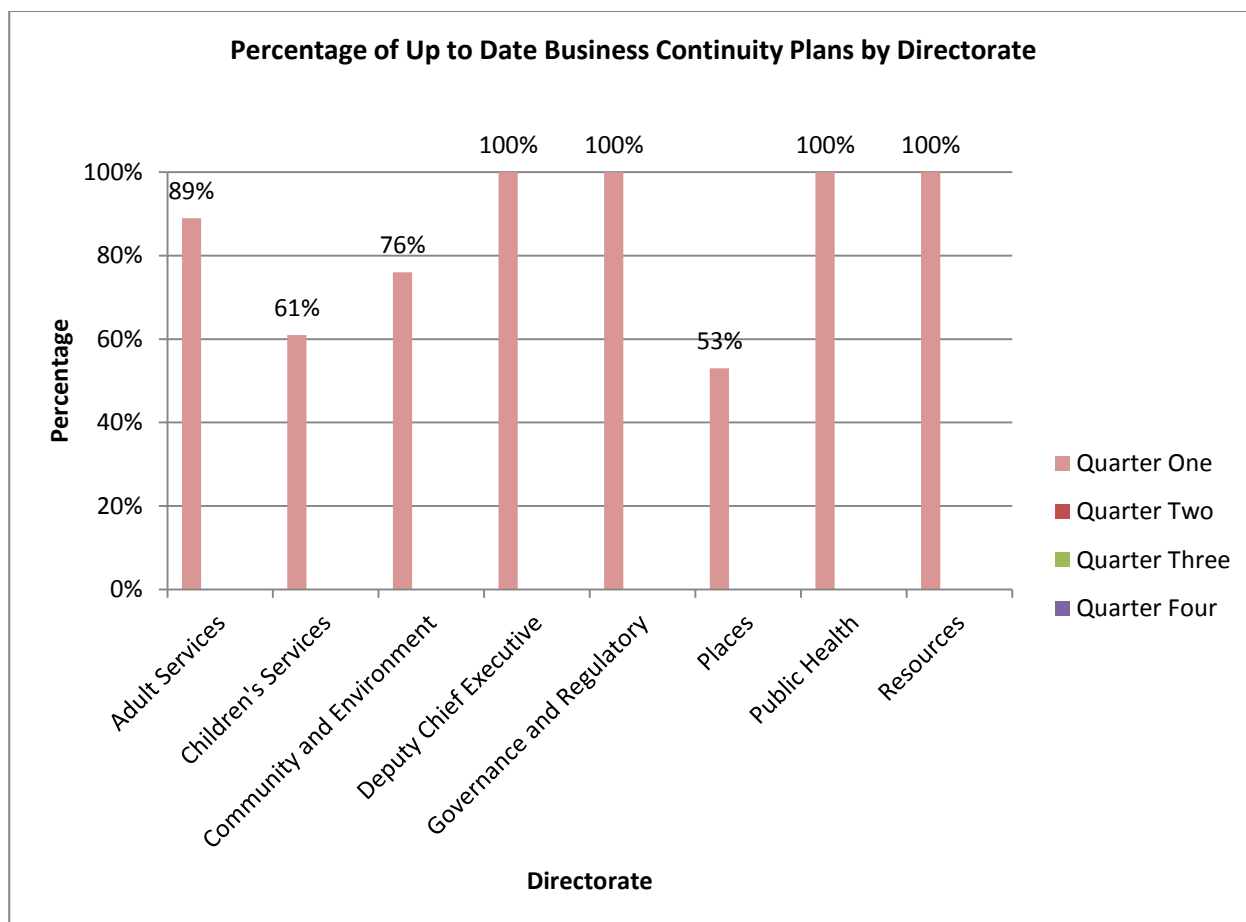
***Risk and Resilience Team performance indicators***

Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Percentage of Council service business continuity plans up to date.	90%	73%

