

NON-CONFIDENTIAL



Borough of Tamworth

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AUDIT AND GOVERNANCE COMMITTEE

24 May 2012

Dear Councillor

A Meeting of the Audit and Governance Committee will be held in **Committee Room 1 - Marmion House on Thursday, 31st May, 2012 at 6.00 pm**. Members of the Committee are requested to attend.

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. D. D.' with a flourish.

A G E N D A

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- 1 Apologies for Absence**
- 2 Minutes of the Previous Meeting (Pages 1 - 4)**
- 3 Declarations of Interest**

To receive any declarations of Members' interests (personal and/or personal and prejudicial) in any matters which are to be considered at this meeting.

When Members are declaring a personal interest or personal and prejudicial interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a personal and prejudicial interest in respect of which they do not have a dispensation.

- 4 Statement on the Role of the Chief Finance Officer** (Pages 5 - 26)
Report of the Executive Director – Corporate Services
- 5 Internal Audit Quarterly Report 2011/12** (Pages 27 - 48)
Report of the Head of Internal Audit Services
- 6 Fraud and Corruption Update Report** (Pages 49 - 154)
Report of the Head of Internal Audit Services
- 7 Audit & Governance Committee Self Assessment 2012** (Pages 155 - 158)
Update from the Head of Internal Audit Services

People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail committees@tamworth.gov.uk preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.

To Councillors: M Gant, R Kingstone, S People, P Seekings and M Thurgood



MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE HELD ON 29th MARCH 2012

PRESENT: Councillor M Gant (Chair), Councillors S Doyle, R Cook and P Seekings

Officers John Wheatley (Deputy Chief Executive and Corporate Director (Resources)), Jane Hackett (Solicitor to the Council and Monitoring Officer) and Angela Struthers (Head of Internal Audit Services)

Visitors James Cook (Audit Commission)
Joan Barnett (Audit Commission)

43 APOLOGIES FOR ABSENCE

None

44 MINUTES OF THE PREVIOUS MEETING

The Minutes of the Meeting held on 26 January 2012 were approved and signed as a correct record.

45 DECLARATIONS OF INTEREST

There were no Declarations of Interest.

AGENDA ORDER CHANGED

It was agreed by the Committee that agenda item 5 be moved to the end of the agenda.

(Moved by Councillor M Gant and seconded by Councillor R Cook)

46 AUDIT PLAN - AUDIT 2011-12

The Report of the Audit Commission was considered.

RESOLVED: That the contents of the report be noted.

47 SELF ASSESSMENT - MEASURING THE EFFECTIVENESS OF THE AUDIT AND GOVERNANCE COMMITTEE

The Report of the Head of Internal Audit Services seeking to complete a self assessment of the effectiveness of the Audit & Governance Committee and produce an improvement action plan if required was considered.

RESOLVED: That the self assessment checklist at Appendix A was completed by Members in order to formulate an improvement plan as required.

48 INTERNAL AUDIT STRATEGY AND PLAN 2012-13

The Report of the Head of Internal Audit Services advising Members of the proposed Internal Audit Strategy and Plan for 2012-13 and providing members with assurance on the appropriate operation of Internal Audit was considered.

RESOLVED: That the Internal Audit Strategy and Plan 2012-13 be endorsed.

49 REGULATION OF INVESTIGATORY POWERS ACT 2000 QUARTERLY REPORT MARCH 2012

The Report of the Solicitor to the Council was considered.

RESOLVED: That the quarterly RIPA monitoring report be endorsed.

50 FINAL ACCOUNTS 2011/12 – ACTION PLAN

The Report of the Deputy Director Corporate Finance, Exchequer and Revenues providing an outline of the Corporate requirements that will need to be achieved in order to produce the Council's Annual Statement of Accounts for 2011/12 (including deadlines but not including detailed responsibilities) and to obtain Corporate commitment to the action plan was considered.

RESOLVED: That:

- 1 The target of 15 June 2012 for closure of the final accounts and production of a draft statement for 2011/12 be approved, and;
- 2 staffing resources be committed to the provision of

appropriate information and support in order to meet the published timescales and the Committee receive progress updates (if required), and;

- 3 the Statement be presented to the Audit & Governance Committee on or around 20 September 2012

The Committee as a whole thanked the contribution made to the Committee by Councillor Ron Cook who announced his retirement for the Council on Tuesday 26 March 2012.

Chair

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AUDIT & GOVERNANCE COMMITTEE

31ST MAY 2012

Report of the Executive Director – Corporate Services

STATEMENT ON THE ROLE OF THE CHIEF FINANCE OFFICER

EXEMPT INFORMATION

None

PURPOSE

To provide members with information on the application of the Statement on the Role of the Chief Finance Officer and the benchmarking of existing arrangements.

RECOMMENDATIONS

That the Committee endorses this report and raises any issues it deems appropriate.

Executive Summary

In 2010, CIPFA issued its *Statement on the Role of the Chief Finance Officer in Local Government*. The Statement builds heavily on the CIPFA's Role of the Chief Finance Officer in Public Services and applies the principles and roles set out in that document to local government.

The governance requirements in the Statement on the Role of the Chief Finance Officer(CFO) in Public Services are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the organisation's annual governance report, together with how these deliver the same impact.

CIPFA have developed an *Application Note* to advise on the application of the Statement on the Role of the Chief Financial Officer in Local Government which illustrates:

- How the governance requirements to support the principles in the CFO statement build on the governance requirements that need to be reflected in an authority's local code set out in the CIPFA/SOLACE framework and guidance note;
- How the annual governance statement can reflect compliance with the CFO statement for reporting purposes.

Tamworth Borough Council complies with the application of the Statement.

CIPFA's statement sets out five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them.

The CFO in a public service organisation:

- Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the organisation's financial strategy;
- Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- Must lead and direct a finance function that is resourced to be fit for purpose;
- Must be professionally qualified and suitably experienced.

For each principle, the Statement sets out the governance arrangements required within an organisation to ensure that CFO's are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the CFO role within the organisation. CIPFA recommends that organisations should use the Statement as a framework to benchmark their existing arrangements, which has been completed and is attached as **Appendix 1**.

The review has identified that the CFO complies with all the requirements set in the guidance.

CIPFA also recommends that organisations should report publicly on compliance to demonstrate commitment to good practice in both governance and financial management. This will be completed and be included in the Annual Governance Statement.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

Appendix 1 CIPFA Statement on the Role of the Chief Financial Officer in a
Local Authority

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CIPFA Statement on the Role of the Chief Financial Officer in a Local Authority

Principle 1	
The CFO in a local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.	
Governance requirements	How compliance is demonstrated
1.1 Set out a clear statement of the respective roles and responsibilities of the leadership Team and its members individually.	Set out within Constitution, Scheme of Delegation and Job Description
1.2 Ensure that the CFO reports directly to the Chief Executive and is a member of the leadership Team with a status at least equivalent to other members.	CFO reports directly to Chief Executive and is an Executive Director and a senior member of Corporate Management Team. Weekly meetings with the Leader and Chief Executive take place.
1.3 If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact.	N/A
1.4 Determine a scheme of delegation and reserve powers, including a formal schedule of those matters specifically reserved for collective decisions by the Board, and ensure that it is monitored and updated.	Scheme of Delegation in place – which is regularly reviewed and monitored by the Monitoring Officer
1.5 Ensure that organisation's governance arrangements allow the CFO: - to bring influence to bear on all material business decisions; and - direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit.	As stated within the Constitution and Financial Guidance. The Executive Director – Corporate Services is a member of CMT, BRG. The ED-CS has regular planned and update meetings with the Leader & CMT and individually with the Leader, deputy Leader and Portfolio Holder Corporate Governance. He has direct access to the Chief Executive and other leadership team members. The ED-CS attends Audit & Governance Committee. ED-CS is the key liaison point with the External Auditor. All reports to committee require financial approval before they are presented to Committee; specific key reports are required to be signed off by the CD-ES/S151 Officer.

<p>1.6 Review the scope of the CFO's other management responsibilities to ensure that financial matters are not compromised.</p>	<p>Executive Director – Corporate Services has some non financial responsibilities i.e. ICT and Democratic Services. The structure of Directors and Heads of Service ensure that the S151 responsibilities are not compromised.</p>
<p>1.7 Assess the financial skills required by members of the Leadership Team and commit to develop those skills to enable their roles to be carried out effectively.</p>	<p>There is an on-going process of performance development review. Financial awareness training for managers has taken place as well as accounts training for Cabinet and the Audit & Governance Committee. The Budget Review Group (consisting of Cabinet and CMT) has completed a budget review workshop. Treasury management training has been made available to all members and is ongoing. Specific training tailored to requirements, has been given to Portfolio holders especially in respect to Portfolio Holder for Corporate Governance. Recent training given includes understanding financial accounts & Budget issues, Treasury Management Strategy,</p>
<p>Core CFO Responsibilities</p>	<p>How compliance is demonstrated</p>
<p>1.8 Contributing to the effective leadership of the authority, maintaining focus on its purpose and vision through rigorous analysis and challenge.</p>	<p>The Executive Director – Corporate Services is a senior member of the Corporate Management Team and Budget Review Group; acts as financial advisor and reports on financial matters to Cabinet, Council Audit & Governance Committee. Members are regularly updated/ advised.</p>
<p>1.9 Contributing to the effective corporate management of the authority, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.</p>	<p>Member of Corporate Management Team – reviewing and agreeing future Strategy Medium Term Financial Strategy is linked to business planning. Quarterly performance reports are produced for Cabinet. Risk Management issues (Corporate) and regularly reviewed by CMT and are integrated Contribution to the review of the Scheme of Delegation.</p>

<p>1.10 Supporting the effective governance of the authority through development of</p> <ul style="list-style-type: none"> - corporate governance arrangements, risk management and reporting framework; and - corporate decision making arrangements 	<p>Responsible for Internal Audit, Risk Management. Member of CMT. ED-CS is support for Audit & Governance Committee. All reports for Cabinet and Council require financial implications to be signed off before presented to Committee.</p>
<p>1.11 Leading or promoting change programmes within the authority.</p>	<p>As a senior member of CMT, leads on change programmes within the authority e.g. (ICMC, restructures, efficiency agenda, etc.) **</p>
<p>1.12 Leading development of a medium term financial strategy and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.</p>	<p>Executive Director – Corporate Services is the lead on the medium term financial strategy and the annual budget process. Process is proactively reviewed by Budget review group, CMT, Cabinet and Council.</p>
<p>1.13 Ensuring the medium term financial strategy reflects joint planning with partners and other stakeholders.</p>	<p>Medium term financial strategy reflects joint working. Budget review process incorporate liaison planning with partners, business community and relevant stakeholders on financial strategies</p>
<p>Personal Skills and Professional Standards</p>	<p>How compliance is demonstrated</p>
<p>1.14 Role model, energetic, determined, positive, robust and resilient leadership, able to inspire confidence and respect, and exemplify high standards of conduct.</p>	<p>ED-CS completes a professional proactive role in line with duties and responsibilities and demonstrates the personal skills required. Holds professional qualification and is subject to professional standards and Continued Professional Development, legislation updates/professional standards.</p>
<p>1.15 Adopt a flexible leadership style, able to move through visioning to implementation and collaboration/consultation to challenge as appropriate.</p>	<p>A flexible leadership style is used as appropriate in line with relevant skills and professional standards as appropriate for each circumstance. The ability to identify project issues from strategic side to delivering outturn of project.</p>
<p>1.16 Build robust relationships both internally and externally.</p>	<p>Robust relationships are built with internal and external peers, partners, staff etc and external regularity/government bodies at all levels – regularly participates in Staffordshire CFOG.</p>

<p>1.17 Work effectively with other Leadership Team members with political awareness and sensitivity.</p>	<p>The ED-CS is a member of CMT and BRG and works with political awareness and sensitivity. ED-CS meets regularly with CMT colleagues, Audit & Governance Committee, Cabinet, Leader and Deputy Leader and as required by other members including the opposition.</p>
<p>1.18 Support collective ownership of strategy, risk and delivery.</p>	<p>As part of the duties of the ED-CS – the post has overall responsibility for risk management. As part of CMT the post holder is collectively responsible for strategy and for delivery of services.</p>
<p>1.19 Address and deal effectively with difficult situations.</p>	<p>The ED-CS is able to address and deal effectively with difficult situations</p>
<p>1.20 Implement best practice in change management and leadership.</p>	<p>The ED-CS maintains professional development and continuous professional development, undertakes relevant training/ maintains and up to date knowledge and applies best practice in change management and leadership. Ongoing review of management structures.</p>
<p>1.21 Balance conflicting pressures and needs, including short and longer term trade-offs.</p>	<p>The ED-CS is required to balance conflicting pressures and needs on a regular basis – this includes evaluating the impact of short and long term decision making/business trade offs e.g. budget setting business decision making.</p>
<p>1.22 Demonstrate strong commitment to innovation and performance improvement.</p>	<p>ED-CS completes this as part of the performance management framework. Areas of improvement are identified in business plans and management of their achievements/performance is monitored and reviewed and where applicable remedial action is taken.</p>
<p>1.23 Manage a broad portfolio of services to meet the needs of diverse communities.</p>	<p>ED-CS manages in the main, support functions as well as front facing services this includes; provision of exchequer function, housing benefit, council tax, NNDR and Internal Audit and Returning Officer.</p>

<p>1.24 Maintain an appropriate balance between the deeper financial aspects of the CFO role and the need to develop and retain a broader focus on the environment and stakeholder expectations and needs.</p>	<p>This is completed through the budget review process. The public are consulted during the budget process. Environmental factors are taken into account on all decision made. The budget setting process balances the need to set a legal budget with constraints of Council Tax and Revenue Support Grant and the need of customers, service improvement, corporate objectives and priorities.</p>
<p>1.25 Comply with the IFAC Code of Ethics for Professional Accountants, as implemented by local regulations and accounting bodies, as well as other ethical standards that are applicable to them by reason of their professional status. The fundamental principles set out in the Code are integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. Impartiality is a further fundamental requirement of those operating in the public services.</p>	<p>The ED-CS complies with the IFAC Code of Ethics for Professional Accountants (ICAEW) as well as compliance with his own Institutes professional standards/proactive member of the Institute of Chartered Certified Accountants. Impartiality is practiced as fundamental in dealing with all issues.</p>
<p>Principle 2</p> <p>The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.</p>	
<p>Governance requirements</p>	<p>How compliance is demonstrated</p>
<p>2.1 Establish a medium term business and financial planning process to deliver the authority's strategic objectives, including:</p> <ul style="list-style-type: none"> - a medium term financial strategy to ensure sustainable finances; - a robust annual budget process that ensures financial balance; and - a monitoring process that enables this to be delivered. 	<p>The ED-CS coordinates the delivery of the medium term financial strategy with BRG, Cabinet and CMT. A medium term financial strategy is in place to ensure sustainable finances in line with estimates</p> <p>The annual budget process includes budget consultation, central and local financial constraints/demands, prioritisation of resources to Corporate Objectives & Priorities</p> <ul style="list-style-type: none"> ▪ Setting legal budget in compliance with Council Tax levels and maintaining required balances ▪ A Medium Term Financial Strategy (4 years) is in place

	<ul style="list-style-type: none"> Annual budgets set complying with legislative requirements and maintain reserves/balances. Budgets are monitored monthly to CMT and quarterly to Cabinet.
2.2 Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.	All reports to Council and Cabinet are required to have approval and financial implications are identified as part of the process. Appropriate Financial Advise/Consultation is undertaken identifying key financial issues prior to the formulation of reports – key financial information is provided to inform the management decision making process.
2.3 Ensure that those making decisions are provided with information that is fit for the purpose – relevant, timely and giving clear explanations of financial issues and their implications.	All reports to members are issued in advance of the meeting and any implications – financial or other are identified. Appropriate Financial Advise/Consultation is undertaken identifying key financial issues prior to the formulation of reports – key financial information is provided to inform the management decision making process.
Core CFO responsibilities	
Responsibility for financial strategy	How compliance is demonstrated
2.4 Agreeing the financial framework with sponsoring organisations and planning delivery against the defined strategic and operational criteria.	Financial frameworks are in place to ensure delivery is in line with strategic and operational criteria – this is further underpinned by the budget setting process, governance arrangements and financial guidance.
2.5 Maintaining a long term financial strategy to underpin the authority's financial viability within the agreed performance framework.	Budget and performance frameworks are integrated through the budget setting process to ensure appropriate resources enable appropriate levels of performance to be achieved. Four year medium term financial strategy in place.
2.6 Implementing financial management policies to underpin sustainable long-term financial health and reviewing performance against them.	Robust performance management process in place linked to financial reviews. Budgets set over 4 years to enable financial stability with maximum balances being achieved.

