

**REPORT FOR: Governance, Audit and  
Risk Management  
Committee**

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**Date of Meeting:** 23<sup>rd</sup> January 2013

**Subject:** **INFORMATION REPORT –  
Risk, Audit & Fraud Division  
Activity Update**

**Responsible Officer:** Julie Alderson, Corporate Director of  
Resources

Tom Whiting, Assistant Chief Executive

**Exempt:** No.

**Enclosures:**

**Section 1 – Summary**

This report outlines the current work streams of the Risk, Audit and Fraud group of services.

**FOR INFORMATION**

## **Section 2 – Report**

- 2.1 This report sets out progress made and future work planned in respect of the Risk, Audit and Fraud group of services, which the GARM Committee is responsible for monitoring as part of its terms of reference.
- 2.2 The focus of this monitoring is quarter 3 in 2012-13, October to December 2012.
- 2.3 As requested at the GARM Committee meeting on 29<sup>th</sup> November 2012, this report also includes an update of progress in respect of information management risks.

### **Emergency Planning & Business Continuity Team**

- 2.4 In Quarter Three, the Emergency Planning & Business Continuity Team (hereafter Emergency Planning Team) was busy preparing for the integration of the emergency planning function, of Public Health into the local authority. Much of the national guidance and regional arrangements have yet to be finalised by the Department of Health. Workshops and training exercises have started to be held by the health authorities to identify and address the gaps.
- 2.5 In the October, the Emergency Planning Team attended a multi-agency health exercise in Hounslow. This was a well attended event with around 50 officers from the NHS Commissioning Board, Public Health England (PHE), PCTs, Local Authorities, Police, Fire, Ambulance, Environment Agency, MoD, Red Cross and St John Ambulance.
- 2.6 Exercise Brisbane was held in October, our annual 'Rest Centre' training exercise for the council's Emergency Response Officers (ERO). Here the EROs are able to practise their skills in looking after displaced residents during a major incident, such as an explosion or fire.
- 2.7 Business Continuity (BC) was promoted to local small and medium size businesses at a 'Harrow Means Business' event on the 15<sup>th</sup> October in the Members Lounge. This event was organised by the Council with partners from the local business community, including Harrow In Business, banks, lawyers, accountants, the tax office and other organisations. This all day event was well attended with a footfall of around 200.
- 2.8 A new schools SLA for primary schools, secondary schools and academies was developed, to offer our emergency planning and business continuity services to schools; ranging from assistance with developing emergency plans to a full day training exercise.
- 2.9 During November, joint work commenced on scoping a West London Alliance (WLA) BC Proposal to share 100 workstations during a disaster, and so reduce our costs in relation to the provision of a remote work site

for key staff, during a business continuity incident. This work is ongoing with the other West London Boroughs.

- 2.10 On the 15<sup>th</sup> November, the Council hosted a multi-agency 'Silver Command' training exercise for our EROs and the emergency services. This event was well attended with nearly 50 officers in attendance from the Police, Fire, Ambulance, NHS, PHE, government departments and Council EROs. Here the EROs were able to practise their role as Council 'Silver Commander' and Local Authority Liaison Officer (LALO).
- 2.11 Training for Elected Members was provided on the 'Role of a Councillor during a Major Incident' as part of the Member Development Programme on 20<sup>th</sup> November 2012, at 7pm. Full details were sent to all councillors by the Member Development Panel. There was a good attendance level and excellent feedback was received.
- 2.12 During November and December, the team took part in three 'Gold Command' training sessions held by the London Fire Brigade (LFB), for the Chief Executive and his Gold Support Team, in his role as duty London Local Authority Gold (LLAG). The Chief Executive was on duty as the LLAG during the Christmas Holiday period. The Gold Support Team was made up of 10 officers from the Emergency Planning Team and selected EROs.
- 2.13 In December, the team also represented the West London Boroughs at the London Local Resilience Forum – London Risk Advisory Group meeting, to review the risks facing London.