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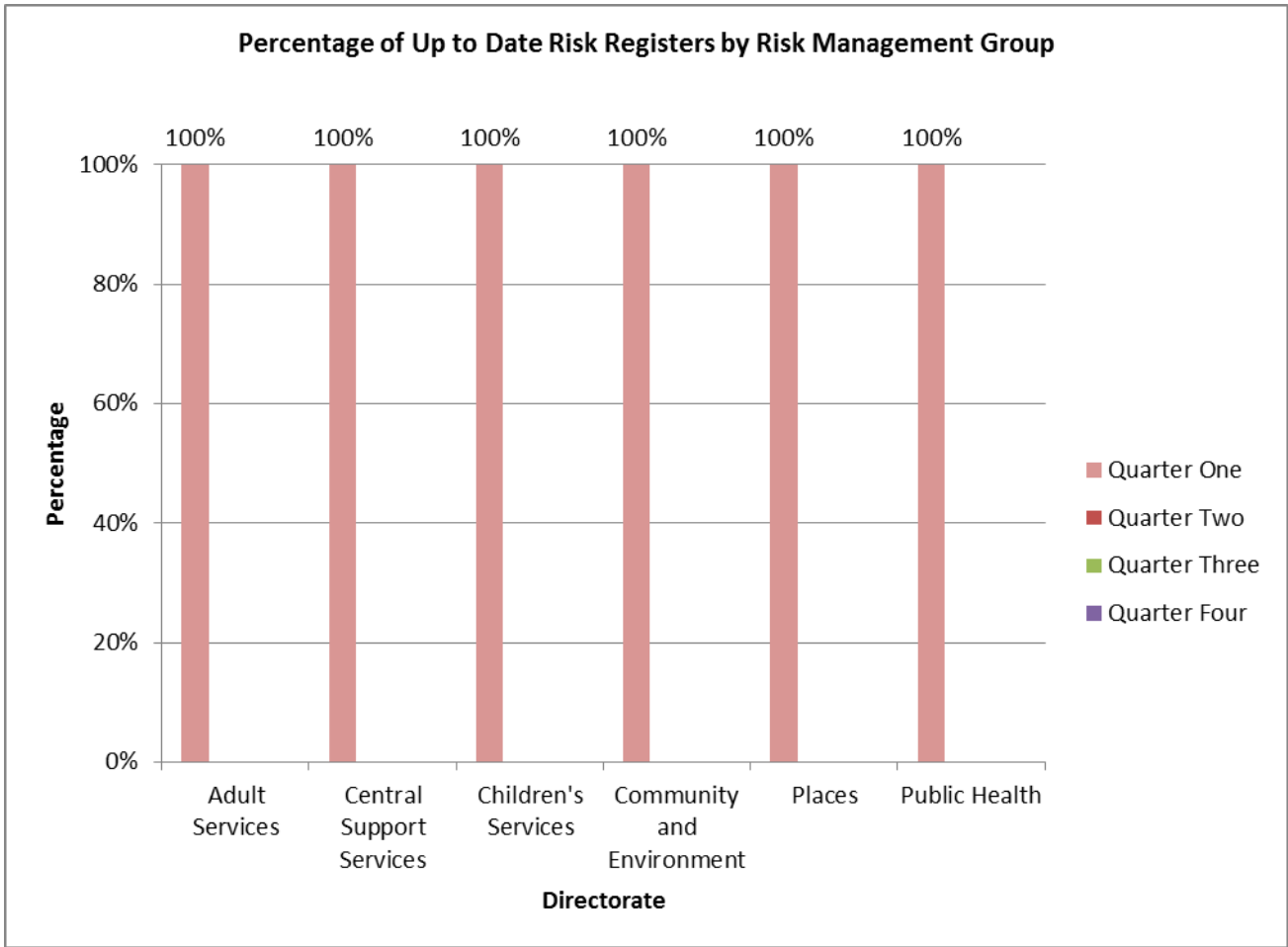
Performance Indicator (Description of measure)	2015/16 Target	2015/16 Actual
Number of risk and resilience training and exercise sessions held (annual target).	6	1
Number of trained Emergency Response Group Volunteers (for monitoring purposes only – responsibility lies with Adult Social Care)	60	44
Percentage integration into the Lancashire Resilience Forum workstreams.	70%	70%
Percentage of property risk audit programme completed (annual target).	90%	11%
Percentage of risk registers revised and up to date at the end of the quarter.	90%	100%

\*In support of the 73% 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%	44%

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*Corporate Fraud Team Statistics*

	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	Quarter 1									
Council Tax Discount	1	0	0	1	£0.00	0	0	0	0	0
Council Tax Reduction (CTR)	26	0	25	1	£0.00	0	0	0	0	0
Business Rates	0	0	0	0	£0.00	0	0	0	0	0
Procurement	1	0	0	1	£0.00	0	0	0	0	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	0	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	3	1	1	1	£1,449.99	0	0	0	0	1
Abuse of position - manipulation of financial or non-financial data	0	0	0	0	£0.00	0	0	0	0	0
Disabled parking concessions	0	0	0	0	£0.00	0	0	0	0	0
<b>Totals:</b>	<b>32</b>	<b>1</b>	<b>26</b>	<b>5</b>	<b>£1,449.99</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

