

Swindon Borough Council

Audit Committee

Tuesday, 20 September 2011

Committee Room 6, Civic Offices

At 6.00 p.m.

Conservative Councillors

Michael Dickinson
(Chair)
Fionuala Foley
Mary Martin
Peter Stoddart
Vera Tomlinson

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 28 June 2011

5. Final Accounts 2010-11 (DF-CE) (Pages 5 - 8)

6. Annual Governance Statement (HIA-CE) (Pages 9 - 24)

7. Internal Audit reports identifying significant risk or 'of concern': Adult Social Care - Eligibility of Care (HIA-CE) (Pages 25 - 48)

8. Anti-Fraud & Bribery Strategy and Whistleblowing Procedure (HIA-CE)
(Pages 49 - 80)

9. Head of Internal Audit Update (HIA-CE) (Pages 81 - 92)

Date of Despatch: 12 September 2011

Key:

DF - B - Director of Finance
HIA-CE - Head of Internal Audit

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.

AUDIT COMMITTEE

TUESDAY, 28 JUNE 2011

PRESENT:- Councillors Michael Dickinson (Chair), Des Moffatt (Vice-Chair), Steve Allsopp, Fionuala Foley, Mary Martin, Peter Stoddart and Vera Tomlinson

1. Declarations of Interest

The Chair reminded Members of the need to declare any known interests in any matters to be considered at the meeting.

2. Public Question Time

Mr Des Morgan put a number of questions to the Committee on the topic of officer conduct in relation to the decision-making processes that preceded the Council's agreement with Digital City (UK) Ltd for a Wi-Fi project and requesting that an audit review be carried out in respect of the decision and, in particular, the risk assessment carried out in relation to the security of the loan made to that company.

The Group Director, Business Transformation, responded to issues raised by Mr. Morgan regarding the risk assessment carried out by the Council in relation to the wi-fi business case.

The Committee considered Mr Morgan's request for an audit review to be carried out by Internal Audit as part of its 2011/12 work programme and specific proposals put by Councillor Des Moffatt on the terms of reference of such a review. The Chair commented that in order to undertake an audit review of this scale, topics would have to be identified to be dropped from the draft Internal Audit Plan 2011/12 approved by members at the Committee meeting on 26 April 2011. The Committee voted on a motion put by Councillor Des Moffatt that an Internal Audit Review be undertaken of the Council's agreement with Digital City (UK) Ltd for the delivery of a boroughwide wi-fi project, in accordance with terms suggested by Councillor Moffatt. The motion was declared lost.

3. Minutes

Resolved - That the minutes of the meeting held on 26 April 2011 be confirmed and signed.

4. Treasury Management Strategy Statement 2011/12

The Committee received a report of the Director of Finance, introduced by the Deputy Group Finance Manager (Capital and Treasury), regarding the Treasury Management Strategy for 2011/12, including the Annual Investment Strategy, Minimum Revenue Provision Policy Statement and the Prudential Indicators for the period 2010/11 to 2013/14.

Resolved – (1) That the report, and the details of the Treasury Management Strategy 2011/12, be noted.

(2) That the Deputy Group Finance Manager (Capital and Treasury), be

thanked for attending the meeting and for his useful and informative presentation of the report and his responses to members' questions.

(3) That it be noted that, in fulfilment of its enhanced role in relation to the scrutiny of the Council's Treasury Management Strategy, the Strategy document would be submitted to the Audit Committee annually for consideration and approval, with a second report to be made during the course of each year to facilitate members' scrutiny of the Council's performance against the strategy.

5. Internal Audit reports identifying significant risk or 'of concern': Corporate manslaughter/ Health Safety and Wellbeing Update

The Committee received a report on progress in implementing the Management response to the Internal Audit recommendations arising from the review of the mitigating controls in place to prevent a case of corporate manslaughter. It was noted that the audit review was finalised in May 2010 when an overall risk assessment of "Of Concern" was given. The Council's Group Director, Business Transformation, was in attendance to provide a current position statement and to respond to members' questions on issues raised by the audit review, the management response to the audit conclusions and key recommendations, and progress in implementing the agreed action plan.

Resolved – (1) That the report, and progress in relation to the implementation of the agreed action plan, be noted.

(2) That a further progress report on the implementation of the action plan be submitted to the January 2012 meeting of the Committee.

6. Draft Accounts 2010-11

The Director of Finance submitted a report introducing the Pre-Audited Statement of Accounts for the Financial Year 2010/11 for the Committee's consideration.

Resolved – (1) That the Pre-Audited Statement of Accounts for the Financial Year 2010/11 be noted. That it be noted that the final accounts would be submitted to the September meeting of the Committee for approval.

(2) That, in order to facilitate the challenge and scrutiny of the Council's accounts, and to provide the greatest level of transparency in relation to its accounting processes, the officers consider how the current practice for scrutiny by members and by the public might be appropriately enhanced.

