

Swindon Borough Council

Audit Committee

Tuesday, 26 January 2010

Committee Room 6, Civic Offices, Swindon

At 6.00 p.m.

Conservative Councillors

Michael Dickinson
(Chair)
Nick Martin
Mary Martin
Eric Shaw
Peter Stoddart

Labour Councillors

Des Moffatt (Vice-
Chair)
Steve Allsopp

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AGENDA

1. Apologies for Absence

2. Declarations of Interest

Members are requested at the start of the meeting to declare any known interests in any matter to be considered, and are reminded that any such interest should also be declared at the start of an item or during any discussion of the matter concerned.

3. Public Question Time

See explanatory note below. Please phone the Committee Officer whose name and number appears at the top of this agenda if you need further guidance).

4. Minutes (Pages 1 - 4)

To receive the minutes of the meeting held on 24 November 2009

5. Update on progress of Internal Audit's review of the Payroll system (HIA-CE) (Pages 5 - 6)

6. Risk Management Status Update (GDBT) (Pages 7 - 16)

7. Work undertaken by other Committees (HIA-CE) (Pages 17 - 26)

8. External Audit Progress Report and Briefing Note (Pages 27 - 36)

9. **Strategic Fraud Update** (HIA-CE) (Pages 37 - 50)
10. **Anti-Fraud & Corruption Strategy and Whistleblowing Procedure** (DLDS-B), (HIA-CE) (Pages 51 - 86)
11. **Head of Internal Audit Update** (HIA-CE) (Pages 87 - 100)
12. **Internal Audit reports identifying significant risk or 'of concern'** (HIA-CE) (Pages 101 - 128)

Date of Despatch: 19 January 2010

Key:

GDBT - Group Director: Business Transformation
HIA-CE - Head of Internal Audit
DLDS-BT - Director of Law and Democratic Services: Business Transformation

Public Question Time - Swindon Borough Council is committed to increasing its accountability to the public and to promoting active citizenship. Up to 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from members of the public about the work of the Committee (except for confidential matters and specific planning applications). Questions must be relevant, clear and concise. Because of time constraints Public Question Time is not an opportunity to make speeches or statements. Prior notice of a question to the Director of Law and Democratic Services is desirable - particularly if detailed background information is needed.

Access Arrangements – The Venue is wheelchair accessible and an infrared receiver hearing system is provided. If you would wish to attend the meeting but have any special requirement to enable you to do so please contact the Committee Clerk above, as soon as possible prior to the date of the meeting.

If you would like to receive any of the pages contained in this agenda in a larger print size please contact the Committee Officer whose name appears on the first page of this agenda.

The Audit Committee - Terms of Reference

(the complete terms of reference and programme of activity for the Audit Committee are set out in Minute 61 of the meeting of the Audit Sub-Committee held on 25 January 2006)

To provide independent assurance to the Council on the following responsibilities:

- (i) the effectiveness of the Council's risk management, internal control and its overall assurance framework;
- (ii) the effectiveness of the Council's financial and non-financial performance to the extent that it might impact upon (i) above;
- (iii) the performance of the Council's Internal Audit section;
- (iv) the receipt and review of External Audit reports and liaison with external auditors on significant matters identified, and
- (v) advise upon and/or review the effectiveness of any other matters referred to

the Audit Committee by the Cabinet, the Overview and Scrutiny and Regulatory Committees.

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AUDIT COMMITTEE

TUESDAY, 24 NOVEMBER 2009

PRESENT:- Councillors Michael Dickinson (Chair), Des Moffatt (Vice-Chair), Steve Allsopp, Nick Martin, Mary Martin, Eric Shaw and Peter Stoddart

24. Declarations of Interest

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting. No declarations were made.

25. Public Question Time

No questions were asked under Standing Order 18.

26. Minutes

Resolved - That the minutes of the meeting held on 22th September 2009, be confirmed and signed.

27. Exempt Items - Exclusion of Press and Public

That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below on the grounds that they involve the likely disclosure of exempt information as defined in the respective paragraphs of Part 1 of Schedule 12A of the Act.

-	<u>Item No.</u>	<u>Paragraph No.</u>	<u>Minute No.</u>
	12	7	34

28. Response to Major Incidents/Events

The Head of Civil Protection Unit and the Head of Business Continuity gave a presentation to the Committee on the main issues relating to the Corporate Risk (07): 'Risk: Responses to Major Incidents / events is not fully effective', the mitigating controls in place to reduce the risk to the Council, and how the effectiveness of the controls were monitored. The presentation included information on:

- The main types of risks to the Community including transport, extreme weather, animal and human diseases, fuel crises and failures in national infrastructures such as utility companies, airports, and national incidents having local effects.
- Assurance of the training, exercises and maintenance schedule and how the plans are continuously improved to reflect best practice and respond to new risks.
- Information on joint work with Partners, in particular the PCT, and with local parish councils to improve local community awareness and the ability for

local responsibility.

- The current redrafting of the Business Continuity Policy and Strategy in conjunction with the Swindon Primary Care Trust to meet the requirements of the new British Standard BS 25999.

Resolved – 1) That the Head of Civil Protection Unit and Head of Business Continuity be thanked for their presentation.

2) That the report be noted.

3) That the Head of Civil Protection Unit and Head of Business Continuity arrange for a Members Training event and briefing session, to include Members' responsibilities in relation to Business Continuity and Emergency Planning and how local knowledge can be utilised in relation to responding to incidents and future planning.

29. CAPITA Contract Management

In response to a request for further information at the meeting held on 22nd September 2009, Sue Mendham (Partnership Manager) attended to present and answer questions on the level of penalties issued against Capita to date and details of waived penalties and the reasons for those penalties being waived. Sue Mendham advised that the Council had received direct payments in penalties of £87,238, against a potential value of £293,857 (29.7%), but advised that where penalties had not been applied the Council had taken the decision on the basis that the value of remedial action that Capita had put in place was in excess of the level of penalty. The Partnership Manager emphasised the seniority of the team making these decisions, and that such decisions were made in the context of the value for money of the whole contract, the quality of service, and the partnership relationship. Sue Mendham confirmed that the performance of the contract exceeded that in another Council where all penalties were always applied. In addition, it was confirmed that the Council continued to discuss with Capita ongoing amendments to the contract to respond to changes in circumstances, including recognising and responding to the impact of the recession.

Resolved – 1) That the Committee noted the update and thanked Sue Mendham for attending the meeting to present the information.

2) That the Partnership Manager arrange for the Committee Members to receive information on the list of transformation activities which have taken place both inside and outside the Capita contract and an evaluation of their success and value.

30. Audit Committee Updates on Financial Accounts Processes

The Deputy Director of Finance (Darren Stevens) presented a report setting out the changes to the financial accounting standards and their impact for the Council's financial statements and processes.

Darren Stevens advised that since the publication of the report, the Consultation on Capital Regulations had been issued, which had confirmed that there would be no additional costs to the Council as a result of the way in which Untaken Leave, Leases and Fixed Assets were accounted for in the new Balance Sheet format.

Resolved – 1) That the Committee note the contents of the report.

2) That the Committee supports the Finance Function in developing new methods of accounts closure procedures to improve the closedown process.

3) That the Committee notes the draft timetable for closing 2009/10 and the general timetable for international standards transition, and supports the Finance Function in obtaining all information required from departments to meet these timescales.

4) That the Deputy Director of Finance provide an update the Chair in March/ April 2010 on progress made to meet the new requirements.

31. External Audit Progress Report

Mr Martin Robinson and Mr Paul Benfield (Audit Commission) attended the meeting as the Council's External Auditors, and presented the November 2009 External Audit Progress Report, showing the timetable of External Audit work up to March 2010. The Committee noted that it was currently the half-way point of the year between audits, and therefore there was little new to note in the report, accept the work currently being carried out on checking the underlying financial and other systems in preparation for the next audit.

Resolved – That the Committee thank the External Auditors for attending the meeting and note the External Audit Progress Report as at November 2009.

32. CIPFA Benchmarking exercise of Internal Audit: 2009

The Head of Internal Audit presented a report summarising the 2009 benchmarking exercise carried out by CIPFA with regard to the Council's Internal Audit Service, in relation to its cost analysis, audit coverage and staffing numbers and qualifications.

The Committee noted that the audit coverage compared favourably with other unitary authorities in relation to strategic and operational risks, founded on a best practice approach of risk-based audits, and that the Council was able to account for additional coverage in relation to Housing Benefits and IT audits. The section was well above average in terms of its qualifications and slightly above in terms of costs at the point of the survey. The Committee welcomed differences to other unitary authorities, where this represented a better service tailored to local circumstances.

Resolved – That the contents of the report be noted.

33. Head of Internal Audit Update

The Committee received a report of the Head of Internal Audit summarising the main issues arising from the Internal Audit reports finalised since the last Audit Committee in September 2009, and progress against the annual internal audit plan. The Committee noted that at the end of October 43% of the audit plan had been completed against a target of 47%, and that recruitment was in place for a new part-time Schools Auditor to start early in 2010 and for the recruitment of an apprentice auditor, to bring the team up to full capacity.

Resolved – That the contents of the report be noted.

34. Internal Audit reports identifying significant risk or 'of concern'

The Head of Internal Audit submitted a report providing the Committee with an update on the current position in relation to the agreed recommendations following the Internal Audit review of the Council's Payroll system and the management response to those actions. The next audit of the service was due to

begin in December 2009 and would report in March 2010.

Resolved – 1) That the report, and the management response to the key findings and recommendations of the audit review, be noted.

2) That the relevant Directors be requested to attend the next Audit Committee meeting to present an updated Management Response to the audit.

3) That the Draft Audit Report for the December 2009 audit of Payroll Service be presented to the meeting of the Audit Committee in April 2010 by the relevant Directors and Cabinet Member.

4) That the Head of Internal Audit consider a report to track and escalate any actions or recommendations of Audit Reports which are outstanding or ongoing.

Agenda Item 5

Update on progress of Internal Audit's review of the Payroll system

AUDIT COMMITTEE

Date: 26th January 2009

Author: Head of Internal Audit

Wards Affected: None

Purpose

Members requested that they be updated with the progress made regarding the Internal Audit of the Payroll system.

Recommendation

- It is recommended that the contents of the report be noted.

1 Reasons

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 Members requested that a verbal update be given to the next meeting of the Committee on progress made with the Internal Audit review of Payroll.

2 Detail

- 2.1 The Head of Internal Audit will give a verbal update on the progress made in completing the review of the Payroll system.

Alternative Options

Not Applicable

Update on progress of Internal Audit's review of the Payroll system

AUDIT COMMITTEE

Date: 26th January 2009

Risk Management

Financial and Procurement Implications

There are no direct financial implications arising from this report however the detailed audit report will address the suitability of internal controls within the systems examined.

Legal/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Internal Control, Audit Committee and the Annual Governance Statement all feature significantly in the CAA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Appendices / Background papers

None

Key Decision/Decision in Forward Plan

Not Applicable

Risk Management Status Update

Audit Committee

Date: 26th January 2010

Author: Head of Performance and Risk

Wards Affected: All

Purpose

- To present Audit Committee with a summary report on Risk Management activity within Swindon Borough Council

Recommendation

- It is recommended that the contents of this report be noted
- It is recommended that Audit Committee discuss the Corporate Risk Register

1. Reasons

- 1.1 Audit Committee provides independent assurance to the Council on the effectiveness of the Council's Risk Management, Internal Control and its overall assurance framework.

2. Detail

2.1 Risk Management Strategy

- 2.1.1 The risk management training programme has continued with particular focus on project management and on improving the corporate capacity to challenge and quality assure risk information.
- 2.1.2 Two more Lunch and Learn training sessions for project personnel have been held with another scheduled for next week. 31 officers have now attended this training and the feedback has been extremely positive. A number of officers have requested further one to one coaching and support having received the training to really embed their learning in their working practices. A coaching session has also been run for Project Management staff to help deepen the team's risk management knowledge and to enable them to better challenge and quality assure project and programme risk registers. The team have also been trained to run/support future risk management lunch and learn sessions to increase capacity.
- 2.1.3 Risk management officer training has been held to improve attendees understanding and knowledge and to enable them to carry out some quality assurance on the risk registers around the organisation. All five members of the Performance and Risk team, two internal audit officers,

Risk Management Status Update

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Date: 26th January 2010

two officers from the project management office and a member of the partnership team attended this training.

- 2.1.4 The Head of Internal Audit and the Head of Performance and Risk agreed a process whereby all significant or of concern audits are now sent through to the Performance and Risk Team to enable follow up on any risk management issues.
- 2.1.5 The Risk Management Intranet pages have been updated to ensure that clear and consistent information is available to all officers and members. The pages have been consolidated, rewritten and the guidance and references updated.
- 2.1.6 The corporate risk management resource has been reviewed and the Performance and Planning team restructured to become the Performance and Risk team, with all officers fulfilling multi-discipline posts. This will bring performance management, risk management and business planning more closely together the results of which can already be evidenced by the business planning process for 2010-11.
- 2.1.7 As outlined previously, training has been carried out to up skill members of the Performance and Risk team to enable them to carry out quality assurance of the risk process and specialist mentoring and coaching is being made available to them on an ongoing basis. The role of performance champions is currently under consideration by the Performance and Risk Team with a view to increasing the risk management capacity of these posts.
- 2.1.8 We recently participated in the ALARM (Association of Local Authority Risk Managers) Triennial benchmarking survey 2009, the results of which were published in December and are currently being analysed.

2.2 Risk Registers

- 2.2.1 The standard corporate format for risk registers has been expanded to be available in an excel workbook with integral guidance notes. This supports the delivery of the risk management strategy by providing officers with a more practical, easy to use document containing all the information they need to carry out a risk exercise and complete a risk register.
- 2.2.2 The Corporate Risk Register has continued to be regularly updated both formally through the Performance Framework and on other occasions as circumstances have changed and the need arisen.
- 2.2.3 A full refresh and discussion of the Corporate Risk Register is carried out at each Quarterly Business Review at Corporate Board, the most recent of which took place at the beginning of November 2009. The current

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Date: 26th January 2010

Corporate Risk Register is therefore dated October 2009 and is attached at Appendix 1. It is in the process of being updated for the next Quarterly Business Review, taking place in February 2010.

- 2.2.4 From February 2010 Operations Board will be reviewing the Corporate Risk Register quarterly prior to Corporate Board to further strengthen this process. There is still an emphasis on mitigating actions as part of these discussions with Corporate Board challenging when actions do not appear to be as robust as necessary.

2.3 Insurance

- 2.3.1 The insurance policy fell due for renewal on 1st January 2010 and terms were received and accepted from the insurers within the current agreement. The total premium reduced, as Swindon Commercial Services are now responsible for their own insurance arrangements as an arms length organisation.
- 2.3.2 Overall the number of claims continues to reduce in comparison to previous years. A 5-year claims summary is shown below.

Year	Number of Claims	Cost of Claims
2005	739	£2,078,114
2006	418	£1,389,861
2007	379	£1,627,524
2008	369	£1,262,675
2009	287	£744,328

- 2.3.3 We are able to defend many claims however, there are instances when we have to pay some claims due to issues with adherence to procedures, and record keeping in some departments. When this is identified these are investigated, the relevant teams are informed and risk management assistance offered and the situation will continue to be monitored.
- 2.3.4 It is anticipated that the overall number of claims will reduce in the next year as over the last five years, over half of the claims made against the Council relate to SCS so it is likely that the move to ALMO will have a positive impact on the Council's own claims experience.

2.4 Business Continuity Management

- 2.4.1 The H1N1 Pandemic Influenza triggered the activation of the Business Continuity Team with meetings initially being held weekly and then later decreasing to fortnightly. Weekly updates were given to Corporate Board and to the Leaders Advisory Group. Whilst the disease has not gone

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Date: 26th January 2010

away, the decline in the numbers of infections in Britain has allowed us to place the meeting and update schedule on hold. However the plans and procedures for dealing with the disease are still in place and activity is being focussed on the vaccination programme.

- 2.4.2 The Council's response to the Pandemic had to be dynamic and reflect the rapidly changing situation and national planning assumptions. Initially the Government had planned for mass vaccination of the entire population. This was amended in order to target the vaccination of those groups who were proving to be particularly vulnerable to the virus and its effects such as the very young and those with certain medical conditions. Planning for the vaccination programme and the business impacts was carried out with Swindon PCT and the programme commenced in October 2009. In addition the Council has been given responsibility and allocated funding by the Government for managing the vaccination of frontline social care staff who meet certain criteria. This programme is ongoing at present and will continue at least until the end of January.
- 2.4.3 As a result of the severe weather in January 2010, the Business Continuity Plans were invoked. Liaison with business areas across the Council and our service delivery partners took place. Services to the vulnerable were prioritised and support given to areas such as Adult Social Care to ensure that key staff could get to work and to their clients. The Communications Team provided a vital link to staff and the residents of Swindon with regular and up-to-date information on schools and council services being placed on the website.
- 2.4.4 The PCT have agreed that a joint Business Continuity Policy and Strategy with Swindon Borough Council be developed in line with the British Standard for Business Continuity BS25999. The drafts will be circulated for consultation by 31st March 2010.
- 2.4.5 The training and exercising schedule will continue throughout 2010. In addition to internal exercises SBC and Swindon NHS (Primary Care Trust) are participating in a Gold Standard exercise facilitated by the Cabinet Office in February. The exercise will address issues raised by a chemical, biological, radiological and nuclear release.

2.5 Civil Contingencies

- 2.5.1 The onset of the Swine Flu Pandemic led Swindon Borough Council to invoke its Pandemic Influenza Plans and Procedures. The national planning assumptions and worst-case scenario at that time were used as the basis for planning the Council's response.
- 2.5.2 The work involved close co-operation and partnership working with the Swindon NHS (Primary Care Trust), the Council's partners and the

Risk Management Status Update

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agencies involved in the Local Resilience Forum. The Civil Protection Unit together with the Business Continuity Manager worked to ensure that the procedures put in place reflected both the national directives as well as taking account of local needs.

- 2.5.3 During the severe weather in January 2010 the Council's Extreme Weather Guide was invoked. The Civil Protection Unit liaised and worked closely with its LRF partners, the Council's partners and the Business Continuity Manager throughout this time.
- 2.5.4 The planning, preparation and response meant that the Council were able to maintain critical services at all times. National directives requiring ultimately a 50% reduction in salt usage were complied with and during this time the Council also provided mutual aid to Wiltshire Council in the form of salt supplies.
- 2.5.5 Parish Councils were asked to support the effort by keeping an eye on vulnerable residents and neighbours. An internal 4x4 vehicle response protocol was set up and this linked into that set up by the Local Resilience Forum. The LRF's protocol has been put forward as a national good practice model.
- 2.5.6 On the 29th October 2009 there was a request for an update of the local implementation of the Pitt Review Recommendations and this was duly submitted. The Draft Flood and Water Bill is still going through Parliament and the final implications and funding arrangements are awaited.
- 2.5.7 In conjunction with the Environment Agency, the Civil Protection Unit is supporting an initiative whereby a Graduate Student is working with the Council in looking at the management of surface water flooding.
- 2.5.8 In line with the training and exercising schedule this Unit has facilitated training for Local Authority Incident Officers, Inter Faith Group members and has been involved with multi-agency exercises concerning the Flu Pandemic. A presentation was given in November 2009 to the Audit Committee when a recommendation was made that training for Members should be carried out. This will be arranged after the elections this year.

Alternative Options

- Not Applicable

Risk Management

Financial and Procurement Implications

The Risk Management Budget will support funding for delivering the Risk Management Strategy. General Risk Management related costs to be absorbed

Risk Management Status Update

Audit Committee

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by existing budgets.

Legal / Human Rights Implications

As part of the Accounts and Audit Regulations 2006 it is a statutory requirement that the Council maintains a robust, adequate and effective system of Risk Management in the management of its risks in delivery of its core services.

The Civil Contingencies Act 2005 imposes duties on the council to meet its responsibilities as a Category 1 Responder, which as a public sector organisation has a key role to play in the response to and management of an emergency.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

The Risk Management Strategy, the Corporate Risk Register, Risk Management and Performance monitoring are management processes that help underpin the successful delivery of the Corporate Plan, Annual Delivery Plan, Policies and Swindon 2010 Promises.

Consultees

- The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.
- Head of Internal Audit
- Insurance Manager
- Business Continuity Manager
- Head of Civil Contingencies

Background Papers and Appendices

- Appendix 1 – Corporate Risk Register October 2009

Risk Ref.	Link to Corporate Plan, Promise, Project or wider objective	Risk	Triggers/Causes	Consequences/Impact	Risk Owner(s)	Current controls	Impact	Likelihood	Current Rating (R=I*L)	Mitigation Action(s)	Owner of Action	Target Date	Impact	Likelihood	Residual Rating (R=I*L)
CR01	Delivering the Shared Vision for Swindon 2008-2030	Lack of clarity on future strategic priorities impacts on the ability to refocus the organisation's resources and secure partner involvement	Focus of Swindon 2010: 50 Promises passes in next 12 months	Failure to secure focus on agreed organisational objectives	Gavin Jones	Preliminary discussions with Cabinet on future priorities			High	Development and delivery of programme for senior officers and Members with a clear focus on developing clear priorities and non-priorities and partner engagement	Jack Markiewicz	31st October 2009			Medium
			Impending reduction in public expenditure will necessitate reprioritisation and disinvestment from some services	Limited resources are spent on non-priorities and available budgets are insufficient to meet demand		Ongoing assessment of future financial position in MTRP	4	3		Discussions at officer level on development of Swindon Delivery Plan (next Corporate Plan)	Matt Gott	Ongoing from May 2009 to February 2010	4	2	
										Acceleration of 2010/11 budget process including agreement to implement savings proposals with immediate effect	Stuart McKellar	Ongoing from June 2009			
CR02	Achieving in year budget	Unable to achieve in year budget for 2009/10	Ambitious agenda requires investment and swift delivery of efficiency savings, including through transformation programme	Offsetting savings required to cover the cost not met by increased Council Tax & Govt. Grant	Stuart McKellar	Risk assessment undertaken to identify scale of potential budget deficit			High	Actions agreed to help balance current year's budget	Stuart McKellar	Ongoing through 2009			Medium
			External cost pressures (demographics / growth / impact of economic downturn)	Reduction in reserves or further pressure on 2010/11 budget if 2009/10 budget is overspent		Dialogue and communications within directorates and service areas to produce detailed proposals to mitigate projected overspend.	4	3		Acceleration of 2010/11 budget process including agreement to implement savings proposals with immediate effect	Stuart McKellar	Ongoing from June 2009			
			Budget pressures carried forward from 2008/09	Erodes capacity within the organisation		Detailed and extensive internal communications ongoing to highlight current challenges, in particular Manager's Bulletin.				Use of one-off moneys to support initiatives with the potential to realise efficiency savings or additional income in the short to medium-term	Stuart McKellar	Ongoing through 2009	4	2	
CR04	To deliver capital programme as approved by Council	Capital programme slips	Insufficient capacity in client team or technical delivery team	Impact on schools, communities, services etc.	Hitesh Patel	Monthly performance report in place to update AMG on the projects in the Capital Programme, based on overall delivery and project budget, as well as the finance report giving in year spend			High	Targeted training sessions for project managers planned through the year covering Communication, Change, Risk, Finance, Legal, Planning Process, and Land Registry	Mark Hopkins	31st March 2010			Medium
						Head of Programme and Projects appointed lead officer on capital programme				Working with SWREIP on their offering/support	Mark Hopkins	30th November 2009			
						New Bid Form has been implemented by Finance to ensure visibility of bidding for funding and the possible start of a project or development of an asset							3	3	
			Estimates for capital spend impacted on by external economic circumstances e.g. steel price increases	Increase in capital expenditure		Lunch and Learn sessions run for project managers on risk management and procurement process	3	4		Active management of programme . review of market conditions. reporting via Members Asset Management Group	Rob Richards Stuart McKellar	Ongoing			
			Unforeseen factors cause delays e.g. ecological	Impact on schools, communities, services etc.		Capital spend review report monthly to Corporate Board and quarterly to Cabinet				The focus and remit of the OAMG is being expanded to all projects funded by capital including SBC capital, grants and S106	Mark Hopkins	30th November 2009			
CR07	Readiness to respond to major incidents	Response to major incidents / events is not fully effective	Disposal programme doesn't realise receipts due to external economic circumstances	Impact on use of resources		Project governance with Asset Management Group				Continuous improvement of plans & procedures in light of good practice	Sam Weller/Alistair Ireland	Ongoing			
			Processes are in place but are not fully understood or followed by the majority	Needs of community and stakeholders are not met	Hitesh Patel	Processes, Procedures and Plans are in place and are regularly reviewed				Redrafting of Business Continuity Strategy & Policy	Alistair Ireland	31st December 2009			
			Lack of commitment to exercising and training opportunities so plans cannot be invoked effectively	Statutory duties are not met		Exercise and awareness raising programme is in place and is implemented				Awareness, Training, Exercising & updating Schedule to include internal business areas and external businesses, Parishes and the Third Sector	Sam Weller/Alistair Ireland	Ongoing			