#### **Quarter 4 Future planned activities**

2.14 January 2013

- London Multi-Agency Partnership health briefing
- London Local Resilience Forum – Local Authorities Panel – Olympic Review
- London Health Restructure emergency planning update
- Business Continuity Plan and Information Governance Toolkit health review
- Further examination of the potential for joint working with LB Barnet
- LLAG workshop for EROs
- Public Health transfer project meetings

2.15 February 2013

- Gold training exercise for Senior Managers
- Annual Borough Emergency Control Centre (BECC) training for EROs
- Continuing the review of the BT Smartnumbers service

2.16 March 2013

- Exercise Geelong – annual Cross Council Emergency Duty and LALO training
- Further IT Disaster Recovery discussion with Capita IT Service
- Review the BC plans in the council post restructure

## **Health & Safety Service**

### **External Assurance**

- 2.17 A series of improvements have been introduced in waste and recycling arrangements following a review and follow up letter from the local HSE inspector. These include supervisory and monitoring arrangements and a traffic management review on the Civic Amenity site.

### **Improvement Plan**

- 2.18 The Corporate Health & Safety Service is continuing to work through the two year improvement plan. Particular focus has been made on training.

### **Health and Safety Policy and Guidance**

- 2.19 Health and safety codes of practice continue to be revised. The following documents were approved at the December 2012 Corporate Health & Safety Group meeting.

- HSCOP 02 - Manual Handling
- HSCOP 04 - Control of Substances Hazardous to Health
- HSCOP 41 - New & Expecting Mothers
- HSCOP 22 - Hand and Arm Vibration
- HSCOP 15 - Portable Electrical Appliance Testing

### **Health and Safety Groups**

- 2.20 The Directorate & Corporate Health and Safety groups, including the Health at Work group, have continued to meet in quarter three, with the exception of the schools forum which meets every term

### **Health and Safety Visits, Inspections and Audits**

- 2.21 The service has continued to provide health and safety support to the organisation including on site training & inspections, incident investigation and completion of the e-self audit tool.

### **Education Outside the Classroom**

- 2.22 The Service has continued to review educational visits for schools, including residential, activity based and overseas trips.

### **Occupational Health**

- 2.23 A procurement exercise has been completed in this period for the provision of an Occupational Health and Employee Assistance Programme and the contract has been awarded to a new provider. Considerable savings have been made in procuring this contract which will commence on the 1<sup>st</sup> February 2013.

## **Accidents at Work**

- 2.24 The Council continues to scrutinise quarterly, half yearly and annual accident data for monitoring by the Health and Safety Groups.
- 2.25 There have been approximately 140 incidents in this period, 12 of which have required reporting to the Health and Safety Executive under the RIDDOR regulations. This is broadly consistent with previous years.
- 2.26 The majority of incidents continue to occur in the Children & Families Directorate (90), principally in schools. The majority of reportable incidents (11) relate to non employees, generally pupils, who have sustained an injury either in the playground or in a P.E. lesson.

## **Health and Safety Training Data**

- 2.27 The Corporate Health and Safety Service has continued to offer training across the Council in line with the published training programme. Thirteen courses have been delivered in this period including fire safety awareness and control of substances hazardous to health. Work has also commenced on developing e-learning training courses to ensure the service delivers the Council's health and safety training needs.

## **Management Assurance**

- 2.28 The Directorate and Corporate Health and Safety groups continue to monitor and enable implementation of the two year improvement plan.

## **Plans for January 2013 - March 2013**

- 2.29 The key actions for the remainder of 2012/13 include the following:
- Completion of the implementation of the audit tool across the Council.
  - Continued delivery of the two year improvement plan.
  - The provision of a new contract for the delivery of the Occupational Health Service and the Employee Assistance Programme.
  - Continued health and safety support and advice within Harrow Council.
  - Delivery of proactive and reactive data to the Health and Safety Groups and forums to enable effective monitoring.
  - Commencing the recruitment of a permanent team in the Corporate Health and Safety Service.