2.7 Appraising and advising on commercial opportunities and financial targets.	Appropriate processes are in place to ensure appropriate financial advice is provided to CMT/Members/Budget Holders e.g. Waste Management, Boots development, New Homes Bonus
2.8 Developing and maintaining an effective resource allocation model to deliver business priorities.	Appropriate resources are provided to ensure that the delivery of business priorities are not compromised i.e. staffing structure/qualified staff
2.9 Leading on asset and balance sheet management.	Asset and balance sheet management is delivered through appropriately qualified staff and consultants with officers through the Asset Management Group, Budget Review Group and CMT.
2.10 Co-ordinating the planning and budgeting process.	ED-CS role is corporate strategic head of budget setting process with BRG/Cabinet members.
Influencing decision making	How compliance is demonstrated
2.11 Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	Risks identified in reports along with VFM implications to ensure that decision making is appropriately informed
2.12 Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions	Objective and professional advice is given to all decision makers (as above – Cabinet reports/members books) e.g. Boots development, New Homes Bonus.
2.13 Ensuring that the authority's capital projects are chosen after appropriate value for money analysis and evaluation using relevant professional guidance.	Asset management group review proposed capital projects – proposals reduced to fit resources/VFM agenda. Revised projects submissions reviewed by BRG on priority basis (as part of capital strategy/medium term financial plan) Note: Invest to save approval - savings should arise from revenue savings
2.14 Checking at an early stage, that innovative financial approaches comply with regulatory requirements	All financial approaches are reviewed for robustness and legality as part of the process and compliance with financial guidance.
Financial Information for Decision Makers	How compliance is demonstrated
2.15 Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.	Quarterly financial and performance monitoring reported to Cabinet and monthly to CMT. Variance analysis identifies material issues together with appropriate remedial action – in line with best practice and financial guidance

2.16 Preparing timely management accounts.	Completed in accordance with legislative timetable – supported by robust delivery/action plan
2.17 Ensuring that the reporting envelope reflects partnership and other arrangements to give an overall picture.	Reporting includes relevant information in respect to partners i.e. LEP, Tamworth Strategic Partnership, Town Centre development, PCT etc. Key partnership issue/actions monitored through performance system (reported to CMT & Cabinet)
Personal skills and financial standards	How compliance is demonstrated
2.18 Implement appropriate management, business and strategic planning techniques.	Appropriate management, business and strategic planning techniques are applied in the appropriate situations (i.e. discounted cash flow, sensitivity analysis, options appraisal techniques etc
2.19 Link financial strategy and overall strategy.	Financial strategy is linked with overall strategy as part of the business planning process i.e. corporate priority/objectives linked with resource allocation /policy changes
2.20 Demonstrate a willingness to take and stick to difficult decisions- even under pressure.	Difficult decisions are taken as required and stuck to e.g. restructures Outsource of certain activities, administration arrangements (Waste project – Lichfield DC), Senior Management Review identifying budget savings
2.21 Take ownership of relevant financial and business risks.	Financial and business risks are identified in managing the performance of the Directorate and in the delivery of Corporate Priorities /risks linked with performance management
2.22 Network effectively within the authority to ensure awareness of all material business decisions to which CFO input may be necessary.	As expected – contributor to various working groups throughout the Authority ie CMT, budget review group, Cabinet, Asset Management, Council etc. – role as key contributor to CMT
2.23 Role model persuasive and concise communication with a wide range of audiences internally and externally.	Communicates effectively with a wide range of audiences both internally and externally (officers, members, public, partnerships, SCFOG etc)

2.24 Provide clear, authoritative and impartial professional advice and objective financial analysis and interpretation of complex situations.	The ED-CS provides impartial professional advice of complex financial situations – in line with professional standards
2.25 Apply relevant statutory, regulatory and professional standards both personal and organisational.	The ED-CS applies relevant statutory, regulatory and professional standards both personally and to the authority (in consultation with Solicitor to the Council/legislative requirements/District Audit)
2.26 Demonstrate a strong desire to innovate and add value.	The ED-CS encourages innovative thinking and strives to obtain value for money. Efficiency saving are identified through spending as well as innovative ways of working e.g. shared working benchmarking etc
2.27 Challenge effectively and give and receive constructive feedback.	Completed through CMT, DMT and one to one meetings with Assistant Directors and Heads of Service reporting to the ED-CS
2.28 Operate with sensitivity in a political environment.	As expected – the ED-CS operates sensitively in the political environment but ensures that appropriate financial advice/information is delivered at all times to all decision makers
<p>Principle 3</p> <p>The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.</p>	
Governance requirements	How compliance is demonstrated
3.1 Make the CFO responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records and accounts, and for maintaining an effective system of financial control.	Responsibilities detailed in Constitution and financial regulations and standing orders relating to contract – these are reviewed on a regular basis. This is supported by a proactive Internal Audit section assisting delivery of S151 requirements and through the management accountants processes.
3.2 Ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.	ED-CS has responsibility for making arrangements for the proper administration of their financial affairs and completes this through the internal audit function/financial guidance and management assurance statements/risk review

<p>3.3 Address the authority's arrangements for financial and internal control and for managing risk in Annual Governance Reports.</p>	<p>Governance group formed of appropriate officers to produce AGS. Risks/actions identified as part of the process are logged on Covalent and progress on action to date reported</p>
<p>3.4 Publish annual accounts on a timely basis to communicate the authority's activities and achievements, its financial position and performance.</p>	<p>Annual accounts published in accordance with timetable/delivery plan/ statutory timescales</p>
<p>3.5 Maintain and resource an effective Internal Audit function.</p>	<p>Internal Audit function maintained and effective – this is reviewed on a regular basis in line with resources needed/External Audit assurance requirements</p>
<p>3.6 Develop and maintain an effective Audit Committee.</p>	<p>Audit and Governance Committee maintained. Training given as required on the role of the audit committee. Self assessment of their effectiveness completed on an annual basis. Audit & Governance Committee supported by External Audit who are in regular attendance</p>
<p>3.7 Ensure that the authority makes best use of resources and that taxpayers and /or service users receive value for money.</p>	<p>Support Services Review, Transforming Tamworth projects being completed. Benchmarking of key services and performance (e.g. Audit Commission data/case studies/efficiency savings). Business cases provided for decision making processes e.g. VR</p>
<p>3.8 Embed financial competencies in person specifications and appraisals.</p>	<p>PDR's include review/target setting of key financial competencies. Job descriptions identify key competencies and are regularly reviewed together with appropriate training.</p>
<p>3.9 Assess the financial skills required by managers and commit to develop those skills to enable their roles to be carried out effectively.</p>	<p>Financial management training delivered to managers. Training identified through PDR process together with requirement of CPD and recent legislation/interpretation i.e. Housing review etc. Financial management training identified as an area for e-learning</p>

Core CFO responsibilities	
Promotion of financial management	How compliance is demonstrated
3.10 Assessing the authority's financial management style and the improvements needed to ensure it aligns with the authority's strategic direction.	Financial management training identified as a need and delivered. Guidance available on intranet and workshops and shadowing (via Accountants)
3.11 Actively promoting financial literacy throughout the authority.	Financial management guidance, financial guidance, budget consultation, budget book available on intranet. Monthly meeting with accountants
Value for money	How compliance is demonstrated
3.12 Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are signed off by finance function.	All reports to be presented to committee require finance sign off. Benchmarking is undertaken on key areas – will be rolled out further. Reports clearly identify financial implications and VFM issues in order to ensure decision makers have the most appropriate financial information. Business cases provided for decision making e.g. VR
3.13 Developing and maintaining appropriate asset management and procurement strategies.	Completed through asset management group CDR lead member of group. Asset Management Strategy (Asset Management Group) and procurement strategy, Corporate Change Programme are regularly reviewed. Currently reviewing better use of assets with partners e.g. County and the sharing of buildings
3.14 Managing long term commercial contract value.	Completed through procurement service, service management, budget review process (i.e. waste management)
Safeguarding public money	How compliance is demonstrated
3.15 Applying strong internal controls in all areas of financial management, risk management and asset control.	Internal controls assessed by Internal Audit – risk based approach to planning work. Managers sign off managers assurance statements annual as part of the AGS process to confirm areas have sufficient internal controls
3.16 Establishing budgets, financial targets and performance indicators to help assess delivery.	Part of the business planning, budget setting processes, and performance management systems. Report monthly to CMT and quarterly to cabinet/members

3.17 Implementing effective systems of internal control that include standing financial instructions, operating manuals and compliance with codes of practice to secure probity.	Standing orders and financial regulations reviewed and updated annually. Documented procedures part of service delivery and checked by internal audit. Compliance with codes of practice to ensure probity
3.18 Ensuring that delegated financial authorities are respected.	Electronic financial authority set up on finance system – regularly reviewed and monitored
3.19 Promoting arrangements to identify and manage key business risks, including safeguarding assets, risk mitigation and insurance.	Risk register in place and reviewed on a regular basis. Corporate risk identified and business risk for service areas identified Insurance regularly reviewed and mitigation in place to minimise the risk to the authority.
3.20 Overseeing of capital projects and post completion reviews.	Capital projects reported to Budget Review Group and quarterly update to Cabinet together with Asset Management Group – post/exit review undertaken to identify compliance, delivery and learning opportunities
3.21 Applying discipline in financial management, including managing cash and banking, treasury management , debt and cash flow, with appropriate segregation of duties.	Appropriate segregation of duties in place and confirmed through internal audit of key controls within systems
3.22 Implementing measures to prevent and detect fraud and corruption.	Counter fraud and corruption strategy and guidance notes and Whistleblowing policy in place, reviewed annually and available on intranet and website. Strategy and policy issued to staff through NetConsent and is part of the e-learning solution.
3.23 Establishing proportionate business continuity arrangements for financial processes and information.	Business continuity plans in place. Critical systems identified for restore , back ups as part of corporate continuity process
3.24 Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.	Partnership governance toolkit in place and reviewed – adequate governance arrangements in place

Assurance and scrutiny	How compliance is demonstrated
3.25 Reporting performance of both the authority and its partnerships to the board and other parties as required.	Performance is reported about the authority and partnerships i.e. Tamworth Strategic Partnership, Community Partnerships, Business & Economic Partnerships, Birmingham Enterprise Partnership through performance reporting and performance management system.
3.26 Supporting and advising the Audit Committee and other relevant scrutiny groups.	Yes – ED-CS attends all meeting of the Audit & Governance Committee
3.27 Preparing published budgets, annual accounts and consolidation data for government-level consolidated accounts.	Yes – prepared in accordance with legislative requirements – reviewed annually by External Audit as part of opinion process
3.28 Liaising with the external auditor.	Regular meetings held with external auditor regarding final accounts/changing financial environment and Audit & Governance Committee (regular attendance)
Personal skills and professional standards	How compliance is demonstrated
3.29 Generate “buy-in” to, and support delivery of, good financial management across the authority.	Completed through provision of financial management training, availability of guidance on intranet, monthly meetings accountants and budget holders
3.30 Develop and sustain partnerships, and engage effectively in collaboration.	Develops network opportunities with other LA’s (through contacts/Staffs Treasurers Group/Society of District Treasurers). Review opportunities as they arise/needs to ensure effective collaboration i.e. External Audit, shared working, performance management, benchmarking
3.31 Deploy effective facilitation and meeting skills.	Effective meeting and facilitation skills in place
3.32 Build and demonstrate commitment to continuous improvement and innovative, but risk –aware, solutions.	Commitment to continuous improvement – Corporate Change Programme. Risks identified in all projects, and reports to members etc

3.33 Place stewardship and probity as the bedrock for management of the authority's finances.	Stewardship and probity in place for the management of finances – unqualified accounts, financial guidance, positive Annual Governance Statement
<p>Principle 4</p> <p>The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.</p>	
Governance requirements	How compliance is demonstrated
4.1 Provide the finance function with the resources, expertise and systems necessary to perform its role effectively.	Yes – finance function reviewed in line with needs of the authority i.e. centralised accounting function, senior management review undertaken May 2010 and 2012 and as part of the VR package.
4.2 Ensure there is a line of professional accountability to the CFO for finance staff throughout the authority.	Completed through Director of Finance. All accountants in Corporate Accountancy. Team have qualified members of staff ensuring appropriate foundation for delivery of high standards.
How compliance is demonstrated	How compliance is demonstrated
4.3 Leading and directing the finance function so that it makes a full contribution to and meets the needs of the business.	Accountants assigned to service areas. ED-CS key lead in Budget review group. Key financial strategy delivered to inform members.
4.4 Determining the resources, expertise and systems for the finance function that are sufficient to meet business needs and negotiating these within the overall financial framework,	Finance function reviewed, Senior Management review undertaken May 2010 and 2012 and as part of the budget process in 10/11 for 11/12. Resources and needs of service regularly reviewed and where appropriate liaison with external/consultants undertaken i.e. Housing Stock Transfer, Housing repairs/Subsidy
4.5 Implementing robust processes for recruitment of finance staff and / or outsourcing of functions.	Recruitment and selection process in place. Job description and person specifications aligned to financial standards/requirements.
4.6 Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders.	Benchmarking completed. User satisfaction feedback undertaken. Regular review of service issues undertaken with key budget holder to ensure appropriate service delivery.

4.7 Seeking continuous improvement in the finance function.	Through benchmarking and continuous service improvement and discussion with senior users.
4.8 Identifying and equipping finance staff, managers and the Leadership Team with the financial competencies and expertise needed to manage the business both currently and in the future.	PDR CPD, financial management training and guidance notes available ongoing process in line with changing legislation requirements/knowledge ie IFRS.
4.9 Ensuring that the Head of Profession role for all finance staff in the authority is properly discharged.	Completed through Executive Director – Corporate Services with regular performance review/ achievement.
4.10 Acting as the final arbiter on application of professional standards.	Set down in Constitution and Financial Regulations.
Personal skills and professional standards.	How compliance is demonstrated
4.11 Create, communicate and implement a vision for the finance function.	Completed through business planning process – improvement plan and Medium Term Financial Strategy (CMT/Cabinet/BRG).
4.12 Role model a customer focussed function within the finance function.	Monthly meetings accountants and budget holders and CMT/Cabinet/BRG. Consulting and delivering customer requirements to professional standards/deadlines and financial consultation.
4.13 Establish an open culture, built on effective coaching and a “no blame” approach.	As expected anti fraud and corruption strategy and confidential reporting policy in place Open culture in place of learning from mistakes to improve process. No blame culture in place couple with training as appropriate.
4.14 Promote effective communication within the finance department, across the broader organisation and with external stakeholders.	Budget consultation Council spending, budget books, statement of accounts on website (CIPFA Financial Manual. Financial Guidance) Support Services Review.
4.15 Apply strong project planning and process management skills.	Project planning and process management skills in place

4.16 Set and monitor meaningful performance objectives for the finance team.	As part of the business planning process – performance indicators are identified and monitored through Covalent key deliverables and objectives identified
4.17 Role model effective staff performance management.	PDR's completed and on going training
4.18 Coach and support staff in both technical and personal development.	PDR process. Team meetings and on-going training to fit changing needs. Regular updates at team meetings and one to one sessions.
4.19 Promote high standards of ethical behaviour, probity, integrity and honesty.	Identified in counter fraud and corruption strategy and guidance notes
4.20 Ensure, when necessary, that outside expertise is called upon for specialist advice not available within the finance function.	As identified above and as part of delivery of efficient and effective service delivery appropriate outside specialists are used to supplement internal resources i.e. treasury management, IFRS, housing finance options, 30 year business plan.
4.21 Promote discussion on current financial and professional issues and their implications.	Through team meetings, PDR process, circulation of relevant documents/updates
Principle 5	
The CFO in a local authority must be professionally qualified and suitably experienced.	
Governance requirements	How compliance is demonstrated
5.1 Appoint a professionally qualified CFO whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the authority.	As expected – detailed responsibilities within Constitution and financial regulations ED-CS – qualified CCAB Accountant
5.2 Ensure that the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role.	As expected – completed through PDR and CPD process and regularly undertakes training and professional updates/advice re changing legislation and financial advice /consultants needs of customers (officer/member)

Personal skills and professional standards.	How compliance is demonstrated
5.3 Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers.	ED-CS member of CCAB – Fellow of the Association of Chartered Certified Accountants
5.4 Adhere to international standards set by IFAC on: -Ethics -Continuing professional development.	Through CPD process, updates, training, External Auditor/ Networking with Society of District Council Treasurers, SCFOG and Staffs Treasurers Group and any appropriate/relevant body.
5.5 Demonstrate IT literacy.	As expected – IT literate and directs the ICT team.
5.6 Have relevant prior experience of financial management in the public services or private sector.	Appropriate public sector experience and financial knowledge/training and understanding
5.7 Understand public sector finance and its regulatory environment.	Appropriate public sector experience and financial knowledge. Regular updates from relevant bodies received.
5.8 Apply the principles of corporate finance, economics, risk management and accounting.	Appropriate public sector experience and financial knowledge. Regular updates from relevant bodies received.
5.9 Understand personal and professional strengths.	Completed as part of CPD requirements and job requirements. Changes in legislation and statutory requirements reviewed.
5.10 Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role.	PDR /CPD process Undertake appropriate development in non-financial areas as changing role dictates.

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AUDIT & GOVERNANCE COMMITTEE

31st MAY 2012

Report of the Head of Internal Audit Services

INTERNAL AUDIT QUARTERLY REPORT 2011/12

EXEMPT INFORMATION

None

PURPOSE

To report on the outcome of Internal Audit's review of the internal control, risk management and governance framework in the 4th quarter of 2011/12 - to provide members with assurance of the ongoing effective operation of an internal audit function and enable any particularly significant issues to be brought to the Committee's attention.

RECOMMENDATIONS

That the Committee considers the attached quarterly report and raises any issues it deems appropriate

Executive Summary

The Accounts and Audit Regulations 2011 (as amended) require each local authority to publish an Annual Governance Statement (AGS) with its Annual Statement of Accounts. The AGS is required to reflect the various arrangements within the Authority for providing assurance on the internal control, risk management and governance framework within the organisation, and their outcomes.

One of the sources of assurance featured in the AGS is the professional opinion of the Head of Internal Audit on the outcome of service reviews. Professional good practice recommends that this opinion be given periodically throughout the year to inform the "annual opinion statement". This opinion is given on a quarterly basis to the Audit & Governance Committee.

The Head of Internal Audit Services quarterly opinion statement for January – March 2012 (Qtr 4) is set out in the attached document, and the opinion is summarised below.

Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that "reasonable assurance" can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved

in an appropriate manner. Such cases will continue to be monitored. Internal Audit's opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

No specific issues have been highlighted through the work undertaken by Internal Audit during 2011/12.

For easy reference, performance against 2 key performance indicators for the service is set out in graphical form in **Appendix 1** (% of draft reports issued within timeliness target) and **Appendices 2 & 2.1** (% of audit recommendations agreed by management). The proportion of agreed management actions found to have been implemented is also shown graphically in **Appendix 3**. Details of the 2011/12 audit plan completion status as at 31st March 2012 is detailed as **Appendix 4**.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

None

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

- Appendix 1 Percentage of draft reports issued within 15 days
- Appendix 2 Percentage of management actions agreed
- Appendix 2a Management actions agreed by number
- Appendix 3 Proportion of agreed management actions implemented 11/12
- Appendix 4 Internal Audit Plan 2011/12 status as at 31st March 2012

INTERNAL AUDIT ANNUAL REPORT/QUARTERLY REPORT – Q4 - 2011/12

1. INTRODUCTION

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Every local authority is statutorily required to provide for an adequate and effective internal audit function. The Internal Audit service provides this function at this Authority.

This brief report aims to ensure that Committee members are kept aware of the arrangements operated by the Internal Audit service to monitor the control environment within the services and functions of the authority, and the outcome of that monitoring. This is to contribute to corporate governance and assurance arrangements and ensure compliance with statutory and professional duties, as Internal Audit is required to provide periodic reports to "those charged with governance".

2. PERFORMANCE AND PROGRESSION AGAINST AUDIT PLAN

The Internal Audit service aims as one of its main Performance Indicators (PI's) to complete work on at least 90% of applicable planned audits by the end of the financial year, producing draft reports on these where possible/necessary. As in previous years it is expected that not all 62 planned areas of audit work will remain to be delivered for various reasons, eg due to changes within services, delays to projects, or reasonable requests to delay from managers due to unexpected demands or resource problems eg sickness. The service thus plans to complete 90% of those audits that are deliverable in the year.

The Internal Audit service has completed or has underway 47 audit areas of work. Of the 62 audits planned to be completed by the end of this quarter, 13 of these have been postponed/cancelled for various reasons e.g. due to changes within services, delays to projects, or reasonable requests to delay from managers due to unexpected demands or resource problems. The Internal Audit Service has completed works in additional areas as requested by management. As previously described, the plan has been actively managed to seek to ensure delivery of good practice levels over the year. Areas of audit work include the planned audits of systems plus activities that contribute to the overall governance of the authority. Appendix 4 details the Internal Audit plan status as at 31st March 2012.