Risk Ref.	Link to Corporate Plan, Promise, Project or wider objective	Risk	Triggers/Causes	Consequences/Impact	Risk Owner(s)	Current controls	Impact	Likelihood	Current Rating (R=I*L)	Mitigation Action(s)	Owner of Action	Target Date	Impact	Likelihood	Residual Rating (R=I*L)
			Lack of engagement in and understanding of Major Incident Planning within SBC and partners Robustness of joint pandemic flu plans Schools awareness and understanding of their roles and the need for response plans	Bad publicity/Loss of reputation and public confidence Financial implications		Active involvement with LRF Joint pandemic flu planning in place with PCT	4	2	Medium	Joint working with LRF including Health Partners to align plans and procedures Joint Pandemic Flu planning exercises SBC/PCT Regular discussions through key Head Teacher consultative groups, including the Cross-Phase Group and the Education Joint Safety Committee Support to schools on business continuity planning, including provision of template All Children's Services Directors regularly reviewing Business Continuity and other Plans for all Children Services' buildings and sites that they manage, including Youth Centres, Children's Centres and offices Clear communication strategy work roles and responsibilities regarding schools.Regular reviews and re-issue of Emergency Planning Guidance for schools in line with current DCSF and other sources of guidance.	Sam Weller/Alastair Ireland Sam Weller/Alastair Ireland Ian Bickerton Ian Bickerton Ian Bickerton Ian Bickerton	Ongoing Ongoing through pandemic 30th July 2009 and ongoing June 2009 and ongoing 30th July 2009 and ongoing 30th July 2009 and ongoing	4	2	Medium
CR08	Whole Council Transformation	Culture of the organisation is not ready for the step change needed to transform	Engagement of and between members and officers is not sufficiently developed Change capacity and capability building not resourced Extent of change underestimated Change solutions (process/systems/new ways of working) developed without stakeholder engagement Impact of Single status on staff	Fail to deliver real Change under the Change programme Transformation benefits not realised (financial, customer, service, performance) Improved outcomes not delivered Unsustainable change / Change does not become embedded Lost opportunities for more effective service delivery, improved value for money and reinvestment of human and financial resources	Hitesh Patel	Focus groups held with staff around key transformational projects Head of Change and Change team in place Capability building programme - phase 1 candidates (programme sponsors, lead directors, change practitioners and key project managers) identified & discovery phase to ascertain need is being implemented	3	3	Medium	Convert senior management buy-in into real momentum and action across the organisation - intervention plans to be developed - change implementation plan for New Ways of Working in place and being delivered + Comms plan for Single Status in place to support implementation from Jan 2010 Ongoing implementation of capability building programme - refreshed change capability strategy and plan for Corporate Board discussion Nov / Dec 2009	Patrick Weir / Karen McMahon Patrick Weir / Nick Vatt / Jack Markiewicz	Ongoing 31st March 2009	3	3	Medium
CR09	Health, Safety and Wellbeing	Failure to satisfy duty of care and statutory obligations	Lack of clarity on health and safety responsibilities and accountabilities within the organisation. Failure to work with strategic partners on shared risk Failure to respond to changes in legislation Lack of capacity to ensure legal compliance	Criminal Prosecution, corporate manslaughter charges and imprisonment Reputation damaged Financial cost from civil litigation, increased insurance premiums, damage to equipment and property Increase in staff absence/sickness, impact on staff morale Injuries to staff or other site users	Hitesh Patel	Health and Safety policy and guidance with supporting training Risk Assessments and safe systems of work at local levels Dedicated team of externally accredited Health & Safety Professionals who undertake audit programme. Health, Safety & Wellbeing Management Board held quarterly with report to Joint Safety Committee	4	3	High	Corporate H&S training plan in place Ensure ownership and awareness of H&S issues through review of reporting, monitoring and escalation arrangements. Enhance quality of dialogue and debate of Joint Safety Committee enabling it to play a more significant role in driving safety performance improvement and accountability Review joint working with key stakeholders to ensure SBC legal responsibilities are met. Policy and guidance continues to be updated as required Clear accountabilities framework submitted to Directors Team and Corporate Board	Amanda Woodhead Amanda Woodhead Jack Markiewicz Amanda Woodhead Amanda Woodhead Jack Markiewicz	31st March 2010 31st March 2010 31st December 2009 6 monthly review 31st March 2010 31st December 2009	3	2	Medium

Risk Ref.	Link to Corporate Plan, Promise, Project or wider objective	Risk	Triggers/Causes	Consequences/Impact	Risk Owner(s)	Current controls	Impact	Likelihood	Current Rating (R=I*L)	Mitigation Action(s)	Owner of Action	Target Date	Impact	Likelihood	Residual Rating (R=I*L)
			Lack of awareness/expertise within integrated services of all professional standards	Retention in quality of services		Performance Review of Section 75				Include health and safety across services	Sara Tough	30th September 2009			
CR10	Delivery of Single Status	Implementation of Single Status	Ineffective engagement of key stakeholders e.g. staff, managers, schools	Legal challenge with large potential for costs to be awarded	Hitesh Patel and Jack Markiewicz	Signing events to buy out liability currently suspended due to change in case law. Appeal awaited.				New performance management system in place	Jack Markiewicz	30th September 2009			
			Pay and grading structure not fit for purpose	Future equal pay liability mounts up if not tackled now		All posts re-evaluated				Clear communications with all stakeholders through implementation of communication plan including management training	Jack Markiewicz	Ongoing to April 2010			
			Ineffective engagement of key stakeholders e.g. staff, managers, schools	Failure to reach agreement leading to delay of project and increase of costs		New pay lines devised and implemented				Robust project management of the project to implementation including decision making processes	Jack Markiewicz	Ongoing to April 2010			
			Lack of capacity of key members of the project team	Staff morale falls		Project realigned and resourced and new timeline in place				External /independent reviewer TMS appointed to review structure and provide guidance	Jack Markiewicz	30th November 2009			
			Approximately 600 + Job Evaluations conducted without TU moderation and more without Employee Sign-off	Significant / Additional Support Resource required to support the volume of Job Re-evaluations & Appeals expected		TU invited on an number of occasions to participate in evaluations.	4	2	Medium	Review Support Model and clarify assumptions made in determining the final shape of resource required to support implementation of PGS	Jack Markiewicz	30th November 2009	4	2	Medium
			Final sign-off/validation of PGS is not conducted within the timeframe/schedule dictated by the Project	Reduction in the time available to the Workforce modernisation team to take corrective action		Regular Review set up to monitor progress				Cost Envelope, once known, will be discussed with Corporate Board	Jack Markiewicz	30th November 2009			
			Volume of Queries/issues received from final sign-off/validation cannot be transacted within the time available within the project schedule	Staff letters may need to be modified post submission prior to implementation during the Jan - April Timeframe - significant reliance on resource to support administration process		Stakeholders have been engaged to support approach with queries				Escalate if Directorates are non-compliant	Jack Markiewicz	31st January 2010			
				Industrial action						Agree cut-off point. Queries received post cut-off to be resolved during January.	Jack Markiewicz	Ongoing to April 2010			
						Stakeholder management with Trade Unions				Continue to monitor (Project Board agreed to tolerate risk in current climate)	Jack Markiewicz	Ongoing to April 2010			
CR11	Growth	Failure to deliver Swindon's vision through absence of Strategic Framework to guide decisions in correct context	Impact of recession on Town Centre regeneration and development as a whole Absence of Strategic Framework	Swindon does not develop in accordance with Community Strategy	Celia Carrington	Development Agreement in place for office led development in the Town Centre . Car parking charges reduced for run up to Christmas EDA Masterplan produced Transport Strategy approved Car parking charges in town centre and Old Town reduced.	4	3	High	Review of town centre approach undertaken with Lead Member and Leader of the Council. Plans to reconfigure the New Swindon Company in hand. "Swindon Can" commission drawing to a close. It is helping to inform "Destination Swindon". Recession Task Force continuing to address recession impact.	Celia Carrington Bill Cotton Bill Cotton	1st April 2010 30th November 2009 Ongoing	4	2	Medium
CR12	Safeguarding children	Vulnerable children and young people are not safeguarded effectively	Ability to recruit and retain key staff in all agencies Lack of capacity and vacancies in social care, health visiting Ineffective partnership working Lack of focus on information sharing across universal and targeted services	Child in community comes to harm when it was avoidable Social and emotional health suffers Reputation damaged Inability to recruit staff Inspection implications Council seen as failing	John Gilbert	Clear management procedures and processes in place Inspection regime Performance management and monitoring systems in place Launch of quality assurance processes across Children Services, building on safeguarding and corporate parenting	4	2	Medium	Recruitment and appropriate remuneration of social care staff and training of trainee health visitors is continually reviewed Ongoing information sharing training and information distribution Section 11 Audit reviewed annually across multi-agencies through the Local Safeguarding Children Board (LSCB) Regular review and update of the multi-agency Safeguarding Action Plan via the LSCB	Jean Pollard Sue Wald Jean Pollard John Gilbert/Jean Pollard	31st March 2010 Ongoing September 2009 and ongoing Ongoing	4	2	Medium

Risk Ref.	Link to Corporate Plan, Promise, Project or wider objective	Risk	Triggers/Causes	Consequences/Impact	Risk Owner(s)	Current controls	Impact	Likelihood	Current Rating (R=I*L)	Mitigation Action(s)	Owner of Action	Target Date	Impact	Likelihood	Residual Rating (R=I*L)
CR13	Benefits Service	Performance of the Benefits Service does achieve step change improvement in terms of time taken to process and accuracy	Unprecedented demand due to recession - huge increase in case and document volume	Needs of Swindon people not met	Hitesh Patel	Benefits Recovery Plan, Project and Board is in place to drive performance and behaviours			High	Scoping of next phase of Benefits improvement	Andrea Pritchard	30th November 2009			Medium
			Insufficient skilled resource within Capita to meet escalating case load	Targets not achieved		Capita training programme for Benefits staff linked to performance				Scrunity of Capita training programme, training linked heavily to accuracy	Lynn Kemp	31st December 2009			
			Client and Capita team not aligned on measures and priorities related to processing Speed & Quality	Reputation damaged		One Benefits Team - joint working to drive best outcomes for Swindon people	3	4		Continue to improve joint working e.g. through joint meetings. Head of Benefits empowered to take operational decisions	Andrea Pritchard	31st December 2009	3	3	
			Benefits IT systems not reliable or slow	Critical inspection reports and ratings - time wasted		Systems monitoring process in place				Anite performance issues raised directly with Capita IT. Plan in place to remedy, this now needs close monitoring	Hitesh Patel	31st December 2009			
			Benefits Recovery plan is not robust, deliverables are not quality assured & all parties not bought-in	No real performance improvement on the ground						Increase in amount of and scrutiny of performance information to ensure improvements being sustainably achieved	Hitesh Patel	31st December 2009			
CR14	Information management and security	Significant Information management and/or security incident occurs	Lack of risk based approach to information management and security	Reputation of the Council damaged	Hitesh Patel	Information Security Forum set up with Terms of Reference			Medium	Management of the delivery of the Activity plan for ISF	Jack Markiewicz	31st December 2009			Medium
			Lack of corporate strategy or procedures	Unable to meet service delivery expectations		Data Protection and FOI procedures and officers in place				Review of policies and procedures across services	Jack Markiewicz	31st December 2009			
			Awareness and understanding of issues among staff	Potential legal issues		ICT security systems				Development of communication and staff development plan	Jack Markiewicz	31st December 2009	3	3	
CR15a	Pandemic Flu outbreak	Joint response to swine flu is not fully effective	Robustness of joint pandemic flu plans - exercising and testing	Council and PCT unable to maintain critical service delivery	Jenny Harries	Joint pandemic flu planning in place with PCT			Medium	Ongoing testing, exercising and strengthening of joint plans at all command levels	Alistair Ireland/Sam Weller	Ongoing			Medium
			Timescales, mapping hotspots and course of pandemic/epidemic	Swindon residents needs are not met		Identification of critical services across the Council				Ongoing review of critical services across the Council and Swindon PCT	Bernie Branna/Alistair Ireland	Updated on an ongoing basis			
			Insufficient engagement from within organisations			Joint ACP meetings held	4	2		Continuous monitoring of local and regional disease incidence	Jenny Harries	Ongoing	4	2	
CR15b	Pandemic Flu outbreak	Service delivery is significantly impacted by swine flu	Robustness of Business Continuity Plans	Council and PCT unable to maintain critical service delivery	Jenny Harries and Bernie Brannan	Monitoring of situation			High	Great Western Critical Care response plan being reviewed to assess possible impact on wider community services	Jenny Harries	Ongoing			Medium
			Timescales, mapping hotspots and course of pandemic/epidemic	Swindon residents needs are not met		Critical services and resource requirements identified and mapped across the Council				Priority services identified and resourced throughout outbreak. Appropriate staff seconded to priority areas when required.	Bernie Brannan	Ongoing			
				Loss of income			4	3					4	2	

Work undertaken by other Committees

Audit Committee

26 January 2010

Author: Head of Internal Audit

Parish / Wards Affected: All

Purpose

To invite the Audit Committee to consider how it might best be kept advised of “work undertaken by other Committees of the Council, so it can take account of any significant control issues”.

Recommendation

That Audit Committee

- considers how best to facilitate its continued awareness of work undertaken by other committees and allow it to identify any significant control issues for further review and investigation; and
- determines whether it wishes to pursue either of the options set out in this report.

1. Reasons

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 Other committees of the Council can contribute to the Council's assurance framework, therefore, it is essential that this Committee take account of any significant control issues identified by other committees.

2. Detail

- 2.1 The recognition by Audit Committees that other committees of the Council can contribute to its assurance framework, and the importance of them taking account of any significant control issues identified by other committees, is identified as good practice and features in the Use of Resources Assessment theme: Internal Control (KLOE 2.4).
- 2.2 Members of the Audit Committee already receive copies of the minutes of Scrutiny and Overview committees and Standards Committee as part of the papers for Full Council, however, it is suggested that the Committee needs to be more proactive in reviewing the work of other committees to identify any potential significant control issues arising from these

Further information on the subject of this report can be obtained from Nick Hobbs on 01793 463940 or Email nhobbs@swindon.gov.uk

Work undertaken by other Committees

Audit Committee

26 January 2010

committees.

- 2.3 To achieve this, and comply with recognised best practice, the Committee is invited to consider one of the following two options:
- that Council be requested to consider whether the Chair of the Audit Committee be appointed as a member of the Council's Scrutiny Committee in order that the Chair can report back to Audit Committee on any significant control issues for further review and investigation; and/or
 - that the reports to Council on the meetings of its Scrutiny and Standards Committees, and its Overview and Scrutiny Committees, be submitted to this Committee for consideration in order that members themselves might review the work of other committees and identify any significant control issues arising from these committees.
- 2.4 In addition to considering how the Committee might effectively monitor the work of other committees, and identify and take account of any significant control issues, members are also invited to advise the meeting of any current issues that they feel warrant a greater level of review.
- 2.5 Members are advised that, given the recent level of debate on the issue, the Chair has suggested that the Committee might wish to consider whether the Council's decision to enter into a partnership arrangement with Digital City (UK) Limited to implement a Wi-Fi network in the Borough is a matter they might wish to review.

Alternative Options

No specific alternatives are suggested other than as mentioned in the report.

Risk Management

Financial and Procurement Implications

- There are no direct financial implications arising from this report.

Legal / Human Rights Implications

- There are no direct legal or human rights implications.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

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Work undertaken by other Committees

Audit Committee

26 January 2010

Consultees

- The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports).

Background Papers and Appendices

- None

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**Report of Scrutiny and Overview Committees
held between 25 October 2009 and 18 December 2009**

COUNCIL

Date 14 January 2009

Purpose

- To report issues considered by the Scrutiny Committee, the Health Scrutiny Committee and the Council's Overview and Scrutiny Committees, between 25 October 2009 and 18 December 2009 and, where appropriate, to report on the outcome of their deliberations.

Minutes for Confirmation and Recommendation

- To note the proceedings of the Scrutiny Committee, Health Overview and Scrutiny Committee and Overview and Scrutiny Committees held since the last meeting of the Council.
- There are no minutes of the Scrutiny Committee, Health Overview and Scrutiny Committee or Overview and Scrutiny Committees requiring the confirmation of the Council.

1. SCRUTINY COMMITTEE**1.1 Meeting of 26th October 2009:****a) Consideration of Cabinet Decisions**

The Director of Law and Democratic Services submitted a report introducing decisions arising from the Cabinet meeting held on 21st October 2009.

49. *Outcome of Pre-Statutory Consultation on school places in Highworth*

The Committee resolved:

- (1) That Minute 49 of the Cabinet be noted and accepted and that the Cabinet Member's assurances, that the feedback from parents and local residents as a result of the statutory consultation will be taken into consideration by the Cabinet Panel in reaching its decision, be welcomed.
- (2) That it be noted that the decision of the Cabinet Panel on this issue would be submitted to the Scrutiny Committee for consideration, providing Members with the opportunity to seek their own assurance that due consideration had been given to the views and opinions of local residents.
- (3) That it be noted that, in conjunction with the statutory consultation exercise, a detailed assessment would be made of traffic management in the area of the schools and safe routes for pupils travelling from Northview to Westrop would be identified.

53. Active Swindon Strategy

Further information on the subject of this report can be obtained from
Ian Willcox, Committee and Member Services on Direct Dial No. 463601 or Email
iwillcox@swindon.gov.uk

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Councillor Justin Tomlinson welcomed the report to Cabinet but referred to the importance to the Active Swindon Strategy of ensuring that adequate open space provision is made within new development in the town to accommodate physical activity away from the organised environment. He emphasised the important role to be played by the Group Director, Environment, Regeneration and Community in the development of the Active Swindon Strategy. The Group Director welcomed Councillor Tomlinson's comments and agreed that these would be taken on board in developing the strategy.

b) Cabinet Member Question and Answer session

Councillor Fionuala Foley was in attendance to respond to members' questions on issues within her portfolio of responsibility. The following issues were raised by members:

- the performance of the Capita Contract in relation to the customer services elements falling within the Cabinet Member's remit
- the transformation of the Council's Streetsmart Division and the excellent standard of service that was being provided
- the success of the plastic re-cycling service
- prosecutions for graffiti offences
- the Restorative Justice pilot scheme in West Swindon in partnership with the Police
- the Council's Section 215 powers to remove graffiti
- the effect of the Council's recycling strategy on the incidence of fly tipping
- the ability of the Council to require private owners to properly maintain the immediate environment of their property
- the refurbishment of the public conveniences in Victoria Road
- improvements made to the monthly reporting of complaints data to Senior Managers and Councillors and the availability of this information for members
- the removal of abandoned motor vehicles
- the success of the public forums held in advance of Cabinet Meetings
- the possibility of the Council offering a recycling service to schools and the possibility of including hospitals and businesses within local authorities' recycling schemes
- the promotion of the Council's cable stripping and recycling facility
- the Council's target of recycling more than 50% of household waste and measures that were being taken to both achieve and maintain this level of recycling
- the failure of the Council to implement its agreed practice of refusing to collect from bins that were filled beyond capacity (i.e. where the lid would not close)
- the Council's failure to implement recommendations of the Task Group established to review the provision of public conveniences in the town

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- Promise 23 and the likelihood that the final phase of the Shaw Park Forest would be completed on target

In the final part of the meeting, the Deputy Leader introduced the newly produced "Corporate Complaints Report", copies of which were tabled at the meeting. The report provided statistical information in relation to the volume of complaints received by the Council over the period September 2008 to September 2009, sorted by complaints received by each service directorate and by Capita and SCS. It was specifically noted that complaints received regarding streetsmart issues were included in the Environment, Regeneration and Community Directorate statistics. The Committee was also asked to note that whilst this report provided a corporate level perspective of complaints received, more detailed analyses would be available to Directors and Heads of Service to assist in the identification of problem areas.

The Committee resolved:

- (1) That it be noted that all cables deposited at the Waste Recycling Centre are separated and stripped and that the volumes involved keep the existing machinery operating at capacity. That the Head of Streetsmart pursue with SCS whether there was a business case to be made for the acquisition of a second cable-stripping device.
- (2) That it be noted that the Deputy Leader was hopeful that the 50% recycling target would be achieved once the Council had addressed the issue of additional wheelie bins previously provided for individual properties in West Swindon and this policy was subsequently applied throughout the Borough.
- (3) That it be noted that a contract had now been placed with Swindon Commercial Services for the refurbishment of the public conveniences in Victoria Road and that it was anticipated that the work would be completed in advance of the turning on of the Old Town Christmas Lights.
- (4) That the Deputy Leader be asked to reconsider the recommendations of the Task Group established to review the provision of public conveniences in the town and to report to a future meeting on how these might be appropriately progressed.
- (5) That it be noted that the new Corporate Complaints report would be regularly submitted to Cabinet for consideration and therefore Scrutiny Committee would also have the opportunity to consider the data.

1.2 Meeting of 23 November 2009:

a) Consideration of Cabinet Decisions

The Director of Law and Democratic Services submitted a report introducing decisions arising from the Cabinet meeting held on 18 November 2009.

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59. Budget Strategy 2010/2011 – 2013/14

Councillor Mark Edwards, the Cabinet Member for Resources, was in attendance and responded to members' questions on a number of issues concerning the Council's current and projected budgetary position. Councillor Edwards advised that the identified budget gap was not the result of poor management but the result of years of under funding by Central Government, a situation that had been exacerbated due to the recession and consequent increasing costs and reduced income. Councillor Edwards added that Swindon did not receive a great deal from the Government funding formula and, with increasing demographic and other pressures on the budget, he did not anticipate that the situation would get any easier. However, he advised the meeting that, despite the budgetary position, he was confident that the Council would deliver a fair and affordable Council Tax rate for the people of Swindon.

The following matters were raised by members during their consideration of Cabinet Minute 59:

- the validity of some of the cost projections detailed in the report
- the level of debt charges resulting from a reduced Capital Programme
- the cost of "other inflation" of £10.6m and the 1.2% increase in staff pay
- the projected reduction in the Council Tax base
- the projected rate of recovery of Council Tax payments
- the administration's medium term resourcing plan and the Cabinet Member's confidence that the Council would be able to deliver a fair and affordable Council Tax
- the financial implications and liability of the Council in relation to the Borough-wide Internet Project
 - the timeframe for the project
- the growing cost of Adult Social Care provision
 - the reasons behind the significant overspend in recent years in Social Services.
- the changing demographic of the borough and the use of Housing Associations and Housing Corporation Funding to off set the direct cost to the Council of the provision of residential care
- the major impact on the Adult Social Care Budget as the result of the provision of care packages for only a few individuals
- the Council's approach to addressing the identified budget gap
- transformational change and the New Ways of Working

The Committee resolved that Minute 59 of the Cabinet be accepted.

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Councillor Keith Williams, the Cabinet Member for Leisure & Corporate Services, was in attendance and responded to members' questions on a number of issues concerning Swindon Single Status.

Councillor Williams advised that, under Single Status, 23% of staff would see a reduction in their pay, 20% would see an increase and the remainder would remain the same. He agreed that, obviously, some people would be upset with the results of the Single Status project but he felt it was a necessary measure that had been introduced fairly and would result in a scheme that was equality proofed and would see a significant reduction in the differential in pay grade between male and female members of staff.

The following matters were raised by members during their consideration of Cabinet Minute 60:

- the reasons for not solely using that the NJC Pay Line, the unions' preferred option
- the Council's decision to move away from national agreements
- the percentage of staff represented by Unions and measures to ensure that the views of non-union represented employees had been sought as part of the consultation process
- the cost of Single Status for schools and whether schools would be able to opt out of the arrangements
- the availability of the TMS Report for inspection by members
- the likely impact of Single Status on employee relations
- the lack of any Government support for employees who were detrimentally affected by Single Status
- the appeals process and the situation of employees detrimentally affected by Single Status who might refuse to sign a new contract of employment
- the Council's commitment to protecting pay levels of employees detrimentally affected by Single Status until April 2011
- Pension and Redundancy Protection

The Committee resolved that Minute 60 of the Cabinet be accepted and that copies of the full TMS report be made available to Scrutiny Committee Members on request.

Minute 61- School Organisation – Primary School Places

In response to a comment by the Chair, that the proposals might lead to continued teaching in temporary buildings, in contravention of the Swindon 2010 Promise, Councillor Perkins responded that the Promise related to the removal of all unsuitable temporary buildings by the end of 2010 and that, in fact, of these, some 97% had

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already been removed. He acknowledged that some temporary buildings in use at the moment, such as those at Oakhurst, but these were of a high standard, representing a valuable resource for the schools concerned, and would continue to be used until permanent accommodation could be provided.

In response to a question by Councillors Eric Shaw regarding the provision of an additional two temporary buildings at Croft, Councillor Perkins advised that it had been anticipated that the demand for places in the Old Town area in advance of the completion of East Wichel would be met by Central schools but that, due to the influx of new families into the Central area and a higher than anticipated number of primary aged children, there was no longer the surplus capacity in the Central area and this situation had necessitated the provision of the temporary buildings at Croft.

Councillor Justin Tomlinson commented on factors which had detrimentally affected the Council's ability to accurately forecast school admission figures, particularly in relation to the high occupancy of new built properties by young families with primary school aged children which he felt had resulted in an increase in the number of primary school places that would be required. Councillor Perkins agreed that the prediction formula might have to be changed to address the changing demographic.

The Committee resolved that Minute 61 of the Cabinet be accepted.

b) Cabinet Member Question and Answer Session

Councillor Peter Greenhalgh, Cabinet Member for Sustainability, Transport and Strategic Planning was in attendance to respond to members' questions on issues within his portfolio of responsibility. The following issues were raised by members:

- the reasons for the current "red" status of Promise 44 ("We will complete the Swindon Urban Cycle Network and introduce secure parking facilities for cycles at key points") and measures being taken to ensure the delivery of this promise
- the contributory factors behind the current "red" status of Promise 50a ("Through better safety initiatives on the roads we control, we will reduce the number of people killed or seriously injured on the roads by 40%") and measures being taken to deliver against this promise
- the analysis local road safety data following the removal of speed cameras
- the level of former "speed camera" financial resources and the "refocusing" of these resources to deliver new road safety initiatives
- the possibility of introducing a pedestrian "signalised" crossing as part of the Drove Road safety improvements
- the need for improvements to road signage across the borough, particularly in the rural areas
- the Eastern Development Area Land Use Plan

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- the strategic importance to Swindon of the Meads Way Relief Road and the need to continue to make the case to Central Government for its provision
- the current status of the Bruce Street Bridge re-design work

The Chair thanked Councillor Greenhalgh for attending the meeting and for his full and open responses to Members' questions on service areas and issues within his portfolio of responsibility.

1.3 Meeting of 14 December 2009:

a) Consideration of Cabinet Decisions

The Director of Law and Democratic Services submitted a report introducing decisions arising from the Cabinet meeting held on 9 December 2009.

65. *Revenue Budget Management 2009/10*

At the invitation of the Chair, the Cabinet Member outlined the reasons for the Council's difficult financial position, its continuing under-funding by central government and a significant reduction in income due to the current economic situation at a time when expenditure levels were increasing. He confirmed that the budget was under constant scrutiny and that the process for managing the budget was working very effectively. The Leader of the Council commented that there was not a £12m overspend, as the Chair indicated, but, rather, this was an ongoing budget gap resulting from the cost pressures that included inflation, pay settlements, and additional contributions to the Local Government Pension Scheme.

66. *Capital Programme Monitoring*

In response to a question by Councillor Des Moffatt, regarding the Council's investment portfolio, the Director of Finance advised that, currently, the Council was a "net holder" of assets. In response to a further point by Councillor Moffatt, the Director of Finance confirmed that decisions regarding investments were made in accordance with the Council's treasury management policy.