## **Insurance Service**

### **Municipal Mutual Insurance**

- 2.30 Before 1992 Municipal Mutual Insurance (MMI) underwrote approximately 95% of all local government insurance, including the insurance for London Borough of Harrow. Following significant losses in the early 1990s MMI ceased to write new business and 'went into run off' on 30 September 1992. In order to ensure a smooth 'run off', a contingent Scheme of Arrangement became effective in January 1994 under which the Company would continue to pay all creditors in full and be managed by the Directors unless at any time in the future a solvent run-off cannot be foreseen, at which point the payment provisions of the Scheme would be triggered and management of the Company would pass to the Scheme Administrator.
- 2.31 As verbally reported to the last meeting of the Committee, on 13<sup>th</sup> November the Scheme of Arrangement was triggered, as the Directors could no longer foresee a solvent run-off.
- 2.32 As a result the Council, along with all other ex-MMI insured organisations, will have a liability for a 'clawback' of certain claims already paid and only a reduced percentage of claims outstanding and future claims would be paid. The Scheme Administrators are legally obliged to report no later than 90 days from the date upon which the Scheme was triggered (i.e by 13 February 2013) to confirm the amount of clawback the Council is obliged to pay and following this the Council will have no less than four weeks to make payment, as per the scheme rules.
- 2.33 In anticipation of the scheme being triggered, the Council's external insurance actuary was commissioned to (a) provide an estimate of the council's liabilities under the clawback arrangements and (b) a more detailed forecast of total potential future uninsured losses based on the Council's historic risks.
- 2.34 The total estimated potential liability is £2m, inclusive of the clawback, equating roughly to £1m in relation to the clawback and £1m in relation to future claims no longer payable in full by MMI (or uninsured). £1.1m has already been provided for in the 2011-12 accounts. There is also an insurance reserve of £0.5m that is proposed to add to the provision. The extent to which a further provision is required will be reviewed as part of the overall insurance provision at the year end.. It should be noted that it will take many years before the full extent of claims will crystallise and the provision will be continually reviewed in the light of actual claims made.
- 2.35 The figure of £2m is very low in comparison with the actuary's similar work on other authorities. In the actuary's view this is expected for Harrow due to its relatively low clawback amount and lack of material asbestos-related claims to date.

### **Integration of Public Health services**

- 2.36 Joint working with Barnet and the Council's insurers has commenced to ensure that any additional risks arising through the Public Health transition

are adequately insured. Early indications are that any clinical risks can be covered under the Clinical Negligence Scheme for Trusts (CNST) administered by the NHS Litigation Authority. Non-clinical risks will be covered by extension to the Council's existing insurances with Zurich Municipal.

### **Driver Age Restrictions**

- 2.37 A project has commenced to explore the viability of removing current age restrictions for drivers of Council vehicles and to identify the associated cost and risks to the Council.

### **Tender of Insurance contracts**

- 2.38 Re-tendering of the Insurance London Consortium (ILC) contracts for Motor, Crime and Terrorism insurance, and the Engineering inspection contract is underway. Invitations to Tender were issued at the start of December and so far several expressions of interest have been received across the various classes of business.

### **Insurance for Academies**

- 2.39 In conjunction with other ILC members a project has commenced that, it is hoped, will culminate in the creation of a scheme for offering insurance to Academies.

### **Main tasks for the next period:**

- 2.40 During the final quarter the following work streams will be service priorities:
- Ensure that the Council's insurance arrangements are extended, as required, to cover Public Health duties.
  - Evaluation of the ILC tender responses for the external insurance contracts for Motor, Terrorism and Crime insurance, and the Engineering Inspection contract.
  - Renewal of the Council's Property and Liability insurance contracts in line with existing long-term agreements.
  - Launch of the LACHSweb online reporting module to internal departments and schools to facilitate more efficient reporting of claims.
  - Completion of an engineering audit in conjunction with the Council's insurers to ensure the accuracy of the Council's engineering inspection schedule.