	April	May	June
Number of Referrals Sent to a Third Party (DWP/Planning/other LA)	2	4	3

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**3. Appendix A: Performance & Summary Tables for Quarter One**

*Internal Audit reports issued in period*

Directorate	Review Title	Assurance Statement
Children's Services	Educational Diversity	<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>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. Our testing revealed only minor lapses in compliance with the controls.</p>
Children's Services	Social Care Improvement Plan	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• How the Children's Social Care Improvement Plan (this includes wider Children's Services improvement actions and is also known as the Children's Improvement Board Action Plan) addresses the recent Ofsted inspection recommendations;</li> <li>• How the Improvement Plan was developed;</li> <li>• How progress on implementing the Improvement Plan is reviewed and monitored; and</li> <li>• What initial progress on implementing the Improvement Plan has been achieved.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider the controls in place around the processes for Children's Social Care Improvement Planning overall to be adequate. However, we do have concerns that the improvement plan is not reflected in the service risk register and that action should be taken to ensure that outstanding milestones are completed.</p>

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Directorate	Review Title	Assurance Statement
Corporate	Impact of Spending Cuts	<p><b><u>Scope:</u></b></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> <li>• The robustness of the plans in place in terms of the deliverability of the proposed savings and expected service levels;</li> <li>• The level of risk being taken as a result of the proposals being put forward; and</li> <li>• The derivation of the savings figures, ensuring their full consequences have been taken into account.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the process identified to continue to meet the ever increasing reductions to Council funding is adequate although we have identified some areas for improvement.</p> <p>At the time of our initial fieldwork in November the resultant plans to deliver the target savings identified were not sufficiently developed and therefore considered inadequate overall. Between the time of our initial fieldwork and our follow-up review of the 2015/16 budget approved by Executive on 9<sup>th</sup> February a considerable amount of work went into refining the savings to increase their robustness and deliverability. The further work during this period significantly reduced initial concerns with the robustness of equality impact assessment and assessment of the level of risk associated with the plans.</p>



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Directorate	Review Title	Assurance Statement
Corporate	Blackpool Transport Services	<p><b><u>Scope:</u></b></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> <li>• BTS income, expenditure and profits and assess the process to establish how BTS calculates what it considers to be an affordable level of dividends bearing in mind any requirements for retained funds and cash flow considerations;</li> <li>• The budgeting and financial forecasting processes, including the process by which the management accounts are constructed and the potential of including a forward forecast of likely outturn; and</li> <li>• Consideration of Corporation Tax efficiency measures for the mutual benefit of BTS, the Council and potentially its other subsidiary companies.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider the controls in place around the processes for the BTS Management Accounts to be adequate, with some recommendations for improvement identified.</p>

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Directorate	Review Title	Assurance Statement
Corporate	Income and Debt Management	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to:</p> <ul style="list-style-type: none"> <li>• Undertake an analysis of income and debt data to understand activity across the Council</li> <li>• Ascertain the amount of staff time spent on income and debt management by service area.</li> <li>• Undertake case studies on areas perceived to be poor performing to understand what issues related to income and debt management arise and assess how these can be overcome.</li> <li>• Undertake case studies on areas perceived to be performing well to determine what lessons can be learned.</li> <li>• Review the end to end process for income and debt collection and prepare process maps to help develop a standardised approach across the Council.</li> <li>• Undertake high level benchmarking with other local authorities to determine how sundry debt is managed.</li> <li>• Review the performance of the Corporate Debt Team by reviewing processes, performance indicators and progress against the team’s development plan.</li> <li>• Explore the potential for extending the remit of the Corporate Debt Team through a transfer of resources from service areas to improve income management across the Council.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>A wide array of procedures in relation to income and debt management are in place across the Council with varying levels of performance. We therefore consider that the controls in place are inadequate overall with a number of material risks identified and significant improvement required.</p> <p>Our testing revealed major lapses in compliance with the controls in some services.</p>

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Directorate	Review Title	Assurance Statement
Places	Housing Options	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to review the financial management of the Housing Options service.</p> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place in relation to general financial management are adequate with some changes necessary to improve controls. However we consider controls surrounding cash handling procedures to be inadequate at present although the planned introduction of a new software packages for service and financial management should help enable more robust controls in future.</p> <p>Our testing revealed only minor lapses in compliance with the controls.</p>

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

In quarter one 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 in-house claims handling, streetlighting PFI, corporate complaints, adult and children’s services commissioning, registrars, commissioning external placements, pupil welfare, property rationalisation, troubled families, property services procurement, commissioning of complex care packages, fairer charging and the waste PFI.