The Chair asked for some further detail on the projected additional income for the Council through the use of its assets for advertising and through greater use of its leisure assets. Councillor Keith Williams explained that an increase in revenue of at least £144,000 was anticipated as a result of work with an external agency to develop ways in which the Council might increase usage of its leisure facilities. It was agreed that a written response be provided regarding the potential increase in revenue through utilising the Council's assets for advertising purposes.

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Councillor Nick Martin raised the issue of projected savings in relation to street lighting and highlighted the potential danger of removing street lighting in areas where there are no footways or cycle paths, suggesting that some sections of these roads were still used by pedestrians and that they may be put at risk by this proposal. Councillor Peter Greenhalgh responded that pedestrians should not be walking along the carriageway and that it was difficult to legislate for that kind of behaviour. He continued, briefly summarising the anticipated savings in the initial year following removal and projected savings thereafter. He confirmed that under no circumstances would street lighting be turned off in areas where there was a potential safety risk.

In response to comments by members, the Leader of the Council agreed that written responses be provided regarding the Cabinet decision to remove provision within the budget for the evening cleaning of the town centre. He also agreed that the Chair be briefed at the earliest opportunity on proposals to relocate the Registry Office within the Civic Office complex.

Councillor Glenn Smith referred to the increasing level of Landfill Tax and asked whether this might be reduced as a result of the Councils recycling efforts. The Deputy Chief Executive confirmed that the Landfill Tax level was increasing year on year but it had to be recognised that the Borough was continuing to grow. She added that the recycling rate was also growing, up to around 48% at present, and that work would continue to improve recycling rates and to reduce the amount of landfill that was necessary.

Councillor Smith asked whether the introduction of a charge for staff and school governors for the Swindoncard had seen a decrease in the uptake of the cards. Councillor Keith Williams responded that there had been a slight decline but this seemed to relate mainly to individuals who did not actually use their Swindoncard.

Councillor Stan Pajak referred to a study by Capita of the issue of transport for schools and suggested that cuts in special schools transport might provide savings that could be used to fund Dial-a-Ride and that it might even be possible to utilise the Dial-a-Ride service for the provision of some special school transport needs. Councillor Garry Perkins confirmed that a study was being undertaken of schools transport to provide better value for money, including the possibility of utilising different transport providers, and that a report on the outcome of the study would be submitted to Cabinet in the near future, in advance of the budget being set for 2010/11.

69. Annual Performance Assessment of Adult Social Care 2008/2009

In response to a question by the Chair regarding the cost effectiveness of the Council's Adult Care Services, Councillor David Renard, the Cabinet Member for Health, Housing and Adult Social Care, replied that he felt the service was cost effective. However, he emphasised that there was a growing demand for services and

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agreed with the Inspectors' report that there were areas that required further transformation. The Chair asked if the overall rating would have been achieved without the identified overspend. Councillor Renard acknowledged that there had been an overspend on that years budget for Adult Social Care but commented that the Council did not receive enough funding from central government to meet the increase in demand for services and that balancing this budget would remain a problem for some years to come. He felt it had been necessary for the Council to commit this level of funding to Adult Social Care to achieve the assessment rating that it had, the service having improved "from being one of the worst in the country to become the third best in the region".

75. Final Business Case For The Creation Of Swindon Commercial Services As An Arms Length Company

In response to a question by Councillor Des Moffatt regarding the monitoring of the performance of SCS as an arms length company, and the suggestion that quarterly progress reports be made to the Chief Executive, the Leader of the Council and the Leader of the main Opposition Party, the Director of Law and Democratic Services agreed to raise the matter of the reporting arrangements with SCS to ensure that an appropriate framework of accountability is set out in the memorandum of understanding and supporting documentation between the Council and SCS.

The Committee resolved:

- (1) The minutes of the Meeting of the Cabinet held on 9th December 2009 be accepted.
 - (2) That the Leader of the Council provide a written response, to be copied to all members of the Scrutiny, on the potential increase in revenue through utilising the Council's assets for advertising purposes.
 - (3) That the Leader of the Council provide a written response, to be copied to all members of the Scrutiny, regarding the Cabinet decision to remove provision within the budget for the evening cleaning of the town centre.
 - (4) That a briefing be arranged for the Chair of Scrutiny Committee, at the earliest opportunity, on proposals to relocate the Registry Office within the Civic Office complex.
- b) Provision of a Loan to Digital City (UK) Limited for the purposes of Establishing a Wi Fi Network across the Borough of Swindon

The Chair referred to concerns that he had, and that had been expressed to him, regarding the proposed Wi-Fi network, particularly in relation to the process by which the decision to proceed had been reached and whether the Council's decision making protocol had been adhered to. He was concerned that the Scrutiny Committee or, indeed, anyone other than Cabinet members had been consulted regarding the

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proposal and sought confirmation that the decision to proceed had been made under appropriate delegated authority.

Councillor Rod Bluh, the Leader of the Council, responded that, in the current economic climate, the Council had to be prepared to pursue this type of commercial investment to secure new revenue streams. He commented that the current funding model for local authorities was not sustainable and that other models of funding had to be explored if the Council was to avoid insolvency and continue to provide quality services for its residents. Councillor Bluh felt that it was essential that the Council investigated commercial opportunities as they arose and that such decisions had to be made within a realistic commercial setting. He confirmed that the decision to proceed with this scheme had been made by officers under delegated authority, as authorised at the Cabinet Meeting on 23rd July 2008.

The Chair maintained that most councillors had been unaware of this decision before the recent announcement of the implementation of the scheme and he felt that the use of £450,000 of public money in support of a deal with the private sector presented a significant risk. He asked whether it was appropriate that this matter had not been debated by a larger forum of Councillors. The Leader of the Council concurred that any commercial venture generally involved some level of risk, however, he maintained that the business case presented by Digital City had been thoroughly investigated and discussed and it had ultimately been determined to be a sound commercial venture and one that addressed other priorities, including social inclusion. The Leader of the Council assured the meeting that the decision had been made in accordance with Council policy and that consideration had been given to the level of consultation that might be undertaken in respect of the proposal but it was felt that the issue was one of competitive advantage, to make money for the taxpayers of Swindon, and that debate of the matter in a open forum would have increased the commercial risk.

The Chair invited members to put questions to the Leader of the Council, and the other Cabinet Members present, on the issue of the loan to Digital City (UK) Limited for the purposes of establishing a Wi-Fi network across the borough. Topics raised by members included:

- the failure of a similar scheme in Norwich
- the concept of partnerships between a local authority and a private sector companies
- the possibility of entering into an agreement for the provision of a wi-fi network with partners other than Digital City
- the decision of Cabinet at his meeting on 23rd July 2008 as the authority for entering into an agreement with Digital City
- the role and responsibility of the Council's Section 151 officer to re-invest the Councils surpluses in risk free investments

Further information on the subject of this report can be obtained from
Ian Willcox, Committee and Member Services on Direct Dial No. 463601 or Email
iwillcox@swindon.gov.uk

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- the role of the Performance Advisory Group and whether it should have been consulted regarding the Wi-Fi network proposal
- the unique nature of this proposal, the officers' analysis of the business case, and their confidence that the projected business levels would be met
- the reasons for not pursuing an earlier approach made by BT regarding a similar scheme
- the accommodation offered to Digital City and the assessment that this accommodation was "of no commercial value"
- data available regarding the take-up of a Wi-Fi scheme in Glastonbury and the validity of extrapolating that data to provide a comparative assessment of Digital City's business case
- the launch of the project in Highworth and the second phase "role out" in Central area
- broadband access as a major political issue and recognition of the importance of broadband accessibility for businesses in the South West Region
- the Government's "Digital Britain" imperative and the delivery of broadband access before its target of 2017
- the Council's investment in this scheme and people's concern that budgets elsewhere were having to be reduced to accommodate that investment
- Digital City as a new business entity and its experience of this kind of commercial venture

The Leader of the Council concluded the debate by commenting that he had no hesitation in saying that this action was being taken wholly in the interests of the Council and the residents of the Borough. He acknowledged that the decision to proceed was a "judgement call" by himself and the Cabinet and that it was Scrutiny's role to determine whether or not they had acted appropriately and within their delegated authority. Whilst he recognised members' concerns about the level of information made available to them regarding this venture, he hoped they would recognise that this had proven essential in order to maintain the commercial viability of the proposal.

The Chair thanked the Leader of the Council and the other Cabinet Members present, for their comments. The Director of Law and Democratic Services asked the Committee to confirm whether, having considered the matter, it was satisfied that due process had been followed by the Cabinet in reaching its decision to enter into a partnership agreement with Digital City (UK) Limited for the purposes of establishing a Wi-Fi network across the Borough of Swindon.

The Committee resolved that it was satisfied that due process has been followed by the Council in reaching the decision to enter into a partnership agreement with Digital City (UK) Limited for the purposes of establishing a Wi-Fi network across the Borough of Swindon.

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(Councillors Derique Montaut and Des Moffatt asked that their vote against the above Resolution be recorded in the Minutes).

c) Cabinet Member Question and Answer Session - Cabinet Member for Health, Housing and Adult Social Care

Councillor David Renard, Cabinet Member for Health, Housing and Adult Social Care was in attendance and responded to members' questions on issues within his portfolio of responsibility. The following issues were raised by members:

- the Maple Court Extracare facility and progress with the Council's programme for the modernisation of its care homes
- the Whitbourne specialist centre for dementia and proposals to turn Fessey House into a second dementia care facility
- the development of the Hawthorns Respite Care Centre and possibilities the development of the remainder of that site
- the commissioning of Dial-A-Ride and other transport service providers by Adult Social Care and the impact of a reduced Dial-A-Ride service on the continuing viability of the Council's drop-in centres
- the impact of the economic recession on the continuing viability of Enterprise Works
 - Energy II Supported Work Programme
- improvements in Adult Social Care and the effect of the positive result of the Government Inspection on staff morale
- the current status of Promise 42 ("We will create opportunities for low cost home ownership by building an average of 300 affordable homes each year. Priority will be given to Swindon's key workers and local residents and we will also encourage shared equity schemes") and the likelihood that this promise will be achieved within the given time period

The Chair thanked Councillor Renard for attending the meeting and for his full and open responses to Members' questions on service areas and issues within his portfolio of responsibility.

2. HEALTH SCRUTINY COMMITTEE

2.1 Meeting of 18th November 2009

a) The need for radiotherapy services for the Swindon population

The Committee received a report setting out the need for radiotherapy services in Swindon and the next steps necessary to meet that need. It was noted that cancer patients from Swindon currently had to travel to Oxford to receive their radiotherapy treatment and the main concern was to reduce this travelling time. Initial research

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indicated that the projected requirements of the catchment population for Swindon would justify establishing two linear accelerator machines here. Two machines would allow for routine maintenance down time but there was spare capacity within the area should there be any breakdowns or longer periods of maintenance required. However, there was a great deal of further research needed before a decision could be made on whether to proceed.

The Committee noted the report and gave its full support to the project, requesting that the PCT provide further reports as the project progressed.

b) Presentation on the Swindon PCT Strategic Refresh

The Committee received a presentation on the Swindon PCT Strategic Refresh. The presentation explained the steps taken and the principles involved in establishing a framework for determining priorities in the move towards greater integration of services and a more streamlined service provision.

c) Tuberculosis Services

The Committee received a report on the proposal to introduce a community based tuberculosis service in Swindon. It was noted that the number of cases in the town had doubled over the last five years so it was proposed to develop a service, alongside the hospital, to raise awareness and provide information on the disease. Many of those suffering from TB were recent immigrants, which was why a screening process would form part of the new service. Reference was made to the Cardiff arrangement for providing a service to those who found it difficult to take their medication regularly. However details of the arrangement were not known and it was agreed that further information would be ascertained and forwarded to the Scrutiny Officer.

The Committee endorsed and welcomed the improvement to the tuberculosis service noted that future changes to commissioned services as part of the transforming community services programme would be the subject of impact assessments to the Health Committee to determine whether the change constituted a substantial variation in service.

d) Urgent Care Services

The Committee received a report to provide an update on progress of the Urgent Care Programme of work. The Committee welcomed the update and noted that there had been a great deal of progress since the last report. Reference was made to the development of a single contact point through which appropriate care would be co-ordinated and people directed to the appropriate service. This facility was to be phased in and the Committee was advised that the process had already started.

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e) Swindon Dementia Strategy and Delivery Plan

The Committee received a report on the plans to address the National Dementia Strategy. Members noted and endorsed the report, particularly the effectiveness of both the arrangements for the early diagnosis of dementia and the support provided.

f) Dignity in Care Task Group Update

The Committee received an interim report on the work being undertaken by the Dignity in Care Task Group. Councillor Michael Bray, Chair of the Task Group, advised that the visit to the Great Western Hospital on 13 November had been very useful. It was noted that visits to care homes would continue through November and December and an invitation to visit the Victoria Centre was extended to the Task Group Group at the meeting. It was noted that a final report would be submitted to this Committee in February 2010.

3. CHILDREN AND YOUNG PEOPLE'S OVERVIEW AND SCRUTINY COMMITTEE

There were no meetings of the Children and Young People's Overview and Scrutiny Committee during this period.

4. ECONOMIC, ENVIRONMENTAL & SUSTAINABILITY OVERVIEW AND SCRUTINY COMMITTEE

4.1 Meeting of 29th October 2009

Review of the Arts Centre Task Group

The Cabinet Member for Culture, Regeneration and Economic Development, the Culture Programming Manager and the Culture Marketing Manager updated Members of this Committee on the current performance of the Arts Centre, including information about the proposal to move the Old Town Library into the Arts Centre, information about the consultant's review of the Arts Centre, including current and future marketing plans, and how the Arts Centre fits into the overall culture plans for Swindon.

The Cabinet Member for Culture, Regeneration and Economic Development outlined the proposals to close the existing Old Town library facility and to put it into the Arts Centre, creating a cultural hub for Old Town. A Capital bid had been submitted for the work as investment would be required and it was intended to start work in the new financial year, should the capital bid be successful. This would result in an improved service, larger floor area for various activities with new facilities including a café. Members of the Committee felt that it was important that work started soon as there was a sense of expectation in Old Town and the existing facility was not fit for

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purpose.

With regards to the Arts Centre itself, the executive summary of the consultants review was currently being written and the recommendations included:-

- Creating new day-time usage.
- Implementing on-line booking facilities
- A refreshment of the programme
- Integration of a café

The Culture Programming Manager confirmed that staff work across the Cultural Service in Swindon and that the best estimate of running the Arts Centre was approximately £200K with no budget increase anticipated in 2010/11. It was confirmed that a major benefit would be the introduction of on-line booking and it was hoped that this would be up and running within the first three months of 2010. Other initiatives included a re-vamped brochure, e-bulletins, using facebook and extending the opening hours of the box office.

The Arts Centre was not a commercial concern and it was important to provide a diverse programme of activities, especially where it was of benefit to the local communities. Members of the Committee felt that it was important to balance the range of activities between those that attracted large audiences and those that were of perceived benefit to the community, but with a smaller potential audience. It was not always possible to compete with other commercial venues, such as the cinemas, and the Council had a duty to promote its cultural strategy and therefore has to provide services and events that other venues don't provide.

Concern regarding the proposed establishment of a café was expressed by some Members of the Committee, especially its financial viability, bearing in mind the number of other cafes within the vicinity of the Arts Centre and the Cabinet Member for Culture, Regeneration and Economic Development was keen to learn from the experiences of other colleagues within the council who had worked in similar establishments.

The Chair expressed some concern about the low numbers of people who actually attend events at the Arts Centre and at the number of residents within his ward who were unaware of the existence of this venue. The Cabinet Member for Culture, Regeneration and Economic Development agreed that it may be possible to look at a more commercially focussed programme for the Arts Centre and that he would be keen to take this debate to a wider audience.

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4.2 Meeting of 10th December 2009**Town Centre Regeneration**

Nick Condor (Public Realm, New Swindon Company) presented the regeneration plans for Regent Street to Members of this Committee. These improvement works were being project managed by the New Swindon Company and were part funded by the Government's Growth Point Funds as well as additional funding from the South West Regional Development Agency. He explained that this was a brand new design and that the paving used would be the same as that used at Canal Wharf for which local suppliers were used. The sandstone used was pre-cured and pre-treated as it came out of the quarry and was the best product for protecting against damage caused by chewing gum. This would be a five year protected asset and utilities would only be able to dig the paving up for emergencies within this period, otherwise penalties would be incurred.

It was felt that it would be useful to have better signage outlining what was happening in the area. Nick Condor agreed to take this in board but advised that there were health and safety issues around where these signs were placed and that some shop keepers were reluctant to have any signage hiding their shop fronts.

As part of the regeneration plans, information would be provided about the history of the area, including information about the trams that were used and that work was ongoing with a gateway artist to provide some modern art in the area. It was also hoped that, by making improvements to the area, this would have a knock on effect to other organisations improving their buildings and Nationwide had already expressed an interest in participating in these plans.

The Director of Economic and Cultural Development advised that Cabinet had agreed to a merger taking place between New Swindon Company and the Economic Development Team and that this merger would provide a much more effective and holistic approach to the regeneration of Swindon. There was a more integrated and aggressive marketing message being put to potential developers and investors that Swindon was ready for regeneration when the economic climate improved and that Swindon did have a good reputation in its approach towards planning. The Cabinet Member for Sustainability, Transport and Strategic Planning added that it was important for the Council and New Swindon Company to act as enablers for any potential investors or developers and that they were working closely with the private sector to encourage development in Swindon. Talks were ongoing with some high profile restaurateurs about coming to Swindon and there was also potential to have boutique style shops in the town. It was important for Swindon to have its own feel and look and that people's aspirations of Swindon were lifted. Consideration was also been given to the road and attraction signage and the Cabinet Member for Sustainability, Transport and Strategic Planning advised that he would be more than

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happy to discuss this further with Councillors.

The nature of retailing had changed over the years and it was important to aim towards economic sustainability whilst acknowledging that funding was a major issue for all towns. Swindon's profile had been raised with projects such as Wi-Fi and twinning with Disney World and that this was good news for any property developers wishing to bring business into the town.

5. SAFER AND STRONGER COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE

5.1 Meeting of 3rd December 2009

a) Swindon Wiltshire Alcohol and Drug Service

Bill Carlton, Swindon Wiltshire Alcohol and Drug Service (SWADS) gave a presentation on the background to the formation and of the current work and projects undertaken by SWADS.

He referred to the Open Access Assessments Clinics and Support Groups, the Structured Day Programme, the affects of Psychological and Physical dependencies on Alcohol, Community Detoxification, Intervention Clinics for people drinking hazardously, Aftercare facilities including Arts and Recording Studios, and Project PASH

He answered questions and points of information raised by members of the Committee on the following topics:

- Financial Funding of SWADS
- The age groups using the SWADS service
- Sharing information with the Great Western Hospital (GWH), Safer Communities Partnership and Drug Reference Groups
- The interaction between drug and alcohol users
- The potential problems of selling alcohol at Council-run events
- The pricing of alcohol
- Binge-drinking
- Underage drinking
- Referrals from GP's
- The numbers of SWADS service users
- Licensing Issues
- Whether SWADS opening hours were user-friendly
- The consequences of taking the drug 'Anti-abuse'
- Promoting education of safe sensible drinking

b) Alcohol – Licensing

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Lionel Starling, the Council's Licensing Manager, gave a presentation concerning the link between Licensing and alcohol and the current practices that are in place in Swindon. He advised the Committee on the following matters:

- Meeting with Planning Officers to discuss the density of pubs in the Fleet Street area.
- Banning Orders
- Publicity campaigns highlighting the dangers of drinking to excess
- The urban myth of drink-spiking
- Plastic glasses only policy
- Proposals being considered for the Town Centre regeneration
- Taxing bad behaviour
- How the concentration of bars and pubs in one area can affect extended opening hours
- The restriction of availability of alcohol
- The importance of seating in bars and pubs.

c) Alcohol – Update on Events

Matthew Hibbert, the Strategic Development Manager for Substance Misuse gave a presentation on events that have taken place relating to alcohol and answered questions by members of the Committee about the work of the Community Safety department and the budget for commissioning treatment services. He referred to work undertaken by the Community Safety Partnership highlighting work carried out in relation to Alcohol Awareness, working with the Police and the Nighttime Economy. He provided feedback on the Alcohol Big Debate Event, and the initiatives taken as result, including: a follow up event scheduled for February 2010, the alcohol harm reduction strategy and this Committee's role in developing a new strategy.

The Committee agreed to setting up a Binge Drinking/Youth Drinking Task Group with the Children's Overview Committee and invited the Licensing Committee to set up a joint Task Group to conduct a review of licensing topics.

Members of the Committee also agreed to attend visits to the Accident and Emergency Unit at the Great Western Hospital and to accompany the Police.

Background Papers and Information

- Reports for all Scrutiny and Overview Committees and the related Minutes are available in full on the Committee and Member Information Pages of the Council's Intranet and Website (www.swindon.gov.uk) or on request from Committee and Member Services.

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Standards Committee Update

COUNCIL

Date: 14 January 2010

Purpose

- To receive a report on the work of the Committee in the period 15th September to 1st January 2010.

Recommendation and Minutes for Confirmation

- To note the proceedings of the Standards Committee held on 19th October 2009.

1. Standards Committee Meeting – 19th October 2009**a) Minutes**

The Committee approved its minutes from the meeting held on 13th July 2009. Further to Minute 5, the Monitoring Officer advised that a new Standards for England training DVD was now available on the local assessment of complaints and would be used for a future training session for the Committee. Further to Minute 9 (2), the Monitoring Officer confirmed that he had considered the timescales involved in the current Code of Conduct investigations and was assured that due to the circumstances of each case the time from complaint to investigation and hearing was reasonable, but assured the Committee that complaints would be dealt with, with appropriate speed and due process, to avoid Councillors and Parish Councillors having to wait excessively for the outcome of complaints made against them.

b) Members Planning Code of Good Practice

The Committee considered and approved the 'Swindon Borough Council – Members' Planning Code of Good Practice' as amended and following consultation, to take into account LGA Guidance Note 'Probity in Planning: the role of councillors and officers dealing with planning matters', subject to a typographical correction to the Declarations of Interest flowchart.

c) Ethical Framework Update

The Committee received an update on various matters relating to the Ethical Framework including:

- *Use of Resources Score and Notable Practice* - The Committee noted that the Council had achieved a Use of Resources score of 3, and took account in particular of the notable practice submission accepted in relation to Standards in Partnership.
- *Members Code of Conduct* – The Monitoring Officer advised that the new Members Code of Conduct was due next month and was expected to take effect from April 2010.
- *Consultation on Codes and Protocols* – The Committee agreed that the Monitoring Officer should consult with relevant stakeholders on the Monitoring Officer Protocol, Councillor Role Definitions, Media: Guidelines

Standards Committee Update

COUNCIL

Date: 14 January 2010

for Councillors and Protocol for Member/Officer Relations, as part of their regular review, and report back to the next suitable meeting of the Committee.

- *Outcomes from the Standards in Partnership Masterclass* – The Monitoring Officer advised that he was consulting with the Director of Policy and Performance on a draft action plan arising from the Masterclass, and would report back to the next suitable meeting with an update of ongoing action in relation to standards and probity within each of the partnership relationships. The Monitoring Officer tabled a Standards in Partnership Protocol from Manchester City Council which had been promoted at the Annual Assembly of Standards Committees and it was agreed that the revised action plan should take account of this protocol.
- *Public Perceptions of Ethics* – The Committee noted the outcomes of the two-year research into the public perceptions of ethics carried out by Standards for England, and comparator information collected locally as to the public perceptions of public services in general.
- *Standards Board Publications* – The Committee received the Standards for England Bulletin Issue 45.
- *Annual Assembly of Standards Committees* – The Monitoring Officer reported back on the key messages from the Annual Assembly held on 12th -13th October 2009. It was noted that all documentation was now published on the website, which could provide a resource for Members and standards committees.
- *Training Update* – The Committee received an update on the training undertaken since the last meeting by Members and Parish Councils in relation to ethical standards. A list of the number of Parish Clerks and Councillors having received training was included in the agenda. The Parish Councillors present advised that there had been some confusion providing this information as to whether this should include both training provided by the Monitoring Officer, and that undertaken independently, and therefore it was agreed that clarification be sought from Parish Councils and an updated version provided to the next meeting.

d) Case Study

The Committee explored an Appeals Tribunal decision from the Adjudication Panel for England made on 23rd June 2009, regarding a case concerning Councillor Michael Cox of the London Borough of Hillingdon, and discussed how they would have approached this case. It was agreed that this was a useful training exercise. It was agreed that for future case studies, the Monitoring Officer would remove the outcome of the case in order that the Committee could consider its own judgement before learning the actual decision.

e) Ethical Framework Compliance Update

The Committee noted an exempt report (under Paragraphs 1 and 2 of Schedule 12A to the Local Government Act 1972) concerning the progress and outcome of various ethical framework compliance matters, including current

Standards Committee Update**COUNCIL****Date: 14 January 2010**

whistleblowing, Code of Conduct Complaints and Member / Officer Protocol complaints. The Committee agreed that the next hearings panel that is required, should comprise five members of the Committee, excluding the three members who had sat on Assessment Sub-Committee and referred the complaint for investigation.

Background Papers and Information

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January 2010 Progress report and briefing note

Swindon BC

Audit 2009/1010

- Audit Commission descriptor to be inserted by Publishing-

Document Control

Author Peter Smith

Filename Progress report January 2010 (2).doc

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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Introduction

- 1 The purpose of this paper is to provide the Audit Committee with a report on progress in delivering our responsibilities as the Council's external auditor.
- 2 This update also seeks to highlight key emerging national issues and developments which may be of interest to members of the Committee.
- 3 At the end of this update are a number of questions which the Audit Committee may wish to consider in order to ensure that it has received sufficient assurance on the emerging issues.
- 4 If you require any additional information regarding the issues included within this briefing, please feel free to contact your District Auditor or member of the local audit team .