(3) That a report be made to the Committee annually, detailing the Council's accounting policies and providing a distinction between statutory guidelines and policies where some discretion can be exercised by the Authority.

(4) That the Director of Finance and his Team be thanked for their hard work in producing the Statement of Accounts 2010/11.

7. Future of local public audit

The Committee received a report of the Head of Internal Audit on the details of the Department for Communities and Local Government's consultation paper on the "Future of local public audit" and member and officer comments that had been received in response to the direct questions put in the consultation paper. The Committee also considered the contents of a letter from the Permanent Secretary on the consultation process and the transfer of audit work from the Commission's in-house audit practice to the private sector.

Resolved – That the Head of Internal Audit be authorised to compile the

Council's response to the consultation paper, in liaison with the Chair of the Audit Committee and the Council's Monitoring Officer and the Section 151 Officer and in accordance with the responses detailed in the appendix to the report.

8. Audit Committee: Annual Report for the year 2010/11

The Head of Internal Audit submitted a report introducing the Committee's Annual Report for 2010/11.

Resolved – That the report be noted.

9. Audit Committee - Terms of Reference

The Committee received a report of the Head of Internal Audit detailing the Audit Committee's terms of reference and work programme for 2011/12.

Resolved – That, subject to the minor textual changes to the work programme highlighted by the chair, and the inclusion of the additional reports requested by the Committee during its consideration of agenda item no. 4 ("Treasury Management Strategy Statement 2011/12"), the Audit Committee's revised terms of reference and its work programme for 2011/12 be approved.

10. Internal Audit's Annual Report 2010/11

The Committee received a report on the Head of Internal Audit's Annual report for 2010/11, providing a summary of the work completed by Internal Audit Services in 2010/11 and his overall opinion of the Council's system of internal control.

Resolved – That the report be noted and that the Head of Internal Audit and his officers be thanked for their conscientious and hard work over last year in meeting the requirements of a very comprehensive audit programme.

11. Audit Committee: Effectiveness of the system of Internal Audit

The Head of Internal Audit submitted a report inviting the Committee to conduct a review of the effectiveness of the Council's system of Internal Audit in order to comply with the Accounts and Audit (Amendment) (England) Regulations 2006.

Resolved – (1) That the various areas of assurance and supporting evidence set out in the report, and the information contained in the Checklist provided in the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006, appended to the report, and the CIPFA Audit Committee Toolkit Self Assessment Checklist, also appended to the report, as revised by the Committee during its consideration of the report, be accepted as providing assurance of the effectiveness of the Council's system of Internal Audit.

(2) That members be invited to advise the Head of Internal Audit or the Chair of topics featuring in the Committee's work programme where they felt some member training might be usefully provided.

12. Anti Bribery Information for the Audit Committee

The Head of Internal Audit submitted a report briefing the Committee on the main elements of the Bribery Act, which comes in to force on 1st July 2011, including the four key offences under the Act, and highlighting bribery as a risk, summarising how the Council is addressing bribery and what further action is planned, and demonstrating links to other anti-fraud initiatives and policies.

Resolved – That the report be noted.

13. External Audit Progress report

Mr Martin Robinson of the Audit Commission presented a progress report regarding the delivery of its responsibilities as the Council's external auditor, including a schedule of progress in relation to each area of work to be undertaken as part of the 2010/11 audit.

Resolved – That the progress report be noted.

14. 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 meeting in April 2011 and progress made against the Annual Internal Audit Plan.

Resolved - (1) That the report be noted.

(2) That the Chair, in conjunction with the Head of Internal Audit, determine which finalised Audit report(s) should be referred to the Audit Committee for detailed consideration.

Final Accounts 2010-11

AUDIT COMMITTEE

Date: 20 September 2011

Author: Director of Finance

Wards Affected: All

Purpose

To present the Statement of Accounts for 2010-11.

Recommendations

- The Audit Committee is asked to:
- Note the content of the report and
 - Approve the annual statement of accounts, subject to additional updates.

1. Reasons

- 1.1 The Audit Committee is the designated body for approval of the Council's final accounts.

2. Update on the Draft Accounts Presented in June

- 2.1 The draft accounts presented in June were not the final draft as signed off on 30th June by the Director of Finance. As stated in the report of that committee meeting, there were updates being made which changed some of the numbers in the version initially presented to Members.
- 2.2 Apart from changes connected to roundings and other totalling checks, there were two material updates made to the accounts between committee and draft sign-off/presentation to external audit. These were:
- 2.2.1 Cash and cash equivalents. The final draft was updated to show a reduction to cash for amounts received in the bank but not hitting the ledger at 31st March. This was moved to reduce debtors.
 - 2.2.2 Capital Grants Unapplied. The original treatment for capital grants unapplied transferred significantly all capital grant funding and contributions to the unapplied account. Discussion with external audit at that time resulted in the transfer of some contributions to receipts in advance, as they were deemed to have conditions attached that had not yet been met.
- 2.3 The following table summarises the changes in values between copy to committee and the final draft presented to external audit.