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. These include adult and children’s services commissioning, advertising, property rationalisation, deferred payments and area forum and ward budgets.

A response is still required from the bereavement service in relation to outstanding priority one recommendations and this has been raised with the Corporate Leadership Team and is in the process of being actively followed up.

A number of priority one recommendations became due for implementation in this quarter and these are currently being followed up. These include e-invoicing, year seven saving accounts and Framework-i.

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

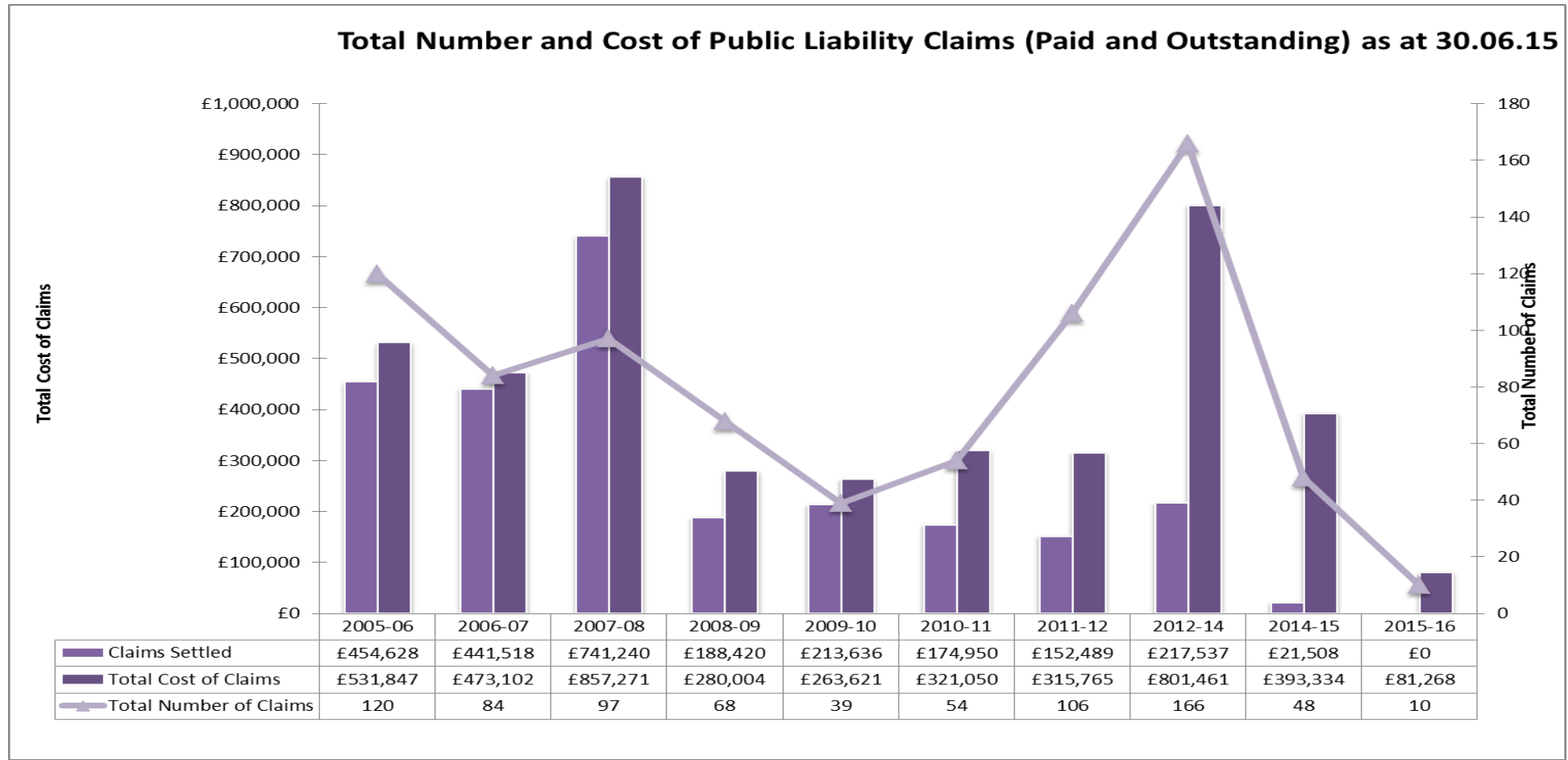
In line with best practice it has been agreed that the Council will report to the Finance and Audit Committee the number of RIPA authorisations undertaken each quarter which enables the Council to undertake directed and covert surveillance. Between April and June 2015 the Council authorised no directed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