DRAFT

Audit progress summary

Area of work	Audit Plan reporting date	Date reported to Officers	Lead Officers	Date reported to Audit Committee	Comment
2009/10					
Audit fees letter	April 2009	April 2009	AC Peter Smith	June 2009	Fee letter sent to Chief Executive in April 2009. We will confirm the fee prior to commencing the opinion work.
Interim audit	April 2010 (if required)		SBC Darren Stevens/ Nick Hobbs AC Paul Benfield		System walkthroughs are completed for all material systems except fixed assets. Systems examined are adequately designed with controls which are operating. Controls testing to be undertaken in March to ascertain if controls are operating effectively. Significant control issues will be reported on an exception basis in April 2010. If no material issues are identified a summary of findings will be reported within the ISA 260

					governance report.
Connecting People connecting places	June 2010				Set up work is planned for January 2010, with on site work expected to be in March 2010 and a report available by the end of April 2010.
Use of Resources	July 2010		SBC Stuart Mckellar AC Peter Smith		Planning and initial documentation has been started, with discussions with officers planned for February to April 2010. Indicative scores will be submitted to the Audit Commission by 21st April 2010 with final submission for Quality Review process being the 30th July 2010.
Opinion fee review	May 2010		SBC Gavin Jones AC Peter Smith		Not yet started
Opinion	September 2010		SBC Stuart Mckellar AC Peter Smith		Not yet started Post statements audit testing to be undertaken in July - August 2010 Audit Committee date for approval of accounts has not yet been agreed.
VFM Conclusion	September 2010		SBC Stuart Mckellar AC Peter Smith		Not yet started

6 January 2010 Progress report and briefing note |

Annual Audit Letter	November 2010		SBC Stuart Mckellar AC Peter Smith		Not yet started
2010/11					
Audit Plan	March 2010		SBC Gavin Jones AC Peter Smith		Work is underway. to review the Council's internal risk registers to identify any significant changes to business risks affecting our Code responsibilities.

Briefing for January 2010

Protecting the Public Purse - Local government fighting fraud - checklist for audited bodies

On 15 September 2009 the Commission published Protecting the Public Purse: Local government fighting fraud. The Commission is committed to raising audited bodies' awareness of the issues and good practice highlighted within the publication, and in particular to encourage audited bodies to use the checklist within the report. We are reminding Audit Managers that they may wish to bring the report to the attention of audited bodies and in particular, audit committee members.

Comprehensive Area Assessment

The first Comprehensive Area Assessment (CAA) results was published on December 9th, the website has a shorter and friendlier name – oneplace.

Assessments look different: gone are the static scores using stars or league tables. Instead joint inspectorate teams will paint an overall picture of how well public services are tackling an area's problems and priorities.

Oneplace will help answer the simple question 'how well am I being served by local public services?' There will be jargon-free, easy-to-read accounts on every place in England, and links to detailed information from the independent inspectorates behind CAA - the Audit Commission, Ofsted, Care Quality Commission and Her Majesty's Inspectorates of Constabulary, Prisons and Probation. The oneplace site is user-focused - easy to navigate and understand.

Means to an end: Joint financing across health and social care

This Audit Commission's recent national report, *Means to an End*, reviews the joint financing and integrated care arrangements between NHS bodies and councils with adult social care responsibilities. It builds on our previous publication, *Clarifying joint financing arrangements*, that explained the practical implications and legislative framework for joint financing.

It considers how these arrangements are used, focusing on learning disability, mental health and older people - areas where service users most often need health and social care.

The report's key conclusion is that instead of concentrating on the mechanics of joint financing and partnership working, councils and the NHS should look at how their joint funding can improve people's lives.

Use of resources guidance published

To ensure continuity and comparability of scores, for the second year of the use of resources assessment, the overall framework and the key lines of enquiry have not changed. This consistency will allow auditors to take a more proportionate approach and build on evidence collected in the first year.

We have been updating the detailed guidance and some updates have already been published on our website. The remaining updates were published week commencing 11 January 2010.

Promoting health and well-being

The Audit Commission has developed a methodology to identify the issues an individual public sector body has in promoting health and well-being in the workplace, managing sickness absence and make recommendations for improvement. It is intended for use across health and local government organisations as a local study in local government or additional risk – based work in health, delivered under Advice and Assistance powers. It can do this by:

- supporting public sector organisations to link the management of sickness absence to efficiency, productivity and value for money through assessment and analysis of sickness absence; and by reporting on effective interventions and financial savings; and
- promoting and, where appropriate, supporting delivery of best practice to reduce sickness absence rates.

This work can be conducted in all public sector bodies.

Local council finances and the recession

The Audit Commission has published two reports so far on the impact of the recession on councils. Crunch Time was published in December 2008 and When it comes to the crunch in July 2009. These reports found that, as a result of the recession, council income had fallen, and expenditure in some areas had increased due to higher demand. The speed of change meant 70 per cent of councils had to amend their financial plans and budgets to balance their books.

When it comes to the crunch found that councils remain uncertain and concerned about levels of future funding. This is affecting their ability to respond locally to the recession now and their plans for the future. It also looked at what councils were doing to help their local economy and citizens deal with the recession. It suggested that councils would face further increases in recession related demand in future, linked to increases in longer term unemployment.

- The Audit Commission is now updating financial and demand information and looking in more detail at councils as contributors to the local job market. The aims of this research are to:
 - establish a balanced picture on how local authority finances and demand for services have been affected by the recession so far;
 - identify and comment on the differences in impact at local level;
 - identify and comment on the actions taken, particularly efficiencies, to address financial pressures; and
 - assess the resilience of council finances and the ability of councils to withstand future financial shocks.
- The research will address the following questions:
 - How is council income changing, especially compared to actual and predicted income before the recession?
 - How are costs changing, especially compared to expectations?
 - How is demand changing? To what extent is this recession related? Is the balance of expenditure between service areas changing?
 - How did councils balance their budgets in 2008/09; what changes have they made to ensure balance in 2009/10 and what are agreed future plans (if clear)?
 - How sensitive are different local economies to reductions in local public sector job opportunities?

Recent research in this area has relied on perceptions from surveys. Much of this research will be based on an analysis of available national data returns on local government finance and service demand, including the detailed local government financial returns for 2008/09 and estimates for 2009/10.

We wish to supplement the nationally available data with discussions in a sample of councils who have different financial profiles and so will have been differentially affected by the economic downturn to date – for example, some who are more or less reliant on Council tax income, fees and charges and/or income from investments. This will be through an auditor led questionnaire on aspects of income, demand and associated budget changes. This will give a clearer indication of whether changes in finance and demand identified from 2008/09 data are continuing. It may identify new issues.

Strategic Fraud Update

AUDIT COMMITTEE

Date: 26th January 2010

Author: Head of Internal Audit

Wards Affected: None

Purpose

This report provides an update of current developments in respect of fraud against the public sector and how we are responding to them at Swindon Borough Council.

Recommendations

- It is recommended that the contents of the report be noted.
- Members are asked to consider the robustness of the counter-fraud arrangements in the Council and how effective they are.

1 Reasons

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 The pro-active anti-fraud work of both Internal Audit and the Benefits Fraud Team contributes to this assurance framework.
- 1.3 Anti-fraud and corruption work is included as a sub-theme of the Use of Resources Assessment.

2 Detail

2.1 Introduction

- 2.1.1 There has been a number of developments regarding fraud in the public sector which have, in the last year, considerably raised the profile of how organisations tackle fraud. The purpose of this report is to advise the Committee of these developments and how Internal Audit and the Benefits Fraud Team are responding to them.

2.2. Fraud Review and the National Fraud Authority

- 2.2.1 In 2006, the new Fraud Act came into effect and the Government published the findings from its Fraud Review - a development which aims to reduce the harmful effects of fraud on the UK economy and society by means of a co-

Further information on the subject of this report can be obtained from Nick Hobbs on Direct Dial No. 01793 463940 or email nhobbs@swindon.gov.uk

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ordinated and strategic approach. It encourages public and private sectors to work together in tackling fraud and makes a considerable number of recommendations including the creation of the National Fraud Authority (NFA) in 2008 and publication of a National Fraud Strategy that was issued in March 2009.

- 2.2.2 The NFA has a key aim of co-ordinating activity across the whole economy to make the UK a 'hostile environment for fraudsters'. Their priorities include building and sharing knowledge about fraud, tackling the most serious and harmful threats, developing strategies to disrupt fraudsters, supporting victims of fraud and improving the UK's long term capability to prevent fraud.
- 2.2.3 Current focuses of the NFA that affect the public sector include detailed reviews on identity fraud and the impact that the recession is having on the level and type of fraud being committed.

2.3. Audit Commission Report - Protecting the Public Purse - Local Government Fighting Fraud (September 2009)

- 2.3.1 This Audit Commission national report sets out their most recent findings resulting from their National Fraud Initiative (NFI) Data Matching exercise. The Commission acknowledge that there have been improvements in the efforts made in the public sector to strengthen measures to tackle fraud including:
- improving national frameworks and strategic partnerships with public and private sectors working together in the fight against fraud
 - a general improvement in governance arrangements in local authorities with most Council's now having Audit Committees
 - external audit review of Councils' counter-fraud arrangements as part of the Use of Resources assessment
 - improved data-matching capabilities in an effort to detect fraud.

Areas for attention

- 2.3.2 However, there are three specific areas that the Commission report as often not being adequately addressed at a local level. These are:

(1) Housing Tenancy Fraud

Housing tenancy fraud is the occupation of social housing by those who are not entitled to it. This mainly results from false applications for housing, tenancy succession fraud where the property is no longer occupied by the original tenant and illegal sub-letting of Council property. The report recognises that whilst rent is still receivable by the landlord in respect of their property, other impacts of this type of fraud include the

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social impact of limited permanent housing solutions as well as the associated indirect costs e.g. re-housing families in temporary accommodation who are awaiting allocation of Council accommodation.

The Audit Commission clearly view tenancy fraud as a significant area of concern and for the first time have provided funding for participation in a new element of NFI matching which draws together data from across the social landlord sector.

(2) Local Taxation - Single Person's Discount Fraud

The Commission's report advises that nationally Councils have noticed a sharp increase in the number of people claiming SPD and in the number of fraudulent claims for it. The report also identifies that whilst councils do recover current years discounts if they are found to be fraudulent, previous year entitlements are not always recovered - the Commission reports that back-dating recovery to the time the fraud started can have significant financial as well as deterrent effect.

The Council submitted data in 2009 and received 1,696 matches where a person was claiming/being awarded Council Tax Single Person Discount and more than one adult was registered on Electoral Registration system at the same property. There were also 303 matches relating to rising eighteen year olds. Of these matches 1,515 have been processed of which 54 were found to be fraudulent and a further 255 were errors. The resulting saving, to date, is £136,723.38.

Data sets will be submitted to the Commission again in January 2010. The results are awaited and anticipated in March 2010. Local Taxation staff will be advised of this latest advice from the Audit Commission regarding recovering of previous year discounts.

(3) Recruitment Fraud

Their report warns of the dangers of employing people in posts when the applicant's identity, qualifications, previous job history and criminal record status has not been thoroughly checked. Possible consequences of such practice include the risk of harm to vulnerable people, employment with no right to work in the UK, cost of re-recruiting and training staff, costs of disciplinary action/suspension and dismissal, high levels of absence, low performance and fraudulent losses.

Internal Audit is currently reviewing the Council's recruitment vetting procedures and benchmarking these with both best practice guidance (Internal Audit have also visited Waltham Forest Council to look at their vetting procedures) and good practice adopted elsewhere, via the West of England Chief Auditors' Fraud Sub Group.

Impact of the Recession

- 2.3.3 The Commission report also focuses on the impact the recession is having on the risk of fraud and concludes that the risk of fraud is likely to increase because of current pressures in the economy. Higher demand for local authority services coupled with financial cut backs and efficiency drives may increase the incentive for some people to commit fraud at the same time as weakening controls which prevent, or detect fraud. It is therefore vital that councils maintain strong and efficient defences against fraud to address this increased risk.
- 2.3.4 Internal Audit is currently drafting a fraud risk assessment methodology that will support the current pro-active fraud-testing programme. This risk assessment methodology will be based on best practice and include a review of the impact of fraud in the current economic climate. Key managers across the Council will be consulted to ensure they engage with the need to manage effectively the fraud risks faced in their Directorate and ensure it provides a sound basis for pro-active fraud work in Internal Audit.
- 2.3.5 Additionally, the Audit Committee should consider the merits of maintaining at least the current level of Internal Audit resource at this time of economic downturn.
- 2.3.6 In the light of the above, careful consideration needs to be given to the level of Internal Audit resource that can and should be dedicated to fraud work in 2010.

Staying focussed

- 2.3.7 The report also identifies several areas which could have significant financial or social impact if fraud occurs and recommends that councils should continue to remain focussed and review their arrangements to prevent fraud in these areas. They are:
- Housing and Council Tax Benefit - due to the level of expenditure and level of identified overpayments made (fraudulent and otherwise) and the withdrawal of incentive schemes that have previously funded dedicated counter fraud teams in this area (see also paragraph 2.7 below).
 - Procurement - due to the level of expenditure and intelligence about the level and type of fraud in this area available to the Commission.
 - Social Care Direct Payments - the Commission acknowledge the significance associated with improved choice but also recognise that this might also provide fraudsters with an opportunity to misuse public funds.
 - Disabled Parking Badge Concessions - due to the number of blue badges in use in England (about 2.3million) and their research that they are worth approximately £500 each on the black market. Income losses for Councils

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results as well as genuine holders of such badges being denied the parking facilities they are entitled to.

- Insurance Claims - due to the level of bogus/inflated claims made - the UK insurance industry estimates that it loses more than £1.9 billion each year to this type of fraud.
- Abuse of Position - the report recognises that local government officers are overwhelmingly honest however some serious frauds had been reported where weak internal controls had allowed individuals to abuse the trust placed in them.

Minimising Fraud Opportunities

2.3.8 The report concludes that there is more that councils can do to minimise fraud opportunities including:

- assessing the effectiveness of current arrangements to prevent and detect fraud. A checklist is appended to the Audit Commission's report and it is recommended that the Audit Committee consider the robustness of counter-fraud arrangements in the Council and how effective they are. The checklist has been reproduced at Appendix 1 along with relevant comments.
- focussing on high risks (the Council's approach to the high risk areas is detailed above and in the checklist).
- setting clear targets and monitoring the return from their investment in counter-fraud resources. With the exception of housing benefit fraud, setting such targets is difficult. We will liaise with colleagues in other authorities to try and establish best practice.
- working with other organisations to reduce fraud and the harm it causes. Again, it is intended to raise this as an area for consideration by the West of England Chief Auditors' Fraud Group to ensure the Council engages best practice in this area.

2.4. Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance - Managing the Risk of Fraud - Red Book 2

2.4.1 Recognised by the Audit Commission as one of the most authoritative sources of guidance on countering fraud in the public sector, this addresses good practice in five key action areas as follows:

- adopting the right strategy - specifically, ensuring local strategies align to the national fraud strategy and contribute to its success.
- accurately identifying the risks - the Commission is re-introducing an annual fraud survey to provide a base to assist in fraud measurement and analysis

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- creating and maintaining a strong structure - the Commission recognises the benefit of an effective Audit Committee in countering fraud as well as the advantages of working with others in a collaborative and concerted way.
- taking action to tackle the problem - the Commission's report advises that a strong counter fraud culture is fundamental to reduce the harm caused by fraud and in gaining public confidence. Anti-fraud, whistleblowing and money laundering policies should be reviewed and policy commitments in relation to counter fraud translate into action.
- defining success - the Commission stress the need for counter-fraud teams to demonstrate their practical effectiveness and the contribution they make to preventing and detecting fraud by having clear targets and expected outcomes.

2.4.2 A gap analysis of best practice suggested by the Cipfa Red Book against the Council's current practice is currently being completed. Any necessary actions identified as a result of this work will be reported to the Audit Committee at a later date.

2.5. National Fraud Initiative (data submitted in 2009, matches investigated 2010)

2.5.1 The Council, via Internal Audit, has again participated in the Audit Commission's National Fraud Initiative (NFI) as part of the statutory external audit requirements. The NFI brings together data from across the public sector including local authorities, NHS, the Home Office/other government departments and other agencies to detect "matches" i.e. anomalies in the data which may or may not be indicative of fraud, for further investigation.

2.5.2 Since its launch in 1996, the NFI is reported to have identified fraud and overpayments totalling in excess of £450 million nationally.

2.5.3 For the 2008/09 exercise, data sets in respect of the following sources were nationally obtained and matched:

- Housing Benefit
- Housing Tenancy
- Student Loans
- Payroll
- Illegal immigrants
- Individuals with no recourse to public funds
- Pensions
- Licence holders - Taxi Drivers, Market Traders and Alcohol

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- Blue Badge Records
- Deceased persons
- Concessionary fares
- Residential Care
- Insurance
- Creditor Records

2.5.4 An update on the progress made in investigating matches was reported to the previous meeting of the Committee (see also 2.3.2(2) above). A further update will be provided at the March meeting.

2.5.5 The Audit Commission intend to release their overall report of outcomes from NFI 2008/09 in May 2010 and have extended this to the two interim matches regarding tenancies and local taxation discounts. In November 2009, the Audit Commission released their proposed work programme and scale of fees for NFI 2010. This will be confirmed in March 2010 with full instructions received during June 2010 and proposed data download dates in October 2010.

2.6 Other Fraud Matters:

Use of Resources assessment 2008/09

2.6.1 The Use of Resources assessment contains ten separate themes, one of which is 'Internal Control' (2.4). Within this theme there is a sub-theme that examines whether the Council has 'A clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption'. The Audit Commission reported in their Use of Resources assessment for 2008/09 that the theme of 2.4 scored a three (out of a maximum of four) indicating that the Council was performing well in this area.

2.6.2 The 2009/10 Use of Resources assessment will be carried out during February and March 2010.

Raising Awareness of Fraud

2.6.3 Several initiatives continue in an attempt to raise awareness of fraud issues. For staff, there is a quarterly fraud bulletin that aims to alert them to current fraud issues and provide examples of real frauds that have taken place within the region.

2.6.3 Regular use of the Council's Core Brief is used to raise staff awareness of the Council's anti-fraud and corruption strategy and whistleblowing policy.

2.6.4 Internal Audit staff continues to make use of fraud awareness groups, both nationally and regionally, to maintain an awareness of frauds occurring that could

Further information on the subject of this report can be obtained from Nick Hobbs on Direct Dial No. 01793 463940 or email nhobbs@swindon.gov.uk

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affect the Council. Additionally, the Groups often share best practice in the fight against fraud. Specifically, Internal Audit is an active member of the National Anti-fraud Network (NAFN), the West of England Fraud Group and the CIPFA Better Governance fraud forum.

- 2.6.5 Internal Audit are rolling out a series of Fraud Awareness sessions for management teams concentrating on areas that the staff survey indicated had lower confidence levels in the Whistleblowing process.

Fraud Benchmarking and Fraud Statistics

- 2.6.6 The annual Audit Commission survey was completed and submitted in December 2009. The survey will be used as an additional source of information to inform Internal Audit's proactive fraud work.
- 2.6.7 In January 2009, the West of England Fraud Sub Group will be conducting a fraud benchmarking exercise that concentrates on identifying and comparing numbers and types of fraud and the amount of time spend on anti-fraud activities. This will help to inform the Council's own assessment of fraud risk as well as give an indication of the effectiveness of our anti-fraud arrangements. The outcome of this benchmarking will be reported back to a future meeting of this committee.
- 2.6.8 The following summary provides a brief summary of the levels of investigations undertaken by Internal Audit over the past few years.

	2007/08	2008/09	2009/10 (to Dec 09)
No. of Whistleblowing investigations	5	3	9
No. of other investigations	10	12	10
Total	15	15	19

Investigations Procedure Review

- 2.6.9 Work is in progress with the Western Unitaries Audit Group (Bristol, Bath and North East Somerset, South Gloucestershire, North Somerset and Swindon) to develop a best practice approach for Internal Audit staff when investigating potential fraud. Once it is finalised it will include procedures and documentation to ensure legal and best practice requirements are met during investigative work.

2.7 Future Action

- 2.7.1 Future action regarding anti-fraud and corruption work will be included in the updated Anti-Fraud and Corruption Strategy that will be presented at the March meeting of the Committee and in the annual audit plan.

Further information on the subject of this report can be obtained from Nick Hobbs on Direct Dial No. 01793 463940 or email nhobbs@swindon.gov.uk

Strategic Fraud Update

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Date: 26th January 2010

2.8 Benefits Fraud Team

- 2.8.1 The Benefit Fraud Team consists of 6 members made up of a Manager, Senior Investigator, 3 Investigators and a Technical Support Officer. Currently the Investigators are a Contract Investigator and a Trainee Investigator, leaving one full time investigator.
- 2.8.2 The Team investigates allegations of irregularity in the claims submitted from persons in receipt of Housing and Council Tax Benefit. These referrals come from a variety of sources, phone calls, letters, email, personal reports, and data matches from HBMS and the Audit Commission National Fraud Initiative. A proportion of the investigations involve joint working with the Fraud Team from Jobcentre Plus.
- 2.8.3 Following the receipt of a referral there are office-based checks made both with in-house systems and the use of 'legal Gateways' with external agencies. The foremost of these being the National Anti-Fraud Network.
- 2.8.4 Once it has been established that a potential offence has been made the claimant is invited to attend an Interview under caution. This is a formal tape-recorded interview conducted in the same manner as the Police or other Law Enforcement Agencies. As the result of that interview a decision is made as to the disposal of the referral.
- 2.8.5 The Benefit Fraud Team follows guidelines set down by the Department for Work Pensions as to Sanctions and Prosecutions. Depending on the financial loss to the Authority one of three Sanctions can be administered. Two are alternatives to Prosecution, which are Formal Cautions and Administrative Penalties. In the latter case the claimant is asked to accept a 'fine' of 30% of the total overpayment. In both cases the claimant does not receive a Criminal Record. Prosecutions are sought only for the more serious or high profile cases. A file of evidence is prepared and forwarded to the Solicitors Branch of the Department for Work and Pensions who will prosecute on behalf of the Council through the Criminal justice system.
- 2.8.6 Since 1 April 2009 to the present date the Benefit Fraud Team has identified overpayments of Housing and Council Tax Benefit totalling £140,791. This is made up of 5 Prosecutions, 13 Administrative Penalties and 22 Formal Cautions.
- 2.8.7 There have been 533 referrals made to the Team since the 1 April 2009
- 2.8.8 The Fraud Manager is also an accredited Financial Investigator. This enables investigations to be conducted under the Proceeds of Crime Act 2003 to recover monies from criminal activity. There are a number of cases that are being prepared for submission to the Crown Court for Confiscation Orders to be made.

Strategic Fraud Update

AUDIT COMMITTEE

Date: 26th January 2010

Alternative Options

Not Applicable

Risk Management

Financial and Procurement Implications

There are no direct financial implications arising from this report however individual audit reports address the suitability of internal controls within the systems examined.

Legal/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Internal Control, Audit Committee and the Statement on Internal Control all feature significantly in the CPA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Benefits Counter Fraud Manager

Appendices / Background papers

Appendix 1 – checklist taken for the Audit Commission publication: Protecting the Public Purse

Key Decision/Decision in Forward Plan

Not Applicable

Audit Commission - Protecting the Public Purse - Local Government Fighting Fraud
September 2009

Checklist For Those Responsible for Governance

		Yes	No	In Part	Arrangements/ Action
General					
1	Have we committed ourselves to zero tolerance?	✓			Anti-fraud and Corruption strategy sets out zero tolerance and the strategy is referred to in Financial Regulations. No specific mention of zero tolerance in the Code of Conduct.
2	Do we have appropriate strategies, policies and plans?	✓			Whistleblowing Policy, Anti-fraud and Corruption Strategy; and Money Laundering Policy are all in place.
3	Do we have dedicated counter-fraud resources?	✓			Benefits Fraud Team is a dedicated resource in the benefit fraud area. Internal Audit team has proactive and reactive resource allocations but not specific to individuals.
4	Do the resources cover all of the activities of our organisation?	✓			Internal Audit resources will cover all activities outside Benefit Fraud.
5	Do we receive regular reports on fraud risks, plans and outcomes?	✓			Reports on progress against Whistleblowing cases reported to each Standards Committee. Ad-hoc reports to Audit Committee. Benefits Fraud Team report to Members Monitoring Group. Audit Committee approve the Internal Audit and the Head of Internal Audit's Annual report.
6	Have we assessed our management of counter-fraud resources against good practice?	✓			Further work being undertaken via assessment of the CIPFA 'Red Book' (jointly with the West of England Chief Auditors' Fraud Group). CAA Use of Resources includes such a review and concluded positively (score of 3 for internal control theme).
7	Do we raise awareness of fraud risks with: <ul style="list-style-type: none"> new staff (including agency staff)? existing staff? Members? 	 		 	Starters checklist refers to Council's whistleblowing policy although nothing specific on fraud. Fraud bulletins issued quarterly and in core briefs.
8	Do we join in appropriately with national, regional and local networks and partnerships to ensure we are up to date with current fraud risks and issues?	✓			NAFN, West of England Chief Auditors Group and Fraud Sub-Group, CIPFA Better Governance Forum. Western Unitaries Chief Internal Auditors Group.

		Yes	No	In Part	Arrangements/ Action
9	Do we have working arrangements with relevant organisations to ensure effective sharing of knowledge and data about fraud?	✓			As 8 above.
10	Do we identify areas where internal controls may not be performing as intended?	✓			As part of Internal Audit planned audits and if fraud experienced.
11	Do we maximise the benefit of our participation in the Audit Commission NFI and receive reports on outcomes?	✓			See section 2.5 of the main report.
Fighting Fraud in the Recession					
12	Have we reassessed our fraud risks because of the recession?			✓	In progress.
13	Have we amended our counter-fraud action plan as a result?			✓	In progress.
14	Have we reallocated staffing as a result?			✓	Audit plan for 2010 will consider any change in resource requirements.
Some Current Risks and Issues					
15	Do we take effective action to ensure that social housing is allocated only to those in need?			✓	Work in progress on NFI tenancy match and results of this work will inform this assessment. Choice Based Lettings audit to be followed up.
16	Do we take effective action to ensure that social housing is occupied by those to whom it is allocated?			✓	As above.
17	Are we satisfied that payment controls are working as intended?	✓			Creditors audits suggest controls are satisfactory.
18	Have we reviewed our contract letting procedures against the good practice guidance issued by the office of fair trading?			✓	OFT guidance has not been reviewed. However, procedures are reviewed in light of any legal guidance or best practice issued by the Office of Government Commerce.
19	Are we satisfied that our recruitment procedures are: <ul style="list-style-type: none"> preventing employment of people working under false identities? Validating employment references effectively? Ensuring applicants are eligible to work in the UK? 			✓ ✓ ✓	Current audit of starters and leavers will establish current Council procedures. Currently benchmarking our procedures against best practice and the West of England fraud group. Actions identified from this work to be reported to the Director of HR and Change.
20	Where we are moving to direct payments (for example, social care) have we introduced suitable and proportionate control arrangements in line with			✓	Internal Audit have been providing advice around direct payments and supplied a risk-based checking grid.