Further information on the subject of this report can be obtained from *Darren Stevens* on *Direct Dial No.3323* or Email dstevens@swindon.gov.uk.

Final Accounts 2010-11

AUDIT COMMITTEE

Date: 20 September 2011

	1/4/09	31/03/10	31/3/11
	£000	£000	£000
Cash Equivalents			
To Committee	24,002	26,948	23,280
To External Audit	24,002	26,945	17,410
Change	0	(3)	(5,870)
Amounts Transferred to Capital Grants Unapplied		09/10	10/11
To Committee		(24,068)	(14,396)
To External Audit		(19,880)	(6,175)
Change		4,188	8,221

3. Audit Process

3.1 The external audit of the accounts is still progressing and the report of the auditors will be presented on the evening of committee with a verbal update. However, there are a number of items identified for change that are being incorporated into the final accounts. Beyond narrative and consistency updates there are some material changes, but nothing which has affected the Council's general fund balance.

3.2 The main changes being updated for are:

- 3.2.1 HRA impairment. Changes in the discount factor applied to the valuation of housing stock were not incorporated into the initial valuation. This is overstating the calculated valuation by c£130m. A large number of local authorities have been affected by this change which was not felt to be clearly communicated.
- 3.2.2 Adult Social Care recharges. Internal recharges within adult social care services were not cancelled out at year end, overstating expenditure and income by c£30m.
- 3.2.3 Group accounts. The group consolidation process requires removal of all income and expenditure which is purely within the group. This adjustment relates to c£60m of transactions between SCS and SBC and was not included within the original draft accounts.
- 3.2.4 Pensions past service cost. The national change from an RPI to a CPI rate of inflation measure being applied to pensions resulted in a £53m reduction in past service costs. This was originally shown in non-distributed costs in the comprehensive income and expenditure statement. As a one-off event due to the inflationary change it will be shown instead in exceptional items.
- 3.2.5 Capital grants. After further discussion with external audit on the treatment of capital grants and contributions, the process for transferring funding to the capital grant unapplied account is being updated. This will result in c£20m of grants transferred to receipts in advance from capital grants unapplied, and is due to a change in

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Final Accounts 2010-11

AUDIT COMMITTEE

Date: 20 September 2011

the interpretation of the technical guidance around how the timing of recognition is considered.

- 3.3 Despite the size of the adjustments required, they are either items which have a corresponding statutory reversal so as not to impact on council tax / the general fund, or impact on both expenditure and income and therefore have a nil impact on the net position.
- 3.4 The external audit report to those charged with governance will include items identified and updated for.

Alternative Options

- The annual Statement of Accounts are a statutory requirement.

Risk Management

Financial and Procurement Implications

- Contained in the body of the report.

Legal / Human Rights Implications

- There are no Legal/Human Rights issues.

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

- None.

Consultees

- None

Background Papers and Appendices

- Appendix 1 – 2010/11 Statement of Accounts (to follow)

Further information on the subject of this report can be obtained from *Darren Stevens* on *Direct Dial No.3323* or Email dstevens@swindon.gov.uk.

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Agenda Item 6

Annual Governance Statement

AUDIT COMMITTEE

Date: 20th September 2011

Author: Head of Internal Audit

Wards Affected: None

Purpose

The purpose of the report is to provide Audit Committee with details of the draft Annual Governance Statement for comment and approval.

Recommendation

- It is recommended that the Audit Committee reviews and approves the Annual Governance Statement for sign off by the Leader and Chief Executive.

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 Annual Governance Statement sets out the Council's governance arrangements and is therefore a key source of assurance for the Audit Committee.

2 Detail

- 2.1 The Annual Governance Statement (AGS) is the formal statement that recognises, records and publishes an authority's governance arrangements.
- 2.2 It is designed not only to give an opportunity for authorities to consider the robustness of their governance arrangements, but also provide an accurate representation of arrangements in place during the year and to identify areas where improvement is required.
- 2.3 The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2011 in relation to the publication of a statement on internal control.