The service also reports quarterly on the percentage of draft reports issued within 15 working days of the completion of fieldwork. All (100%) of the 13 draft reports issued in this quarter of the year were issued within this deadline. The service has increased the performance indicator for the issue of draft reports to 100% for this financial year as this was achieved during each quarter of 2011/12. (see graph at Appendix 1).

The Head of Internal Audit Services is responsible for ensuring that the work of the service is of appropriate quality to meet professional standards, and has in place, on an ongoing basis, a number of processes to meet this aim. For instance, there is an Audit Manual in place to guide auditors in their work, the Head of Internal Audit Services carries out independent review of auditors work to ensure professional

standards are met, the service benchmarks its performance against other such services in the region, quality control questionnaires are issued to managers for their view on the work of the service, and so on. The service is also subject to review by the external auditor, who places reliance on the work of the service. It is considered that the service continues to ensure professional standards are in place, and indeed in its move to risk based auditing is ahead of most other similar audit services in the region in adopting emerging good practice.

3. AUDIT REVIEWS COMPLETED QUARTER 4 2011/12

Internal Audit carries out reviews in compliance with its approved annual Audit Plan and additional areas where necessary, and reports on these to management in accordance with its approved Reporting Protocol. The audits finalised since the previous quarterly report were as shown below and detail the number of recommendations made and their priority.

	H	M	L	Agreed
• Creditors	2	11	-	13
• NNDR	-	1	-	1
• Housing & CT Benefits	-	-	-	-
• Housing Rents	-	6	-	6
• Time Recording	6	7	-	13
• IT Service Provision to Bromsgrove	5	4	2	11
• Castle	-	1	-	1
• Outdoor Events	-	1	-	1
• Development Policy	-	1	-	1
• Community Development	-	1	-	1

As part of each audit review, recommendations are made where necessary to address areas where the Internal Audit service considers controls, or compliance with controls, could be improved to help to manage risks to service objectives and ensure service objectives are met.

Accordingly a total of 48 new audit recommendations were made in this quarter of which 48 (100%) were agreed by management (this is the third main service PI – see Appendix 2. Appendix 2.1 shows the number of recommendations made and agreed). Internal Audit is satisfied with the management responses received to the recommendations made in this period. Each audit will be reviewed within the specified time scale and the implementation status of the audit recommendations reported.

The service revisits areas it has audited around 6 months after agreeing a final report on the audit, to test and report to management on the extent to which agreed actions have been taken. No implementation reviews were completed during the 4th quarter of 2011/12. Appendix 3 details the overall implementation progress for 2011/12. Internal Audit is fairly satisfied with the progress made by management to reduce the levels of risk through the year.

4. OVERALL CURRENT INTERNAL AUDIT OPINION

Based on the ongoing work carried out by and on behalf of Internal Audit and other sources of information and assurance, my overall opinion of the control environment at this time is that “reasonable assurance” can be given. Where significant deficiencies in internal control have been formally identified by management, Internal Audit or by external audit or other agencies, management have given assurances that these have been or will be resolved in an appropriate manner. Such cases will continue to be monitored. Internal Audit’s opinion is one of the sources of assurance for the Annual Governance Statement which is statutorily required to be presented with the annual Statement of Accounts.

Specific issues:

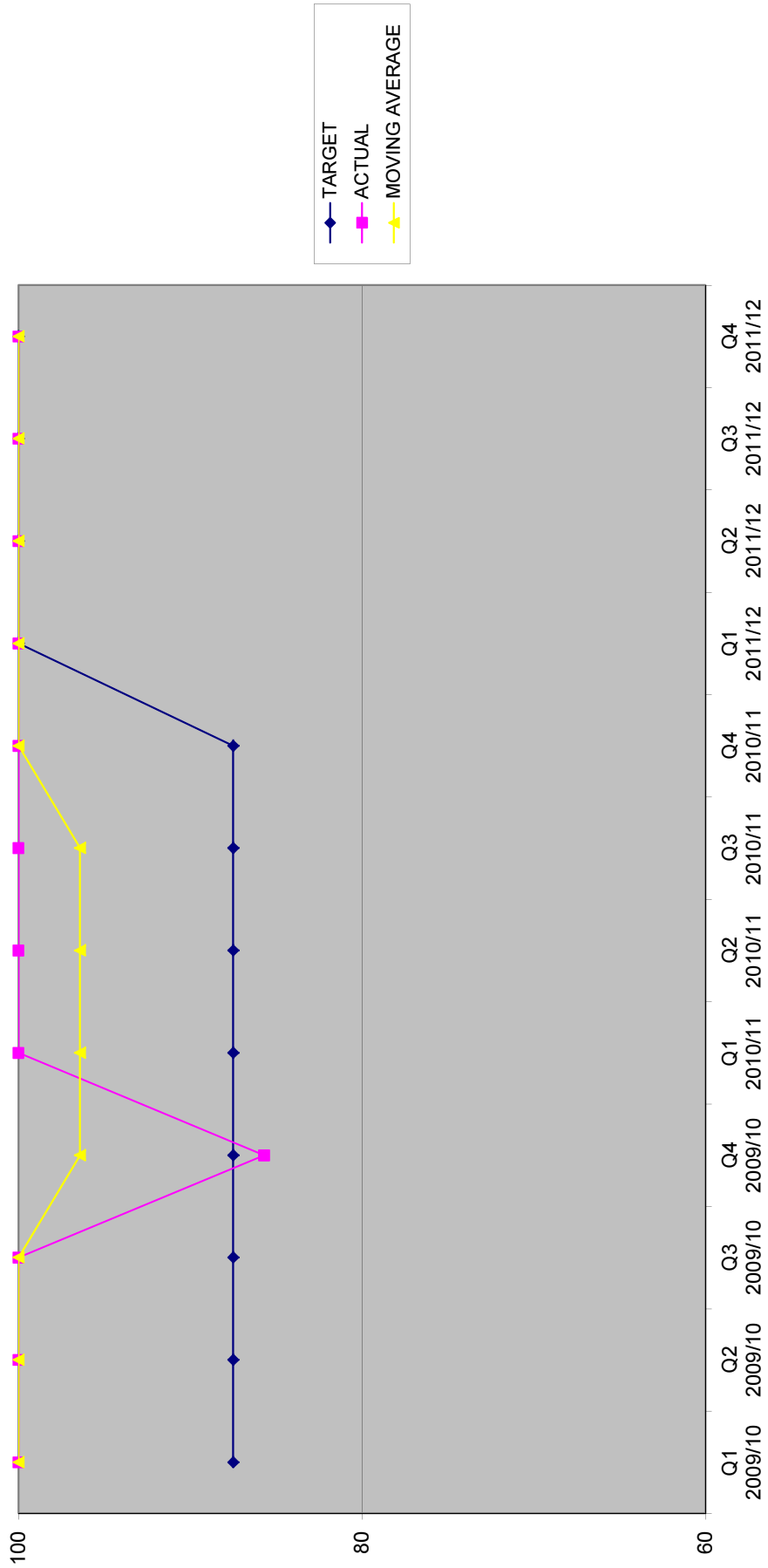
There were no specific issues highlighted through the work of Internal Audit in the fourth quarter of the 2011/12 financial year

Angela Struthers,
Head of Internal Audit Services

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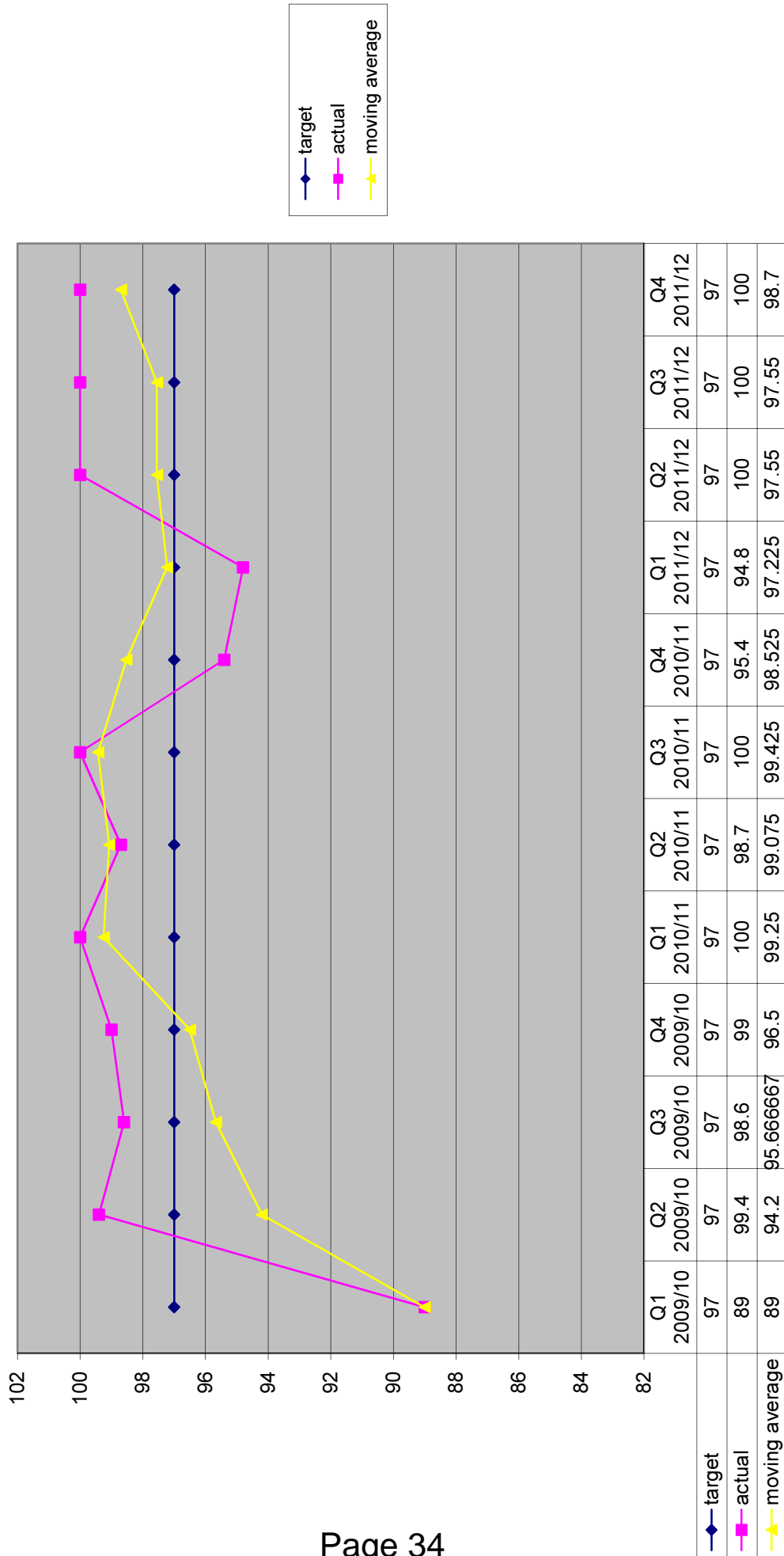
Appendix 1

Percentage of draft reports issued within 15 days



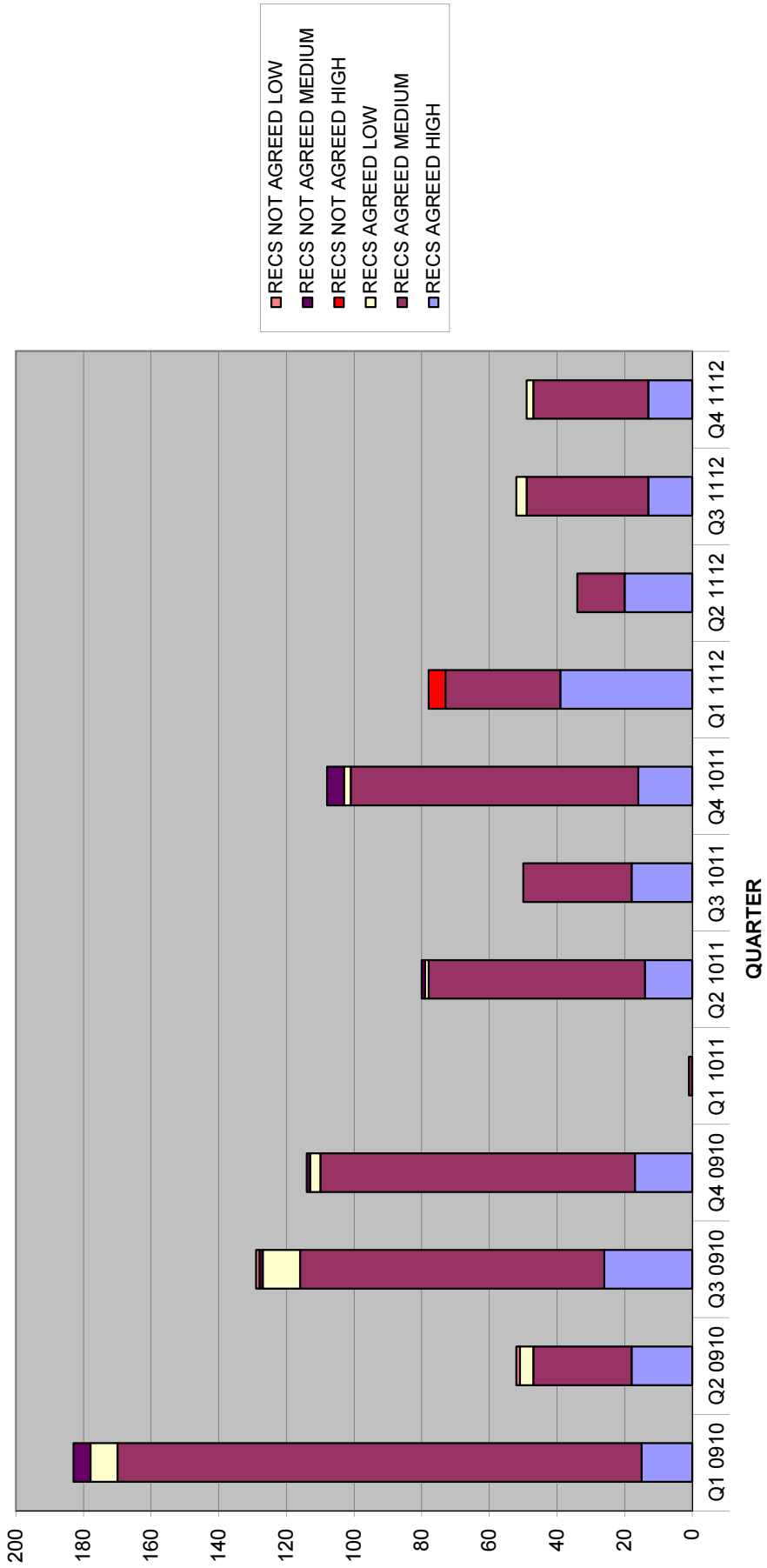
Appendix 2

Percentage of management actions agreed

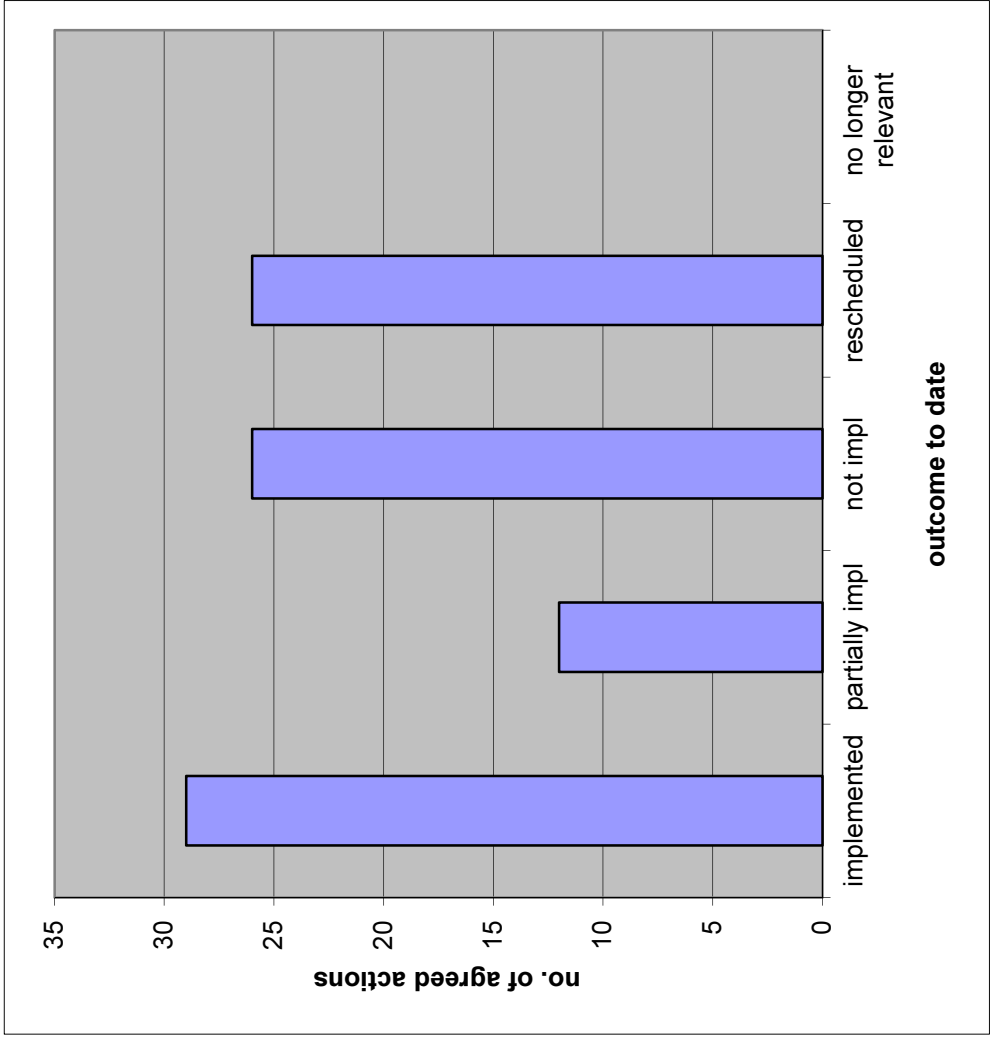


Appendix 2.1

MANAGEMENT ACTIONS AGREED BY NUMBER



Proportion of agreed management actions implemented 2011/12





















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Internal Audit Plan 2011/12 Status as at 31st March 2012











KEY FINANCIAL SYSTEMS	STATUS AS AT 31/3/12	ASSURANCE LEVEL	NUMBER OF MANAGEMENT ACTIONS AGREED	IMPLEMENTATION REVIEW	REVISED ASSURANCE LEVEL	COMMENTS
Main Accounting & Budgetary Control			0	n/a		
Treasury Management			0	n/a		
Creditors			13	n/a		
Debtors			26	n/a		
Council Tax			6	n/a		
NNDR			1	n/a		
Payroll			5	n/a		
Bank Reconciliation & Cash			5	n/a		
Housing & Council Tax Benefits			1	n/a		
Capital Strategy & Programme Management						
Housing Rents			6	n/a		
Housing Responsive Repairs						
Property Contracts			5	n/a		