		Yes	No	In Part	Arrangements/ Action
	recommended practice?				
21	Are we effectively controlling the discounts and allowances we give to council tax payers?			✓	Liaising with Directorate staff to review the arrangements. NFI hits on SPD have resulted in savings of £136k – see 2.3.2 (2) of main report.
22	Are we satisfied that we are doing all that we can to tackle housing and council tax benefit fraud?	✓			HB Fraud Team work.
23	Do we have a reporting mechanism that encourages our staff to raise their concerns of money laundering?	✓			Money Laundering Policy and reporting procedure in place
Other Actions Recommended not Covered by the Above Checklist:					
A	Councils should consider whether they have properly vetted staff already in post and take appropriate and risk-based action.		✓		Working with the West of England Fraud Group to determine good practice.
B	Councils should test their whistle-blowing arrangements against good practice guidance and ensure staff understand and trust them.	✓			Policy is in line with the British Standard. Will review in light of any findings from the review of the CIPFA Red Book and Audit Commission Guidance.
C	Councils should set clear targets and expected outcomes for the work of counter fraud teams.			✓	No targets set. Will liaise with colleagues from the West of England Chief Auditors' Fraud Group to try and establish best practice.

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Anti-Fraud & Corruption Strategy and Whistleblowing Procedure

Audit Committee

26 January 2010

Author: Monitoring Officer and
Head of Internal Audit

Parish / Wards Affected: All

Purpose

To inform Members that the Monitoring Officer and Head of Internal Audit will be reviewing the Anti-Fraud and Corruption Strategy, Whistleblowing Policy and Fraud Response Plan in consultation with relevant parties. Any comments from Members on the Strategy and associated documents would be welcome

Recommendation

- That Audit Committee review the strategy, whistleblowing policy and fraud response plan and make any recommendations regarding any necessary changes.

1. Reasons

- 1.1 To ensure that the Council's Policies on Anti-Fraud and Corruption and Whistleblowing are up-to-date and reflect best practice.
- 1.2 To ensure that Members and officers are made aware of how to identify the types of fraud, how it occurs, indicators of potential fraud and how to respond if it is discovered.

2. Detail

- 2.1 The Council controls millions of pounds of public money and takes very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Council are subject.
- 2.2 In carrying out its functions and responsibilities the Council wishes to promote a culture of openness and fairness and expects that elected members and employees at all levels will adopt the highest standards of propriety and accountability. The Council also wishes to promote a zero-tolerance to fraud and corruption. Proper accountability, achieved through probity, internal control and honest administration is therefore essential.
- 2.3 The Anti-Fraud and Corruption Strategy sets out measures designed to frustrate any attempted fraudulent or corrupt acts and the steps to be taken if such action occurs.

Further information on the subject of this report can be obtained from Nick Hobbs on 01793 463940 or Email nhobbs@swindon.gov.uk

Anti-Fraud & Corruption Strategy and Whistleblowing Procedure

Audit Committee

26 January 2010

-
- 2.4 The Council's Whistleblowing Policy supports the Strategy and makes it clear that concerns can be raised without the fear of reprisals. It is intended to encourage and enable employees, Members and Governors to raise serious concerns within the Council, irrespective of seniority, rank or status, rather than overlooking a problem or reporting the matter externally.
- 2.5 The Internal Audit section have also developed a Fraud Response Plan and Fraud Awareness Guide that is being rolled out to relevant Members and staff during 2010.
- 2.6 All of the above documents are attached as appendices.
- 2.7 Internal Audit is also working closely with colleagues in Bristol, South Gloucestershire, Bath and North East Somerset and North Somerset to develop a Fraud Investigation toolkit. Once drafted this will also be brought to a future meeting of Standards Committee.
- 2.8 The Monitoring Officer and the Head of Internal Audit will be reviewing these documents in consultation with relevant parties and will report back to the next meeting of this Committee on the findings of the review.

Alternative Options

None

Risk Management

Financial and Procurement Implications

- There are no direct financial or procurement implications. The cost of carrying out any investigations is currently borne by the Monitoring Officer or Internal Audit's budget.

Legal / Human Rights Implications

- The policies and procedures have been written to take account of the Public Interest Disclosure Act 1998 and takes account of other relevant legislation such as the Regulation of Investigatory Powers Act 2000, the Local Government Act 1972 and the Accounts and Audit Regulations 2003.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- The outcome of complaints links with the theme 'Council for the Future' and the wish to improve the Council's performance and ensure that the Council's corporate governance system are considered to be accountable, effective and transparent (Objective 1).

Further information on the subject of this report can be obtained from Nick Hobbs on 01793 463940 or Email nhobbs@swindon.gov.uk

Anti-Fraud & Corruption Strategy and Whistleblowing Procedure

Audit Committee

26 January 2010

Consultees

- The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

Background Papers and Appendices

- Appendix 1: Anti-Fraud and Corruption Strategy
- Appendix 2: Whistleblowing Policy
- Appendix 3: Fraud Response Plan

Further information on the subject of this report can be obtained from Nick Hobbs on 01793 463940 or Email nhobbs@swindon.gov.uk

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SWINDON BOROUGH COUNCIL

ANTI-FRAUD AND CORRUPTION STRATEGY

Reviewed: January 2009



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INTRODUCTION

Swindon Borough Council controls millions of pounds of public money and takes very seriously the high expectations of the public and the degree of scrutiny to which the affairs of the Council are subject.

In carrying out its functions and responsibilities the Council wishes to promote a culture of openness and fairness and expects that elected members and employees at all levels will adopt the highest standards of propriety and accountability. Proper accountability, achieved through probity, internal control and honest administration is therefore essential.

Although the Council has a good reputation for integrity and honesty things may go wrong and, in case they do, we must have procedures for combating fraudulent or improper attempts to obtain assets or services.

The Council needs to maintain constant vigilance in order to safeguard the resources to which we are entrusted and protect our reputation. We must raise awareness, deter and identify fraud and, at the same time, provide mechanisms for employees to raise legitimate concerns when they feel justified, hence, the need for this strategy.

The principle outlined in this strategy apply to Members and all employees of the Council including school based staff and they demonstrate, to the community of Swindon, our commitment to the prevention, detection and investigation of all forms of fraud and corruption wherever it is found.

The Council also expects the same level of commitment from all outside individuals and organisations, including partners and contractors and claimants ensuring that they act towards the Council with honesty and integrity.

LINKS TO STRATEGIC OBJECTIVES

The Council has adopted a Corporate Plan for the period 2006/10. This is called 'Making Swindon the UK's Best Business Location'. The plan identifies seven corporate priorities for this period of which three are partly dependent on strong anti-fraud and corruption arrangements i.e.

- **To deliver excellent services** – there is a continuing drive towards ensuring people from all of Swindon's communities experience excellent services.
- **To transform the performance and effectiveness of the organisation** – the Council is focussing on service excellence, customer first, modern workforce and value for money.
- **To make the best use of resources** – through a programme of efficiency reviews, implementing a new value for money programme and benchmarking of costs, quality and effectiveness.

Delivering excellent services requires obtaining value for money and ensuring that there are strong arrangements in place to combat fraud and corruption so that public confidence in the Council is maintained.

WHAT ARE FRAUD AND CORRUPTION

Fraud – the Fraud Act 2006 establishes a new general offence of fraud that can be committed in three ways – by false representation, by failing to disclose information and by abuse of position. It also establishes a number of specific offences to assist in the fight against fraud – these include an offence of possessing articles for use in fraud and an offence of making or supplying articles for use in fraud.

- Fraud by false representation: a person is in breach of this section if this is done dishonestly and there is intent, by making the representation, to make a gain for himself or another; or to cause or expose the risk of loss to another.
- Fraud by failing to disclose information: a person is in breach of this section if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose; and intends by failing to do so, make a gain for himself or another; or to cause or expose the risk of loss to another.
- Fraud by abuse of position: a person is in breach of this section if he occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person; dishonestly abuses that position with the intention to make a gain for himself or another; or to cause or expose the risk of loss to another.

Theft is defined in the 1968 Theft Act, as ‘a person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it’.

Corruption – is the offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the audited body, its members or officers.

OBJECTIVES OF THE STRATEGY

The Council's objectives for its Anti-Fraud Strategy for 2008-2011 are to maintain minimal losses through fraud and corruption and embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Fraud Standards that state that the foundations of an effective anti-fraud framework comprise five key elements:

- Adopting the right strategy
- Accurately identifying the risks
- Creating and maintaining a strong structure
- Taking action to tackle the problem
- Defining success

The next section of this strategy document outlines each of the CIPFA fraud standards and assesses how each of these will be delivered. Key activities that will be taken forward in the Action plan for 2008-2011 are highlighted; the Action plan also includes actions that seek to introduce other elements of best practice from the Use of Resources Key Lines of Enquiry for 2008 and 2009 and other local authorities.

ADOPTING THE RIGHT STRATEGY

To reduce losses to fraud and corruption to an absolute minimum, a strategic approach is required with a clear remit covering all areas of fraud and corruption affecting the organisation. The Council's anti-fraud and corruption strategy is linked to its strategic objectives and describes outcomes against which to evaluate its effectiveness. The strategy meets the requirements of the Use of Resources Key Line of Enquiry for 2009 and also the Cipfa Better Governance Forum guidance 'Managing the risk of Fraud: actions to counter fraud and corruption'. The strategy has also been updated to reflect the changes introduced by the Fraud Act 2006.

The Council's Whistleblowing Policy, which is an appendix to this strategy, also complies with best practice and the British Standard on Whistleblowing.

The Council adopts a zero tolerance to acts of fraud and corruption and will pursue in accordance with the 'Sanctions and Redress' section of this strategy.

Additionally, there needs to be a clear understanding of the importance of the links between policy work (to develop an anti-fraud and corruption culture, create a strong deterrent effect and prevent fraud and corruption by designing and redesigning policies and systems) and operational work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where they are found).

The temptation may be to 'pick and choose' actions. However, the full range of integrated action must be taken forward with the organisation's focus clearly on outcomes (i.e. reduced losses) and not just activity (i.e. the number of investigations, prosecutions, etc).

ACCURATELY IDENTIFYING THE RISKS

Measuring the level of illicit activity is inherently difficult, however this must be done where practicable. Through measuring the problem of fraud and learning from where it is detected and how systems are penetrated, we can gain knowledge of where it is necessary to strengthen or introduce systems.

Both Internal Audit and the Council's Housing Benefits Fraud Team carry out pro-active counter fraud and corruption work, based on an assessment of risk. Measuring the potential risk exposure will be key to developing this informed approach.

Internal Audit is a member of the West of England Chief Auditors Group and is an active member of the Fraud sub-group. The Fraud sub-group allows for the exchange of best practice, experiences of recent frauds/scams, shared training programmes and the opportunity to benchmark etc. This is a valuable source of information in identifying the risks of fraud.

The Council is also a member of the Cipfa Better Governance Forum that issues guidance, best practice etc. in the area of counter fraud and corruption arrangements. The Forum issues weekly newsletters that identifies potential risk issues and has also developed a training programme that covers counter fraud issues.

CREATING AND MAINTAINING A STRONG STRUCTURE

Authority

The responsibility for an anti-fraud culture is the joint duty of all those involved in giving political direction, determining policy and management. The Standards Committee and the Audit Committee are key member forums for ensuring sufficient authority is given to anti-fraud activity.

Corporate Board own the fraud strategy and are responsible for ensuring a strong counter fraud culture within their Group Directorates, and that staff accept that they are responsible for preventing and detecting fraud and corruption.

All Group Directors and Directors are required to sign annual governance assurance statements that include reference to the assessment of the risk of fraud and internal control arrangements within their directorates.

In order for the Council to deal robustly and effectively with suspected incidents of fraud, those responsible for investigating matters must be fully supported by all officers.

Culture

The Audit Commission, in its annual survey and report on fraud and corruption in the Public Sector ("Protecting the Public Purse"), has highlighted the need for Members and senior officers to create an anti-fraud culture and environment within the organisation. The fight against fraud and corruption can only truly be effective where these acts are seen as anti-social, unacceptable behaviour and Whistleblowing is perceived as a public-spirited action.

The culture of the Council is one of openness and the Council is committed to sound corporate governance, and supports the general principles as set out in The Relevant Authorities (General Principles) Order 2001 i.e.

- Selflessness
- Honesty and Integrity
- Objectivity
- Accountability
- Openness
- Personal judgement
- Respect for others
- Duty to uphold the law
- Stewardship
- Leadership

By establishing a Standards Committee the Council has reinforced this culture. The Standards Committee report to the Council:

- When it considers standards of conduct and behaviour in a particular area need reviewing; and
- When it feels the level of commitment necessary to resolve these difficulties should be greater

Concerns must be raised when members, or employees, reasonably believe that one or more of the following has occurred, is in the process of occurring, or is likely to occur:

- A criminal offence
- A failure to comply with statutory or legal obligation

- Improper unauthorised use of public or other funds
- A miscarriage of justice
- Maladministration, misconduct or malpractice
- Endangering of an individuals health and safety
- Damage to the environment
- Deliberate concealment of any of the above

The Council will ensure that any allegations received in any way including by anonymous letters or telephone calls will be taken seriously and investigated in an appropriate manner.

The Council will deal firmly with those who defraud the Council, or are corrupt, or where there has been financial malpractice. There is a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees raising malicious allegations) may be dealt with as a disciplinary manner.

When fraud and corruption has occurred due to a breakdown in the Council's systems or procedures, senior managers will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

The actions outlined in the action plan aim to help the Council to continue to ensure that the culture and tone of the organisation will continue to be one of honesty and opposition to fraud and corruption.

Safe Recruitment

The Council recognises that one of the most important aspects in relation to the prevention of fraud and corruption is the recruitment of staff. The Council already seeks to:

- Obtain satisfactory references before appointments are made
- Verify and retain copies of certificates for stated qualifications
- Comply with s.8 of the Asylum and Immigration Act 1999
- Undertake checks with the Criminal Records Bureau, where appropriate for the post
- Compliance with other Codes of Practice (e.g. OFSTED) for staff dealing with vulnerable service users

Training and Staff Development

As part of the annual review of the mechanisms to prevent and detect fraud, training and appropriate skills and expertise will need to be developed. Both officers involved in anti-fraud work, and general operations, will need to develop appropriate knowledge and skills in respect of fraud awareness, prevention, detection and investigation.

The Council will ensure that key anti-fraud staff have in place an appropriate personal development and training plan that will ensure that they have the right competency levels to prevent, identify and investigate fraud.

The Council will also consider the need to provide 'fraud risk awareness' training to groups of Officers, this may consist of general fraud awareness, or specific fraud awareness training such as case handling and IT crime; this may be provided internally, on-line, or be procured externally.

Such courses may include:

- Pre-employment screening
- Interviewing skills
- Money laundering
- Identity Fraud
- Fraud Identification and Prevention
- Regulation of Investigatory Powers Act
- Data Protection Act

Relationships with other organisations

Arrangements need be put into place to encourage the exchange of information about fraud and corruption between the Council and other public agencies. Any such exchange of information will be undertaken in accordance with the principles contained in the Data Protection Act 1998.

These public agencies may include:

- Police
- Local, Regional and National Auditor Networks
- The National Anti-Fraud Network
- Audit Commission (NFI etc.)
- External Auditor (Audit Commission)
- Office of Fair Trading
- Department of Work and Pensions
- Health Service
- District Councils
- Other key partners such as Capita, LAA partners etc.

Protocols will be developed with key partners for the sharing of information and for the reporting and investigating of any allegations made.

TAKING ACTION TO TACKLE THE PROBLEM

Deterrence

There are a number of ways to deter potential fraudsters from committing, or attempting fraudulent or corrupt acts, whether they are internal or external to the Council. These include, but are not limited to:

- Publicising the fact that the Council is firmly set against fraud and corruption and stating this at every opportunity
- Acting robustly and decisively when fraud and corruption are suspected and proven
- Taking action to effect maximum recoveries for the Council

- Informing the Council's Press Office where cases of fraud and corruption against the Council are referred for criminal proceedings and subsequently brought to court, with a view to issuing a press release
- Having sound internal control systems which allow for innovation but do not provide the opportunity for fraud and corruption
- When designing new systems or reviewing existing ones ensuring that the possibility of fraud and corruption is considered and apparent weaknesses are removed/reduced.

Prevention

There is an important role to be played in the prevention of fraud and corruption by managers within all services. It is vital that managers understand the importance of soundly designed systems which meet key control objectives and minimise the opportunities for fraud and corruption. They are responsible for assessing the potential for fraud and corruption within their own Service's activities and for implementing appropriate strategies to reduce this risk.

To this end, Internal Audit and Risk Management endeavours to provide appropriate advice to service Managers to ensure that they are fully aware of the need to give sufficient emphasis to the preventative aspects of fraud and corruption work. Internal Audit issue Fraud Bulletins on a regular basis informing staff of recent frauds and scams that have occurred in both the public and private arenas. Fraud Alerts are also issued where a particular issue has arisen that requires immediate attention.

Internal audit anti-fraud work plan

As well as furthering the corporate actions identified in the accompanying action plan, a plan for Anti-Fraud work is produced by Internal Audit. This work is included in the annual internal audit plan. The areas selected for review are those fraud risk scenarios and activities that are assessed as being at high risk.

Detection

It is often the alertness of employees or members that enables detection to occur.

Under our Anti-Fraud and Corruption Policy, employees must report any suspected cases of fraud and corruption to the appropriate manager, or if necessary, directly to the Head of Internal Audit. Reporting cases in this way is essential to the anti-fraud and corruption strategy and ensures that:

- Suspected cases of fraud and corruption are investigated properly
- The fraud response plan is carried out properly
- People and our interests are protected

The Council's Whistleblowing Policy is intended to encourage and enable employees to raise serious concerns. The Council has a dedicated, secure Whistleblowing hotline telephone number that is advertised widely across the Council through both poster campaigns and articles in the Core Brief etc.

The Council participates in the biennial National Fraud Initiative and detects certain types of fraud by this means.

Investigation

Depending on the nature and anticipated extent of the allegation(s), the Head of Internal Audit will normally work closely with management and other agencies, such as the Police, to ensure that the allegation(s) are properly investigated, reported and where appropriate, maximum recoveries are achieved.

The follow-up of any allegation of fraud and corruption received will be through the agreed procedures of the Anti-Fraud and Corruption Policy, the Fraud Response Plan and Disciplinary Procedures. The Council must also adhere to the provisions of the Regulation of Investigatory Powers Act and Money Laundering Legislation.

Where a fraud has occurred, management must take any necessary changes to systems and procedures to ensure that similar frauds will not recur. Any investigation undertaken may highlight where there has been a failure of supervision or a breakdown/absence of control. Any lessons learnt will be disseminated to all relevant sections.

Sanctions and Redress

After any investigation, sanctions should be applied where fraud and corruption are proven to be present. This should be done in a comprehensive, consistent and proportionate manner with all possible sanctions – disciplinary, civil and criminal – considered. Success rates need to be monitored routinely as an indicator and part of the quality process. The organization should be effective in recovering any losses incurred to fraud and corruption using, as appropriate, criminal and/or civil law.

Methods of recovery include, but are not confined to:

- Recovery of pension contributions from employees who are members of the Pension Fund
- An assessment of what assets an employee or third party who has committed fraud has and whether the losses incurred by the County Council can be recovered
- Bankruptcy - if it is believed an individual has a poor history of paying
- If an individual remains an employee of the County Council any assessed losses can be recovered from future salary payments

DEFINING SUCCESS

Activity should not be confused with outcomes. The focus should always be fixed firmly on the clear outcomes described above for work to counter fraud and corruption. It is important that these relate to the actual sums lost to fraud and corruption rather than to the activity around it. This is no different from a commercial organization focusing on profit rather than turnover.

While activity can give an organisation the air of being busy – and, therefore, successful – what matters is the bottom line. Preventing fraud prevents losses – losses that can be directed into core business.

Only a comprehensive and professional approach to countering fraud and corruption can fully protect an organisation's valuable resources.

KEEPING AHEAD

In order to try and stay one step ahead of the fraud to which the Council may be exposed, it will be necessary to undertake a regular review of national developments and strengthen systems and procedures. Key sources of information that will be used to inform the ongoing continuous improvement of the Anti-Fraud Strategy will be:

- Audit Commission Publications – in particular:
 - National Fraud Initiative Newsletters
 - Audit Commission Fraud Reports
 - Protecting the Public Purse
 - ICT Fraud and Abuse
- HM Treasury Publications – in particular:
 - Annual Fraud Reports
- CIPFA Better Governance Forum (IPF)
 - Weekly Newsletters
- National Anti-Fraud Network
 - Strategic Risk Assessment – Local Authority Fraud
 - Ongoing Alerts on website
- West of England Chief Auditors Group (Unitary and County Councils) Fraud sub-group
 - Benchmarking
 - Shared training programme
 - Exchange of information on recent frauds and scams
- KPMG Forensic
 - Fraud Risk Management publications

Anti-Fraud Strategy Action Plan – 2009

Ref	Action	Deadline	Responsibility
ADOPTING THE RIGHT STRATEGY			
1.1	Include explicit reference to the risk of fraud and corruption in the Council's Risk Management Strategy.	January 2009	Risk Manager
1.2	Develop a Fraud Risk Assessment to inform Internal Audit's anti-fraud and corruption proactive work.	June 2009	Head of Internal Audit
1.3	Review and update the range of anti-fraud policies on an annual basis.	January 2009	Head of Internal Audit
ACCURATELY IDENTIFYING RISKS			
2.1	Review techniques for measuring fraud and corruption losses and assess applicability to Swindon.	August 2009	Head of Internal Audit
2.2	Identify and maintain a proven record of actual amounts lost by the Council for recovery proceedings.	March 2009	Principal Auditor
CREATING AND MAINTAINING A STRONG STRUCTURE			
3.1	Ensure that Corporate Board, Standards Committee and Audit Committee approve the final Fraud Strategy.	January 2009	Director of Law and Democratic Services
3.2	Include reference to measures taken to counter fraud and corruption in Annual Directors Assurance Statements arrangements made to ensure all staff are aware of their responsibilities in this area.	January 2009	Head of Internal Audit

Ref	Action	Deadline	Responsibility
3.3	Research and develop formal agreements with key partners, such as health service and other LAA partners, Capita etc. to encourage the exchange of information on national and local fraud and corruption activity which may affect the Local Authority.	October 2009	Head of Internal Audit
3.4	Develop protocols for the reporting and investigation of allegations relating to fraud or corruption.	July 2009	Head of Internal Audit
TAKING ACTION TO TACKLE THE PROBLEM			
4.1	Develop, publicise and maintain a separate counter fraud page on the Council's intranet, to include: <ul style="list-style-type: none"> ▪ Counter Fraud Strategy, ▪ Confidential Reporting (Whistleblowing) Policy, ▪ Theft Fraud and Corruption Response Plan ▪ Money Laundering Policy ▪ Feedback form ▪ How to report suspicion of fraud ▪ Contact details for Internal Audit and the Audit Commission 	September 2009	Principal Auditor
4.2	Define arrangements for maintaining up to date policies in respect of Safe Recruitment.	October 2009	Director of HR and Change / Principal Auditor
4.3	Identify any group of posts, which have opportunities for fraud and review need for CRB checks to be undertaken.	October 2009	Director of HR and Change / Principal Auditor
4.4	Include reference to Whistleblowing in Staff Survey to test the confidence in these arrangements.	September 2009	Head of Internal Audit
4.5	Develop ongoing programme of anti-fraud audits - a cyclical approach to address areas where the Council is most vulnerable to fraud and corruption.	April 2009	Head of Internal Audit
4.6	Develop warning signs reference list for auditor use in reviews.	June 2009	Principal Auditor

Ref	Action	Deadline	Responsibility
4.7	Cascade the Fraud Response Plan to relevant staff.	December 2009	Principal Auditor
4.8	Review existing anti-fraud policies and related procedures to ensure they are compliant with legal requirements and whether they are sufficiently robust in respect of sanctions and redress.	January 2009	Head of Internal Audit
4.9	Undertake annual reviews of sanctions levied, redress obtained and the effectiveness of investigations in cases where fraud and corruption are proved to be present, with a view to reporting to Standards and Audit Committees.	June 2009	Principal Auditor
DEFINING SUCCESS			
5.1	Develop performance measures for this area.	June 2009	Head of Internal Audit
5.2	Report the progress on activity against this strategy on an annual basis.	June 2009	Head of Internal Audit

SWINDON BOROUGH COUNCIL

DISCLOSURE (‘WHISTLEBLOWING’) POLICY

Reviewed: JANUARY 2009



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1. Introduction

- 1.1 Employees, Members and School Governors are often the first to realise that there may be something seriously wrong within the Council. However, they may not express 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.
- 1.2 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, we encourage 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. This policy document makes it clear that staff can do so without fear of reprisals. This Disclosure Policy is intended to encourage and enable staff to raise serious concerns within the Council rather than overlooking a problem or blowing the whistle outside.
- 1.3 This Disclosure Policy has been devised in accordance with the provisions of the Public Interest Disclosure Act 1998 and the recent British Standard Institute Code of Practice regarding Whistleblowing arrangements, and seeks to bring into the open concerns of the staff and public relating to issues concerning dishonesty involving the Council.
- 1.4 This policy supports the Council's Anti Fraud and Corruption Policy, and makes it clear that concerns can be raised without fear of reprisals. It is intended to encourage and enable employees, Members and Governors to raise serious concerns within the Council, irrespective of seniority, rank or status, rather than overlooking a problem or reporting the matter externally.

2. Aims and Scope of the Policy

- 2.1 This policy aims to:
- Provide avenues for staff to raise concerns and receive feedback on any action taken;
 - Allow staff to take the matter further if they are dissatisfied with the Council's response; and
 - Reassure staff that they will be protected from reprisals or victimisation for whistleblowing in good faith.
- 2.2 There are existing procedures in place to enable staff to lodge a grievance relating to their own employment for example in relation to areas such as terms and conditions of employment; health and safety; work relations; new working

practices; working environment and conditions; workload; organisational change, etc. This Disclosure Policy is intended to cover concerns that fall outside the scope of that procedure.