Annual Governance Statement

AUDIT COMMITTEE

Date: 20th September 2011

- 2.4 There is a prescribed layout for the AGS that requires the Council to set out its governance arrangements and key elements of internal control and the sources of assurance; a review of the effectiveness of those governance and internal controls and a requirement to identify significant governance issues. The Council must ensure that it can provide evidence for any of the systems of internal control included in the AGS.
- 2.5 Guidance issued by CIPFA regarding the statement also recommends that a suitable independent management group should review the content of the AGS. The Council's Audit Committee will undertake this role. The Chief Executive and the Leader of the Council will sign the statement once the Audit Committee has approved it.
- 2.6 The draft Annual Governance Statement is set out in Appendix 1 to this report.
- 2.7 As part of the document the Council must identify any areas of significant governance or internal control issues that have occurred during 2010/11. Potential areas for inclusion were discussed at Corporate Board. This included reviewing last year's statement and agreeing whether any issues raised for 2009/10 could be taken off and whether any new issues needed to be included.
- 2.8 It was agreed that the following issues could be removed from the statement:
- ☐ Housing Benefits claim processing
 - ☐ Sickness absence
 - ☐ Impact of single status
 - ☐ Budgetary control arrangements within Special Educational Needs and Recoupment
 - ☐ Level 2 and Level 3 attainment
- 2.9 Corporate Board agreed that further progress was still required in the following areas before they could be taken off the statement:
- ☐ Health and Safety Governance
 - ☐ Information Governance
 - ☐ Project Commissioning, Sponsorship and Management
- 2.10 Corporate Board agreed that the following areas should be added to the statement for 2010/11:
- ☐ Adult Social Care financial management and delivery of savings
 - ☐ Governance around making commercial decisions in a public and political environment
 - ☐ Complexity of delivering outcomes through 3rd parties where there is influence rather than direct control, within the context of a changing national policy framework

Annual Governance Statement

AUDIT COMMITTEE

Date: 20th September 2011

- 2.11 Although not wanting to include Stronger Together in the statement for 2010/11, Corporate Board wanted to recognise that this will significantly change the way the Council is governed and makes decisions in the future. Any issues arising from this governance change will be monitored throughout 2011/12 and where necessary will be included in the Annual Governance Statement for that year.
- 2.12 There are various sources of assurance that can inform both Corporate Board and Audit Committee on how the governance arrangements and systems of internal control within the Council have been operating (see Appendix 2).

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 2011. 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)

Effective systems of internal control within the Council will help to ensure that the objectives set out in One Swindon are achieved.

Consultees:

Chief Executive

All Group Directors

All Directors

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

All service managers, Directors, Group Directors and Members who have contributed to individual audits during the course of 2010/11.

Annual Governance Statement

AUDIT COMMITTEE

Date: 20th September 2011

Appendices / Background papers

Appendix 1 – The Annual Governance Statement 2010/11

Appendix 2 – Assurance Framework

Key Decision/Decision in Forward Plan

Not Applicable

SWINDON BOROUGH COUNCIL**ANNUAL GOVERNANCE STATEMENT: 2010/11****1. Scope of responsibility**

Swindon Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having a regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Framework for Delivering Good Governance in Local Government*. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically.

The following section of the statement summarises Swindon Borough Council's governance framework that has been in place for the year ended 31st March 2011 and up to the date of approval of this Statement and the Statement of Accounts. The framework described reflects the arrangements in place to meet the six core principles of effective governance.

3. The Council's framework for ensuring compliance with the core principles of effective governance

(a) *The Council's purpose, outcomes for the community and creating and implementing a vision for the local area.*

The central premise of One Swindon involves shifting the balance of power, responsibility and resources away from the public sector bodies such as the Council to local people. It is a four-year partnership plan, set in the context of less resource in the future for all public sector agencies, the end of the Council's Corporate Plan, its 50 Promises and the end of Local Area Agreements.

There was an extensive engagement programme working with partners/officers/members to build on One Swindon to reach a point where partners, Boards, Cabinet and Full Council could agree the principles, high level priorities. One Swindon was launched in January 2011 and set out the following priority areas:

- ❑ We can all benefit from a growing economy and a better town centre
- ❑ I like where I live
- ❑ Everyone is enjoying sports, leisure and cultural opportunities
- ❑ Living independently, protected from harm, leading healthy lives and making a positive contribution

Many of the Council's services are informed by local consultation and are delivered to a high standard that make the best use of resources and are value for money, evidenced by:

- Benchmarking the cost and performance of our services. SBC took a national lead in setting up a Unitary Benchmarking club in partnership with PWC.
- Working increasingly with our partners, delivering services that meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice.
- Through the use of data, determining local needs and targeting resources accordingly.
- Responding positively to the findings and recommendations of external auditors and statutory inspectors and putting in place arrangements for the implementation of agreed actions.
- Carrying out value for money benchmarking of our costs and performance against our family groupings to ensure best use is made of the resources available to the Council.
- Delivering specific projects within an effective, corporate programme management framework, as appropriate.