**Risk Services Quarter Four Report – 2014/2015**

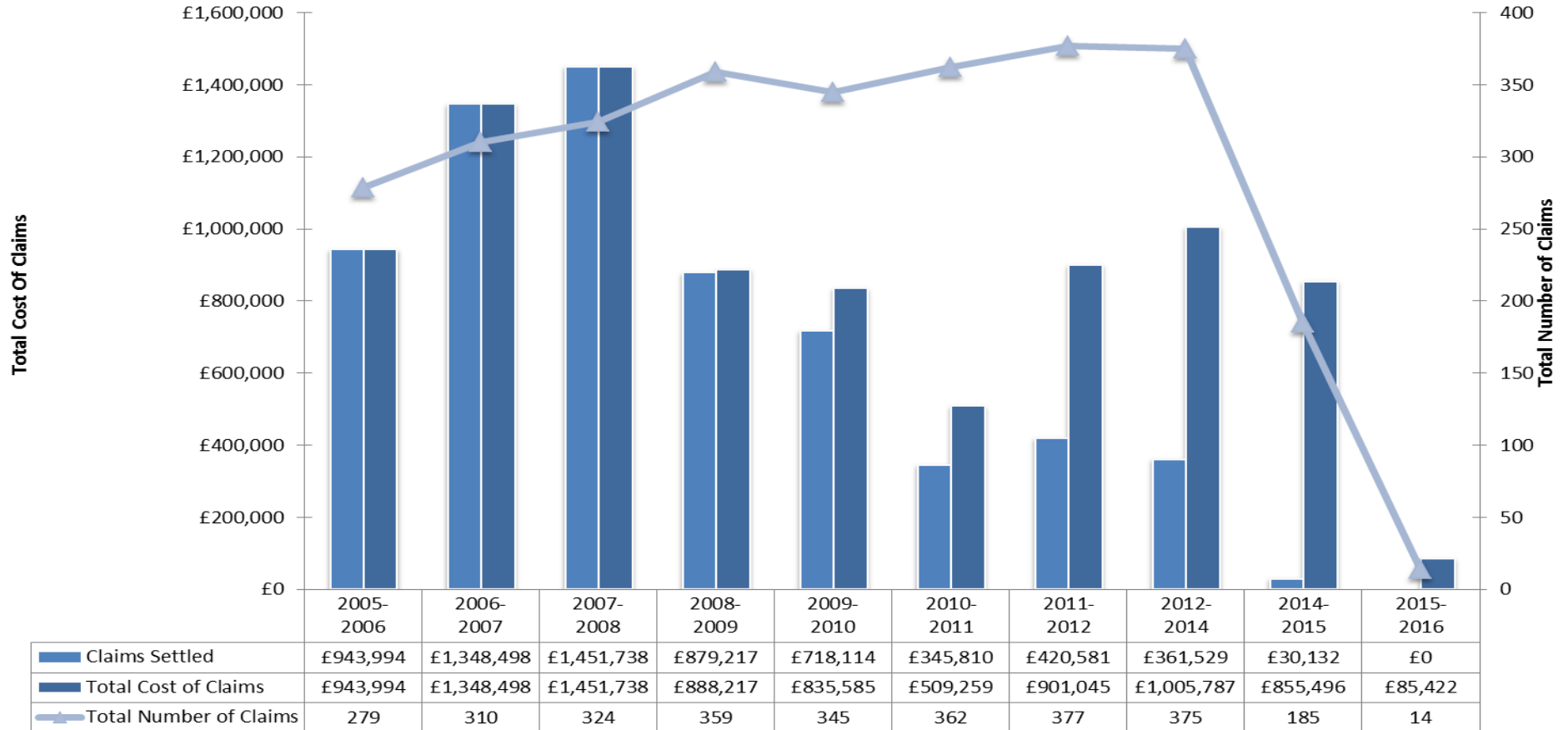
**4. Appendix B – Insurance Claims Data**



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 1<sup>st</sup> April start in preparation for the procurement exercise.