- Completion of a tree root risk management initiative to identify and recommend proposals for cross-Council working to reduce the cost of tree root claims against the Council.
- Conclusion of the project exploring driver age restrictions for the use of Council motor vehicles and, if appropriate, implementation of the revised policy.

### Internal Audit

2.41 The tables below set out the internal audit work progressed in Q3:-

#### Reviews finalised:

REPORT	ISSUE DATE	ASSURANCE RATING/CONTROLS OPERATING	ACTION PLAN OWNER(S)
Core Financial Systems Key Control Review Corporate Accounts Receivable 2011/12  Assurance Rating = Amber	27.11.12	Overall, 79% (11) of the controls were operating effectively, with a further 21% (3) partially operating. Although these percentages indicate an amber/green assurance, the report has been rated as amber assurance due to the 4 high risk recommendations. Each of the 14 key controls is made up of a number of individual elements that were each tested. A total of 6 of the 7 recommendations have been agreed for implementation. The remaining recommendation has been partially agreed which relates to creating a workflow route for authorisation of a debtor request.	Service Manager, Access Harrow/ Service Manager, Pensions & Corporate Accounts Payable Receivable

#### Reports issued:

REPORT	ISSUE DATE	RESPONSE DUE	ASSURANCE RATING/CONTROLS OPERATING	ACTION PLAN OWNER(S)
Transformation Programme – Engagement & Culture Change Reablement Project Report  Assurance Rating = Green	18.12.12	11.01.13	Green report. Overall 80% of the expected controls were found to be in place and operating effectively, 8% were substantially operating and 12% were partially in place.	Director of Adult Social Services



Transformation Programme – Engagement and Culture Change Procurement Report  Assurance Rating = Red/Amber	18.12.12	11.01.13	Red/Amber report. Overall 17% of the expected controls were found to be in place and operating effectively, 38% were substantially operating, 33% were partially in place with a further 13% not operating.	Interim Head of Procurement
Transformation Programme – Engagement and Culture Change Customer Contact Access and Decide (CCAD) Report  Assurance Rating = Green	19.12.12	14.01.13	Green report. Overall 72% of the expected controls were found to be in place and operating effectively and 28% were substantially operating.	Head of Service, Access Harrow
Longfield Primary School Governance & Financial Controls review  Assurance Rating = Amber/green	6.12.12	10.01.13	Amber/green report. Overall 67% of the expected controls were found to be in place and operating effectively, 12% were substantially operating and 21% were partially in place. 16 recommendations have been made to address the weaknesses identified, 2 were rated as high risk, 9 were rated as medium risk and 5 were rated as low risk.	Headteacher
Earlsmead Primary School Governance & Financial Controls review  Assurance Rating = Amber/green	10.12.12	16.01.13	Amber/green report. Overall 77% of the expected controls were found to be in place and operating effectively, 11% were substantially operating, 10% were partially in place with a further 2% not operating. Although percentages indicate a green assurance rating, the report is rated as Amber/Green due to one high risk recommendation.	Headteacher
Stag Lane Junior School Governance & Financial Controls review  Assurance Rating = Amber/green	17.12.12	14.01.13	Amber/Green report. Overall 75% of the expected controls were found to be in place and operating effectively, 13% were substantially operating, 10% were partially in place with a further 2% not operating. Although percentages indicate a green assurance rating, the report is rated as Amber/Green due to two high risk recommendations.	Headteacher

Transformation Programme – Engagement and Culture change Independent Living (For Young Care Leavers) report  Assurance Rating = Green	19.12.12	14.01.13	Green report. Overall 81% of the expected controls were found to be in place and operating effectively, 13% were substantially operating and 6% were partially in place. The different nature of a lean project means that some of the controls cannot be applied in the same way as for a larger project.	Divisional Director Early Intervention Services/ Service Manager – Children’s & Commissioning
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**Follow-ups issued:**

REPORT	DATE OF FOLLOW-UP MEMO	CONCLUSION
Norbury School CCTV – Follow up  Original assurance rating = Amber/green  Re-assessed assurance rating = Green	5.11.12	It was established that the action plan to address all 5 recommendations has been fully implemented and evidence has been obtained to support this.
Stanburn Junior School – CCTV Follow up  Original assurance rating = Red/amber  Re-assessed assurance rating = Green	5.11.12	It was established that the action plan to address all 7 recommendations has been fully implemented and evidence has been obtained to support this.