2.3 That concern may be about something that:

- Is unlawful, or
- Is contrary to the Council's Standing Orders or policies, or
- Falls below established standards or practice; or
- Amounts to improper conduct

For example (this list is not exhaustive):

- Malpractice or ill treatment of a client/customer
- A criminal offence has been committed, is being committed or is likely to be committed
- Suspected fraud
- Disregard for legislation, particularly in relation to health and safety at work
- Breach of Financial Regulations, Standing Orders
- Showing undue favour over a contractual matter or to a job applicant
- A breach of any code of conduct or protocol
- Information on any of the above has been, is being, or is likely to be concealed.

2.4 The overriding concern should be that it would be in the public interest for the malpractice to be corrected and, if appropriate, sanctions applied.

3. Safeguards

Harassment or Victimisation

- 3.1 The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate harassment or victimisation and will take action to protect staff when they raise a concern in good faith. The Council will treat any harassment or victimisation as a serious disciplinary offence to be dealt with under the Disciplinary Procedure.
- 3.2 This does not mean that if staff are already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of their whistleblowing.

Confidentiality

- 3.3 The Council will do its best to protect a staff member's identity when they raise a concern and do not want their name to be disclosed. It must be appreciated that the investigation process may reveal the source of the information and a statement by staff may be required as part of the evidence.

Anonymous Allegations

- 3.4 This policy encourages staff to put their name to their allegation. Concerns expressed anonymously are much less powerful, but they will be considered at the discretion of the Council.
- 3.5 In exercising the discretion, the factors to be taken into account would include the:
- seriousness of the issues raised;
 - credibility of the concern; and
 - likelihood of confirming the allegation from an attributable source.

Untrue Allegations

- 3.6 If staff make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. If, however, staff make malicious or vexatious allegations, disciplinary action may be taken against them.

4. How to raise a concern

- 4.1 Employees who raise concerns that fall within the scope of other Council procedures will not be dealt with in this procedure, but will be advised on the appropriate procedure to use. Such employees will still receive protection as detailed in this policy.
- 4.2 As a first step, staff should normally raise concerns with their immediate manager or supervisor as soon as the employee has reasonable suspicion. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If in doubt, contact the Chief Executive, or the Director of Law and Democratic Services (the Council's Monitoring Officer), or the Head of Internal Audit.
- 4.3 Alternatively, staff can leave a message on the 24-hour Whistleblowing answer phone and fax service (**telephone number 01793 464603**). The phone and fax are located in a secure area. This service is strictly confidential and callers will not be asked to give their name if they do not want to.

- 4.3 Concerns are better raised in writing. Staff are invited to set out the background and history of their concern, giving names, dates and places where possible, and the reason why they are particularly concerned about the situation. If staff do not feel able to put their concern in writing, they can telephone or meet the appropriate officer. The earlier staff express the concern, the easier it is to take action.
- 4.4 Although staff are not expected to prove the truth of an allegation, they will need to demonstrate to the person contacted that there are sufficient grounds for the concern.
- 4.5 Advice and guidance on matters of concern may be pursued and can be obtained from:
- Chief Executive
 - Group Directors / Directors
 - Director of Law and Democratic Services (Monitoring Officer)
 - Director of Finance
 - Head of Internal Audit
 - any of those listed in paragraph 6.1 below
- 4.6 Staff may invite a trade union representative or work colleague to raise a matter on their behalf.

5. How the Council will respond

- 5.1 The action taken by the Council will depend on the nature of the concern and may:
- be resolved by agreed action without the need for investigation
 - be investigated internally
 - be referred to the Police;
 - be referred to the external auditor;
 - form the subject of an independent inquiry
- 5.2 In order to protect individuals and the Council, initial enquiries will be forwarded to the Monitoring Officer who will consult with the Head of Internal Audit and the Chair of Standards Committee and decide whether an investigation is appropriate and, if so, what form it should take. The Monitoring Officer can decide to take no further action if a complaint appears to be trivial or vexatious. All such decisions will be reported to the next meeting of Standards Committee. Concerns or allegations that fall within the scope of specific procedures, for example discrimination issues, will normally be referred for consideration under those procedures.

- 5.3 Some concerns may be resolved by agreed action without the need for investigation and staff will be involved in those discussions. The Monitoring Officer shall report periodically thereon to the Standards Committee.
- 5.4 If an investigation is required, the Monitoring Officer will consult with the Head of Internal Audit and the Chair of Standards Committee and designate an appropriate officer to investigate the concern. Following this that officer will, within ten working days, write to the member of staff:
- Acknowledging that an investigation will be carried out
 - Indicating how he/she proposes to deal with the matter
 - Giving an estimate of how long it will take to provide a final response
 - Telling them whether any initial enquiries have been made
 - Telling them whether further investigations will take place, and if not, why not
 - Advising them that any investigation will be carried out in the strictest confidence; and
 - Keeping them informed of the progress of the investigation.
- 5.5 The amount of contact between the officers considering the issues and the staff member will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from staff.
- 5.6 When any meeting is arranged, staff have the right, if they so wish, to be accompanied by a union representative or work colleague who is not involved in the area of work to which the concern relates.
- 5.7 The Council will take steps to minimise any difficulties that staff may experience as a result of raising a concern. For instance, if they are required to give evidence in criminal or disciplinary proceedings, the Council will advise them about the procedure.
- 5.8 The Monitoring Officer will report on the outcome of any investigation to the Standards Committee who will monitor the implementation of the recommendation of the investigation.

6. How the matter can be taken further

- 6.1 This policy is intended to provide staff with an avenue to raise concerns **within** the Council. The Council hopes staff will be satisfied. If they are not, and feel that it is right to take the matter outside the Council, the following are possible contact points:
- Local Council member (if staff member lives in the area of the Council)

- Chair or any member of the Standards Committee
- The External Auditor (Audit Commission: tel. no. 0117 923 6757)
- Relevant professional bodies or regulatory organisations
- Solicitor
- The Police
- An independent person or organisation nominated for the purpose by the Council
- Public Concern at Work (tel. no. 020 7404 6609). If staff do take this matter outside the Council, they need to ensure that they do not disclose confidential information or that disclosure would be privileged. Staff should check with the contact point about that.

7. The Monitoring Officer

- 7.1 The Monitoring Officer has overall responsibility for the maintenance and operation of this policy, and he will liaise as necessary with the Head of Internal Audit and Chair of Standards Committee.
- 7.2 The Monitoring Officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger staff confidentiality) and will report as necessary to the Standards Committee.

8. The Law

- 8.1 This policy and procedure has been written to take account of the Public Interest Disclosure Act 1998, which protects workers making disclosures about certain matters of concern, where those disclosures are made in accordance with the Act's provisions.
- 8.2 The Act is incorporated into the Employments Rights Act 1996, which also already protects employees who take action over, or raise concerns about health and safety at work. For the avoidance of doubt, financial issues are covered by Section 151 Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, The Local Government and Housing Act 1989, and Accounts and Audit Regulations 2003.

SWINDON BOROUGH COUNCIL

FRAUD RESPONSE PLAN



PREPARED BY: Nick Hobbs
Head of Internal Audit

DATE: January 2009

VERSION: 2.1

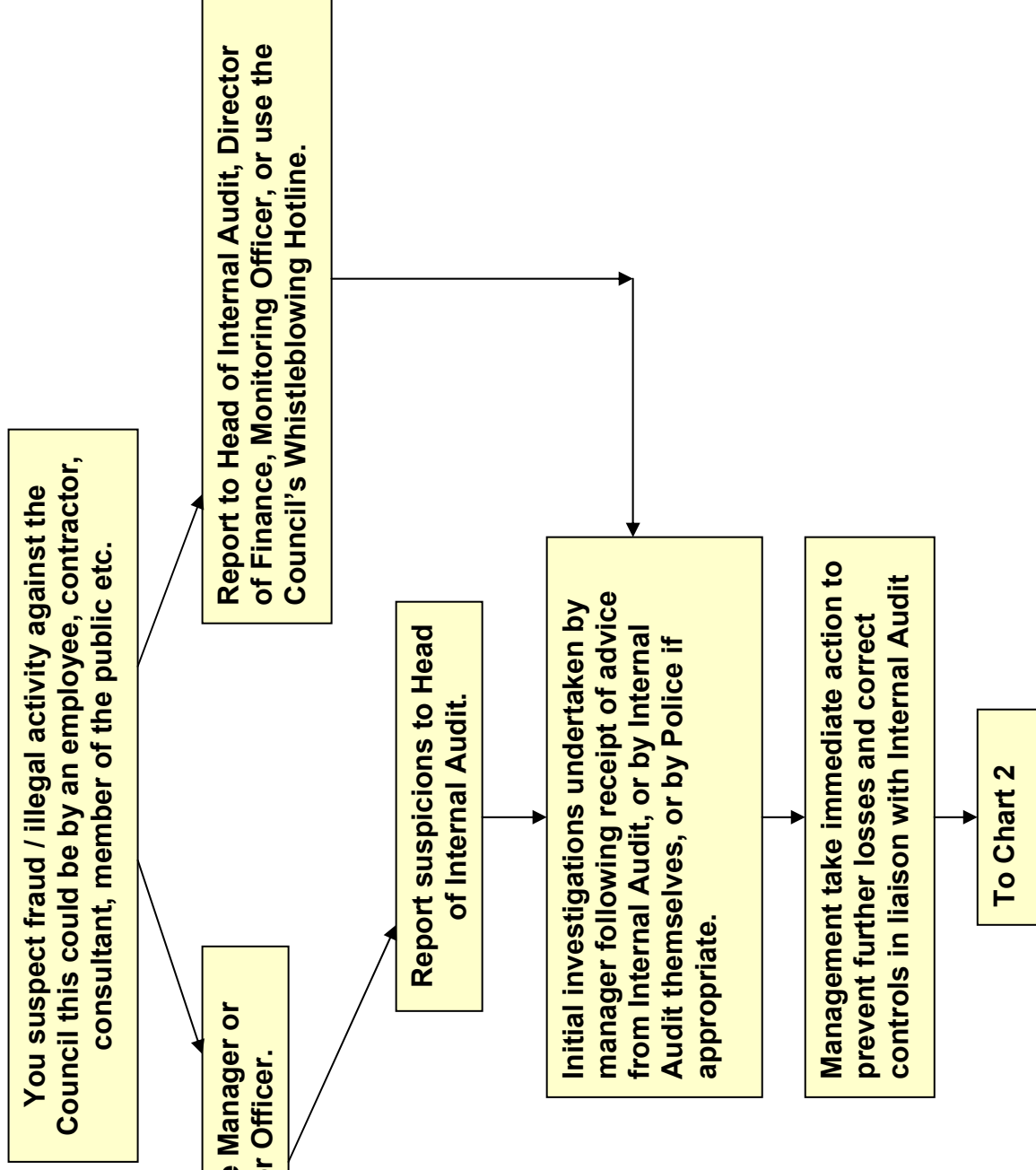
1. Introduction

- 1.1 The Council is committed to protecting the public funds with which it has been entrusted. Minimising the losses to fraud and corruption is an essential part of ensuring that all of the Council's resources are used for the purpose for which they are intended, namely the provision of high quality services to the citizens of the borough. The Council has a range of policies and procedures that facilitate this process and form equally important parts of the Council's overall strategy. These include the Anti-Fraud and Corruption Strategy, the Whistleblowing Policy and the Surveillance Policy (RIPA).
- 1.2 This document is intended to provide direction and help to officers and members in reporting and reacting with suspected cases of theft, fraud and corruption. It also gives direction to others wanting to report matters of concern in these areas.
- 1.3 ***The two flowcharts (Chart 1 and Chart 2) on Pages 3 and 4 give a brief overview as to how an allegation should be dealt with.***

2. Scope of Response Plan

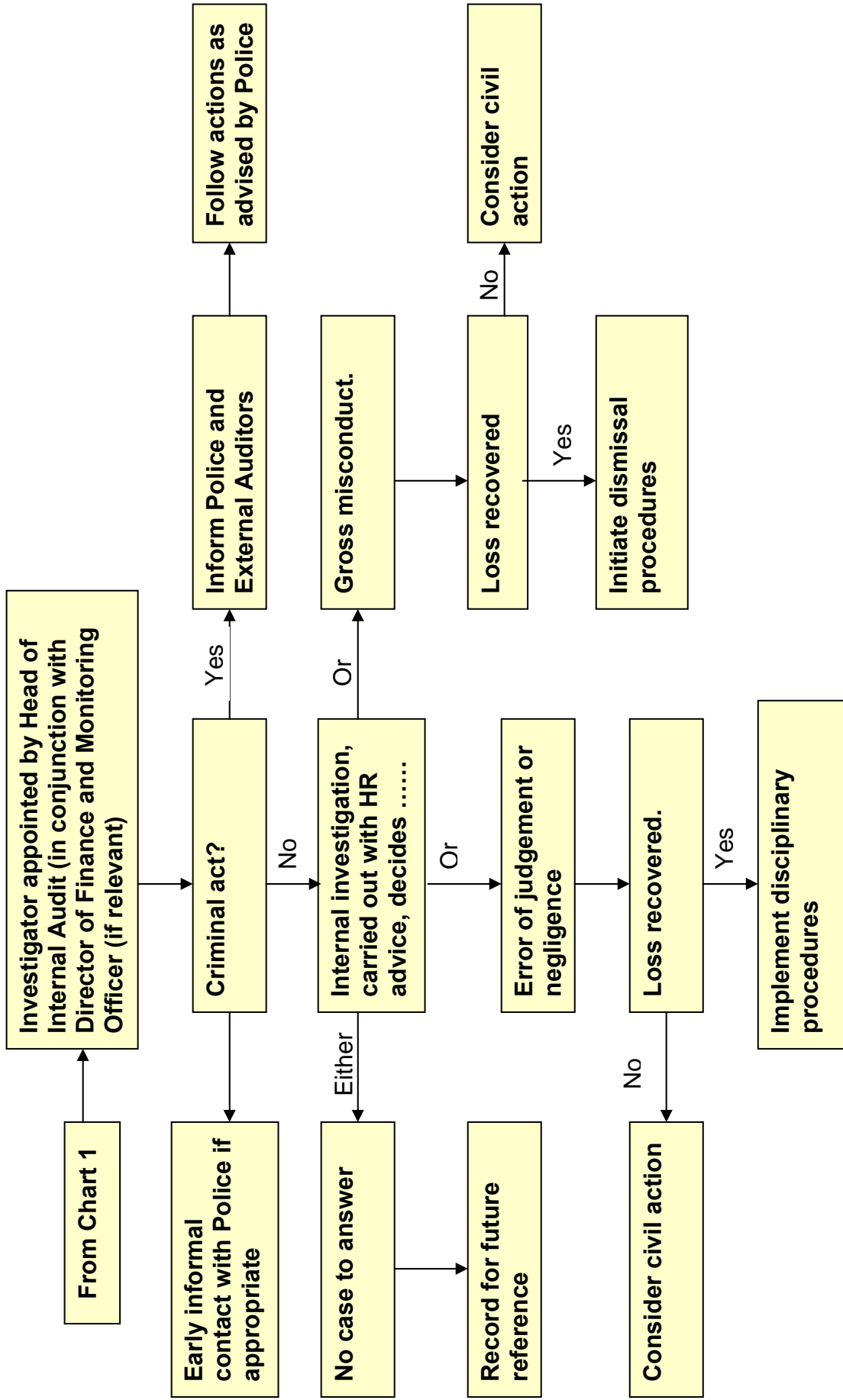
- 2.1 The scope of this response plan is not limited to fraud and corruption but is applicable to any suspected act of financial impropriety. This includes any act that puts the Council's resources at risk.
- 2.2 The exception to this are the arrangements for reporting Housing Benefit Fraud, which is dealt with in the Council's "Reporting Fraud" document for Housing Benefit claims. The Council's in-house Benefit Fraud Team investigates these frauds.
- 2.3 Definitions of what constitutes a fraud can be found in the Anti-Fraud and Corruption Strategy on page fraud

1. Reporting Fraud



Contact Numbers:
Head of Internal Audit: 01793 463940
Director of Finance: 01793 463300
Monitoring Officer: 01793 463012
Whistleblowing Hotline: 01793 464603

2. Conducting the Investigation



3. Reporting Suspicions

If fraud or corruption is suspected, then the matter should be reported without delay. Officers should report to a line manager at the outset and retain all evidence. If it is thought that the line manager may be involved, or that there may be a conflict of interest, the matter should be reported directly to a more senior officer, or to the:

- Head of Internal Audit
- Director of Finance
- Monitoring Officer (Director of Law and Democratic Services)

Employees may raise their concerns verbally, or preferably in writing, to ensure allegations are reflected accurately to those conducting investigations.

Employees who make a written allegation should ensure their account includes the background, history and nature of their concern (including names and relevant dates and locations, where applicable) and the reason why they are particularly concerned about the situation.

Internal Audit also provides a 24-hour Whistleblowing hotline that employees can use to report their concerns (telephone number 01793 464603). Messages left are treated as strictly confidential and are only accessed by authorised Internal Audit staff.

Employees can leave their personal details when calling the hotline or make the allegations anonymously. It should be noted that it is considerably more difficult to investigate anonymous allegations.

Alternatively contact can be made by writing to the Head of Internal Audit, Civic Offices, Euclid Street, Swindon. SN1 2JH or e-mail at nhobbs@swindon.gov.uk

If in doubt, Public Concern at Work (www.pcaw.co.uk) will give free and totally independent advice on how to proceed (contact helpline@pcaw.co.uk or telephone 020 7404 6609).

If suspicions have been reported through the Whistleblowing Policy they will be reported to the Council's Monitoring Officer who, in liaison with the Head of Internal Audit and Chair of Standards Committee, will appoint an appropriate investigating officer (for more details see the Whistleblowing Policy which is available on the Intranet – under the A-Z list of services (under 'W')).

4. Investigation

Managers & Supervisors:

As soon as an officer reports fraud or corruption, the manager or supervisor should, in all instances, seek advice from Internal Audit.

The Manager should:

- Obtain a written record of the concerns from the person making the allegations, or in cases where they have discovered the potential fraud, prepare a written report themselves. This should include:
 - Background details and nature of the suspicions (including relevant names, dates and locations).
 - Details of the job and areas of responsibility of the individuals implicated.
 - Why the person raising the matter is concerned.
 - Action taken to date.
 - A description of the systems, controls and procedures that should be operating within the area subject to abuse.
- Contact the Head of Internal Audit as soon as possible to discuss the seriousness and factual basis of the allegations and the next steps to be taken.
- Take care, at this stage, to ensure that the suspect(s) are not alerted to the potential investigation and the confidentiality of informants is not compromised.
- Under no circumstances take any action to investigate the allegations themselves, or allow employees to do so, without sanction or guidance from Internal Audit. This includes interviewing, or observation, of suspects in connection with the suspected act. This is to ensure that evidence is collected in a way that complies with relevant legislation and does not compromise the investigation and/or subsequent disciplinary procedures/prosecutions.

Internal Audit:

Once an allegation has been made and an investigation deemed necessary it is likely that Internal Audit will either conduct the investigation or be involved in some way.

Internal Audit will take appropriate advice from the Council Human Resources directorate and, where relevant, the Police during the course of their investigation.

The purpose of the audit investigation is to establish the facts in an equitable and objective manner. The process will involve the use of authority or delegated powers to:

- screen allegations, or information, to gauge their credibility;
- secure all evidence;
- interview suspects;
- interview witnesses;
- take statements;
- liaise with departments, or other agencies (including the Police).

Where evidence of offences or irregularities is found, the Council will take suitable further action. The investigating officer will compile a report of their findings for submission to the department concerned detailing their recommendations regarding disciplinary action or referring to the Police (see below).

5. Establishing and Securing Evidence

In order to initiate disciplinary/criminal proceedings against a suspect of financial misconduct it is essential that evidence be secured in a legally admissible form, without alerting suspects at the outset of the investigation.

As such, managers and staff should not attempt to collect any form of evidence (e.g. records, statements or surveillance evidence) without sanction from Internal Audit, who will be responsible for co-ordinating the collection of evidence as part of any internal investigation. Any IT equipment that may hold evidence should be secured without being accessed by anyone.

Staff collecting evidence (whether audit staff or otherwise) should ensure it is stored securely at all times and is not tampered with, that no marks are made on original documents and a record is kept of anyone handling evidence. The Data Protection Act should be complied with at all times.

Staff responsible for interviewing suspect(s) should be trained in the requirements of the Police and Criminal Evidence Act 1984. Failure to comply with PACE requirements in interviews will mean that nothing said by the suspect will be admissible in a court of law.

Staff responsible for commissioning and carrying out surveillance of suspects should do so in accordance with the requirements of the Regulation of Investigatory Powers Act 2000 (RIPA) and the Council's Policy and Protocol on Surveillance. Failure to comply with RIPA will make all surveillance evidence inadmissible in court and may leave the Council liable to court action. The Council's Monitoring Officer or Head of Internal Audit can provide advice in the requirements of RIPA.

6. Police Referral Procedures

The decision to refer a matter to the Police will only be taken by the Head of Internal Audit, in consultation with the Director of Finance, the appropriate Head of Service and the Director of Law and Democratic Services and where appropriate the Chief Executive. In such cases the Head of Internal Audit will instigate contact with the Police.

The Head of Internal Audit shall handle all requests from the Police for additional evidence, statements or any other form of assistance.

7. Prevention of Further Losses

When a suspected fraud is reported the Head of Internal Audit will liaise with the Head of Service and appropriate Human Resources Manager to determine the most appropriate course of action to prevent any further losses to the Authority being incurred.

This may require the suspension of the suspected individual(s) concerned. The normal circumstances for suspension would be:

- Where the continued employment of the individual(s) could lead to further losses.
- Where the continued employment of the individual(s) could jeopardise the investigation (where the individuals could destroy or remove evidence).
- Where the Police have charged the officer with a criminal offence relating to the Council.

All suspensions will be carried out in line with the Standards of Conduct and Disciplinary Procedure. Suspension does not constitute disciplinary action.

Any security passes and keys to Council property should be obtained from the suspect(s) along with other Council owned items (such as laptops), and returned to the appropriate officer or kept securely pending investigation. The appropriate Systems Administrators should be contacted to disable access to all relevant IT systems.

To prevent further losses and where it will not prejudice any subsequent investigation, management should liaise with Internal Audit to remedy any identified control weaknesses that have permitted the act of financial impropriety to be undertaken.

8. Recovery of Losses

Managers should seek to recover any losses incurred through acts of financial impropriety from the offenders concerned. Management should consult the Director of Law and Democratic Services to establish the options available to recover losses.

Where substantial potential losses have been identified at the outset of an investigation, management should seek legal advice immediately from the Director of Law and Democratic Services regarding the need to freeze the suspect's assets through the Court, pending conclusion of the investigation.

9. Publicity and Dealing with the Media in Connection with Suspected or Proven Fraud

Any public statements regarding pending, current or completed investigations or allegations of financial impropriety should only be made through the Communications team, by contacting the Director of Partnership, Policy and Communications.

Officers, Members and third parties of the Council should not make any public statement regarding suspected financial impropriety in order to avoid making libellous statements, or statements that may prejudice investigations, or any subsequent disciplinary/legal action. All such statements will be co-ordinated by the Communications team. If contacted by the public or the press, SBC personnel

(including members and third parties) should refer those making the enquiry to the Director of Partnership, Policy and Communications.

The Director of Partnership, Policy and Communications should optimise the publicity opportunities available to make employees and the public aware of the Council's commitment to taking action on acts of financial impropriety. As such any action taken relating to acts of financial impropriety should be reported in the press, as a deterrent to other potential offenders.

10. Roles and Responsibilities (who does what)

Director of Finance: has overall responsibility for the Council's response to fraud and to oversee the action taken to investigate.

Head of Internal Audit: has responsibility for investigation of fraud and advising on action to be taken.

Directors: have responsibility for establishing and maintaining adequate system controls within their directorates, including responsibility for prevention and detection of fraud and ensuring staff awareness.

Monitoring Officer (Director of Law and Democratic Services): has responsibility for operation of the Council's Whistleblowing Policy.

Managers and supervisors: have responsibility for the prevention and detection of fraud and corruption within their work area and for swiftly reporting allegations brought to them (see Reporting Suspicions, section 3 of this Appendix).

Investigating Officers (usually a member of the Internal Audit team)

Have responsibility for investigating matters of suspected fraud or corruption complying with relevant legislation and best practice/guidance.

Employees: are required to act in accordance with the Staff Code of Conduct to report all actual or suspected cases of financial impropriety.

Human Resources: will provide timely advice and guidance on Council policies and procedures during the course of any investigation and any subsequent disciplinary action.

External Contractors/Third Parties: should immediately contact the relevant service manager, or any of the personnel listed in section 3 of this Appendix, with concerns they have whilst working within the Council.

Council Members: are required to act in accordance with the Members Code of Conduct and should report any suspected, or detected, acts of financial impropriety immediately to the Monitoring Officer, Head of Internal Audit, Director of Finance or Chief Executive.

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Head of Internal Audit Update

AUDIT COMMITTEE

Date: 26th January 2010

Author: Head of Internal Audit

Wards Affected: None

Purpose

To present Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in November, and to update Members with regard to progress against the annual internal audit plan.

Recommendation

- It is recommended that the contents of the report be noted.

1 Reasons

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance against the annual plan along with the implementation of agreed recommendations by Client departments.

2 Detail

Reports Issued

- 2.1 Details of Internal Audit reports finalised since the November Audit Committee are set out in Appendix 1. The appendix sets out a summary of the audit recommendations made along with the overall risk assessment to the Council.

Progress on completion of Internal Audit Plan 2009/10

- 2.2 As at the end of December we have completed 60% of the plan against a target of 63%. Appendix 2 details the audits issued to date. We are currently hoping to achieve at least 85% of the plan. We will aim to ensure that work is completed on the high priority audits and those required to provide assurance to the External Auditor and those required to comply with Government requirements i.e. FMSIS.

Head of Internal Audit Update

AUDIT COMMITTEE

Date: 26th January 2010

Staffing

- 2.3 A School Auditor has now been appointed and started work with us in January. She is ACCA qualified and will be working school term-time only. Our temporary Senior Auditor has now left as our budget to support her appointment has run out.

External Contract

- 2.4 We will be discussing options regarding our work for beyond this current financial year with the Fire Authority in January.

Alternative Options

Not Applicable

Risk Management

Financial and Procurement Implications

There are no direct financial implications arising from this report however individual audit reports address the suitability of internal controls within the systems examined.