SYSTEMS BASED REVIEWS	STATUS AS AT 31/3/12	ASSURANCE LEVEL	NUMBER OF MANAGEMENT ACTIONS AGREED	IMPLEMENTATION REVIEW	REVISED ASSURANCE LEVEL	COMMENTS
Procurement						Cancelled management request
Volunteers Policy			15			
Data Quality & Records Management						
Corporate Policy Management			18			
Freedom of Information			15			
Post Project Implementation – Transforming Tamworth						
Private Sector Housing						Cancelled management request – to 12/13
Housing Allocations						Cancelled management request – to 12/13
Food Safety FSA						Cancelled FSA completed audit
Financial Controls – Assets & Environment						

SYSTEMS BASED REVIEWS	STATUS AS AT 31/3/12	ASSURANCE LEVEL	NUMBER OF MANAGEMENT ACTIONS AGREED	IMPLEMENTATION REVIEW	REVISED ASSURANCE LEVEL	COMMENTS
Time Recording			13			
VFM – review of Audit Commission figures		N/A				
Telephony						Cancelled management request – awaiting Corporate Change Programme outcomes
Prudential Borrowing Arrangements						Cancelled management request – completed by third party
Achievement of VR Targets						
IFRS						Cancelled management request – completed by third party
Contract Payments			0			

SYSTEMS BASED REVIEWS	STATUS AS AT 31/3/12	ASSURANCE LEVEL	NUMBER OF MANAGEMENT ACTIONS AGREED	IMPLEMENTATION REVIEW	REVISED ASSURANCE LEVEL	COMMENTS
Virtual Servers			20			
Covalent Application Review			17			
Academy Application Review						Moved to 12/13
M3 Application Review						
Service Provision to Bromsgrove			11			
E Financials Application Review						Moved to 12/13




RISK BASED REVIEWS	STATUS AS AT 31/3/12	ASSURANCE LEVEL	NUMBER OF MANAGEMENT ACTIONS AGREED	IMPLEMENTATION REVIEW	REVISED ASSURANCE LEVEL	COMMENTS
Environmental Health			1			
Castle			1			
Outdoor Events			1			
Planning			1			
Community Development			1			






IMPLEMENTATION REVIEWS	STATUS AS AT 31/3/12	ASSURANCE LEVEL	NUMBER OF MANAGEMENT ACTIONS AGREED	IMPLEMENTATION REVIEW	REVISED ASSURANCE LEVEL	COMMENTS
Partnership Governance				8/11 completed	 → 	
Legislation				1/9 completed	 → 	
Emergency Planning				6/11 completed	 → 	
Workforce Planning				0/2 completed	 → 	
Corporate Complaints/Feedback				Cancelled management request – awaiting Corporate Change Programme outcomes		
Homelessness				Cancelled management request – further audit to be completed 12/13		
VAT				12/16 completed	 → 	
Performance Management				1/1 completed	n/a risk based	
Project Management				Original audit yet to be finalised		

IMPLEMENTATION REVIEWS	STATUS AS AT 31/3/12	ASSURANCE LEVEL	NUMBER OF MANAGEMENT ACTIONS AGREED	IMPLEMENTATION REVIEW	REVISED ASSURANCE LEVEL	COMMENTS
Committee Administration & Reporting				8/14 completed	⚠️ → ⚠️	
Housing Allocations				n/a - review cancelled		
Interests, Gifts and Hospitality				2/13 completed	⚠️ → ⚠️	
Economic Development				n/a risk workshop		
Corporate Property Management				⚠️		
Civil Parking Enforcement/Car Park Income				17/18 completed	✅ → ✅	
Post Project Implementation Review				⚠️		
Software Asset Management				⚠️		
Remote Desktop Support				⚠️		

ADDITIONAL UNPLANNED WORK	STATUS AS AT 31/3/12	ASSURANCE LEVEL	NUMBER OF MANAGEMENT ACTIONS AGREED	IMPLEMENTATION REVIEW	REVISED ASSURANCE LEVEL	COMMENTS
Tender Opening			0	n/a		
Treasury Management – additional quarterly testing			0	n/a		
Committee Administration & Reporting – further implementation review				11/14 completed	 	
Interests, Gifts & Hospitality = further implementation review				8/13 completed	 	
Time recording – Sports Development			14			
Street Scene implementation review						
Strategic Planning & Development						
Development Policy						
Building Regulations						

KEY TO SYMBOLS

STATUS AS AT 31/3/12 / IMPLEMENTATION REVIEW	
	COMPLETED
	UNDERWAY
	CANCELLED/NOT COMPLETED

ASSURANCE LEVELS	
	SUBSTANTIAL ASSURANCE
	REASONABLE ASSURANCE
	LIMITED ASSURANCE
	NO ASSURANCE
	RISK BASED REVIEW COMPLETED

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AUDIT & GOVERNANCE COMMITTEE

31st MAY 2012

Report of the Head of Internal Audit Services

FRAUD AND CORRUPTION UPDATE REPORT

EXEMPT INFORMATION

None

PURPOSE

To seek Member approval for the adoption of the revised Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes and Whistleblowing Policy and endorsement of the compliance with Counter Fraud best practice and to provide Members with an update of Counter fraud work completed to date.

RECOMMENDATIONS

That the Committee endorses the Protecting the Public Purse – Checklist (attached) for those charged with Governance and the associated recommendations from the Protecting the Public Purse and Fighting Fraud Locally reports and raises any issues it deems appropriate

That the Committee endorses the attached Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes and raises any issues it deems appropriate

That the Committee endorses the attached Whistleblowing Policy and compliance with the Code of Practice and raises any issues it deems appropriate.

That the Committee endorses the Fraud Risk Register and raises any issues it deems appropriate.

Executive Summary

The Audit Commission published a report “Protecting the Public Purse” in 2011 which considers key fraud risks and pressure facing councils and related bodies and identifies good practice in fighting fraud. As part of the report, the Audit Commission has produced a checklist for those charged with Governance to enable assessment of the effectiveness of the Council’s current counter-fraud arrangements. The checklist has been reproduced at **Appendix 1** and completed with current action to date. In addition, the Protecting the Public Purse report highlighted a number of recommendations for Council’s to consider. These are detailed with our current position as **Appendix 2**.

A more recent publication – “Fighting Fraud Locally – the Local Government Fraud Strategy” also highlighted a number of recommendations that Council’s should adopt for a tougher approach to tackling fraud. These recommendations and the current position at Tamworth Borough Council are detailed in **Appendix 3**.

A review and update of the Counter Fraud and Corruption Policy Statement, Strategy and Guidance Notes has been completed against best practice and the updated version is attached as **Appendix 4**. This now includes a specific Internal Audit Counter Fraud Work Plan.

In addition, the Whistleblowing Policy has been reviewed and updated in line with best practice and is attached as **Appendix 5**. An assessment of the Policy against the British Standards Institute (BSI) Whistleblowing Arrangements Code of Practice has been completed and attached as **Appendix 6**.

The Fraud risk register is reviewed on a quarterly basis and is detailed at **Appendix 7**.

Work is progressing with the National Fraud Initiative (NFI) data matches identified in the 10/11 run. To date, 13 fraud/errors have been identified totaling £162,249. The results from Council Tax Single Person Discount (SPD) data match have recently been released and work is progressing to check the matches identified. In addition, work is about to commence on a County wide SPD review.

RESOURCE IMPLICATIONS

None

LEGAL/RISK IMPLICATIONS BACKGROUND

None

SUSTAINABILITY IMPLICATIONS

None

BACKGROUND INFORMATION

Protecting the Public Purse 2011
Fighting Fraud Locally – The Local Government Fraud Strategy

REPORT AUTHOR

Angela Struthers, Head of Internal Audit Services

LIST OF BACKGROUND PAPERS

None

APPENDICES

- Appendix 1 Audit Commission – “Protecting the Public Purse” Checklist for those Responsible for Governance
- Appendix 2 Protecting the Public Purse recommendations
- Appendix 3 Fighting fraud Locally – The Local Government Fraud Strategy
- Appendix 4 Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes
- Appendix 5 Whistleblowing Policy
- Appendix 6 BSI Whistleblowing Arrangements Code of Practice
- Appendix 7 Fraud Risk Register

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**AUDIT COMMISSION – “PROTECTING THE PUBLIC PURSE”
CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE**

	Y/N	Comments
General		
Do we have a zero tolerance policy towards fraud?	Y	.
Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with <i>Fighting Fraud Locally</i> ?	P	Additional work to be completed to ensure aligned with <i>Fighting Fraud Locally</i> – need to complete NAFN Resilience toolkit
Do we have dedicated counter-fraud staff?	Y	Benefits fraud –yes. Internal Audit for other frauds
Do counter-fraud staff review all the work of our organisation?	Y	Internal Audit will cover all other activities apart from benefits fraud
Do we receive regular reports on fraud risks, plans and outcomes?	Y	Regular updates on fraud areas presented to the Audit & Governance Committee .
Have we assessed our management of counter-fraud resources against good practice?	Y	As detailed in various documents
Do we raise awareness of fraud risks with: <ul style="list-style-type: none"> • New staff (including agency staff)? • Existing staff? • Elected Members? • Contractors? 	Y	Counter Fraud Policy part of the induction checklist process. Policies available on intranet and website. 2012/13 more detailed awareness through Internal Audit presence at team meetings/e learning solution
Do we work well with national, regional and local networks and partnerships to ensure we are up to date with current fraud risks and issues?	Y	Take part in the National Fraud Initiative Member of National Anti Fraud Network, Midlands Fraud Forum and take part in Staffordshire and Midland networks

**AUDIT COMMISSION – “PROTECTING THE PUBLIC PURSE”
CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE**

General	Y/N	Action
Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	Y	Take part in the National Fraud Initiative Member of National Anti Fraud Network, Midlands Fraud Forum and take part in Staffordshire and Midland networks
Do we identify areas where our internal controls may not be performed as intended? How quickly do we take action?	Y	Completed through Internal Audit plan and agreed management actions. Agreed managements actions followed up within 6 months to ensure implemented.
Do we maximise the benefit of our participation in the Audit Commission NFI and receive reports on the matches investigated?	Y	Progress to date reported to the Audit & Governance Committee
Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	Y	Money Laundering Policy in place.
Do we have effective Whistleblowing arrangements?	Y	Whistleblowing policy regularly reviewed and update and available on the intranet and website.
Do we have effective fidelity insurance arrangements?	Y	Adequate insurance arrangement in place.
Fighting Fraud in the Recession		
Have we reassessed our fraud risks since the change in the financial climate?	Y	Fraud risks assessed quarterly.
Have we amended our counter-fraud action plan as a result?	N/A	Awareness of new and emerging risks identified and will change action plan as required.
Have we reallocated staffing as result?	N	

**AUDIT COMMISSION – “PROTECTING THE PUBLIC PURSE”
CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE**

Current Risks and Issues		
<p>Housing Tenancy</p> <p>Do we take proper action to ensure that we only allocate social housing to those who are eligible?</p>	Y	<p>Allocations Policy Internal Audit of systems</p>
<p>Do we ensure that social housing is occupied by those to whom it is allocated?</p>	Y	<p>Tenancy checks completed Illegal subletting initiative completed</p>
<p>Are we satisfied that payment controls are working as intended?</p>	Y	<p>Regular audits completed</p>
<p>Procurement</p> <p>Have we reviewed our contract letting procedures since the investigations by the Office of Fair trading into cartels and compared them to best practice.?</p>		
<p>Recruitment</p> <p>Are we satisfied that our recruitment procedures achieve the following?</p> <ul style="list-style-type: none"> • Do they prevent us employing people working under false identities? • Do they confirm employment references effectively? • Do they ensure applicants are eligible to work in the UK? • Do they require agencies supplying us with staff to undertake the checks that we require?? 	Y	<p>Recruitment procedures in place and subject to regular audit</p>

**AUDIT COMMISSION – “PROTECTING THE PUBLIC PURSE”
CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE**

<p>Personal budgets</p> <p>Where we are expanding the use of personal budgeted for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice?</p>	N/A	
<p>Have we updated our Whistleblowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?</p>	N/A	
<p>Council Tax</p> <p>Are we effectively controlling the discounts and allowances we give to council taxpayers.</p>	Y	Work being completed on NFI SPD review as well as county initiative
<p>Housing and council tax benefit</p> <p>When we tackle housing and council tax benefit fraud do we make full use of the following?</p> <ul style="list-style-type: none"> ● National Fraud Initiative? ● DWP Housing Benefit matching Service? ● Internal data matching? ● Private sector data matching? 	Y	

Protecting the Public Purse Recommendations

Recommended action	Current position
Councils should ensure they keep the capability to investigate fraud that is not related to housing benefit.	Internal Audit staff are all members of professional bodies and are required to complete CPD. Fraud training is completed as required and within financial constraints.
Councils should improve their use of data, information and intelligence to focus their counter-fraud work.	Use is made of data, information and intelligence from various sources through taking part in the National Fraud Initiative (NFI), NAFN and local networking
Councils should review their counter-fraud arrangements in the context of the NFA's strategy for local government, <i>Fighting Fraud Locally</i> .	Completed
Councils should work with other register social housing providers to improve the use of civil and criminal action to deter tenancy fraudsters.	Work has been completed in this area with RSL's and has identified there is minimal risk of tenancy fraud.
Councils should use the Audit Commission's council tax single person discount (SPD) fraud predictor toolkit to assess the potential level of such fraud locally.	The fraud predictor toolkit has been used and gives an indication of the amount of potential fraud. The toolkit presumes that 4% of SPD claims are fraudulent which equates to £12,720 for the first year. Work has commenced on the SPD matches from the NFI data match and another SPD data match within the County is about to commence.
Councils should review their performance against the NFA's good practice on tackling housing tenancy fraud and council tax fraud.	Work completed in line with guidance
Councils should ensure the National Fraud Initiative (NFI) data matches are followed up effectively, including those targeting council tax discount abuse (next data release due in February 2012).	NFA's guide in respect of Council Tax fraud states that NFI matches should be followed up. Work has commenced on the recently released data matches.

<p>Councils should review personal budgets arrangements to ensure safeguarding and Whistleblowing arrangements are proportionate to the fraud risk.</p>	<p>N/A – this relates to areas such as Social Services</p>
<p>Councils should follow good practice and match success of others.</p>	<p>The authority keeps up to date with areas of emerging fraud and ensures that actions are taken to minimise the risk of fraud in these areas.</p>
<p>Councils should use our checklist for those charged with governance to review their counter-fraud arrangements.</p>	<p>The checklist is attached as Appendix 1 for approval by the Audit & Governance Committee.</p>

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Fighting Fraud Locally – The Local Government Fraud Strategy

Recommendations	Comment / Action
1. Review new policies and initiatives where appropriate (or changes to existing policies and initiatives) to evaluate the risk of fraud and build-in strong fraud prevention controls.	Policies are reviewed and submitted to the Audit & Governance Committee for approval
2. Continually review system weaknesses and assess the effectiveness of controls in light of the evolving fraud threats across local government, making best use of shared information and intelligence on known fraud and fraudsters.	Fraud risk assessment completed and reviewed on a quarterly basis. Shared intelligence used to ensure that new emerging risks are highlighted
3. Conducting a fraud risk assessment to identify their own fraud threat and using the fraud loss tool to determine their likely fraud risk exposure.	Fraud risk assessment completed and reviewed and updated on a quarterly basis. Fraud loss tool used to predict SPD fraud
4. Performing a resilience check of their current capabilities and making use of the free resilience tool which can be accessed via the National Anti-Fraud Network (NAFN) website.	To be completed
5. Keeping records of all suspected and confirmed fraud cases and reporting annually at an Audit Committee level, or equivalent, on all matters relating to fraud, including an assessment of the effectiveness of the authority's fraud response.	Frauds to be reported as part of fraud reporting
6. Reviewing key systems that may be vulnerable to fraud and ensuring that key fraud risks are managed effectively.	Key controls in main financial systems reviewed annually
7. Developing a response plan aligned with their fraud risk and this strategy, accompanying guidance documents and checklist and reporting on this to senior management and relevant committees.	Response plan in place

Recommendations	Comment / Action
8. Deploying data analytic tools in their areas of risk for the purposes of preventing and detecting fraud.	Will consider – need to establish cost effectiveness of purchasing analytical tools
9. Collaborating with NFI and NAFN to develop data warehouses for the purpose of data matching fraud prevention services across councils.	Completed – we submit data for the NFI data matching exercise
10. Developing a programme of activity to embed a strong anti-fraud culture across departments and delivery agents.	12/13 – to roll out e learning solution and Internal Audit go “on the road” to promote the Policies
11. Using the Changing Organisational Cultures toolkit.	Need to check with Audit Commission on current availability
12. Ensuring that staff and the public have access to a fraud and corruption whistle-blowing helpline, and assure themselves that it conforms to the British Standard for whistle-blowing arrangements.	Access via website and intranet – where details are available. Conforms to the British Standard see Appendix 6
13. Ensuring that the local authority has access to appropriate specialist investigative resource, including financial investigators, and explore options on whether access to these services can be shared across local authorities.	Staff within the section – CMIIA, ACCA and trainee AAT showing that a cross section of qualifications held. Ability to call on colleagues within Staffordshire if required. In addition, aware of specialist companies available should the need arise.
14. Making arrangement with other authorities or partners to ensure access to a financial investigator.	See above
15. Adopting a parallel sanctions policy for the purpose of taking disciplinary, civil and criminal action against fraudsters and consider the use of fraud recovery for all instances of fraud.	In place
16. Securing appropriate training for fraud practitioners in line with agreed professional standards for all types of investigation.	Fraud training undertaken as appropriate

Recommendations	Comment / Action
Only employing staff to undertake investigations that are suitably qualified and trained and adhere to a professional code.	Staff within Internal Audit suitably qualified. Benefits investigation staff fully trained.

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COUNTER FRAUD AND CORRUPTION POLICY STATEMENT, STRATEGY & GUIDANCE NOTES

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Name	Title	Approved
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CMT	Group Approval	Yes
TULG	Trade Union Consultation	Yes
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Angela Struthers	Head of Internal Audit Services	Yes

Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be available on the Intranet and the website.