(b) *Members and Officers working together to achieve a common purpose with clearly defined functions and roles.*

The Council has ensured that the necessary roles and responsibilities for its governance are identified and allocated so that it is clear who is accountable for decisions that are made. The Council has done this by:

- Appointing a Leader of the Council, and executive members (cabinet members), with defined executive responsibilities.
- Agreeing a scheme of delegated executive responsibilities to directors, and protocols that make clear the respective roles of members and officers and ensure effective communication between them.
- Annually appointing committees to discharge the Council's regulatory responsibilities.
- Annually appointing committees to discharge the Council's overview and scrutiny responsibilities.
- Setting clear role definitions for chairs of committees and councillors in their different roles.
- Undertaking an annual review of the operation of the Council's constitution.
- Making the Chief Executive (the Head of Paid Service) responsible and accountable to the Council for all aspects of operational management.
- Making a senior officer (the Monitoring Officer) responsible to the authority for ensuring the lawfulness and fairness of decision-making, and that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- Making a senior officer (the Section 151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- Ensuring significant partnerships and contracts with other public bodies, voluntary and community organisations, and the private sector have clear governance accountabilities, including effective and equitable financial arrangements.
- Having in place effective and comprehensive arrangements for the scrutiny of services.

(c) *Promoting our values and upholding high standards of Conduct and behaviour.*

The Council promotes and maintains high standards of ethical conduct of members and officers through the work of its Standards Committee.

The Council fosters a culture of behaviour based on shared values, ethical principles and good conduct.

The Council has done this by establishing and keeping under review:

- The Council's Constitution
- A Members' Code of Conduct

- An Officer's Code of Conduct
- A protocol governing Member/Officer Relations
- A Members' Planning Code of Good Practice
- Monitoring Officer Protocol
- Media Guidelines
- Contract Standing Orders and Financial Regulations
- The Council has committed itself to "In Touch" a set of values and behaviours (determined through extensive consultation with staff and Members) that will set and embed the organisational tone and culture moving forward. Commitment to this will be achieved by embedding it in the recruitment, appraisal and development processes.

The Council takes fraud and corruption very seriously and has the following policies that aim to prevent or deal with such occurrences:

- An anti-fraud and corruption strategy
- A Whistleblowing policy
- A Fraud Response Plan

Conduct of Members is monitored by a Standards Committee, which also investigates allegations of misconduct by Members.

(d) *Taking informed and transparent decisions that are subject to effective scrutiny and managing risk.*

The Council has ensured that the decision-making process includes a rigorous risk assessment including:

- Financial, legal and staffing implications
- Sustainability implications
- Health Impact and Promotion implications
- Value for Money
- Implications for Partnerships
- Implications for Community Safety
- Impact on Rural Communities.
- Diversity and racial impact assessment
- Risks, mitigations and opportunities

The Council has been rigorous and transparent about how decisions are taken and recorded. The Council has:

- Ensured the Cabinet make decisions in an open and transparent way and that information relating to those decisions is made available to the public, unless statutory rules provide otherwise

- Ensured that all decisions of regulatory committees of the Council are made in public and that information relating to those decisions is made available to the public, unless statutory rules provide otherwise
- Ensured that legal and financial implications are recognised in all reports on which decisions are based
- Recorded all decisions that are made by committees and key decisions made by officers (where applicable).
- Rules and procedures, which govern how decisions are made.
- Developed and maintained an effective overview and scrutiny function which encourages constructive challenge
- Maintain an effective Standards Committee and Audit Committee

The Council has continued to develop its risk management strategy to enable the Council to manage and control risks in order to maximise the quality of its service provision and uphold its reputation, making a powerful contribution to continuous service improvement and the achievement of best value.

The Council has ensured that the risk management system:

- Formally identifies and manages risks
- Involves elected Members in the risk management process
- Includes the undertaking of a risk assessment of every key or strategic decision
- Maps risks to financial and other key internal controls
- Reflects business continuity planning; and
- Reviews and, if necessary, updates its risk management processes at least annually.

(e) *Developing the capacity and capability of Members and officers to be effective.*

The Council has ensured that those charged with the governance of the Council have the skills, knowledge and experience they need to perform well. The Council has done this by:

- Maintaining member training and development through the Member Development Steering Group
- Developing leadership skills and capacity across the Council
- Developing our approach to workforce planning
- Encouraging quality mark accreditation
- Maintaining and developing our personal development and performance review systems
- Cascading regular information to Members and staff by paper and electronic means, having regard to diversity issues

(f) *Engaging with local people and other stakeholders to ensure robust public accountability.*

The Council is committed to increasing public involvement in decision-making and devolving power to individuals and local organisations. We have sought and responded to the views of stakeholders and the community. The Council has done this by:

- Forming and maintaining relationships with the leaders of other organisations
- Ensuring openness and accessibility to citizens, service users and staff, including partner organisations
- Implementing the Corporate Consultation Strategy and utilising an appropriate range of consultation methods
- Making use of local forums at ward, parish and neighbourhood level to maintain communication with all the Borough's communities and other stakeholders
- Encouraging and supporting the public in submitting requests for Scrutiny
- Maintaining and reviewing an effective complaints procedure
- Developing the Connecting People, Connecting Places programme.