2.42 The team have also been working on a number of other school financial control reviews, a review of personalisation, several reviews at the West London Waste Authority and a review of the management assurance process. Progress against the plan has however been impacted by a team member breaking her wrist and her work being redistributed amongst the team.

**Corporate Anti-Fraud Service**

2.43 A comprehensive mid year report for anti-fraud work was provided at the last meeting and a full year report will be provided to the June meeting, therefore this is an interim update on work undertaken during quarter 3.

2.44 In December a further blue badge fraud drive took place in conjunction with the Greenhill Safer Neighbourhood Team and the Parking Enforcement Team and 6 offenders were identified in Greenhill Way. They

were each issued with Penalty charge Notices and will be subject to further fraud enquires in the coming weeks.

- 2.45 6 Housing properties were returned to Council management as a result of identified tenancy fraud and misuse.
- 2.46 The service continued to enjoy good media coverage with local press on successful cases.

### **Risk Management**

- 2.47 During Quarter 3 work has been on-going to produce the annual Statement of Risk Appetite of the Council as required by the UK Corporate Governance Code, which will be incorporated into the 2013/14 risk management strategy and reported to the Committee early in the new financial year.
- 2.48 This is the second time an annual risk appetite statement has been produced and to give the Committee an insight into the process, three examples of individual risk appetite statements are attached at the appendix, which will collectively feed into an overall corporate statement of risk appetite. The Committee's comments are welcomed and will be incorporated as appropriate before the corporate document is submitted to Cabinet for approval in February.
- 2.49 Although the exercise is ongoing, early indications are that the Council will take on a medium level of business risk in 2013/14, with specifically the ability and the capacity to manage its financial risks being the critical factor. This is an increase in the risk appetite from the current year as the financial climate dictates a higher level of taking managed risks.

### **Information Management**

- 2.50 Progress in Quarter 3 was specifically around the following:

#### *CSB/CLG Health Checks*

- 2.51 The Client Team has completed one-to-one discussions with most CSB members and many other Directors to discuss the information security strategy, understand how they personally work with sensitive information and offer any advice on improving the handling of this data.

#### *Fax Machines*

- 2.52 Faxes were raised as a potential source of data loss through operator error on sending faxes as well as incoming material being open to view. An audit identified 41 fax machines (in Civic Centre) of which, in consultation with the business, we are able to decommission some of these machines. We will now arrange for the non-essential machines to be disconnected, rerouting the phone numbers to another fax where necessary or otherwise decommissioning the lines.

### *Confidential Paper Waste*

- 2.53 After recognising that the white bin sacks currently used for confidential waste are not secure and that confidential waste is also being disposed of in the general recycling, we have been working with Facilities to select a supplier who will manage the disposal of all paper waste in a secure manner. The supplier will manage collection of locked wheelie bins (to be located on each floor of the civic centre) and the secure shredding of the paper on Council site premises.

### *Revised Policies & Procedures*

- 2.54 The Council's complex set of information management policies has been reviewed and consolidated into a single Information Governance and Security Policy. This policy contains within it the Acceptable Use Policy, which has been radically rationalised, simplified and clarified so that it summarises everything that every staff member needs to understand about our information security.