CONTENTS PAGE

	Page
<u>Counter Fraud and Corruption Policy Statement</u>	5
 <u>Counter Fraud and Corruption Strategy</u>	
1.0 Introduction	6
2.0 Objectives	9
3.0 Roles and Responsibilities	10
4.0 Culture	10
5.0 Prevention	11
6.0 Detection and Investigation	14
7.0 Recovery, Sanctions & Redress	16
8.0 Training & Awareness	16
9.0 Sharing Information	17
10.0 Implementing the Strategy	18
11.0 Conclusions	18

Counter Fraud and Corruption Guidance Notes

1.0	Why do we need a Counter Fraud and Corruption Strategy?	19
2.0	Why do we need this advice?	20
3.0	How to recognise a fraud.	21
4.0	How to prevent it.	21
5.0	What to do on suspecting a fraud.	23
5.1	Action by employees	
5.2	Action by managers	
6.0	What happens to the allegation.	24
Appendix 1	The Seven Principles Of Public Life	25
Appendix 2	Statement of Expected Responsibilities	26
Appendix 3	Fraud Response Plan	29
Appendix 4	How to Report any Suspected Frauds, Corruption, Other Irregularities or Concerns.	30

TAMWORTH BOROUGH COUNCIL

COUNTER FRAUD AND CORRUPTION POLICY STATEMENT

- 1.0 Tamworth Borough Council fully recognises its responsibility in relation to the spending of public money (Protecting the Public Purse) and is committed to the fullest support for Councillors and Employees in upholding the reputation of the Council and maintaining public confidence in its integrity. It also recognises its responsibilities under the Proceeds of Crime Act 2002 , Money Laundering Regulations 2007 and the Bribery Act 2010.
- 2.0 The Council is committed to maintaining an ethical culture which does not and will not tolerate any form of fraud and corruption. Any such issues will be thoroughly investigated and, if confirmed, dealt with rapidly in the strongest possible way. We will seek the strongest possible sanctions against those who seek to defraud the Council. [This](#) includes taking appropriate action against employees, Councillors, contractors, external individuals and organisations.
- 3.0 To deliver the Council's corporate priorities, aims and strategic objectives we need to maximise the financial resources available to us. In order to do this we must reduce the risk of fraud to an absolute minimum.
- 4.0 This Policy Statement, together with the Counter Fraud & Corruption Strategy and Guidance Notes, is intended to provide advice and information to Employees and Councillors but suppliers, contractors and the general public are also encouraged to use this advice and guidance.

COUNTER FRAUD AND CORRUPTION STRATEGY

1.0 Introduction

1.1 This strategy is a key element of the Council's overall corporate governance arrangements which aim to ensure the Council is well managed and does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable way. The Council has a range of other interrelated policies and procedures that provide a corporate framework to counter fraud activity. These have been formulated in line with appropriate legislative requirements and include:

- Standing Orders & Financial Regulations,
- National Code of Local Government Conduct,
- Whistleblowing Policy,
- Accounting procedures and records,
- Sound internal control systems,
- Effective Internal Audit,
- Effective recruitment & selection procedures,
- Disciplinary procedures,
- Fraud response plan,
- Benefits Prosecution Policy,
- Data Protection Policy,
- IT Security Policy,
- Personnel Security Policy,
- Physical Security Policy,
- Constitution,
- Scheme of Delegation,
- Members handbook,
- Code of Corporate Governance,
- Gifts & Hospitality Policy & Register,
- Anti-money Laundering Policy and Guidance,
- Conflict of Interests Policy,
- Other council procedures as appropriate,
- Any relevant professional Codes of Ethics or obligations.

1.2 All references to fraud within this document include any type of fraud-related offence. Fraud, theft, bribery and corruption are defined as follows:

Fraud – “the intention to make gain or cause loss by false representation, failing to disclose information or abuse of position”.

The Fraud Act 2006

Theft – “ a person shall be guilty of theft if he/she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it”. The Theft Act 1968.

Bribery – “A person (“P”) is guilty of an offence if either of the following cases applies.

Case 1 is where—

(a)P offers, promises or gives a financial or other advantage to another person, and

(b)P intends the advantage—

(i)to induce a person to perform improperly a relevant function or activity, or

(ii)to reward a person for the improper performance of such a function or activity.

(3)Case 2 is where—

(a)P offers, promises or gives a financial or other advantage to another person, and

(b)P knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity. (The Bribery Act 2010)

Corruption - “the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.” (Fraud Audit Manual, the Audit Commission)

- 1.3 A dishonest act or fraudulent activity may be, but is not limited to, an act or activity that is unethical, improper, or illegal such as:

theft of an asset including, but not limited to, money, tangible property, intellectual property etc;

misappropriation, misapplication, destruction, removal, or concealment of property;

false claims and/or misrepresentation of facts;

alteration or falsification of paper or electronic documents, including the inappropriate destruction of paper or electronic documents;

inappropriate use of computer systems including hacking and software piracy;

embezzlement;

bribery, or corruption of any kind;

unlawful or undeclared conflict of interest;

unauthorised use or misuse of Council property, equipment, materials or records;

- 1.4 Although a dishonest or fraudulent act may have criminal and/or civil law consequences, the Council is not required to use a determination by a criminal or civil body as the basis for determining whether an act is dishonest or fraudulent, nor must the act rise to the level of a crime or violation of civil law in order to constitute a violation of the Council's Conduct and Capability Policy.
- 1.5 The Council also expects that individuals and organisations (e.g. partners, suppliers/contractors and service users) which it comes into contact with, will act towards the Council with integrity and without actions involving fraud or corruption. The Council in turn will endeavour to ensure that all of its dealings will be on the same basis.
- 1.6 In administering its aims and responsibilities the Council is totally committed to deterring fraud and corruption, whether it is attempted on or from within the Council, and is committed to an effective counter fraud and corruption strategy designed to:
- limit, as far as possible, the opportunities to commit fraudulent acts - **prevention**,
 - enable any such acts to be **detected** at an early stage, and
 - deal with any subsequent **investigations** in a prompt, thorough and professional manner.
- 1.7 Overall responsibility for dealing with fraud and corruption rests with the Executive Director Corporate Services, who is the nominated Section 151 Officer having a statutory duty under Section 151 of the Local Government Act 1972 to ensure that there are proper arrangements in place to administer the Council's financial affairs. He is therefore the principal contact for all Councillors and employees.
- 1.8 Internal scrutiny of the Council's various activities occurs as a result of:-
- the Executive Director Corporate Services - Section 151 responsibilities and Section 114 Local Government Finance Act 1988 responsibilities,

- the establishment of sound Internal Audit arrangements in accordance with the Accounts and Audit Regulations 2011, and
- the responsibilities placed on the Monitoring Officer under Section 5 of the Local Government and Housing Act 1989.

1.9 External scrutiny of the Council's various activities occurs as a result of involvement by:-

- Local Government Ombudsman,
- External Auditor,
- Central Government Departments and Parliamentary Committees,
- HM Revenues and Customs,
- The Department for Work and Pensions
- The general public.

1.10 This Counter Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to deter any attempted fraudulent or corrupt act. These cover:-

- Culture,
- Prevention,
- Detection and Investigation,
- Recovery, Sanction and Redress,
- Training and Awareness,
- Sharing Information,
- Implementing the Strategy.

2.0 Objectives

2.1 The key objectives of this Counter Fraud and Corruption Strategy are to:

Increase awareness of the counter-fraud responsibilities at all levels within and outside the Council;

Further embed and support the effective management of fraud risk within the Council;

Support counter-fraud activities across the Council;

Minimise the likelihood and extent of loss through fraud and corruption.

2.2 All of the above will directly support the achievement of the Council priorities whilst ensuring that statutory responsibilities are met.

3.0 Roles and Responsibilities

- 3.1 Roles and responsibilities for identifying and mitigating against the risk of fraud must be clearly understood and embraced effectively.
- 3.2 The risk of fraud and corruption is considered in the Council's corporate risk management arrangements. Chief Officers must therefore ensure that:

Their risk register accurately reflects the risk of fraud and corruption including any emerging risks;

Controls, including those in a computerised environment and for new systems and procedures, are effective and are properly maintained and documented;

There is compliance with the Council's Financial Regulations and associated guidance, Standing Orders and any other relevant codes of practice;

Those engaged in countering fraud and corruption, have the appropriate authority, skills and knowledge to undertake this work effectively;

That the necessary framework agreements to counter fraud are in place where the Council is working with other organisations either by way of contract or partnership. The Council will not knowingly enter into any contractual agreement with an organisation that fails to comply with its Code of Practice and/or other related procedures.

Findings from fraud investigations lead to relevant system changes.

4.0 Culture

- 4.1 The Council has determined that the culture and ethics of the Authority is one of honesty and openness in all its dealings, with opposition to fraud and corruption. This strategy forms part of the governance arrangements for the Authority.
- 4.2 The Council's Councillors and Employees play an important part in creating and maintaining this culture. They are encouraged to raise any matters that concern them relating to the Council's methods of operation in accordance with the Council's Whistleblowing Policy.
- 4.3 The Council is committed to driving down Benefit Fraud. Both public perception and organisational culture play key roles in achieving this aim. All Councillors and Employees are therefore required to report any known material changes affecting Benefit claims to the Benefits Office. This specifically includes your own entitlement and of any tenants or sub-tenants that you may have. Failure to do so will result in

the Councillor or Employee being subject to the Benefits Prosecution Policy and Conduct and Capability Procedures. In addition, it is also a requirement that the timely transfer of information you receive in your normal business activities relating to any other customer who has alerted you to a fact that affects Benefit awards is completed

- 4.4 The Council's Whistleblowing Policy ensures that those raising concerns know they will be treated seriously and properly investigated in a confidential and impartial manner. In raising concerns employees can be assured that there will be no victimisation, and anonymity will be respected wherever possible and will not affect their employment situation or future prospects with the Council.
- 4.5 Employees can raise their concerns in the first instance with their line manager but where employees feel unable to raise concerns with their immediate line manager/ supervisor they can deal direct with any of the following:-
- the Section 151 Officer (Executive Director Corporate Services),
 - Internal Audit,
 - the Chief Executive,
 - the Monitoring Officer,
 - any member of Corporate Management Team,
 - the External Auditor, or
 - any Trade Union Representative.
- 4.6 Elected Councillors, suppliers, contractors, and the general public are also encouraged to report concerns through any of the above routes.
- 4.7 Unless there are good reasons to the contrary, any allegations received by way of confidential letters or telephone calls will be taken seriously and investigated in an appropriate manner. All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness, but this will be discussed with you, as to whether and how the matter can be proceeded with.
- 4.8 The Nolan Committee set out the seven guiding principles that apply to people who serve the public. The Council will develop our working behaviour around these principles, which are attached as Appendix 1.

5.0 Prevention

5.1 Employees

- 5.1.1 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment

stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard temporary, agency and contract employees should be treated in the same manner as permanent employees. Chief Officers are responsible for ensuring agencies engaged for the supply of temporary employees have rigorous vetting processes and that references are sought direct from previous clients with regard to the suitability and integrity of the candidate.

- 5.1.2 Employee recruitment is required to be in accordance with procedures laid down by the Council. Written references covering the known honesty and integrity of potential employees and where required, evidence of a licence to practice must always be obtained. All qualifications will be verified. There will be an open and fair policy of recruitment with no 'canvassing' or 'favouritism'.
- 5.1.3 Employees of the Council are expected to follow any Code of Conduct relating to their personal Professional Body and also abide by the terms and conditions of employment as set out in the Contract of Employment and the National Scheme of Conditions. The Council will report any known impropriety to the relevant Institution for them to consider appropriate disciplinary action.
- 5.1.4 Employees are reminded that they must comply within Section 117 of the Local Government Act 1972 which requires any interests in contracts that have been or are proposed to be entered into by the Council to be declared. The legislation also prohibits the acceptance of fees or rewards other than by means of proper remuneration. Details are described within the Code of Conduct.
- 5.1.5 Managers are required to observe the formal Conduct and Capability Procedures.
- 5.1.6 All employees are required to declare in a public register (held by the Monitoring Officer) any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the Authority. Employees should also declare private work (paid or unpaid) etc., which if permitted must be carried out during hours when not employed on Council work, and should not be conducted from Council premises or use any Council equipment/assets.
- 5.1.7 The above matters are brought to the attention of employees via induction training and subsequently by internal communications.
- 5.1.8 Management at all levels are responsible for ensuring that employees are aware of the Authority's Financial Regulations and Standing Orders, and that the requirements of each are being met. They are also responsible for ensuring that appropriate procedures are in place to safeguard the resources for which they are responsible, which

include accounting control procedures, working manuals and operating procedures. Management must ensure that all employees have access to these rules and regulations and that employees receive suitable training.

5.1.9 Managers should strive to create an environment in which employees feel able to approach them with concerns they may have about suspected irregularities. If managers and employees are unsure of the appropriate action they should consult with the Internal Audit Section.

5.2 Councillors

5.2.1 Councillors are required to operate within: -

- Sections 49 - 52 of the Local Government Act 2000,
- Local Authorities (Members' Interest) Regulations 1992 (S.I. 618)
- The National Code of Local Government Conduct
- Any local code or amendments agreed and
- The Council's Standing Orders and Financial Regulations.

5.2.2 These matters are specifically brought to the attention of elected Councillors at their induction and subsequent training. Councillors are required to provide the Monitoring Officer with specific information concerning their personal and prejudicial interests and to keep that information up to date, as required by the Local Government and Housing Act 1989. The Members Interests Register is held by the Monitoring Officer.

5.3 Systems

5.3.1 The Council's Scheme of Delegation, Standing Orders and Financial Regulations place a duty on all Councillors and employees to act in accordance with best practice when dealing with the affairs of the Council.

5.3.2 The Executive Director Corporate Services has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure proper administration of financial affairs. Various Codes of Practice outlining systems, procedures and responsibilities are widely distributed to employees.

5.3.3 The Internal Audit Section assesses regularly the level of risk within the Council with a view to preventing fraud and corruption. Such assessments are discussed with Chief Officers and, where appropriate, incorporated into work plans.

- 5.3.4 Significant emphasis has been placed on thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls and to include adequate separation of duties. The adequacy and appropriateness of the Council's financial systems are independently monitored by both the Internal Audit Section and External Audit. Any weaknesses identified in internal control will be reported to management whose duty it will be to ensure that corrective action is taken. The Section 151 Officer will use his statutory power to enforce the required changes if necessary.
- 5.3.5 Chief Officers will ensure that internal controls, including those in a computerised environment, are effectively maintained and documented and will investigate any potential weaknesses.
- 5.3.6 Chief Officers must ensure that proportionate counter fraud measures are applied to new systems/procedures.
- 5.3.7 It is evident across the country that an increasingly wide variety of frauds are being perpetrated. The larger frauds may involve the creation of multiple identities and false addresses, and involve different agencies. Employees are therefore encouraged to liaise with those other agencies, exchanging information, where possible and appropriate to help prevent and detect such fraud. It is important that arrangements exist, and are developed, to encourage the exchange of information with other agencies including:-
- other local and statutory authorities,
 - Staffordshire Chief Finance Officers Group,
 - local, regional and national Auditor networks,
 - government departments,
 - police forces,
 - the Audit Commission,
 - the National Anti-Fraud Network, and
 - any other Fraud Networks/Forums.
- 5.3.8 The Council has established formal procedures to respond to complaints received about any aspect of service delivery. Issues relating to fraud and corruption will be passed directly to the Executive Director Corporate Services. Specific guidance has also been issued to all employees in relation to Proceeds of Crime and Money Laundering. The Monitoring Officer acts as the Council's Money Laundering Reporting Officer.
- 5.3.9 The Council will involve the police to prosecute offenders where fraudulent or corrupt acts are discovered. This will be a matter for the Executive Director Corporate Services, Monitoring Officer and the Chief Executive to decide, in consultation with the relevant Chief Officer.

6.0 Detection and Investigation

- 6.1 The Council's preventative systems, particularly internal control systems, provide indicators of fraudulent activity and are designed to deter any fraudulent activity.
- 6.2 It is often the alertness of elected Councillors, council employees, and the general public to the possibility of fraud and corruption, that enables detection to occur and appropriate action to take place.
- 6.3 Many frauds are discovered by chance, 'tip-off' or general audit work and arrangements are in place to enable such information to be properly dealt with.
- 6.4 Chief Officers are required by Financial Regulations to report all suspected instances of fraud and corruption to the Executive Director Corporate Services. Early reporting is essential to the success of this strategy, and;
- ensures the consistent treatment of information regarding fraud and corruption,
 - facilitates a thorough investigation of any allegation received by an independent unit (Internal Audit), and
 - ensures maximum protection of the Council's interests.

Suspicious that any transaction or dealing may involve the proceeds of crime should be reported to the Monitoring Officer, who will ensure such suspicions are reported to the appropriate authorities as required by the relevant Act.

- 6.5 The investigating officer will be appointed by the Executive Director Corporate Services. The investigating officer will usually be an Internal Audit Officer, or in the case of Benefit Frauds, a Benefits Investigations Officer. The investigating officer will;-
- deal promptly and confidentially with the matter,
 - record all evidence received,
 - ensure that evidence is sound and adequately supported,
 - ensure security of all evidence collected,
 - liaise as necessary and appropriate with the relevant Chief Officer,
 - liaise as necessary with external agencies e.g. Police,
 - notify the Council's insurers if appropriate.
- 6.6 The Council can be expected to deal swiftly and thoroughly with any employee who attempts to defraud the Council or who is corrupt. The Council will deal positively with fraud and corruption or suspicions

thereof. Where appropriate, the Council's disciplinary procedures will be implemented.

- 6.7 There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.
- 6.8 When it is found that fraud or corruption has occurred due to a break down in the Council's systems or procedures, Chief Officers will ensure that appropriate improvements in systems of control are promptly implemented in order to prevent a reoccurrence.
- 6.9 Depending on the nature and anticipated extent of the allegations, the Internal Audit section will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.
- 6.10 The Council's disciplinary process will be used where the outcome of the Audit Investigation indicates improper behaviour.
- 6.11 The Council will normally wish the police to independently prosecute offenders where financial impropriety is discovered.
- 6.12 Any Councillor who is the subject of allegations of wrong doing can be referred to the Standards Committee of the authority (details on the website), who will determine what action should be taken.
- 6.13 All contractors, consultants and organisations receiving funding from the Council who are accused of wrong doing will be the subject of an investigation and where appropriate an independent decision may be taken to terminate the agreement/grant.
- 6.14 The Council's External Auditor has a responsibility to review the Council's arrangements for the prevention, detection and investigation of fraud and corruption and report accordingly.

7.0 Recovery, Sanctions & Redress

- 7.1 Where the Council identifies fraud then it will:

Recover, prosecute or apply other sanctions to perpetrators, where appropriate.
- 7.2 Where fraud or corruption by employees is indicated, then action will be taken in accordance with the Council's Conduct and Capability Policy. This may be in addition to any civil recovery action or sanctions.
- 7.3 The Council aims to be effective in recovering any losses incurred to fraud using, as appropriate, criminal and/or civil law. Success rates will be monitored routinely as an indicator and part of the quality process.

7.4 Wherever possible, redress should be applied. This ensures that the Council is seen as recovering money lost to fraud.