Legal/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Internal Control, Audit Committee and the Statement on Internal Control all feature significantly in the CPA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Appendices / Background papers

Appendix 1 – Internal Audit Reports finalised since the November Audit Committee.

Appendix 2 – Progress against 2009/10 Internal Audit plan.

Key Decision/Decision in Forward Plan

Not Applicable

Further information on the subject of this report can be obtained from Nick Hobbs on Direct Dial No. 01793 463940 or email nhobbs@swindon.gov.uk

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Final audit reports issued:

Audit Title:	Contact Point	Date of Audit:		September 2009	
Number of High Priority Recommendations:	N/A	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A
<u>Key Findings and Recommendations</u>					
<p>A review of the policies and procedures produced by the Contact Point Project Manager were reviewed to:</p> <ul style="list-style-type: none"> • ensure they comply with the guidance issued by the DCSF; • confirm that there is a process in place for the development and approval of the policy; • confirm that this process had been appropriately followed for all Contact Point policies. <p>The overall findings of the review identified some gaps in the existing policies and procedures that need to be filled in order to ensure that the policies meet the requirements of the DCSF. A number of specific recommendations have been made and agreed with the Contact Point Implementation Manager.</p>					
					No opinion given

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Audit Title:	Deputyships	Date of Audit:		October 2009	
Number of High Priority Recommendations:	9	Current Audit Opinion:	3	Previous Audit Opinion:	N/A
				Overall Evaluation (Risk):	Of Concern
<p><u>Key Findings and Recommendations</u></p> <p>A review has been carried out to provide assurance to the Director for Housing and Social Care that the Deputyship system is robust and efficient.</p> <p>The key recommendations are as follows:</p> <ul style="list-style-type: none"> • A Service Level Agreement (SLA) between Adult Social Care and the Central Finance Team (Deputy Team) should be devised and agreed in order to clearly state the roles and responsibilities of all parties involved in the administration of client accounts. This should include management of interface meetings to determine best interests where care planning is disputed. • Formal documented procedures should be created in order to govern the processes integral to the operating of deputyship accounts. • Standardised forms and documents should be devised in order to provide consistency across all the procedures. • The Group Director for Housing and Social Care should ensure that Adult Social Care provides an active monitoring role in the administration of client accounts. • Purchases or allowances provided to the client should be receipted and signed by the client to confirm receipt of the money or goods. • Best value should be demonstrated for all purchases made from a client's account and how this has been achieved should be clearly evidenced. 					

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Audit Title:	Housing Rents	Date of Audit:		November 2009	
Number of High Priority Recommendations:	1	Current Audit Opinion:	1	Previous Audit Opinion:	2
Overall Evaluation (Risk):					Moderate
<p><u>Key Findings and Recommendations</u></p> <p>A review has been carried out to provide assurance to the Director of Housing and Social Care that the procedure for processing Housing Rents is robust. It is also part of the programme of managed audit work agreed between Internal Audit and the Council's external auditors.</p> <p>The following recommendations, with medium priority d in order to achieve the improvements required:</p> <ul style="list-style-type: none"> • Reconciliations of rent receipts and debits carried out by Capita should be documented and agreed by Capita and Housing Finance, so as to ensure continuity in the event of staff changes. • Where cash is received from tenants at Hay Lane and the Supported Housing Schemes that is not in respect of debts printed on the rent strips by OHS, the receipt should be written on a spare line on the rent strip printed by OHS and not on a blank rent strip. All cash receipts should be paid into Cashiers in the week in which they are received. • Where tenants are in arrears and not making regular payments, the Rent Arrears Progression Management Procedure should be followed and non-payment weeks should not be allowed. • Information on debt collection performance should be sought from the agency currently engaged. If this is not forthcoming or is unsatisfactory, alternative arrangements for debt collection should be considered. • Former tenants' arrears should be monitored during 2009/2010 to identify whether the increase during the year to date is seasonal or a longer-term trend. This monitoring should include comparisons with other local authorities. • Benchmarking with other local authorities and housing associations should be sought on current tenants' arrears, including new tenants and court referrals, and also former tenants' arrears. 					

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Audit Title:	Payroll	Date of Audit:		April – June 2009	
Number of High Priority Recommendations:	17	Current Audit Opinion:	3	Previous Audit Opinion:	2
					Overall Evaluation (Risk):
					Of Concern
<p><u>Key Findings and Recommendations</u></p> <p>A review has been carried out to provide assurance to the Group Director of Business Transformation that the Payroll system is robust and efficient.</p> <p>The following key recommendations should be implemented in order to achieve the improvements required:</p> <ul style="list-style-type: none"> • The processes for starters and leavers, including obtaining necessary evidence and recording required information should be followed comprehensively. • Documented detailed procedures should be devised, agreed and issued for the following: <ul style="list-style-type: none"> ➤ Payroll processes using the Midland Trent System (i.e. detailed procedures to support flowcharts of processes) ➤ Honorariums ➤ Overtime ➤ Checking new and existing employees' entitlement to work in the UK • Exception reports, showing the net pay variance of staff, should be produced during each payroll run. Also, for cases where net pay has increased/decreased by more than an acceptable level. • The A1 form should be updating to include provision to record the credit side of the GL upload file, so the figures written on the A1 from match the control total, prior to the file being uploaded into the general ledger. • Trent system access profiles should be reviewed to ensure that adequate segregation of duties is maintained between setting up a member of staff/new post on the system and attaching them to the Payroll to enable payment. Password access to the Payroll system should be reviewed to ensure access granted is authorised and appropriate. • Copies of all required exception reports that are produced and checked when the payrolls are run should be retained on file. • Changes made to the Payroll system should be fully tested and signed off before upgrades to the live system are made. 					

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Audit Title:	Recoupment	Date of Audit:		June – July 2009	
Number of High Priority Recommendations:	8	Current Audit Opinion:	4	Previous Audit Opinion:	N/A
					Overall Evaluation (Risk):
					Of Concern
<p><u>Key Findings and Recommendations</u></p> <p>A review has been carried out to provide assurance to the Group Director of Children's Services that the Recoupment system is robust and efficient.</p> <p>The following key recommendations have been made to achieve the improvements required:</p> <ul style="list-style-type: none"> • The budget position for 2009/10 should be clarified by SENAT, with assistance from the Children's Finance Team, and reported as a matter of priority. • Data and documentation used to prepare the budget should be maintained and developed to provide estimates of the future committed costs and income for recoupment. • A detailed and accurate forecast of the 2009/10 recoupment budget outturn should be produced. Actions should be agreed by the senior management team to mitigate the impact of overspend on children services budgets. Actions taken and the position of the budget should be subject to regular and formal review. • Accurate budget and activity forecasts should be made monthly, in accordance with Financial Regulations and the Budget Managers' Financial Standards. • An exercise should be undertaken to ensure that the basis of charging other LEA's for recoupment costs is sufficient to meet the costs of the service. • All processes carried out in delivery of the recoupment service should be fully documented in a procedural guide to ensure continuity and consistency in delivery of the service. • Formal documentation should be sent to other LEA's each year to confirm their responsibility to monitor and maintain statements as well as meeting the costs of placements. 					

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Audit Title:	Anti-Fraud & Corruption - Mobile Phones			Date of Audit:	July 2009	
Number of High Priority Recommendations:	13	Current Audit Opinion:	4	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):
						Of Concern
<u>Key Findings and Recommendations</u>						
<p>A review has been carried out to provide assurance to the Director of Business Transformation that there are adequate controls within the mobile phones process. The Council's External Auditor's also expect Internal Audit to cover fraud and corruption arrangements to prevent any material loss to the Council.</p> <p>The following key recommendations were made to achieve the improvements required:</p> <ul style="list-style-type: none"> • A significant number of key system controls to prevent possible fraud and corruption, wastage and misuse of mobile phones are absent. In addition recommendations made in the audit report from March 2006 have not been implemented. • A means of providing managers with an on-line bill approval process for their service area should be evaluated and where possible implemented to enable managers to monitor mobile phone and data usage or charges • Premium lines should be barred; justification for international calls should be established. Monitoring should be conducted to identify any potential misuse of Council mobile phones in line with the corporate mobile phone policy. • Formal procedures should be introduced for the informing of lost/stolen mobile phones ensuring that the relevant budget holder is informed at all times that a phone has been lost or stolen. • A standard and consistent process should be established to ensure that there is a central record of all equipment issued to officers including mobile phones. The mobile phone inventory should be reviewed and updated to ensure that all mobile phones and SIM cards owned by the Council can be fully accounted for. The inventory should include mobile phones at SCS. There must be an effective process to trigger recover of all mobile phone equipment from staff leaving the employ of the Council or where SIM cards are no longer required for traffic light systems, etc. • A full review should be conducted of the agreement in place with Vodafone for the provision of internet usage via 3G SIM card. The Council should establish if they are getting value for money in this area and whether other options of achieving cost savings on Internet usage are available. 						

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Audit Title:	Anti-Fraud & Corruption – Gifts and Hospitality			Date of Audit:	July 2009	
Number of High Priority Recommendations:	13	Current Audit Opinion:	4	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):
						Moderate
<u>Key Findings and Recommendations</u>						
<p>A review has been carried out to provide assurance to the Director of Business Transformation that there are adequate controls in place in relation to the declaration of Gifts and Hospitality. The Council's External Auditor's also expect Internal Audit to cover fraud and corruption arrangements to prevent any material loss to the Council.</p> <p>It was found that sufficient information regarding the policy for Gifts and Hospitality is produced by the Director of Law and Corporate Governance, such as reminders being published in Team Briefings, Newsround and bulletins. 91.6% of staff said that they were aware of the requirements of the policy in the latest staff survey.</p> <p>The following key recommendations were made:</p> <ul style="list-style-type: none"> • A process should be established to ensure that all staff return the Council's Code of Conduct signed declaration, to confirm that they have read and understood the Code of Conduct. • The Code of Conduct should be included in the staff induction process. • In compliance with the Section 75 agreement for the commissioning and provision of Children's Services, arrangements should be put in place to ensure that staff in joint funded posts (both within Children Services and Adult Social care), have signed up to the Council's Code of Conduct. 						

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Audit Title:	Greendown School	Date of Audit:		June - September 2009
Current Audit Opinion:	4	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):
Of Concern				

Key Findings and Recommendations	
<p>Greendown School was externally assessed by Internal Audit against the DfES Financial Management Standard in Schools (FMSiS) and was found not to meet the standard.</p> <p>An audit of the school was also completed resulting in an overall opinion of 'of concern'. The following key recommendations were made:</p> <ul style="list-style-type: none">A review should be conducted of the information used when the 2009/10 predicted deficit budget was initially identified of £161k, to establish the reasons for the significant variance compared to the amount reported to the LA in June 2009 of £272,515 (69% increase), on the school's budget template.The review should include detailed costings to establish whether all anticipated factors and historic trends have been accounted for and to confirm the budget set is realistic and achievable. The school should seek assistance from the LA's Finance Team in conducting this review. The results from the review should be submitted to the Group Financial Manager for Children Services to establish whether the budget needs to be restated and a revision to the licensed deficit agreed with the LA.A detailed action plan should be produced to address the school's deficit budget, which should be monitored by the School's Finance Committee and regularly report on to the Full Governing Body.A review of the current School Development Plan should be conducted to ensure all costs have been calculated and are affordable.All actions identified in the School Development Plan, which have an associated financial implication to the school, should be fully costed and provision made for this expenditure in the school's budget.Detailed budget monitoring information should be produced for Governors to allow for robust monitoring and challenge.A central contract register should be devised and maintained detailing all contracts in place, their expiry date, annual cost and contract coverage. This register should also be used as a record to confirm that adequate insurances and policies are in place.In accordance with Financial Regulations for schools, quotes and formal tendering procedures should be established when expenditure is expected to exceed, £1k and £50k respectively.Segregation of duties should be established within the HR/Payroll function.A review of the catering budgets should be conducted to confirm that the anticipated level of income is achievable.An action plan to increase catering turnover should be devised, using information obtained from the school meals cashless system to identify areas where take up can be increased.The school fund accounts for the year ending 30th June 2008 should be prepared and submitted for audit immediately.School Fund bank reconciliations should be conducted promptly, upon receipt of the bank statement.The school should seek assistance from the LA in developing a school specific Disaster Recovery, Business Continuity and Emergency Plan.	

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Audit Title:	SCS Readiness 1	Date of Audit:	November 2009
Current Audit Opinion:	N/A	Previous Audit Opinion:	
		Overall Evaluation (Risk):	None Given
<u>Key Findings and Recommendations</u>			
An initial assessment of readiness for the decoupling of SCS was carried out, by Internal Audit, against agreed checklists, and presented to the Transition Board and Leader's Advisory Group (LAG)			

Audit Title:	SCS Readiness 2		Date of Audit:	December 2009
Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):
None Given				

Key Findings and Recommendations

A further assessment of readiness for the decoupling of SCS was carried out and findings were presented to Cabinet.

INTERNAL AUDIT REPORTS FINALISED OCTOBER - DECEMBER 2009

Audit Title:	Annual Governance Statement		Date of Audit:		December 2009
Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	None Given
<u>Key Findings and Recommendations</u>					

Audit Title:	Orchid Vale Primary School		Date of Audit:		June 2009
Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	Minimal
<u>Key Findings and Recommendations</u>					
<p>Orchid Vale Primary School was externally assessed by Internal Audit against the DfES Financial Management Standard in Schools (FMSiS) and was found to meet the standard.</p> <p>An audit of the school was also completed resulting in an overall opinion of 'satisfactory'. Recommendations have been made and agreed to ensure that all weaknesses identified are addressed.</p>					

Managed Audits Completed (4 Audits) - Draft

	April	May	June	July	August	September Housing Rents	October	November Creditors	December Debtors	January	February	March
Managed Audits Completed												
Managed Month Total	0	0	0	0	0	1	0	1	1	0	0	0
Managed Cumulative Total	0	0	0	0	0	1	1	2	3	3	3	3
Managed Target %	0	0	0	0	0	0	25	50	50	75	75	100
Managed Achieved %	0%	0%	0%	0%	0%	25%	25%	50%	75%	75%	75%	75%

Total Non Managed Audits Completed (127) - Draft

[illegible]

	April	May	June	July	August	September	October	November	December	January	February	March
Overall Month Total Audits	9	8	8	8	3	8	12	12	10	0	0	0
Overall Total Audits	9	17	25	33	36	44	56	68	78	78	78	78
Target Completion of Plan %	3	7	15	22	29	38	47	56	63	71	80	92
Audit Plan Achievement %	7%	13%	19%	25%	27%	34%	43%	52%	60%	60%	60%	60%

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Internal Audit reports identifying significant risk or 'of concern':

Mobile Phones

AUDIT COMMITTEE

Date: 26th January 2009

Author: Head of Internal Audit

Wards Affected: None

Purpose

Members requested that at least one individual audit report be presented to each meeting of the Committee. This report should be one that has been classified as being of 'significant risk' or 'of concern', if one had been issued since the previous meeting of the Committee. If not, then a report would be selected in liaison with the Chair of the Audit Committee.

Recommendation

- It is recommended that the contents of the report be noted.

1 Reasons

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 Internal Audit's terms of reference require that at least one individual audit report be submitted to each meeting of the Committee.
- 1.3 The Chair of the Audit Committee requested that the report on Mobile Phones be brought to the next committee meeting.

2 Detail

- 2.1 A copy of the report on the internal audit review of Mobile Phones procedures is attached as Appendix 1. The report was finalised in December 2009 and an overall risk assessment of 'Of Concern' was given.
- 2.2 The key recommendations made in the report to achieve the improvements required include:
 - A significant number of key system controls to prevent possible fraud and corruption, wastage and misuse of mobile phones are absent. In addition recommendations made in the audit report from March 2006 have not been implemented.
 - Managers are severely compromised, as they are unable to manage and monitor mobile phone and data usage or charges. A means of providing

Internal Audit reports identifying significant risk or 'of concern':

Mobile Phones

AUDIT COMMITTEE

Date: 26th January 2009

managers with an on-line bill approval process for their service area should be evaluated and where possible implemented.

- Premium lines should be barred; justification for international calls should be established. Monitoring should be conducted to identify any potential misuse of Council mobile phones in line with the corporate mobile phone policy.
- Formal procedures should be introduced for the informing of lost/stolen mobile phones ensuring that the relevant budget holder is informed at all times that a phone has been lost or stolen.
- A standard and consistent process should be established to ensure that there is a central record of all equipment issued to officers including mobile phones. The mobile phone inventory should be reviewed and updated to ensure that all mobile phones and SIM cards owned by the Council can be fully accounted for. The inventory should include mobile phones at SCS. There must be an effective process to trigger recovery of all mobile phone equipment from staff leaving the employ of the Council or where SIM cards are no longer required for traffic light systems etc.
- A full review should be conducted of the agreement in place with Vodafone for the provision of Internet usage via 3G SIM card. The Council should establish if they are getting value for money in this area and whether other options of achieving cost savings on Internet usage are available.

- 2.3 It should be noted that responsibility for Mobile Phones has changed from when the previous audit was carried out i.e. it was previously with the IT Telecoms Officer but now resides with the Head of ICT.
- 2.4 The above audit report and management update are submitted for Members consideration. The Group Director: Business Transformation and/or the Head of ICT will be at the Audit Committee to answer any questions Members may have.

Alternative Options

Not Applicable

Internal Audit reports identifying significant risk or 'of concern':

Mobile Phones

AUDIT COMMITTEE

Date: 26th January 2009

Risk Management

Financial and Procurement Implications

There are no direct financial implications arising from this report however the detailed audit report address the suitability of internal controls within the systems examined.

Legal/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Internal Control, Audit Committee and the Annual Governance Statement all feature significantly in the CAA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Head of ICT

Appendices / Background papers

Appendix 1 – Internal Audit Report: Mobile Phones

Key Decision/Decision in Forward Plan

Not Applicable

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Swindon Borough Council

Civic Offices, Euclid Street, Swindon, SN1 2JH

Swindon Internal Audit Services

Memorandum to: Hitesh Patel Group Director, Business Transformation

Copies: David Titcombe Head of ICT
 Matt Gott Director, Partnership, Policy and Communications
 Kirsty Cole Group Finance Manager - Corporate
 Nicola Houwayek Head of HR Policy & Strategy
 Mike Fitzgerald Finance, Director Swindon Commercial Services

From: Lorraine Sarson Principal Auditor

Date: 9th December 2009

Your Reference:

Our Reference: BT/Mobile Phones/MF

Telephone: 01793 463936

Fax: 01793 464603

Internal Audit Review - Mobile Phones

Introduction

The review was carried out as part of the planned audit work for the financial year 2009/10 in order to provide assurance to the Director of Business Transformation that there are adequate controls within the mobile phones process. The Council's External Auditor's also expect Internal Audit to cover fraud and corruption arrangements in place to prevent any material loss to the Council. Mel Fitzgerald conducted the review.

Swindon Borough Council has an agreement with Vodafone for the supply of mobile telephones. This is a two-year rolling contract, which was set-up against the Office Of Government Commerce (OGC) framework agreement.

Mobile phones are issued through the Capita Central Telecommunications team under the Director of Customer Communications, with the exception of Swindon Commercial Services, who manage their own mobile phones but should comply with the OGC framework agreement.

Approach

A checklist detailing key risks and expected controls within the mobile phone system was produced and completed during the audit to determine the extent of internal controls in the mobile phone system. This was to ensure that resources are properly applied, value for money is secured, fraud and other losses prevented and that legislation and Council policies i.e. Financial Regulations etc. are complied with.

Audit Opinion

- (a) **Materiality and impact: Medium.** The Council has 1,248 agreements with Vodafone under a corporate contract providing SIM cards for use in mobile phones, traffic light systems and parking meters. In the last year Vodafone charged the Council £143,643 under this contract. Whilst it is a system of low materiality, there could be a medium impact and reputation risk to the Council in the event of fraud and corruption with misuse and wastage of Council resources. Under the New Ways Of Working programme (NWOW) there is expected to be a higher level of dependency on mobile phones with a reduction of landline communications.
- (b) **Changes since last audit:** A previous audit on mobile phones was carried out in March 2006. The table below shows a summary of whether recommendations made at that audit have been implemented or not:

	Implemented	Not Implemented	In Progress	Other/no longer applicable.	TOTAL
Recommendations 2005/06	0	8	0	8	16

All recommendations were agreed for implementation for the last audit however none of these have been implemented but they continue to be relevant. The audit opinion has been formed in view of weaknesses identified in both the previous and current reviews, which has highlighted a number of key areas where the potential exposure to fraud and corruption risks is high and continues unchecked or effectively controlled.

It should be noted that the IT Telecoms Officer was responsible for the service during at the time of the last audit. However, during 2009 responsibility transferred to the Council's IT Business Partner.

- (c) **Opinion on system controls: Fundamental weaknesses identified:** (see Appendix B) i.e. the auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.
- (d) **Overall assessment of risk:** The combination of the medium materiality and impact of the system along with the opinion on the system controls gives an overall risk assessment to the Council as being **of concern**. See below:

		MATERIALITY AND IMPACT		
SYSTEM CONTROL		High	Medium	Low
1	High standard	Minimal	Minimal	Minimal
2	Satisfactory	Moderate	Minimal	Minimal
3	Significant Improvements required	Of Concern	Moderate	Minimal

4	Fundamental weaknesses identified	Significant	Of Concern	Moderate
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The following key recommendations should be implemented in order to achieve the improvements required:

- A significant number of key system controls to prevent possible fraud and corruption, wastage and misuse of mobile phones are absent. In addition recommendations made in the audit report from March 2006 have not been implemented.
- Managers are severely compromised, as they are unable to manage and monitor mobile phone and data usage or charges. A means of providing managers with an on-line bill approval process for their service area should be evaluated and where possible implemented.
- Premium lines should be barred; justification for international calls should be established. Monitoring should be conducted to identify any potential misuse of Council mobile phones in line with the corporate mobile phone policy.
- Formal procedures should be introduced for the informing of lost/stolen mobile phones ensuring that the relevant budget holder is informed at all times that a phone has been lost or stolen.
- A standard and consistent process should be established to ensure that there is a central record of all equipment issued to officers including mobile phones. The mobile phone inventory should be reviewed and updated to ensure that all mobile phones and SIM cards owned by the Council can be fully accounted for. The inventory should include mobile phones at SCS. There must be an effective process to trigger recovery of all mobile phone equipment from staff leaving the employ of the Council or where SIM cards are no longer required for traffic light systems etc.
- A full review should be conducted of the agreement in place with Vodafone for the provision of Internet usage via 3G SIM card. The Council should establish if they are getting value for money in this area and whether other options of achieving cost savings on Internet usage are available.

The action plan attached at Appendix A provides a checklist of the findings of the review, potential risks, and identifies officers responsible for implementing the recommendations, time-scales and a priority ranking.

The management responses to the recommendations made in the report can be found at Appendix C. All recommendations will be followed up in line with good practice depending on the type of recommendations made.

I would like to thank you and your staff for the help and assistance given to Mel during the course of this review. If there are any queries in respect of the results, please contact either Mel or me.

Many thanks,

Section 6: Findings and Recommendations - Action Plan

The purpose of this action plan is to provide a summary of the matters arising during the audit of Mobile Phones Anti Fraud and Corruption together with the associated risks, recommendations and proposed actions. In order for you to identify the most significant matters arising, which affect the reliance that can be placed on the controls reviewed, the recommendations have been prioritised.

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
1	There is a defined corporate policy for the procurement and use of mobile phones and staff are aware of its existence.				
1.1	<p>A mobile phone policy is in place within the Council, however it has not been formally reviewed. The policy is out of date.</p> <p>The policy refers to Telephone Liaison Officers (TLO's); these posts are no longer in existence since the transformation to the Capital Partnership.</p> <p>There is no guidance for staff or managers on the treatment of mobile phones during extended leave such as maternity and long-term sick.</p> <p>The policy also does not include the misuse of photographs, video and internet.</p>	<p>Staff are unaware of the Council's policy and procedures with regards to having a mobile phone.</p> <p>Staff who have a mobile phone are unaware of their responsibilities.</p> <p>Misuse of phones and unable to demonstrate effect use of resources.</p> <p>Undue criticism from local/national press leading to loss of public confidence.</p>	<p>The mobile phone policy should be reviewed regularly and updated to reflect the current ways of working, staff and manager responsibilities and cover the consequences of misuse of all the technology that phones come equipped with such as camera, internet.</p> <p>Corporate Board should formally approve the revised mobile phone policy.</p> <p><i>Similar recommendation made in the 2005/06 audit report AP1.1.</i></p>	High	IT Business Partner – December 2009.

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
1	There is a defined corporate policy for the procurement and use of mobile phones. Staff are aware of its existence.				
1.2	<p>Staff are required to sign a Mobile Phone Control form to confirm they have read and understand the terms and conditions of the mobile phone policy and that they agree to comply with these. It is also to confirm that an employee has received a specific mobile phone together with any additional equipment issued.</p> <p>From a sample of 10 mobile phone contracts examined, 50% did not have a signed declaration. Consequently, there is no record that staff have agreed to the terms and conditions of the mobile phone policy or to acknowledge receipt of a mobile phone and any additional equipment issued.</p> <p>From the 5 Mobile Phone Control forms examined, one form was signed by a different officer to that to which the phone was issued to.</p>	<p>Unable to demonstrate effect use of resources.</p> <p>Staff deny receiving a mobile phone.</p> <p>Misuse of mobile phone and unable to take effect action or recovery of costs against employee in the absence of a signed mobile phone contract.</p> <p>There is no evidence that staff have read the mobile phone policy.</p> <p>Staff unaware of there responsibilities.</p> <p>Undue criticism from local/national press leading to loss of public confidence.</p> <p>Fraud and corruption.</p>	<p>Mobile phones should only be issued subject to the recipient signing up to the mobile phone agreement.</p> <p>All mobile phones issued to staff should be supported by a signed mobile phone agreement.</p> <p>An inventory review should be conducted in line with the requirements of Financial regulations.</p> <p><i>Similar recommendation made in the 2005/06 report AP2.2.</i></p>	High	IT Business Partner – December 2009.