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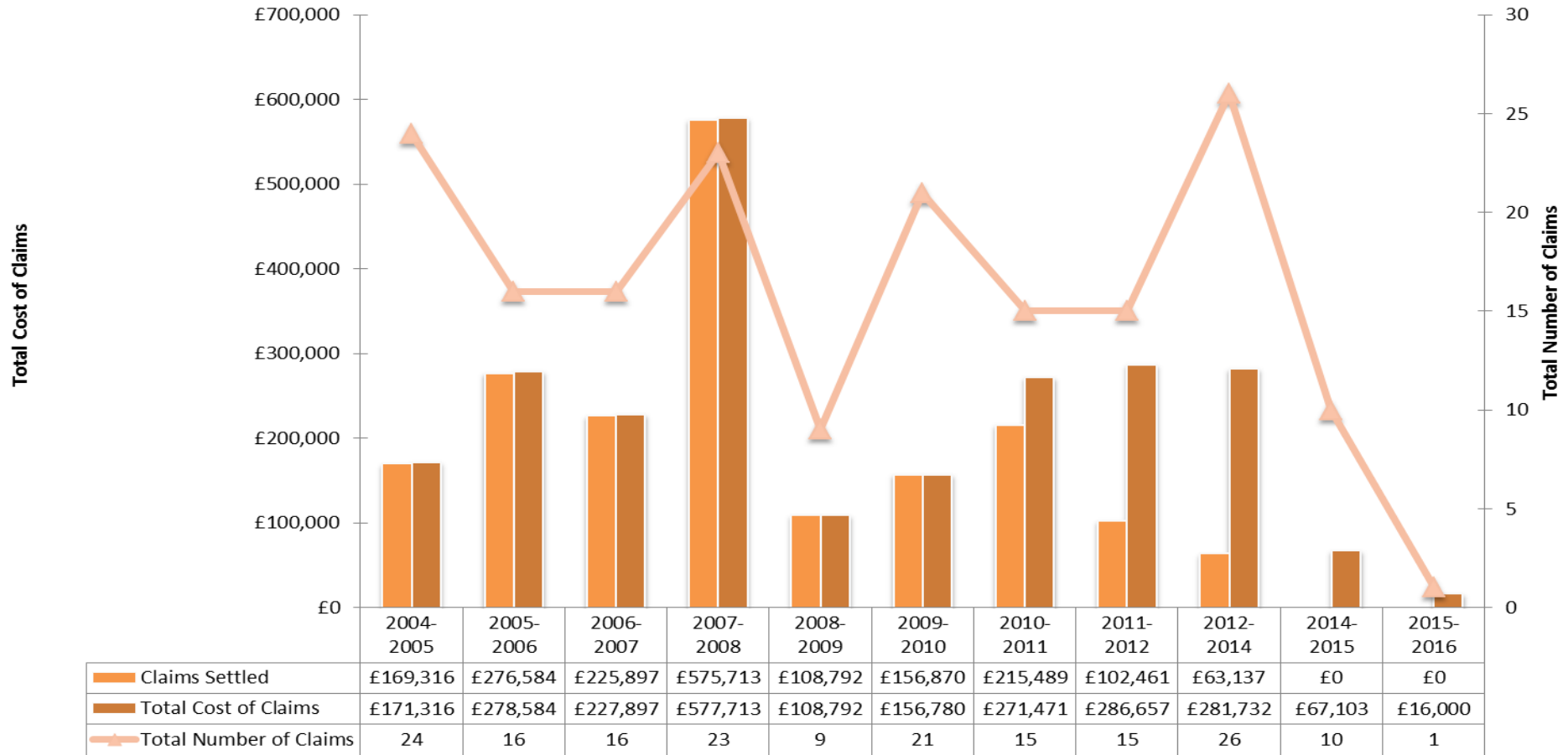
**Total Number and Cost of Public Liability Highways Claims (Paid and Outstanding) as at 30.06.15**



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 1<sup>st</sup> April start in preparation for the procurement exercise.

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**Total Number and Cost of Employee Liability Claims (Paid and Outstanding) as at 30.06.15**



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 1<sup>st</sup> April start in preparation for the procurement exercise.