8.0 Training & Awareness

8.1 The Council recognises the importance of training in the delivery of high quality services. The Council supports the concept of fraud awareness training for managers and for employees involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced. Chief Officers are responsible for training employees and promoting awareness of fraud issues.

8.2 Investigation of fraud and corruption centres around the Council's Internal Audit and Benefits sections. Employees engaged in these sections, for the detection and prevention of fraud, are properly and regularly trained in all aspects of it. The training plans of the sections will reflect this requirement.

8.3 Employees who ignore such training and guidance may face the possibility of disciplinary action.

8.4 Regular training seminars will be provided for Councillors on a wide range of topics including declarations of interest and the Code of Conduct as detailed in the Constitution.

8.5 The Council will maintain an up to date awareness of the types of fraud that it may be exposed to, especially given the ongoing financial situation and the resourcefulness of potential fraudsters. It will review national developments and strengthen systems and procedures accordingly using the following key sources of information:

National Fraud Reports

National Anti-Fraud Network

Midlands Fraud Forum

Local Networking through Staffordshire and the Midlands

Any other sources of fraud awareness/updates etc.

9.0 Sharing Information

9.1 The Council is committed to working with other agencies in the detection and prevention of fraud.

9.2 Information will be shared internally and with other government departments and other agencies eg insurance companies for the

purposes of fraud prevention and detection. This information will be shared in accordance with the principles of the Data Protection Act 1998 and other appropriate legislation.

- 9.3 The Council participates in national data sharing exercises, i.e. the National Fraud Initiative to enable the proactive detection of fraud.

10.0 Implementing the Strategy

- 10.1 Internal Audit will undertake an annual assessment of the effectiveness of existing counter-fraud and corruption arrangements against:

CIPFA's Red Book 2 Fraud Standards

Other best practice/statutory guidance as required

The roles and responsibilities as set out in Appendix 2 of this strategy.

- 10.2 Internal Audit will complete the Counter Fraud Work Plan as detailed in Appendix 5.
- 10.3 Internal Audit will report its findings to the Audit and Governance Committee who will consider the effectiveness of the counter-fraud risk management arrangements.

11.0 Conclusions

- 11.1 The Council's systems, procedures, instructions and guidelines are designed to limit, as far as is practicable, acts of fraud and corruption. All such measures will be kept under constant review to ensure that they keep pace with developments in prevention and detection techniques regarding fraudulent or corrupt activity.
- 11.2 The Council will maintain a continuous review of all its systems and procedures through the Executive Director Corporate Services and Internal Audit, in consultation with the Monitoring Officer where required.

COUNTER FRAUD AND CORRUPTION GUIDANCE NOTES

1.0 Why Do We Need a Counter Fraud And Corruption Strategy?

1.1 Even though the vast majority of people working for the Council are honest and diligent, the Council cannot be complacent. Fraudulent or corrupt acts may include:

System issues	ie where a process/system exists which can be abused by either employees or members of the public (eg Housing Allocations)
Financial issues	ie where individuals or companies have fraudulently obtained money from the Council (eg invalid invoices/work not done, Housing Benefit fraud)
Equipment issues	ie where Council equipment is used for personal use (eg personal use of council telephones)
Resource issues	ie where there is misuse of resources (eg theft of building materials/cash)
Other issues	ie activities undertaken by officers of the Council which may be: unlawful; fall below established standards or practices; or amount to improper conduct (eg receiving unapproved hospitality)

(This is not an exhaustive list.)

1.2 The prevention of fraud, and the protection of the public purse is **EVERYONE'S BUSINESS**. It is important that all employees know:

- how to recognise a fraud,
- how to prevent it, and
- what to do if they suspect that they have come upon a fraud.

1.3 This guidance has been drawn up to provide information to employees at all levels. The strategy and guidance attempt to assist employees and others with suspicions of any malpractice. The overriding concern is that it is in the public interest for the malpractice to be corrected and, if appropriate, sanctions and redress applied.

1.4 It is important that employees should be able to use any mechanism without fear of victimisation, and fully know that their concerns will be addressed seriously, quickly and discreetly.

1.5 It is important that the whole Council works together to reduce Benefit Fraud. All employees are therefore required to transfer relevant information gathered in their normal day to day activities about possible Benefit irregularities to the Benefits Office, at Marmion House. So, for

example, if during a routine visit/interview you become aware that a customer is working and “signing on” which they may be entitled to do so but you must tell the Benefits office this information. The Benefits office will assess the matter and investigate where appropriate. You are not expected to and must not delve any further.

- 1.6 The Council has determined that it should have a culture of honesty and openness in all its dealings, with opposition to fraud and corruption. The Council’s Whistleblowing Policy does this by :-
- making it clear that vigilance is part of the job. Knowingly not raising concerns may be a serious disciplinary offence,
 - recognising that early action may well prevent more worry or more serious loss/damage,
 - making it safe and simple to convey critical information ensuring that any concern in this area is seen as a concern and not a grievance,
 - encouraging information exchange, remembering that there are two sides to every story,
 - providing a way in which concerns can be raised in confidence and not necessarily via the nominated line manager or supervisor,
 - recognising the need for discretion,
 - ensuring the anonymity of the individual, where possible, should this be preferred by the employee, and by protecting employers from reprisals.
- 1.7 In line with the above, the Council encourages employees and others with serious concerns about any aspect of the Council’s work to come forward and voice those concerns. It is recognised that certain cases will have to proceed on a confidential basis. The Whistleblowing Policy is intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking them. The Policy can found on the Council’s website (www.tamworth.gov.uk).
- 1.8 There is a need to ensure that any investigation process is not misused and, therefore, any abuse such as raising unfounded malicious allegations may be dealt with as a disciplinary matter.

2.0 Why Do We Need This Advice?

- 2.1 It is important that you follow the advice given and do not try to handle the problem yourself, without expert advice and assistance. A badly managed investigation may do more harm than good. There are a number of internal and external processes which have to be followed to yield a satisfactory conclusion.

3.0 How To Recognise A Fraud

3.1 Each employee must be aware of fraud and the areas within their responsibility where fraud may occur.

3.2 Fraud can happen wherever employees or independent contractors complete official documentation and can take financial advantage of the Council. The risk of fraud is enhanced where employees or contractors are in positions of trust or responsibility and are not checked or subjected to effective monitoring or validation. Consequently the following areas are susceptible to fraud:-

- claims for work done by independent contractors,
- travel and expense claims,
- cash receipts/ petty cash,
- payroll,
- ordering, and
- stocks and assets.

3.3 Fraud involves the falsification of records, failing to disclose information or abuse of position. Managers need to be aware of the possibility of fraud when presented with claims/forms/documentation etc. Issues which may give rise to suspicions are:-

- documents that have been altered, "Tippex" used thereon, or different pens and different hand writing,
- claims that cannot be checked, particularly if prior authorisation was not given,
- strange trends (use comparisons and reasonableness),
- confused, illegible text and missing details,
- delays in documentation, completion or submission, and
- no vouchers or receipts to support claims.

3.4 There are a number of indications of an employee being in a situation whereby they could be acting fraudulently. Common indicators could be:-

- living beyond their means,
- under financial pressure ,
- not taking annual leave, and
- solely responsible for a "risk" area and/or possibly refusing to allow another officer to be involved in their duties and/or have minimal supervision.

4.0 How To Prevent It

4.1 By establishing an adverse culture to fraud and corruption the Council can help to prevent its occurrence.

4.2 Managers need to :-

- Minimise the opportunity for fraud – this can be achieved by putting in place robust systems of internal controls and checks.
- Reduce the “Pay – Off” – this is achieved by increasing the chances of detection and increasing the penalty for the perpetrator so risks outweigh the benefits of getting “away with it”

4.3 There are 8 basic control types which management should concern themselves with: -

Supervision

Supervisory checks should be completed and recorded by the line manager on the work completed by his/her team.

Organisation

Within each system, there should be policies/procedures setting out how functions should be carried out. There should be clear structures/rules which employees should work within.

Authorisation

Within a system there should be authorisation controls e.g. controls to authorise a payment (electronic/physical signature), and the correct level of authority is used in decision making.

Personnel

There should be clear roles and responsibilities and appropriate level of delegation. The right person should be doing the right job.

Segregation of Duties

Seek to avoid the sole ownership for the processing and control functions of any activity, by one employee.

Physical

This relates to physical controls e.g. access to monies, documents, security of premises etc should be appropriate and restricted where necessary. Where restricted access is necessary, access to keys/door numbers etc should be retained by the person granted access rights. They should not be left on the premises. Inventory checks ensure that assets are controlled.

Arithmetical Accuracy

Checks completed by another person to confirm the accuracy of data input/independent reconciliations of cash floats etc.

Management Functions

Within the system there should be controls for monitoring and reporting upon activity e.g the production of audit trail reports from systems etc. Monitoring to highlight irregularity/non-compliance with rules and procedures and reporting – being accountable for actions.

- 4.4. Employees need to be aware of the possibility of fraud when presented with claims/forms/ documentation, etc. They should also have an awareness of internal rules and procedures; i.e. financial regulations, standing orders, declarations of outside work, hospitality etc.
- 4.5 Deterrence and prevention is the primary aim and if managers implement and control areas as mentioned in 4.3, any deviation from the set procedure should be highlighted in a timely manner.

5.0 What To Do On Suspecting A Fraud

5.1 Action By Employees

- 5.1.1 The Council is committed to the highest possible standards of openness, probity and accountability. Any employee who believes such standards are being breached should report their suspicions. This can be done via the Council's Whistleblowing Policy or you can contact the Executive Director Corporate Services, Internal Audit or a Chief Officer.
- 5.1.2 You should report the matter immediately, make a note of your suspicions and provide as much factual information to support your concerns. Concerns are better raised in writing.
- 5.1.3 The background and the history of the concern, giving names, dates and places where possible, should be set out and the reason why the individual is particularly concerned about the situation. Those who do not feel able to put their concern in writing can telephone or meet the appropriate officer. The earlier the concern is expressed, the easier it is to take action. Individuals may invite their trade union or professional association to raise a matter on their behalf.
- 5.1.4 Do not try to carry out an investigation yourself. This may damage any investigation carried out by the Internal Audit section, the Benefits

Investigations Officer or an appointed investigator. Help the official investigators by providing information as and when requested and by giving a written statement when required.

5.2 Action By Managers

5.2.1 If managers become suspicious of any action by an employee or supplier or such suspicions are reported to them they should follow these simple rules.

- if possible establish if the irregularity (potential fraud, corruption or error) is a genuine error or possible fraud.
- contact their Chief Officer or any other officer as identified in the Counter Fraud and Corruption Strategy, who will contact the Executive Director Corporate Services or the Internal Audit section.
- contact the Director Transformation and Corporate Performance, where there may be implications under the disciplinary procedures for officers.
- do nothing else, except remain vigilant and await further instructions from the investigating team.

5.2.2 The Council is required to report any cases in which it is suspected that transactions involve the proceeds of crime. If employees or managers have any such suspicion, this should be reported immediately to the Monitoring Officer, who shall advise on the necessary action and ensure the matter is reported to the appropriate authorities.

5.2.3 Details of the relevant contacts can be found in Appendix 4.

6.0 What Happens To The Allegation

6.1 The Executive Director Corporate Services or his investigating officer, will normally carry out a full enquiry even where there is clear evidence of an offence following the Fraud Response Plan (Appendix 3). A full report will be copied and sent to:-

- the relevant Chief Officer, and
- the Chief Executive to consider if there needs to be any police involvement.

6.2 It is essential that the investigation should be a complete one and the investigating officer to whom it is delegated is entitled to expect the fullest co-operation from all employees.

6.3 A full detailed report on any system control failures and recommended actions to address the failures will be issued to the relevant manager in the format of an internal audit report.

The Seven Principles of Public Life (Nolan Committee)

Selflessness

Holders of public office take decisions in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Statement of Expected Responsibilities

Stakeholder	Expected Responsibilities
Chief Executive	Ultimately accountable as Head of Paid Service for the effectiveness of the Council's arrangements for countering fraud and corruption as well as corporate governance.
Executive Director Corporate Services (Section 151 Officer)	The Executive Director Corporate Services has a statutory duty, under Section 151 of the Local Government Act 1972, Sections 114 and 116 of the Local Government Finance Act 1988 and Accounts and Audit Regulations 2011 to ensure the proper administration of the Council's financial affairs. This includes Internal Audit and Benefit Fraud.
Solicitor to the Council (Monitoring Officer)	To advise Councillors and officers on ethical issues, standards and powers to ensure that the Council operates within the Law and Statutory Codes of Practice. The operation of the Council's Money Laundering Policy And Regulation of Investigatory Powers Act (RIPA) 2000 Policies and Procedures.
Director Transformation and Corporate Performance	To put in place a corporate recruitment and selection policy and monitor compliance against it.
Chief Officers	To ensure that fraud and corruption risks are considered as part of the Council's corporate risk management arrangements. To ensure that actions to mitigate risks in this area are effective. To notify the Executive Director Corporate Services of any fraud arising in a timely manner.
Corporate Management Team	Challenge new policies and strategies to ensure that fraud and corruption risks have been taken into account. Review the corporate framework designed to promote an over-riding counter-fraud culture on a regular basis. This will include monitoring and evaluating arrangements to ensure effectiveness and compliance with best practice.

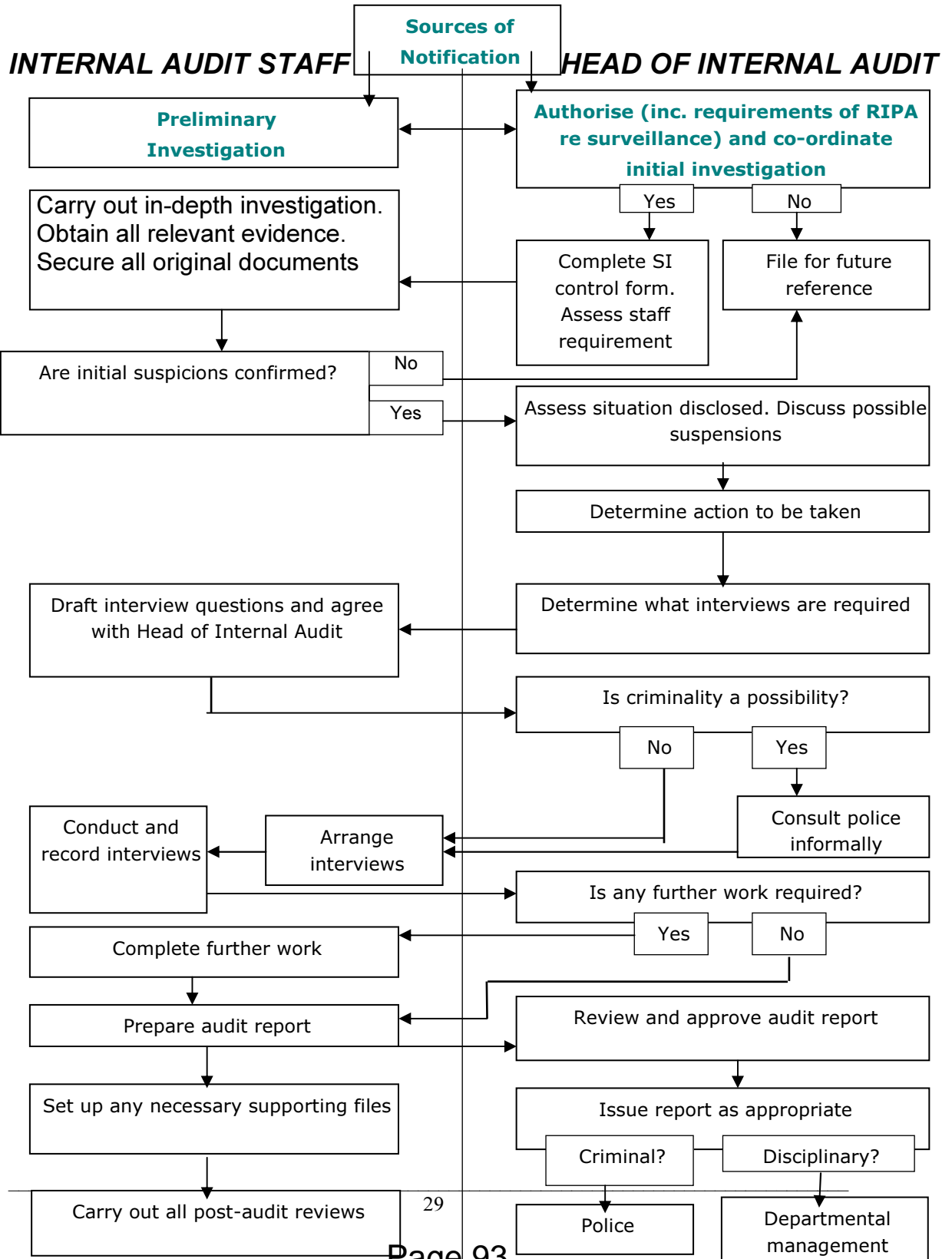
Audit and Governance Committee	To monitor the Council's policies and consider the effectiveness of the arrangements for Counter Fraud and Whistleblowing.
Standards Committee	The Committee monitors and advises upon the Code of Conduct for members.
Portfolio holder – Corporate Services and Assets	To champion the Council's Counter Fraud & Corruption arrangements and promote them at every opportunity.
Elected Councillors	To support and promote the development of a strong counter fraud culture.
Audit Commission	Statutory duty to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud, corruption and theft.
Internal Audit	Responsible for developing and implementing the Counter Fraud and Corruption Policy Statement, Strategy and Guidance Notes and investigating any issues reported under this policy. Reporting on the effectiveness of controls to the Audit and Governance Committee. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this Strategy and that action is identified to improve controls and reduce the risk of recurrence.
Senior Managers	To promote employee awareness and ensure that all suspected or reported irregularities are immediately referred to Executive Director Corporate Services. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing robust internal controls.
Employees	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns to the appropriate management, the Chief Executive, the Executive Director Corporate Services or Internal Audit.

Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns or suspicions. To ensure that effective controls are in place to mitigate risks to the Council.