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
1	There is a defined corporate policy for the procurement and use of mobile phones. Staff are aware of its existence.				
1.3	<p>It was identified through Oracle Solutions that some Council employees are on the Orange network, which is not in compliance with the OGC contract.</p> <p>The Telecoms Manager was not aware of employees on a different network to Vodafone.</p>	<p>Non-compliance with mobile phone guidance and OGC contract.</p> <p>Unable to identify council owned mobile phones.</p>	<p>Mobile phones that are currently on any network other than Vodafone, which is part of the OGC framework agreement, should be identified and changed to the Vodafone contract.</p> <p><i>Similar recommendation made in the 2005/06 report AP2.1.</i></p>	High	<p>IT Business Partner –</p> <p>November 2009.</p>
2	Justification process is completed and authorised prior to staff being provided with a mobile phone.				
2.1	<p>The Telephony Technical Administrator advised that a business justification form is completed and authorised by the relevant Director prior to a mobile phone being issued. There is no approval sought from the relevant budget holder.</p> <p>For the sample of 10 mobile phone contracts examined there was no business justification form retained to demonstrate on what basis these mobile phones were authorised.</p> <p>The Telephony Technical Administrator provided the Auditor with a business justification form template. It was found that the form does not include a full review of equipment required for an officer to fulfil their duties, and by having a mobile do they necessarily require any other equipment such as a landline phone.</p>	<p>Officers do not need a mobile phone or subsequently where they do, a landline is no longer required.</p> <p>Budget holder unaware phones and costs under their remit.</p> <p>Cost of calls diverted from landline to mobile phones is excessive.</p>	<p>The policy for mobile phones should be reviewed to establish what criteria should apply for NWOW and the different working categories.</p> <p>A review should be conducted against these criteria in conjunction with the new ways of working; a rolling exercise should be conducted on all staff with mobile phones to ensure there is sufficient justification for them to have a mobile phone. Where there is no valid reason the phones should be withdrawn.</p> <p>All mobile phone contracts should be supported with a business justification that has been formally approved by the relevant budget holder.</p> <p>Anomalies should be picked up as part of the rolling exercise as detailed above.</p>	High	<p>IT Business Partner –</p> <p>In conjunction with Telecoms Manager.</p> <p>January 2010</p> <p>From next request for a mobile phone.</p>

Internal Audit Report – Mobile Phones Anti Fraud and Corruption

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
3	Random spot checks are conducted on mobile phones in use around the Council.				
3.1	There is no process in place to ensure that random spot checks are carried out on mobile phones to ensure that mobile phone/sim cards are being used by the officer who was issued the phone originally.	Misappropriated phones/sim cards go undetected.	Rolling monthly management verification checks should be carried out to ensure that the officer on the central mobile phone register is using the mobile phones/sim cards issued to them. <i>Outstanding recommendation from 2005/06 AP3.1.</i>	High	IT Business Partner – In conjunction with Telecoms Manager. November 2009.
3.2	The Telephony Technical Administrator in the Telecommunications Team purchases mobile phones through the Vodafone on-line system, receives and issues the phones to the requesting officers. Segregation of duties does not exist in this process. In Swindon Commercial Services the Business Support Manager Operations purchases, receives and processes the payments for mobile phones	Misappropriation of mobile phones. Non-compliance with Financial Regulations.	Segregation of duties should exist for the purchasing, receiving, issuing and payment for, a mobile phone. Where this is not possible there should be an independent management check of on-line order items back to source documentation to ensure that all orders are bona-fide and authorised. <i>Outstanding recommendation from the 2005/06 audit AP2.3.</i>	High	Telecoms Manager. November 2009.

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
4	Individual mobile phone bills are received on a regular basis. The employee's service manager independently checks these.				
4.1	<p>Managers receive a charge for each mobile phone, but this is not supported with an itemised mobile phone bill.</p> <p>The Finance Support Officer within Capita inputs a journal on Oracle from summary bills received from the Telecoms Team. The Journal records the name of the user and the total amount for that quarter.</p> <p>No formal procedures exist for the monitoring of mobile phone calls to ensure that costs and usage are reasonable and in accordance with the mobile phone policy.</p> <p>At the time of the audit the invoice received from Vodafone in April 2009 had not been recharged via journal to relevant departments. Capita paid the invoice on the 3rd June 2009; this was prior to managers having opportunity to review charges before payment.</p> <p><i>The Deputy Group Finance Manager – Corporate advised that this is an area identified for improvement as part of the Continuous Service Improvement Plan.</i></p>	<p>Officers with mobile phones run up high bills on non-Council related activities. These go undetected. Lack of segregation of duties.</p> <p>Misappropriation goes undetected.</p> <p>Inappropriate costs to the Council.</p> <p>Departmental budget Implications/overspends due to poor budget management.</p> <p>Adverse publicity.</p> <p>Breach of Financial Regulations.</p>	<p>Capita must pay mobile telephone bills promptly. Departments should then be recharged for their mobile phone recharges promptly.</p> <p>Evaluate the means of providing managers with an on-line mobile phone bill approval process for their service area. This would enable managers to conduct payment certification checks before payment is made by Capita i.e. 7-14 days prior to date of payment being due.</p> <p>Managers should be provided with individual itemised mobile phone bills. Managers should sign-off payment certification checks to confirm they are satisfied with the phone usage.</p> <p>Outstanding recommendation from the 2005/06 audit (AP4.2).</p> <p>In the event of a breach of the Council's Corporate Mobile Phone Policy and Code of Conduct managers should take appropriate steps to address these.</p>	High	<p>Group Finance Manager – Corporate</p> <p>December 2009.</p>

Internal Audit Report – Mobile Phones Anti Fraud and Corruption

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
4	Individual mobile phone bills are received on a regular basis. The employee's service manager independently checks these.				
4.2	The Vodafone bill received in April 2009 was examined. The highest cost for the quarter totalled £1340. It was found that the top ten highest costs were for internet charges and data browsing. These costs appear excessive; there is no evidence that there has been a review to demonstrate best value. In addition with the lack of budget monitoring there is no evidence that this level of usage has been deemed appropriate for business use.	Best value not achieved. Fraud goes undetected. Waste of taxpayer's money.	A full review should be conducted of the agreement in place with Vodafone for the provision of internet usage via SIM card. The Council should establish if they are getting value for money in this area and other ways of achieving cost savings on internet usage. Managers should actively monitor mobile phone/sim card data usage and charges to ensure they are justified and reasonable.	High	IT Business Partner – In conjunction with Telecoms Manager. Budget Holders. December 2009.
4.3	The mobile phone expenditure code subjective element is D5120, however a further 24 codes were identified as being used by various departments, which does not make it easy for the Council to identify the actual cost of mobile phones. <i>The Deputy Group Finance Manager – Corporate advised that this is an area identified for improvement as part of the Continuous Service Improvement Plan.</i>	Budget implications. Unable to identify actual mobile phone costs.	All mobile phone costs should only be charged to the mobile phone subjective expenditure code in order for the Council to identify the corporate costs. <i>Outstanding recommendation from the 2005/06 audit AP2.4.</i>	High	Group Finance Manager – Corporate November 2009.

Internal Audit Report – Mobile Phones Anti Fraud and Corruption

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
5	In the event lost/stolen phones are consistently being reported, trends are identified by members of staff.				
5.1	There is currently no formal procedure in place to establish trends in misuse of mobile phones or phones being constantly lost.	Misappropriation goes undetected. Costs of new equipment not passed onto the member of staff as outlined in the mobile phone policy.	The Telecoms Team should produce exception reports to identify any potential misuse of Council mobile phones. In the event of suspected misuse this should be reported and where necessary followed up with the individual's line manager.	Medium	IT Business Partner – In conjunction with Telecoms Manager. November 2009.
5.2	In the event of a mobile phone being lost or stolen, the employee can either report this to the Telecommunications team or Vodafone direct. There are no official procedures for ensuring that the budget holder is aware that the phone is missing. In the event of the employee informing Vodafone direct it is possible for the phone to go undetected as missing.	Budget holder unaware of missing phone.	Formal procedures should be introduced for the informing of lost/stolen mobile phones. The employee should be charged for the cost incurred to the Council. The budget holder should be informed promptly of any phone incidents i.e. mobile phones lost or stolen. <i>Outstanding recommendation from the 2005/06 audit AP3.3.</i>	High	IT Business Partner – In conjunction with Telecoms Manager. January 2010

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
6	A record of having a mobile phone is included in the employees personnel file. A process is in place to ensure there is a trigger and relevant team is informed of staff leaving the Council to ensure the phone is returned.				
6.1	<p>Staff personnel files do not contain information that a member of staff has a mobile phone.</p> <p>Whilst it is acknowledged that it is the manager's responsibility to inform of staff leaving, there is no formal trigger to ensure the phone is returned.</p> <p>The Telecoms Team advised that they are not always informed that a member of staff has left the Council, although this is stated in the mobile phone policy.</p> <p><i>It should be noted that it is not the Telecoms Team's responsibility to identify leavers. They should be promptly informed by managers.</i></p> <p>As part of the NWOW a number of items of equipment will be issued to officers i.e. laptops. At present there is no means of capturing the issue of equipment to individual staff to ensure it is effectively monitored and returned should an employee leave the Council.</p>	<p>Phone not returned when staff leave.</p> <p>Non-employees continue to use the phone leading to excessive costs to the Council.</p> <p>If the phone is given to another member of staff, they will not have signed up to the mobile phone policy leading to a lack of awareness.</p>	<p>A formal procedure should be established to ensure that when an employee, in receipt of a mobile phone, leaves the Council, that the Telecoms Team is promptly informed.</p> <p>The phone should then be returned to the Telecoms Team. In the event the phone is given to another member of staff the Telecoms Team should be informed of the Officer and they should sign the Mobile phone Control Form.</p> <p>As part of NWOW, policies and procedures should be established to ensure that there is a central record of all equipment issued to officers including mobile phones.</p>	High	<p>Head of HR Policy & Strategy.</p> <p>January 2010.</p>

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
7	Regular reports/bills are received from the service provider that clearly identifies all types of mobile phone usage.				
7.1	<p>The Telecoms Team advised that phones are barred from making premium rate calls and text. However, a review of the quarterly bill received in April 2009 identified that premium rate numbers are being used.</p> <p>In light of this information the Telecoms Team looked at the previous full years billing. They identified that premium rate numbers call costs totalled £1,076.</p> <p>Following this finding being identified during the audit the Telecoms Team have now requested a block on all premium rate numbers.</p>	<p>Excessive bills incurred.</p> <p>Non-work related use of mobile phones/breach of Mobile Phone Policy.</p>	<p>The Telecoms Team must ensure that a bar is placed on all contract mobile phones to prevent premium rate calls.</p> <p>The Telecoms Team should produce exception reports on a regular basis to monitor for any premium rate calls. In the event that any premium rate calls are detected these should be barred immediately.</p> <p>Staff issued with a mobile phone should be reminded not to use premium rate numbers.</p> <p>Where non-compliance continues this should be escalated accordingly and the mobile phone in question retrieved. Relevant staff should be recharged the costs incurred by the Council.</p> <p>Disciplinary action should be taken where appropriate.</p>	Low	<p>IT Business Partner – In conjunction with Telecoms Manager.</p> <p>November 2009.</p>
7.2	<p>The Telecoms Team were unaware if insurance with Vodafone covered the eventuality of the Council's mobile phones being cloned by external sources, and if the Council would then be able to reclaim the costs incurred should an instance of fraud arise.</p>	<p>Inappropriate costs to the Council.</p> <p>Loss to the Council.</p> <p>If Council phones are targeted the Council would no be able to reclaim the cost.</p>	<p>Confirmation should be obtained whether the Council is insured against fraudulent use, such as cloning, within the Vodafone Contract.</p>	High.	<p>IT Business Partner – In conjunction with Telecoms Manager.</p> <p>November 2009.</p>

Ref.	Matters Arising from Review	Risk	Recommendations	Priority	Responsible Officer and Proposed Timescale
8	An inventory exists of mobile phones and Sims cards.				
8.1	<p>The Telecoms Team maintains an inventory for corporate mobile phones and SIM cards (not including SCS). However, its accuracy and completeness is not reliable, i.e. the Inventory does not always identify the location of SIM cards, the amount of SIM cards on the Inventory did not agree to the amount being charged for by Vodafone.</p> <p>An inventory of mobile phone does not exist within SCS, therefore when SCS decouple it will be difficult for the Council to fully account for all assets during the decoupling process.</p> <p>Financial Regulations 6.2.1 states that: <i>'Asset registers are maintained for the authority, assets are recorded when they are acquired by the authority and the records are updated as changes occur with respect to the location and condition of the asset'.</i></p>	<p>Non-compliance with Financial Regulations 6.2.1.</p> <p>The Council cannot account all mobile phones/SIM cards within the Council.</p>	<p>The mobile phone inventory should be reviewed and updated to ensure that all mobile phones and SIM cards can be clearly accounted for. This should include, mobile number model/serial number and where or who it is located with including phones in use at SCS.</p> <p>The inventory should be updated promptly should any change arise.</p> <p>An annual review should be conducted and the inventory signed by the person conducting the check.</p>	High	IT Business Partner – In conjunction with Telecoms Manager. January 2010.
8.2	<p>At the time of the audit there was a surplus of SIM cards held in the Telephony Technical Administrator drawer ready for issue. They were not accounted for on the inventory. In addition the drawer is not secure as the keys are left in the Telephony Technical Administrator tray on the desktop.</p>	<p>Misappropriation of SIM cards.</p> <p>Unable to account for SIM cards.</p> <p>SIM cards are stolen.</p>	<p>Any surplus of phones and SIM cards should be recorded on the mobile phone inventory.</p> <p>Stocks should be held securely at all times.</p> <p><i>It should be noted that the Telecom Team advised they have destroyed and disposed of these cards at the time of the audit as they were found to be defective.</i></p>	Medium	Telecoms Manager. November 2009.

Standard Audit Opinions

1. The audit opinion is based on two different criteria the first is the materiality of the system and it's impact on the Council if there was a system failure. This has been spilt into High, Medium or Low.
2. The second criteria, is the standard of control found within the system audited. This has been categorised into 4 different levels i.e. high; satisfactory; significant improvements required and, fundamental weakness. Each of these categories has a standard opinion (see below).

Standard Audit Opinions on System Control
<p>Audit Opinion 1. <i>High Standard</i></p> <p>The auditor completing the review concluded the significant system controls are in place and operating effectively and only minor recommendations have been made.</p>
<p>Audit Opinion 2. <i>Satisfactory Standard</i></p> <p>The auditor completing the review concluded that most of the significant controls are in place and operating satisfactorily although some non-compliance was identified and therefore there is scope for improvement.</p>
<p>Audit Opinion 3. <i>Significant Improvements Required</i></p> <p>The auditor completing the review concluded that existing procedures needed to be improved to ensure that they are fully reliable. A number of significant recommendations have been made to improve missing or failing controls.</p>
<p>Audit Opinion 4. <i>Fundamental Weaknesses Identified</i></p> <p>The auditor completing the review concluded that the matters arising from the review are sufficiently significant to place doubt on the reliability of the procedures reviewed. Implementation of the recommendations made is a priority to ensure that reliance can be placed on the system.</p>

3. The combination of these two factors gives an overall risk assessment to the Council of one of three scores i.e. significant, moderate or minimal.

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NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
1	There is a defined corporate policy for the procurement and use of mobile phones and staff are aware of its existence.			
1.1	<p>The mobile phone policy should be reviewed regularly and updated to reflect the current ways of working, staff and manager responsibilities and cover the consequences of misuse of all the technology that phones come equipped with such as camera, internet.</p> <p>Corporate Board should formally approve the revised mobile phone policy.</p> <p><i>Similar recommendation made in the 2005/06 audit report AP1.1.</i></p>	High	IT Business Partner – December 2009.	<p>The New Ways of Working Programme is reviewing the mobile phone policy as part of an increased deployment of mobile phones to staff.</p> <p>The policy will be signed off by Operations Board as opposed to Corporate Board.</p>
1.2	<p>Mobile phones should only be issued subject to the recipient signing up to the mobile phone agreement.</p> <p>All mobile phones issued to staff should be supported by a signed mobile phone agreement.</p> <p>An inventory review should be conducted in line with the requirements of Financial regulations.</p> <p><i>Similar recommendation made in the 2005/06 report AP2.2.</i></p>	High	IT Business Partner – December 2009.	<p>A process review has been commissioned to look at the end to end process from ordering through the ongoing management. As part of the New Ways of Working Programme a central repository for both mobile and fixed phones will be created. This repository will support ongoing management to itemised charging to devolved budgets.</p>

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NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
1	There is a defined corporate policy for the procurement and use of mobile phones and staff are aware of its existence.			
1.3	<p>Mobile phones that are currently on any network other than Vodafone, which is part of the OGC framework agreement, should be identified and changed to the Vodafone.</p> <p><i>Similar recommendation made in the 2005/06 report AP2.1.</i></p>	High	IT Business Partner – November 2009.	The majority of our mobile phones are supplied and managed by Vodafone. Exceptions to this are based on a 'value for money' proposition and it is recognised that Vodafone is not always the best solution. All mobile telecommunications are managed within the ICT Telecoms team and monitor spend outside of the Vodafone framework where possible.
2	Justification process is completed and authorised prior to staff being provided with a mobile phone.			
2.1	<p>The policy for mobile phones should be reviewed to establish what criteria should apply for NWOW and the different working categories.</p> <p>A review should be conducted against this criteria in conjunction with the new ways of working, a rolling exercise should be conducted on all staff with mobile phones to ensure there is sufficient justification for them to have a mobile phone.</p> <p>Where there is no valid reason the phones should be withdrawn.</p> <p>All mobile phone contracts should be supported with a business justification that has been formally approved by the relevant budget holder.</p> <p>Anomalies should be picked up as part of the rolling exercise as detailed above.</p>	High	<p>IT Business Partner – In conjunction with Telecoms Manager.</p> <p>January 2010.</p> <p>From next request for a mobile phone.</p>	<p>The use of mobile phones is becoming more common place within our organisation. In the past the cost of using a mobile phone has been high and for this reason a business justification was required. Moving forward we are creating an environment that will rely less on the building we use and therefore more reliance on the right information and communication technology. Staff in the future will be given the option to have either a desk or a mobile phone with a move away from providing both. Essentially the provision of a mobile phone will be treated in a similar way to a desk phone and be attached to the job post rather than the individual. Budget managers are expected to monitor itemised spend on both the mobile and fixed phones moving forward, but will not be expected to provide additional business justification over and above what they currently provide for a desk phone. An improved starters and leavers process will ensure that this is better managed in the future.</p>

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NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
3	Random spot checks are conducted on mobile phones in use around the Council.			
3.1	<p>Rolling monthly management verification checks should be carried out to ensure that the officer on the central mobile phone register is using the mobile phones/sim cards issued to them.</p> <p><i>Outstanding recommendation from 2005/06 AP3.1.</i></p>	High	<p>IT Business Partner – In conjunction with Telecoms Manager. November 2009.</p>	<p>A process will be established where all phones (both mobile and desk) are allocated to a budget holder. Each budget holder will be expected to proactively manage the use of phones within their teams. Spot checking will take place within the telecoms team to monitor for misuse/fraud.</p>
3.2	<p>Segregation of duties should exist for the purchasing, receiving, issuing and payment for a mobile phone.</p> <p>Where this is not possible there should be an independent management check of on-line order items back to source documentation to ensure that all orders are bona-fide and authorised.</p> <p><i>Outstanding recommendation from the 2005/06 audit AP2.3.</i></p>	High	<p>Telecoms Manager. November 2009.</p>	<p>This will be taken into account as part of the process review and signed off at the relevant level, most likely Operations Board.</p>

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NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
4	Individual mobile phone bills are received on a regular basis. The employee's service manager independently checks these.			
4.1	<p>Capita must pay mobile telephone bills promptly. Departments should then be recharged for their mobile phone recharges promptly.</p> <p>Evaluate the means of providing managers with an on-line mobile phone bill approval process for their service area. This would enable managers to conduct payment certification checks before payment is made by Capita i.e. 7-14 days prior to date of payment being due.</p> <p>Managers should be provided with individual itemised mobile phone bills. Managers should sign-off payment certification checks to confirm they are satisfied with the phone usage.</p> <p><i>Outstanding recommendation from the 2005/06 audit (AP4.2).</i></p> <p>In the event of a breach of the Council's Corporate Mobile Phone Policy and Code of Conduct managers should take appropriate steps to address these.</p>	High	<p>Group Finance Manager – Corporate</p> <p>December 2009.</p>	<p>Agreed, but the roll out will be dependent on the New Ways of Working Programme and capacity within the service.</p>

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4	Individual mobile phone bills are received on a regular basis. The employee's service manager independently checks these.			
4.2	<p>A full review should be conducted of the agreement in place with Vodafone for the provision of internet usage via SIM card.</p> <p>The Council should establish if they are getting value for money in this area and other ways of achieving cost savings on internet usage.</p> <p>Managers should actively monitor the data usage and charges to ensure they are justified and reasonable.</p>	High	<p>IT Business Partner – In conjunction with Telecoms Manager.</p> <p>Budget Holders.</p> <p>December 2009</p>	<p>Provision of mobile broadband services is part of the standard Vodafone framework. Vodafone continue to review their costs within the framework for mobile broadband and it is recognised that costs are not current aligned to the market. The roll out of public WiFi may provide a different opportunity moving forward.</p>
4.3	<p>All mobile phone costs should only be charged to the mobile phone subjective expenditure code in order for the Council to identify the corporate costs.</p> <p><i>Outstanding recommendation from the 2005/06 audit AP2.4.</i></p>	High	<p>Group Finance Manager – Corporate</p> <p>November 2009.</p>	<p>Agreed and work already taking place to ensure this.</p>
5	In the event lost/stolen phones are consistently being reported, trends are identified by members of staff.			

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NO	RECOMMENDATIONS	PRIORITY	RESPONSIBLE OFFICER TIME-SCALE	COMMENTS / ACTIONS BY DEPARTMENT
5.1	<p>The Telecoms Team should produce exception reports to identify any potential misuse of Council mobile phones.</p> <p>In the event of suspected misuse this should be reported and where necessary followed up with the individual's line manager.</p>	Medium	<p>IT Business Partner – In conjunction with Telecoms Manager.</p> <p>November 2009.</p>	<p>Agreed. The type, format and frequency of these reports will be decided as part of the process review.</p>
5	In the event lost/stolen phones are consistently being reported, trends are identified by members of staff.			
5.2	<p>Formal procedures should be introduced for the informing of lost/stolen mobile phones. The employee should be charged for the cost incurred to the Council.</p> <p>The budget holder should be informed at all times that the phone has been lost or stolen.</p> <p><i>Outstanding recommendation from the 2005/06 audit AP3.3.</i></p>	High	<p>IT Business Partner – In conjunction with Telecoms Manager.</p> <p>January 2010.</p>	<p>Formal procedures should be in place for the lost/stolen reporting of all equipment. Charging to the employee will not be appropriate, but to the budget holder is.</p>

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6	A record of having a mobile phone is included in the employees personnel file. A process is in place to ensure there is a trigger and relevant team is informed of staff leaving the Council to ensure the phone is returned.			
6.1	<p>A formal procedure should be established to ensure that when an employee, in receipt of a mobile phone, leaves the Council, that the Telecoms Team are promptly informed.</p> <p>The phone should then be returned to the Telecoms Team. In the event the phone is given to another member of staff the Telecoms Team should be informed of the Officer and they should sign the Mobile phone Control Form.</p> <p>As part of NWOW, policies and procedures should be established to ensure that there is a central record of all equipment issued to officers including mobile phones.</p>	High	<p>Head of HR Policy & Strategy. January 2010.</p>	<p>This is a requirement for the Starters, Movers and Leavers process being redeveloped. Until such time the existing process for Cost Centre Managers informing of changes will be in place.</p> <p>The preferred process will be considered as part of the process review and will ensure value for money in terms of the service provision and efficiency to the council.</p>

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7	Regular reports/bills are received from the service provider that clearly identifies all types of mobile phone usage.			
7.1	<p>The Telecoms Team must ensure that a bar is placed on all contract mobile phones to prevent premium rate calls.</p> <p>The Telecoms Team should produce exception reports on a regular basis to monitor for any premium rate calls. In the event that any premium rate calls are detected these should be barred immediately.</p> <p>Staff issued with a mobile phone should be reminded not to use premium rate numbers.</p> <p>Where non-compliance continues this should be escalated accordingly and the mobile phone in question retrieved. Relevant staff should be recharged the costs incurred by the Council.</p> <p>Disciplinary action should be taken where appropriate.</p>	Low	<p>IT Business Partner – In conjunction with Telecoms Manager.</p> <p>November 2009.</p>	<p>A communication to this affect will be made on the Intranet and the mobile phone policy will reflect this.</p> <p>Action already carried out to bar premium rate numbers (118 118) and regular reviewing is already taking place within the Telecoms team.</p> <p>As part of the escalation the retrieval of the mobile phone could cause an inability to work if this is their own phone. The line manager will be responsible for managing the misuse, and will reach agreement themselves on the recharge of additional cost incurred, but recommendations within the misuse of the policy will show recommendations.</p>

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7	Regular reports/bills are received from the service provider that clearly identifies all types of mobile phone usage.			
7.2	Confirmation should be obtained whether the Council is insured against fraudulent use, such as cloning, within the Vodafone Contract.	High.	IT Business Partner – In conjunction with Telecoms Manager. November 2009.	To be investigated.
8 An inventory exists of mobile phones and Sims cards.				
8.1	<p>The mobile phone inventory should be reviewed and updated to ensure that all mobile phones and SIM cards can be clearly accounted for. This should include; mobile number model/serial number and where or who it is located with.</p> <p>The inventory should be updated promptly should any change arise.</p> <p>An annual review should be conducted and the inventory signed by the person conducting the check.</p>	High	<p>IT Business Partner – In conjunction with Telecoms Manager. January 2010.</p>	<p>The Telecoms team already manage a process to support this. However there are gaps due to the lack of the Starter, Movers and Leavers process.</p> <p>When the new process is in place it will be used to support this recommendations, but in it absence recommendation 4.1. and 5.1 will cover</p>

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8	An inventory exists of mobile phones and Sims cards.			
8.2	Any surplus of phones and SIM cards should be recorded on the mobile phone inventory. Stocks should be held securely at all times. <i>It should be noted that the Telecoms Team advised they have destroyed and disposed of these cards at the time of the audit as they were found to be defected.</i>	Medium	Telecoms Manager. November 2009.	Agreed.

I certify that the above information is correct

Service Manager: David Titcombe

Date: 7/12/2009

Internal Audit: Lorraine Sarson

Date: 7/12/2009