### *Secure Document Bags & USB Sticks*

- 2.55 We have sourced lockable document bags for transporting sensitive documents. These should be used by anyone who is carrying sensitive documents such as personal data on social care clients and politically or corporately sensitive papers unless they have another lockable carrier. We have also sourced a new supply of encrypted USB memory sticks branded with the Harrow Logo so that they can easily be distinguished from sticks that may be given away free at events and shows or personal USB sticks.

### *Awareness Campaign*

- 2.56 The main cause of data security breaches within the council is a lack of awareness and understanding of the risks and the policies, procedures and processes the Council has established to mitigate them. We have been working with Communications to develop a campaign that will be fronted by the fictional robot SID (**S**ecure **I**nformation & **D**ata). The campaign will help to develop a good level of information security awareness so that staff can perform their day-to-day duties and make sensible information security decisions.

### **Work Streams for the remainder of 2012/13:**

#### *Information Security Campaign*

- 2.57 Through the campaign we will be introducing the new Information Governance and Security Policy, distributing secure document bags and USB sticks and encouraging the adoption of a clear-desk policy. There will be a soft implementation of policies as we encourage staff to highlight problems in the way they handle their data currently and work with us on resolving these gaps. Once the risks are well understood and we have taken measures to address the obvious breaches then we can enforce a harder line on compliance supported by the compliance software solution. Civic Centre/Out buildings floor walking to commence at the end of January 2013.

### *Information Architecture*

- 2.58 Working with Capita to develop and implement a Corporate Information Architecture to be used for the Mobile and Flex corporate project.

### *Information Security On-Line Training module*

- 2.59 The information security module will be re-vamped to reflect Harrow Council local procedures and new policies with a view of all staff being requested to undertake the training again from the 1<sup>st</sup> April 2013.

### *Implement Compliance Software*

- 2.60 The Client Team has identified a policy compliance solution to simplify, achieve, and sustain business compliance across the authority. This solution can also be deployed for staff who are not office-based and do not use IT on a regular basis as part of their duties. This product would enable us to track training, publish policies and restrict access accordingly, providing accurate data on compliance to the organisation and to line managers. It will provide a vehicle for an ongoing awareness campaign allowing updates and reminders to be published to users as they connect to the IT systems.

### *Nominating Information Asset Owners*

- 2.61 CSB has previously endorsed Tom Whiting to be the individual to act as the 'Senior Information Risk Owner' who will provide assurances on the controls and procedures for managing information to the Chief Executive. We now need to extend that governance to appoint *Information Asset Owners* (IAO) to own and be responsible for each Directorate's information assets and *Information Asset Controllers* (IAC) to manage specific assets within their respective Directorate.
- 2.62 We will be holding workshops to get the IAO and IACs together in each directorate to understand what these roles are, what the assets of the Directorate are and what risks and issues they need to be manage.

### *Physical Security*

- 2.63 To eliminate the risk of unauthorised access to buildings and data, disclosure of personal information, data theft, accidental and environmental damage etc, ISO best practice guidelines recommend that physical security perimeters (such as card controlled entry systems and staff identification) shall be used to protect areas that contain information and information processing facilities. We have been working with Facilities to agree a process that would ensure that everyone in the Civic Centre, other than day visitors, will be issued with a photo-id and also to implement other physical security controls that will ensure that our buildings are protected at all times.

## **Section 3 – Further Information**

3.1 None

## **Section 4 – Financial Implications**

4.1 The work of the Risk, Audit and Fraud division is carried out within the budget available and supports the achievement of financial objectives across the Council. Specific comments on financial implications within service areas are contained in the main body of the report.

## **Section 5 - Equalities implications**

5.1 Each service within the division has undertaken an Equalities Impact Assessment and no equalities implications have been identified.

## **Section 6 – Corporate Priorities**

6.1 Collectively the work of the division contributes to the delivery of all the corporate priorities through supporting the Council as a whole to achieve its targets and objectives.

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 10 January 2013		

## **Section 7 - Contact Details and Background Papers**

**Contact:** David Ward, Divisional Director – Risk, Audit & Fraud.  
Tel: 020 8424 1781

Background Papers: None.