Tamworth Borough Council

Fraud Response Plan

OPERATIONAL CONTROL



**HOW TO REPORT ANY SUSPECTED FRAUDS, CORRUPTION, OTHER
IRREGULARITIES OR CONCERNS**

To contact Internal Audit Services

Contact: Angela Struthers, Head of Internal Audit Services

Tel: 01827 709234 email: angela-struthers@tamworth.gov.uk

Write to Head of Internal Audit Services (Confidential)
Tamworth Borough Council
Marmion House,
Lichfield Street
Tamworth
B79 7BZ

Alternatively you can contact:

John Wheatley, Executive Director Corporate Services

Tel: 01827 709252 email: john-wheatley@tamworth.gov.uk

Jane Hackett, Solicitor to the Council and Monitoring Officer

Tel: 01827 709258 email: jane-hackett@tamworth.gov.uk

Tony Goodwin, Chief Executive

Tel: 01827 709220 email: tony-goodwin@tamworth.gov.uk

To contact the Council's external auditor

Write to:

The Audit Commission
2nd Floor, No 1 Friarsgate
1011 Stratford Road
Solihull
West Midlands
B90 4BN

Tel: 0844 798 7173

Whistleblowing hotline: 0845 052 2646

To report Housing and Council Tax Benefit Fraud contact;

Tamworth Borough Council Benefits Fraud Team : 01827 709525/541

National Benefit Fraud Hotline 08003286340 or

text phone number 08003286341 or

Write to PO Box No. 647, Preston, PR1 1WA

TAMWORTH BOROUGH COUNCIL INTERNAL AUDIT COUNTER FRAUD WORK PLAN 2012/13

CREATING AN ANTI-FRAUD CULTURE		
OBJECTIVE	RISK	PROGRESS
<p>To build an anti-fraud culture through the adoption of various measures to promote counter fraud awareness by:</p> <ul style="list-style-type: none"> a) Roll out of the e learning package on governance (includes counter fraud & whistleblowing) b) Provide drop in sessions (if required) to staff and members c) Continue to make available counter fraud strategies/policies on the intranet/website 	<p>1. Failure to make staff, member and the public that their suspicions will be treated confidentially, objectively and professionally.</p>	
RESOURCE (DAYS)		5

DETECTING FRAUD

DETECTING FRAUD		
OBJECTIVE	RISK	PROGRESS
Review communications so that the most effective ways of communicating with staff are utilised.	A lack of robust strategic approach to detecting fraud can undermine actions to build an anti-fraud culture	
		Resources (Days)

PREVENTING FRAUD

OBJECTIVE	RISK	PROGRESS
Review the existing counter fraud policy statement, strategy and guidance notes and update and amend as appropriate.	Out of date policies and procedures which do not cover relevant legislation	
Review financial guidance and update and amend as appropriate.	Out of date policies and procedures which do not cover relevant legislation	
Review and update the fraud risk register in line with potential system weaknesses identified during audits or investigations.	Potential risks not identified	
Resources (Days)		12

DETECTING FRAUD		
OBJECTIVE	RISK	PROGRESS
Undertake enquiries as a result of the outcome of the Audit Commission's National Fraud Initiative	If not undertaken, there is a risk that the opportunity to abuse a system weakness may be heightened as the risk of being caught maybe deemed negligible by the perpetrator.	
Undertake local proactive exercises at the Authority as agreed with the Corporate Director Resources	If not undertaken, there is a risk that the opportunity to abuse a system weakness may be heightened as the risk of being caught maybe deemed negligible by the perpetrator.	
Resources (Days)		12

INVESTIGATIONS		
OBJECTIVE	RISK	PROGRESS
All referrals will be investigated in accordance with the Counter Fraud and Corruption Policy Statement and Strategy.	<p>The risk of not investigating is that fraud goes unpunished and there is no resulting deterrent effect thus increasing the prevalence of fraud further.</p> <p>The staff (or others) making the allegation feel they are not taken seriously and referrals cease to be made.</p>	
Resources (Days)		20

SANCTIONS

SANCTIONS		
OBJECTIVE	RISK	PROGRESS
Ensure that the sanctions are applied correctly and consistently.	If sanctions are not imposed there is no deterrence of fraud.	
		Resources (Days)

REDRESS		
OBJECTIVE	RISK	PROGRESS
<p>Maintain comprehensive records of time spent on each investigation so that this can be included in any compensation claim.</p> <p>Identify and maintain a record of the actual proven amount of loss so that appropriate recovery procedures can be actioned.</p>	<p>Fraudsters may not realise that any and all measures will be taken to recover any money lost to fraud.</p>	
		Resources (Days)

MANDATORY COUNTER FRAUD ARRANGEMENTS (STRATEGIC WORK)		
OBJECTIVE	RISK	PROGRESS
<p>Attendance at relevant fraud forums/meetings to ensure that professional knowledge and skills are maintained.</p> <p>Completion and agreement of work plan.</p> <p>Regular meetings with the Corporate Director Resources.</p> <p>Quarterly report of counter fraud work.</p> <p>Attendance at relevant training as required.</p>	<p>Failure to ensure the completion of mandatory strategic work may mean that the professional knowledge and skills are not maintained to a high standard.</p>	
Resources (Days)		5
TOTAL RESOURCES (Days)		54



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WHISTLEBLOWING POLICY

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Originator: A Struthers

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Approved by Audit & Governance Committee

Document Location

This document is held by Tamworth Borough Council, and the document owner is Jane Hackett, Solicitor to the Council & Monitoring Officer.

Printed documents may be obsolete. An electronic copy will be available on Tamworth Borough Councils Intranet. Please check for current version before using.

Revision History

Revision Date	Version Control	Summary of changes
01/03/12	1.01.01	Scheduled review

Approvals

Name	Title	Approved
Audit & Governance Committee	Committee Approval	
CMT	Group Approval	Yes
TULG	Trade Union Consultation	Yes
Jane Hackett	Solicitor to the Council & Monitoring Officer	Yes
Angela Struthers	Head of Internal Audit Services	Yes

Document Review Plans

This document is subject to a scheduled annual review. Updates shall be made in accordance with business requirements and changes and will be with agreement with the document owner.

Distribution

The document will be available on the Intranet and the website.

WHISTLEBLOWING POLICY

1. Introduction

- 1.1 The Public Interest Disclosure Act 1998 became law in July, 1999. This Act, introduced the protection of whistleblowers, removes the limits of financial liability to which an organisation is exposed should a whistleblower receive unfair treatment. This policy document sets out the Council's response to the requirements of the Act.
- 1.2 This policy is designed for employees, however, the Council's partners or members of the public can also raise concerns in the knowledge that they are protected under the safeguards of this policy.
- 1.3 Local Government employees have an individual and collective responsibility regarding their conduct and practices, which are always subject to scrutiny. As individuals, employees are required to work within the Code of Conduct for Tamworth Borough Council Employees and the relevant codes of conduct including the standards appropriate to their professional organisations or associations. The Council's regulatory framework also includes Financial Regulations and Contract Standing Orders that must be met.
- 1.4 All employees have a duty to bring to the attention of management any deficiency in the provision of service and any impropriety or breach of procedure in accordance with Financial Regulations. "Corporate Directors, Senior Managers and other staff shall immediately notify the Internal Audit Section upon discovery or suspicion of any financial irregularity, whether affecting cash, stores, property, financial records or otherwise. Any Corporate Director shall notify the Chief Executive in all significant cases."
- 1.5 Employees, members of the council, or contractors are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.6 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment it expects employees, and others that it deals with, who have serious concerns

about any aspect of the Council's work to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis.

1.7 This policy document makes it clear that you can do so without fear of victimisation, subsequent discrimination or disadvantage. *This Whistleblowing Policy is intended to encourage and enable anyone to raise serious concerns in good faith within the Council rather than overlooking a problem or 'blowing the whistle' outside.*

1.8 The policy applies to:

all employees of the Council, members of the Council, contractors working for the Council on Council Premises (eg agency staff), suppliers and those providing services under a contract with the council, people working in partnership with the council and its employees and members (eg volunteers, trustees etc)

1.9 These procedures are in addition to the Council's complaints procedures including the Grievance Procedure and the Dignity and Respect at Work Policy, and other statutory reporting procedures applying to some Services. You are responsible for making service users aware of the existence of these procedures.

1.10 This policy has been discussed with the relevant trade unions and professional organisations and has their support.

2. Aims and Scope of this Policy

2.1 This policy aims to:

- encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice
- provide avenues for you to raise those concerns and receive feedback on any action taken
- ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied
- reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have made any disclosure in good faith.

2.2 There are existing procedures in place to enable you to disclose certain concerns. These are:

- The Authority's Grievance Procedure which enables you to lodge a grievance relating to your own employment;
- The Authority's Counter Fraud and Corruption Policy Statement, Strategy & Guidance Notes, which outlines how you can disclose potential fraud, bribery, corruption and theft;
- The Authority's Dignity and Respect at Work Policy, which enables you to disclose cases of potential harassment and bullying;
- The Authority's Children & Vulnerable Adult Protection Policy (which has its own Whistleblowing Policy in place), for disclosures regarding suspected mistreatment of children and vulnerable adults.

2.3 This policy is intended to cover major concerns that may fall outside the scope of other procedures. These include:

- conduct which is an offence or a breach of law
- disclosures related to miscarriage of justice
- health and safety risks, (including risks to the public as well as other employees)
- damage to the environment
- the unauthorised use of public funds
- sexual or physical abuse of both employees and clients other than that covered under the Children & Vulnerable Adult Protection Policy, or
- other unethical conduct.

2.4 Thus, any serious concerns that you have about any aspect of service provision or the conduct of officers or members of the Council or others acting on behalf of the Council can be reported under the Whistleblowing Policy. This may be something that:

- makes you feel uncomfortable in terms of known standards, your experience of the standards you believe the Council subscribes to; or
- is against the Council's Standing Orders and policies; or
- falls below established standards of practice; or
- amounts to improper conduct.

2.5 This policy does **not** replace the corporate complaints procedure or other existing policies for raising issues regarding your employment.

3 Safeguards

3.1 Harassment or Victimisation

3.2 The Council is committed to good practice and high standards and shall be supportive of employees.

- 3.3 The Council recognises that the decision to report a concern can be a difficult one to make. If what you are saying is true, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.
- 3.4 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith.
- 3.5 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that already affect you.

4. Confidentiality

- 4.1 All concerns will be treated in confidence and every effort will be made not to reveal your identity if you so wish. At the appropriate time, however, you may need to come forward as a witness, but this will be discussed with you, as to whether and how the matter can be proceeded with .

5. Anonymous Allegations

- 5.1 This policy encourages you to put your name to your allegation whenever possible.
- 5.2 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council.
- 5.3 In exercising this discretion the factors to be taken into account would include:
- the seriousness of the issues raised
 - the credibility of the concern; and
 - the likelihood of confirming the allegation from attributable sources.

6. Untrue Allegations

- 6.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make an allegation frivolously, maliciously or for personal gain, disciplinary action may be taken against you.

7. How to Raise a Concern

- 7.1 As a first step, you should normally raise concerns with your immediate manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if you believe that management is involved, you should approach the Chief Executive, Executive Director Corporate Services, Solicitor to the Council or Head of Internal Audit Services. Where you feel unable to raise the concerns internally due to the nature of the disclosure you should contact the Audit Commission on their Confidential Public Interest Disclosure phone line – 0845 052 2646. The Commission will then ensure that the disclosure is properly investigated.
- 7.2 To raise a concern in respect of Benefits Fraud, you can contact the Benefits fraud section on 01827 709525/541. Alternatively you can call the National Benefit Fraud Hotline telephone number 0800 328 6340 or text phone number 0800 328 6341 or write to them at PO Box No. 647, Preston, PR1 1WA.

8 External contacts

- 8.1 While it is hoped that this policy gives you the reassurance you need to raise such matters internally, it is recognised that there may be circumstances where you can properly report matters to outside bodies, such as prescribed regulators, some of which are outlined below, or the police, or if applicable your own union, will be able to advise you on such an option and on the circumstances in which you may be able to contact an outside body safely.
- 8.2 Relevant Prescribed Regulators are as follows:

Health and Safety risks	Health and Safety Executive
Environmental issues	The Environmental Agency
Fraud and Fiscal Irregularities	Serious Fraud Office, HM Revenues & Customs
Public Sector Finance	National Audit Office and Audit Commission
Competition & Consumer Law	Office of Fair Trading
Elected Member's conduct	Standards Committee for the authority (details available on the website)
Others	Certification Officer (Trade Unions), Charity Commission, Information Commissioner

- 8.3 Concerns may be raised verbally or in writing. Staff who wish to make a written report are invited to use the following format:
- the background and history of the concern (giving relevant dates);
 - the reason why you are particularly concerned about the situation.
- 8.4 The earlier you express the concern the easier it is to take action.
- 8.5 Although you are not expected to prove beyond doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.
- 8.6 Advice/guidance on how to pursue matters of concern can be obtained from:
- Chief Executive – 709220
 - Executive Director Corporate Services – 709252
 - Solicitor to the Council & Monitoring Officer – 709258
 - Head of Internal Audit Services – 709234
- 8.7 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 8.9 You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

9. How the Council Will Respond

- 9.1 The Council will always respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.
- 9.2 Where appropriate, the matters raised may:
- be investigated by management, internal audit, or through the disciplinary process
 - be referred to the police
 - be referred to the external auditor
 - form the subject of an independent inquiry.
- 9.3 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an

investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.

- 9.4 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 9.5 Within ten working days of a concern being raised, the Solicitor to the Council will write to you:
- acknowledging that the concern has been received
 - indicating how the Council propose to deal with the matter
 - giving an estimate of how long it will take to provide a final response
 - telling you whether any initial enquiries have been made
 - supplying you with information on how the Council will support you if you think this is necessary, whilst the matter is under consideration, and
 - telling you whether further investigations will take place and if not, why not.
- 9.6 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.
- 9.7 Where any meeting is arranged, off-site if you so wish, you can be accompanied by a trade union officer or professional association representative or a friend.
- 9.8 The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Council will arrange for you to receive advice about the procedure.
- 9.9 The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcome of any investigation.

10. The Responsible Officer

- 10.1 The Solicitor to the Council & Monitoring Officer has overall responsibility for the maintenance and operation of this policy. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.

11. How the Matter can be Taken Further

- 11.1 If you feel that the Council has not responded correctly at any stage, remember you can go to the other levels and bodies mentioned earlier. While it cannot be guaranteed that all matters will be addressed in the way that you might wish, it will always be the Council's intention to handle the matter fairly and properly. By using this policy, you will help achieve this
- 11.2 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the contact point about that.

BSI Whistleblowing Arrangements Code of Practice (PAS 1998:2008)

Checklist

Issue	Yes	In part	No	Explanation
<p>The Policy</p> <p>1. The organisation’s policy conforms to good practice (see 0.3) and:</p> <p>a) give examples of the types of concerns to be raised, so distinguishing Whistleblowing from grievances;</p> <p>b) gives the option to raise concerns outside of line management;</p> <p>c) provides access to an independent helpline offering confidential advice;</p> <p>d) offers option to raise concerns in confidence;</p> <p>e) explain when concerns may safely be raised outside (e.g. with a regulator); and</p> <p>f) prohibits (i) reprisals against bone fide whistle-blower, and (ii) the making of a false allegation maliciously.</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>			
<p>Buy –in</p> <p>2. Those in charge have been briefed on the role of management and openness, confidentiality, anonymity and trust (see 3.3, 3.4, 3.5, 3.6, 4.1 and 5.3)</p>	<p>√</p>			
<p>The right start</p> <p>3. Practicalities, feedback, safeguards and misuse are consulted on (see 4.2, 4.3, 4.4, 4.5, 4.6, 4.8, 4.10 and 4.11)</p> <p>4. the role of sub-contractors is considered (see 4.3)</p> <p>5. Line managers brief employees on the arrangements when rolled out and updated (see 5.1)</p>	<p>√</p> <p>√</p> <p>√</p>			

<p>Communication and Confidence 6. The organisation undertakes activity to promote staff awareness of the arrangements (see 5.2 and 5.4) 7. Employees confidence, knowledge and experience of the arrangements are assessed (see 6.4)</p>	<p>√ √</p>			<p>Briefing sessions to be completed after adoption of the Policy Will be completed through E-Learning solution</p>
<p>Briefing/Training 8. Line and senior managers are briefed on their roles under the policy (see 5.5 and 5.7) 9. Designated officers with a role in handling concerns are briefed and trained (see 5.6 to 5.8)</p>	<p>√ √</p>			
<p>Logging concerns 10. Concerns raised formally through the whistle-blowing arrangements are recorded and logged centrally (see 5.9)</p>	<p>√</p>			
<p>Reviewing the arrangements 11. The effectiveness of the arrangements is reviewed by those charged with governance e.g the Audit Committee (see 6.2)</p>	<p>√</p>			

Appendix 7



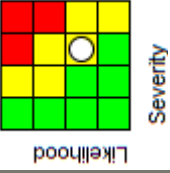


fraud risks




Generated on: 22 May 2012

Risk Code	RR RDIAFC001	Risk Title	Benefits fraud - claimant	Current Risk Status	
Description of Risk	Claimant fraudulently claims benefits			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12			Current Risk Score	8
Gross Severity	3	trained staff media coverage - forms, TV radio		Current Severity	2
Gross Likelihood	4	data matching internal audit documentary evidence		Current Likelihood	4
Gross Risk Review Date				Last Risk Review Date	26-Apr-2012
Risk Notes					

Risk Code	RR RDIAFC002	Risk Title	Benefits fraud - third party eg landlord	Current Risk Status	
Description of Risk	fraudulent claim by third party			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	4	trained staff		Current Risk Score	4
Gross Severity	2	media coverage - forms, TV radio		Current Severity	2
Gross Likelihood	2	Data matching Internal Audit Supervisory checks Documentary evidence		Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	26-Apr-2012
Risk Notes					


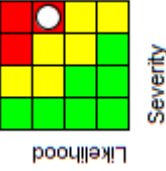

Risk Code	RR RDIAFC003	Risk Title	Benefits fraud - internal	Current Risk Status	
Description of Risk	Fraudulent claim by member of staff			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9	recruitment checks data matching supervisory checks system controls audit trails internal audit		Current Risk Score	6
Gross Severity	3		Current Severity	3	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date				Last Risk Review Date	26-Apr-2012
Risk Notes					


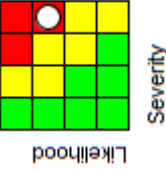

Risk Code	RR RDIAFC004	Risk Title	Cash theft	Current Risk Status	
Description of Risk	theft of takings disguised by manipulation of accounts			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	4	reconciliations		Current Risk Score	2
Gross Severity	2	supervisory checks		Current Severity	2
Gross Likelihood	2	financial regulations and guidance		Current Likelihood	1
Gross Risk Review Date		segregation of duties		Last Risk Review Date	22-May-2012
Risk Notes		budgetary controls			
		internal audit			
		confidential reporting policy			
		fraud & corruption strategy			


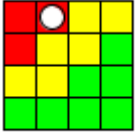
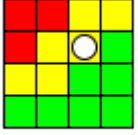
Risk Code	RR RDIAFC005	Risk Title	Cash theft	Current Risk Status	
Description of Risk	theft of cash without disguise			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	4	reconciliations		Current Risk Score	1
Gross Severity	2	supervisory checks		Current Severity	1
Gross Likelihood	2	policies and procedures financial regulations segregation of duties budgetary controls internal audit confidential reporty policy fraud & corruption strategy physical controls		Current Likelihood	1
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					


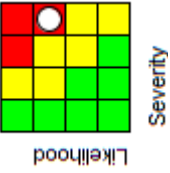
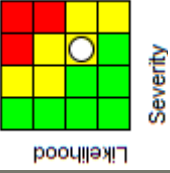
Risk Code	RR RDIAFC006	Risk Title	Credit Income	Current Risk Status	
Description of Risk	suppression of any notification of debt to be raised improper write-off failing to institute recovery proceedings switching/transferring arrears or manipulation of credit balances				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	4				Current Risk Score
Gross Severity	2	reconciliations budgetary controls internal audit			Current Severity
Gross Likelihood	2	write off policy authorisation levels audit trail			Current Likelihood
Gross Risk Review Date		debt recovery procedures supervisory controls			Last Risk Review Date
Risk Notes	review of credit balances and suspense items			22-May-2012	


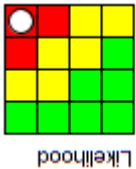
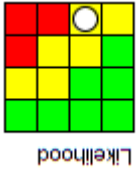
Risk Code	RR RDIAFC007	Risk Title	Creditor payments	Current Risk Status	
Description of Risk	invoicing for goods/services not supplied/false invoices supplying inferior goods/services to those invoiced				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	6	authorisation procedures	Current Risk Score	2	
Gross Severity	3	reconciliations	Current Severity	2	
Gross Likelihood	2	audit trail	Current Likelihood	1	
Gross Risk Review Date		segregation of duties	Last Risk Review Date	22-May-2012	
Risk Notes					



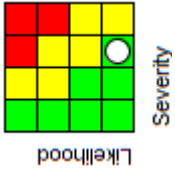
Risk Code	RR RDIAFC008	Risk Title	Treasury management	Current Risk Status	
Description of Risk	falsifying records to gain access to loan or investment monies			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	management controls		Current Risk Score	6
Gross Severity	4	segregation of duties		Current Severity	3
Gross Likelihood	3	internal audit		Current Likelihood	2
Gross Risk Review Date		authorised signatories		Last Risk Review Date	22-May-2012
Risk Notes		budgetary controls			
		preferred/approved borrowers			
		audit trail			
		documented procedures			




Risk Code	RR RDIAFC009	Risk Title	Contracts/procurement	Current Risk Status	
Description of Risk	improper award of contracts				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	12	financial regulations standing orders procurement specialist OJEU regulations authorised signatories management controls segregation of duties tendering system			Current Risk Score 6
Gross Severity	4				Current Severity 3
Gross Likelihood	3				Current Likelihood 2
Gross Risk Review Date					Last Risk Review Date 22-May-2012
Risk Notes					

Risk Code	RR RDIAFC010	Risk Title	Contracts/procurement	Current Risk Status	
Description of Risk	contract not delivered properly contractor overpaid				
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	contract conditions contract monitoring legal advice internal audit		Current Risk Score	6
Gross Severity	4			Current Severity	3
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC011	Risk Title	Contracts/procurement	Current Risk Status	
Description of Risk	collusion with contractors and/or acceptance of bribes			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	authorised signatories management controls segregation of duties register of interests confidential reporting policy gifts and hospitality policy		Current Risk Score	6
Gross Severity	4		Current Severity	3	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC012	Risk Title	Contracts/procurements	Current Risk Status	
Description of Risk	collusion by tenderers				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	16			Current Risk Score	8
Gross Severity	4			Current Severity	4
Gross Likelihood	4	benchmarking tendering procedures		Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					



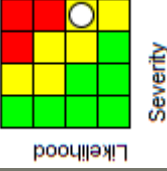
Risk Code	RR RDIAFC013	Risk Title	Payroll	Current Risk Status	
Description of Risk	payment to non-existent employees			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	2	management checks establishment list budget monitoring segregation of duties data matching authorisation process		Current Risk Score	3
Gross Severity	2		Current Severity	3	
Gross Likelihood	1		Current Likelihood	1	
Gross Risk Review Date			Last Risk Review Date	22-May-2012	
Risk Notes					


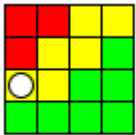
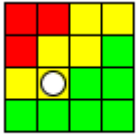
Risk Code	RR RDIAFC014	Risk Title	Payroll	Current Risk Status	
Description of Risk	over claiming hours worked			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6			Current Risk Score	2
Gross Severity	2	management checks budget monitoring authorisation process time records		Current Severity	1
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					




Risk Code	RR RDIAFC015	Risk Title	Payroll	Current Risk Status		
Description of Risk	manipulation of standing data					
Gross Risk Matrix		Risk Treatment Measures Implemented				
Gross Risk Score	6	system access controls system administrator segregation of duties management controls internal audit			Current Risk Score	2
Gross Severity	3				Current Severity	2
Gross Likelihood	2				Current Likelihood	1
Gross Risk Review Date		Last Risk Review Date			22-May-2012	
Risk Notes						



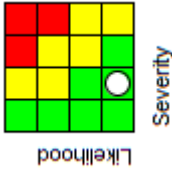
Risk Code	RR RDIAFC016	Risk Title	Assets	Current Risk Status	
Description of Risk	Theft of current assets				
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6			Current Risk Score	4
Gross Severity	2	stock checks		Current Severity	2
Gross Likelihood	3	restricted access		Current Likelihood	2
Gross Risk Review Date		segregation of duties		Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC017	Risk Title	Assets	Current Risk Status	
Description of Risk	Theft of fixed assets				
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9			Current Risk Score	4
Gross Severity	3	restricted access asset tagging inventories staff awareness		Current Severity	2
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					


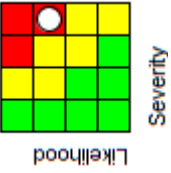
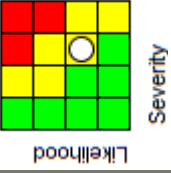
Risk Code	RR RDIAFC018	Risk Title	Assets	Current Risk Status	
Description of Risk	Theft of Council information/intellectual property				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	12	encryption staff awareness passwords access controls restricted access to building security policy ISO27001	Current Risk Score	8	
Gross Severity	4		Current Severity	4	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date			Last Risk Review Date	22-May-2012	
Risk Notes					



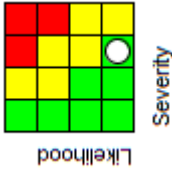
Risk Code	RR RDIAFC019	Risk Title	Assets	Current Risk Status	
Description of Risk	Inappropriate use fo Council assets for private use			Assigned To	
Gross Risk Matrix	 Likelihood	Risk Treatment Measures Implemented		 Likelihood	
Gross Risk Score	8			Current Risk Score	6
Gross Severity	2	register of interests financial guidance management controls induction process security policy user reports eg internet, telephone		Current Severity	2
Gross Likelihood	4			Current Likelihood	3
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					



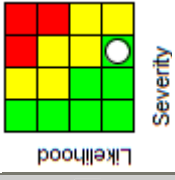
Risk Code	RR RDIAFC020	Risk Title	Petty cash/imprest accounts	Current Risk Status	
Description of Risk	Theft of takings disguised by manipulation of accounts			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	2	segregation of duties management checks reconciliations authorised signatories imprest values kept to a minimum annual certificate		Current Risk Score	2
Gross Severity	1			Current Severity	1
Gross Likelihood	2			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC021	Risk Title	Sheltered schemes	Current Risk Status	
Description of Risk	Theft of customer monies				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	4			Current Risk Score	2
Gross Severity	2	segregation of duties reconciliations restricted access CRB checks		Current Severity	2
Gross Likelihood	2			Current Likelihood	1
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					


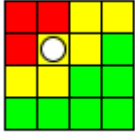
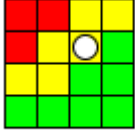
Risk Code	RR RDIAFC022	Risk Title	Expenses claims	Current Risk Status	
Description of Risk	claiming expenses for journeys not undertaken claiming for more miles than actually travelled				
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6			Current Risk Score	4
Gross Severity	2	managment checks		Current Severity	2
Gross Likelihood	3	authorisation procedures		Current Likelihood	2
Gross Risk Review Date		internal audit		Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC023	Risk Title	Corruption	Current Risk Status	
Description of Risk	Contracts - tendering, awarding and payment			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	management checks		Current Risk Score	6
Gross Severity	4	register of interests		Current Severity	3
Gross Likelihood	3	constitution		Current Likelihood	2
Gross Risk Review Date		procurement unit		Last Risk Review Date	22-May-2012
Risk Notes	legislation				
	tendering system				
	standing orders/financial regulations				


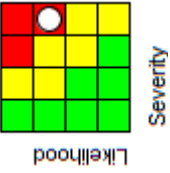
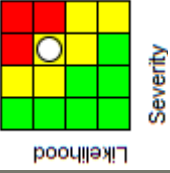
Risk Code	RR RDIAFC024	Risk Title	Corruption	Current Risk Status	
Description of Risk	disposal of assets - land and property			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6			Current Risk Score	3
Gross Severity	3	constitution asset management plan		Current Severity	3
Gross Likelihood	2	asset disposal policy asset register segregation of duties		Current Likelihood	1
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC025	Risk Title	Corruption	Current Risk Status	
Description of Risk	Award of planning consents and licences			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	9			Current Risk Score	3
Gross Severity	3	planning approval process segregation of duties delegated powers constitution legislation		Current Severity	3
Gross Likelihood	3			Current Likelihood	1
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					


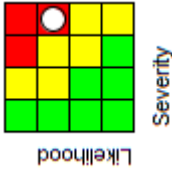
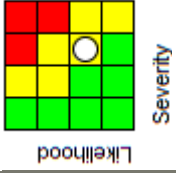
Risk Code	RR RDIAFC026	Risk Title	Corruption	Current Risk Status	
Description of Risk	Acceptance of gifts, hospitality, secondary employment			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6			Current Risk Score	4
Gross Severity	2	gifts and hospitality policy gifts and hospitality register NFI		Current Severity	2
Gross Likelihood	3	constitution contract of employment		Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC027	Risk Title	Car parking	Current Risk Status	
Description of Risk	theft of takings disguised by manipulation of accounts theft of taking without disguise recycling of tickets				
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	9			Current Risk Score	6
Gross Severity	3			Current Severity	3
Gross Likelihood	3	budget monitoring audit trail reconciliations		Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC028	Risk Title	Money laundering	Current Risk Status	
Description of Risk	Using the council to hide improper transactions				
Gross Risk Matrix		Risk Treatment Measures Implemented		Assigned To	
Gross Risk Score	8			Current Risk Score	4
Gross Severity	4	rasied awareness money laundering policy training of officers upper limit for cash transactions		Current Severity	2
Gross Likelihood	2			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC029	Risk Title	ICT fraud & abuse	Current Risk Status	
Description of Risk	Improper use of council ICT equipment			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	internet use policy surf control access controls management reports on internet usage software audit facility		Current Risk Score	9
Gross Severity	4		Current Severity	3	
Gross Likelihood	3		Current Likelihood	3	
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC030	Risk Title	Employee - general	Current Risk Status	
Description of Risk	Abuse of flexi system falsification of car loans				
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6	flexible working policy management checks time recording systems flexi records car inspection reports independent valuations		Current Risk Score	4
Gross Severity	2			Current Severity	2
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					


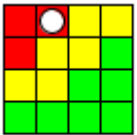
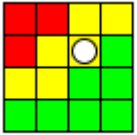
Risk Code	RR RDIAFC031	Risk Title	Payment of grants to the public	Current Risk Status	
Description of Risk	claiming for properties which are not owned claimants understating income over claiming the value of the work done				
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	grant criteria grant assessments land registry checks quotes for work segregation of duties inspections management checks		Current Risk Score	6
Gross Severity	4			Current Severity	3
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					



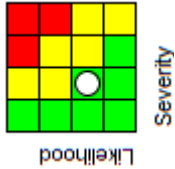
Risk Code	RR RDIAFC032	Risk Title	Insurance claims	Current Risk Status	
Description of Risk	Claiming for non existent injuries Claiming at another establishment for the same injury overclaiming				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	9	Current Risk Score	4	Current Risk Severity	2
Gross Severity	3	Current Severity	2	Current Likelihood	2
Gross Likelihood	3	Insurance brokers claim forms NFI			
Gross Risk Review Date		Last Risk Review Date	22-May-2012		
Risk Notes					

146

Risk Code	RR RDIAFC033	Risk Title	Loans & Investments	Current Risk Status	
Description of Risk	Misappropriation of funds Fraudulent payment or investment of funds			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12	Written procedures segregation of duties authorisation process counterparty listing reconciliations treasury management policy treasury management strategy access controls internal audit		Current Risk Score	4
Gross Severity	4			Current Severity	2
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					



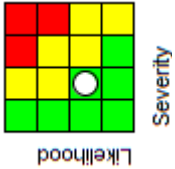
Risk Code	RR RDIAFC034	Risk Title	Council Tax & NNDR	Current Risk Status	
Description of Risk	Fictitious refunds duplicate bank accounts intercepting income suppressing arrears exemptions/discounts awarded incorrectly exemptions/discounts claimed fraudulently 3rd party collections stolen/misappropriated				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	9	separation of duties management/supervisory checks			
Gross Severity	3	access controls			
Gross Likelihood	3	authorisation processes reconciliations review of suppressed recovery action interrogation reports void inspections discount/exemption reviews NFI			
Gross Risk Review Date					
Risk Notes					
		Current Risk Matrix		Current Risk Score	6
		Assigned To		Current Severity	3
				Current Likelihood	2
		Last Risk Review Date			22-May-2012

Risk Code	RR RDIAFC035	Risk Title	Regeneration development corruption	Current Risk Status	
Description of Risk	<p>Developer awarded contracts for financial incentive Inducements for the granting of planning consents Contract granted to developer at a reduced price in exchange for cash payments to officers and members Backhanders to reduce restraints on developer</p>				
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	12			Current Risk Score	6
Gross Severity	4	Business cases project teams declaration interests Officers present minutes of meetings		Current Severity	3
Gross Likelihood	3			Current Likelihood	2
Gross Risk Review Date				Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC036	Risk Title	Housing allocations	Current Risk Status	
Description of Risk	Housing allocated for financial reward fraudulent allocation of property				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	9		Current Risk Score	4	
Gross Severity	3	separation of duties housing register management checks declaration of interests	Current Severity	2	
Gross Likelihood	3		Current Likelihood	2	
Gross Risk Review Date			Last Risk Review Date	22-May-2012	
Risk Notes					

Risk Code	RR RDIAFC037	Risk Title	Elections	Current Risk Status	
Description of Risk	Fraudulent voting Fraudulent acts by canvassers				
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	12	supervisory roles at counts postal votes counts supervised access controls ballot box controls ballot paper account insurance pre employment checks supervisory checks	Current Risk Matrix		
Gross Severity	4		Current Risk Score		
Gross Likelihood	3		Current Severity		
Gross Risk Review Date			Current Likelihood		
Risk Notes			Last Risk Review Date		
			22-May-2012		

Risk Code	RR RDIAFC038	Risk Title	financial statements	Current Risk Status	
Description of Risk	the financial statements may be materially mis-stated due to fraud			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented		Current Risk Matrix	
Gross Risk Score	6			Current Risk Score	4
Gross Severity	3	Internal Audit		Current Severity	2
Gross Likelihood	2	financial guidance segregation of duties		Current Likelihood	2
Gross Risk Review Date	18-Jun-2010			Last Risk Review Date	22-May-2012
Risk Notes					

Risk Code	RR RDIAFC039	Risk Title	Creditor payments	Current Risk Status	
Description of Risk	Fraudulent requests for creditor payments to be paid to different bank accounts			Assigned To	
Gross Risk Matrix		Risk Treatment Measures Implemented			
Gross Risk Score	9	Current Risk Score		4	
Gross Severity	3	Current Severity		2	
Gross Likelihood	3	Current Likelihood		2	
Gross Risk Review Date	30-Nov-2011	Last Risk Review Date		23-Feb-2012	
Risk Notes	Rigorous process to check authenticity of changes to creditor details				

Audit & Governance Committee Self Assessment 2012

<p>Terms of Reference Have the Committee's terms of reference been approved by the full Council and do they follow the CIPFA model.</p>	<p>Yes approved by the full Council in May 2006</p>
<p>Internal Audit Process Does the Committee approve the strategic audit approach and the annual programme</p> <p>Is the work of Internal Audit reviewed regularly</p> <p>Are summaries of quality questionnaires from managers reviewed</p> <p>Is the annual report from the Head of Internal Audit presented to the Committee</p> <p>Does the Committee ensure that officers are acting on and monitoring action taken to implement recommendations</p>	<p>Yes completed annually</p> <p>Yes – quarterly report presented to the Committee</p> <p>Yes – completed annually</p> <p>Yes completed annually</p> <p>Yes</p>
<p>External Audit Process Are reports on the work of External Audit and other inspection agencies presented to the committee</p> <p>Does the Committee input into the external audit programme</p>	<p>Yes</p> <p>Yes – update meeting with External Audit and the Chair of the Committee</p>

<p>Regulatory Framework</p> <p>Does the Committee take a role in overseeing</p> <ul style="list-style-type: none"> • Risk management strategies • Annual Governance Statement • Anti-fraud arrangements • Confidential reporting policy • Financial regulations • Constitution • Complaints handling/ombudsman's report 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes – through the full Council. Requested that Audit & Governance have chance to review prior to being presented to full Council</p> <p>Yes</p>
<p>Accounts</p> <p>Does the Committee take a role in overseeing the annual statement of accounts</p>	<p>Yes – the draft accounts presented to the Committee in June and final accounts in September.</p>
<p>Membership</p> <p>Has the membership of the committee been formally agreed and a forum set</p> <p>Is the chair free from executive or scrutiny functions</p> <p>Are members sufficiently independent of the other key committees of the council</p>	<p>Yes as part of the Constitution</p> <p>Chair a member of the Community and Well Being Scrutiny Committee but not considered a conflict of interest</p> <p>Yes</p>

Have all members' skills and experiences been assessed and training given for identifying gaps	The Audit Commission offered to provide training for the Committee members (date to be arranged).
Can the committee access other committees as necessary	Yes
Meetings	
Does the committee meet regularly	Yes
Are separate, private meetings held with the external auditor and internal auditor	Yes – with the Chair of the Committee. Can be held with the Committee if required
Are meetings free and open without political influence being displayed	Yes
Are decisions reached promptly	Yes
Are agenda papers circulated in advance of meetings to allow adequate preparation by members	Yes
Does the committee have the benefit of attendance of appropriate officers at its meetings	Yes
Can special meetings be organised to allow a quick response to emergencies	Yes as required
Does External Audit regularly attend meetings and update members on their progress/external audit issues	External Audit attend all meetings
Training	
Is induction training provided to members	Not completed this year
Is more advanced training available as required	Yes
Is the committee made of members with a different mix of skills and experience	Yes

Administration	
Does the authority's s151 officer or deputy attend meetings	Yes
Are key officers available to support the committee	Yes
Do reports to the Committee communicate relevant information at the right frequency and in a format that is effective	Yes