4. Review of effectiveness

Swindon Borough Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Directors and relevant Heads of Service have completed a detailed questionnaire reviewing the control environment within their directorate and the results of the questionnaire have been used to inform our assessment of significant control issues for the Council.

The following process has been applied in maintaining and reviewing the effectiveness of the system of internal control. Both in-year and year-end reviews processes have taken place.

In year review mechanisms include:

- The Executive is responsible for considering overall financial and performance management and receives comprehensive reports on a regular basis. It also receives reports relating to risk management and monitors the corporate risk register, as well as being responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
- The terms of reference for the Audit Committee reflect CIPFA guidance best practice. The Committee is a full committee of the Council emphasising the commitment to ensuring that there are high standards of internal control within the Council. The Committee is responsible for reviewing the financial

performance, risk management and both Internal and External Audit performance and their findings and recommendations.

- Internal Audit is an independent and objective assurance service to the management of the Council who complete a programme of reviews throughout the year to provide an opinion on the internal control environment in the areas examined. Their reviews include examination of the main financial systems, enabling them to provide the Section 151 Officer with an overall opinion on the main financial controls in place as well as risk management, internal control and governance arrangements across the authority. In addition the Section undertakes fraud investigation and proactive fraud detection work. Internal Audit report to each Audit Committee summarising audits finalised since the previous meeting. Audit Committee has called in relevant Directors to update them on the progress in implementing agreed audit recommendations. The Audit Committee also reviews the effectiveness of the Council's system of internal audit.
- Both Cabinet and the Audit Committee considered the External Auditor's Annual Audit letter in 2010/11. The Annual Audit letter gives an opinion on the Council's financial statements and provides a value for money conclusion. With the abolition of the Comprehensive Area Assessment much of the work previously covered by External Audit is no longer required.

The External Auditor identified no material issues in their audit of the financial statements and issued an unqualified audit opinion on the Council's financial statements and on its arrangements for securing value for money in 2009/10.

- A Corporate Governance Working Group, consisting of both Members and officers, including the Monitoring Officer, reviews the effectiveness of the Council's corporate governance arrangements by reference to the CIPFA/SOLACE corporate governance standards and other best practice. The Group has streamlined the Council's decision-making process ensuring that agreed decisions could be implemented promptly.
- The Council has also adopted a Local Code of Corporate Governance against which Internal Audit assessed the Council's compliance.
- Risk Management – the Head of Performance and Risk Management leads the development of the corporate performance management and risk management strategies and frameworks including the Business Review framework. Champions lead on Risk and Performance within Group Directorates. Business Reviews are carried out quarterly at Corporate Board and these are used to review risks identified either through performance, Internal Audit or through the Corporate Risk Register.

A year-end review of governance arrangements and the control environment has also been completed which included:

- Obtaining assurances from all Group Directors and Directors that key elements of the control framework were in place during the year in their departments. They were also asked to identify areas where control weaknesses had resulted in a significant issue arising for the department.
- Reviewing the Head of Internal Audit's annual audit report presented to Audit Committee.

- Obtaining specific assurances from Directors with regard to the governance arrangements in place for key partnerships.

5. Governance: Key Areas of Focus

The review process has highlighted a number of significant areas for enhanced focus regarding the governance and internal control environment and these are described briefly below. For each one, action plans have been determined by a responsible officer and are under implementation or are in the process of being prepared and a summary of the key elements of these are included below:

- ***Adult Social Care financial management and delivery of savings*** - Over the past two years an unprecedented level of savings in the Adult Social care budget have been identified and delivered. Despite this, the continuing increases in demand for services, together with the challenge of effecting transformational changes at pace in this complex service area, have resulted in the budget continuing to overspend significantly. Although the Council has been able to contain the additional costs within its overall budget, the lack of certainty in future budget projections for Adult Social Care has made financial planning a significant challenge. Financial monitoring processes are continually being refined and improved, with a particular focus on increasing ownership and financial skills within the service area itself. The move to establish a social enterprise for Adult Social Care and Health Services presents an opportunity to re-define the relationship between commissioners and providers of services, to ensure complete clarity around financial decision-making.
- ***Health and Safety Governance*** – an Internal Audit review of health and safety raised the issue of governance across the organisation and the need to ensure transparent reporting and assessment of risks. This includes a review of the Health and Safety Policy to include the Corporate Manslaughter Act requirements. The required actions identified include:
 - ❑ Establish and embed robust governance structures to ensure scrutiny and effective management of Health and Safety and Wellbeing risks to the organisation.
 - ❑ Revise the Health and Safety Policy so that it is up to date in connection with legislation.
 - ❑ Providing support materials and guidance to managers to enable them to manage safety improve staff wellbeing and achieve reductions in sickness absence levels.
 - ❑ Revise and communicate Health Safety and Wellbeing policies to ensure that they are up to date.
- ***Information Governance*** – There is a need to refresh policies and guidance to ensure that they reflect legislation, best practice and current use of IT. The Additional work on raising officer and Member awareness of the requirements of information governance.
- ***Project Commissioning, Sponsorship and Management*** – the aim of the Council's Corporate Programme Management Office, is to act as the professional lead for programme management; helping to improve successful delivery of

programmes and projects, as well as improving capability across our project and programme community. The ongoing development of the CPMO aims to ensure that three key areas of service are provided:

- ❑ Strategic planning support; focus on supporting management decision-making and ensuring project and programme alignment with strategy, prioritisation, benefits realisation, support for escalated risks and issues, and the provision of portfolio-level reporting.
- ❑ Using the team as a central, flexible resource pool to support and deliver specific programmes and projects.
- ❑ Development of standard methods and processes, working practices including training and coaching. Providing independent assurance and being seen as the centre of excellence for project and programme management.

However, further work is required to ensure that projects are commissioned through proper arrangements and that their subsequent sponsorship ensures that project objectives are met.

- ***Governance around making commercial decisions in a public and political environment*** – there is a challenge regarding how to best augment the Council’s existing processes to manage the transition of innovative commercial projects with private sector partners from inception to approval, whilst allowing the process to be as open and transparent as possible.
- ***Complexity of delivering outcomes through 3rd parties where there is influence rather than direct control, within the context of a changing national policy framework*** – the Council continues to develop the way it interacts with 3rd parties where it does not have direct control of that organisation but where that 3rd party is working to achieve wider, including Council, objectives. This is a key objective of the commissioning function within Stronger Together.

6. Certification

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year although we recognise the areas for additional focus identified in section 5. We are satisfied that these enhancements will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

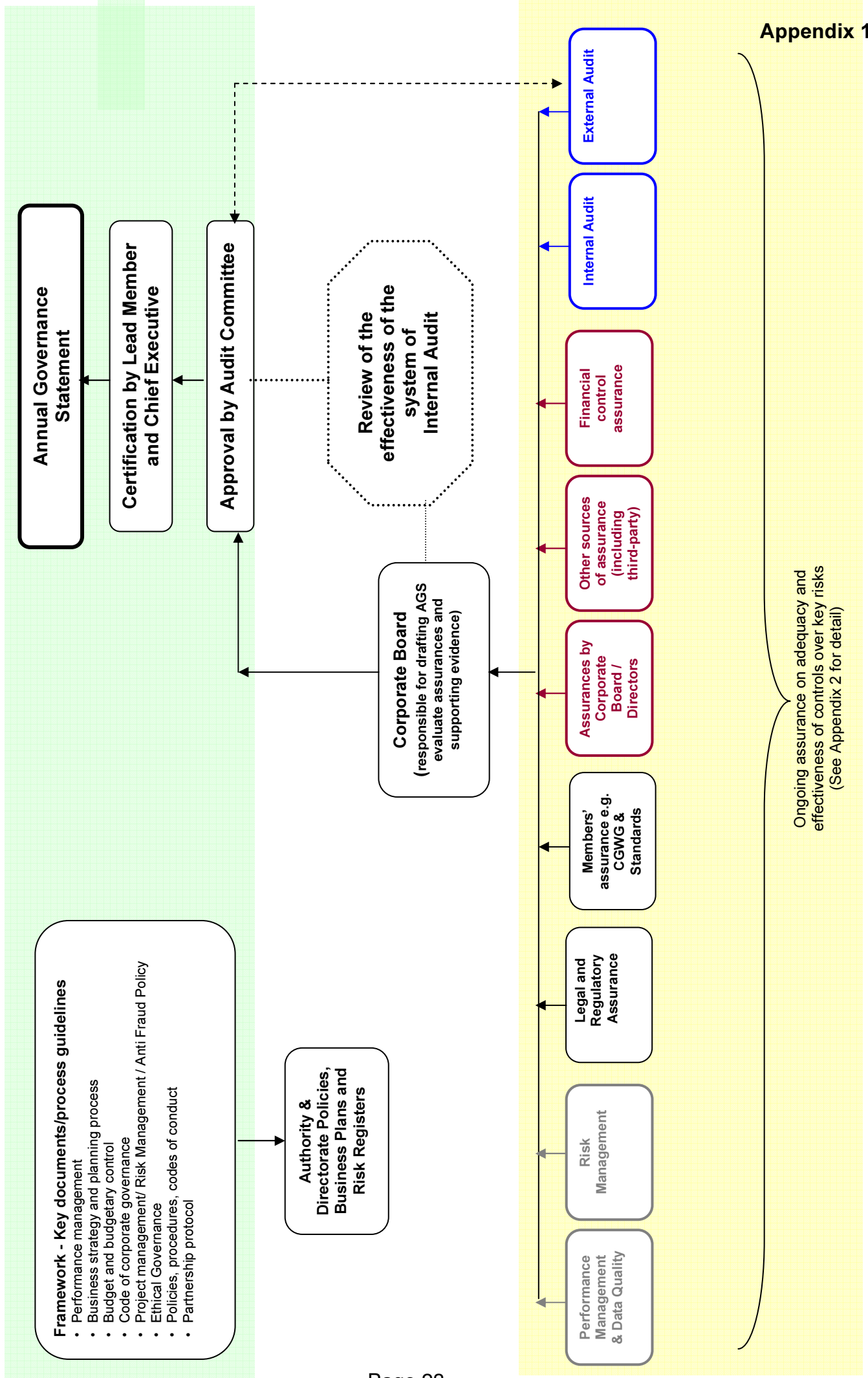
Signed:

Councillor Roderick Bluh
Leader of the Council

Gavin Jones
Chief Executive

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ANNUAL GOVERNANCE STATEMENT FRAMEWORK (FLOWCHART)



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

ADULT SOCIAL CARE – ELIGIBILITY OF CARE

Audit Committee

Date: 28th September 2011

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.

The Chair of the Audit Committee requested that the Internal Audit report on Eligibility of Care be presented to the 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 Internal Audit report on Eligibility of Care Manslaughter be presented to the June meeting of the Audit Committee.

2 Detail

- 2.1 A report following the internal audit review of Eligibility of Care (the application of current policy in Adult Social Care) was finalised on 16th June 2011 and an overall risk assessment of '**Of Concern**' was given. The full report is attached as Appendix 1.
- 2.2 Key recommendations made in the report to achieve the improvements required included:

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 identifying significant risk or 'of concern':

ADULT SOCIAL CARE – ELIGIBILITY OF CARE

Audit Committee

Date: 28th September 2011

- Specific assessment criteria, endorsed by case studies for guidance, should be put in place to support each of the four key Department of Health's FACS criteria headings i.e. Critical, Substantial, Moderate and Low. This should demonstrate a robust and considered decision-making process that could withstand appeal and potential legal challenge.
- The 'Putting People First' service and budget review currently being undertaken by ASC management for the eligibility of care should include evaluating the possible merging of existing sections that provide the same, or similar, administrative and financial support for each of the three areas i.e. Learning Disabilities, Older People and Physical Difficulties; and Mental Health. All current administrative work should be brought up to date. Work pending action, either by the key worker, manager or administrative section, should be closely performance managed and tracked with targets to secure signed care plans and financial records within a reasonable time i.e. within 8 weeks following approval of the care plan. All relevant Council policies and procedures should be reviewed in line with agreed service revisions.
- Rationalise the IT systems and methods for retaining client care and financial information and conduct this with the PCT to ensure that a unified approach is adopted. Data cleansing and quality control checks should be conducted to ensure that data held by ASC in its systems is consistent, complete, correct and up to date. In the event that client information is held in different systems there should be on going checks to ensure data integrity.
- Ensure that efficient administrative arrangements are in place across the service to support delivery of agreed processes and to retain relevant documentation in an effective manner.

Alternative Options

- 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 identifying significant risk or 'of concern':

ADULT SOCIAL CARE – ELIGIBILITY OF CARE

Audit Committee

Date: 28th September 2011

Risk Management

Financial and Procurement Implications

- There are no direct financial implications arising from this report however the detailed audit report addresses 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 2011. 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

- Effective systems of internal control within the Council will help to ensure that the objectives set out One Swindon 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.

Officers as detailed

Appendices / Background papers

Appendix 1 – Internal Audit Report: Eligibility of Care

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.

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Swindon Internal Audit Services
Chief Executive's

Strictly Private and Confidential

Eligibility of Care
(Application of Current Policy on ASC)

Report status: Final

Report date: 16th June 2011

Report Reference: H&ASC/EC/LS

Auditor: Raphael Atoyebi - Senior Auditor

Issued by: Lorraine Sarson - Principal Auditor

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Appendices:

A: Standard Audit Opinions

Report distribution:

Draft for discussion issued 26th November 2010:

Ted Wilson	Joint Director of Service Delivery
Chris Wilson	Group Finance Manager
Graham Walker	Team Leader-PCT
John Hughes	Head of Services, Social Care Policy and Strategy
Brian O'Shea	Senior Practitioner, North West Community Team

Draft issued 31st January 2011:

Ted Wilson	Joint Director of Service Delivery
Chris Wilson	Group Finance Manager
Graham Walker	Team Leader-PCT
John Hughes	Head of Services, Social Care Policy and Strategy
Brian O'Shea	Senior Practitioner, North West Community Team

Formal Draft issued 16th April 2011:

Heather Mitchell	Group Director Adult Social Care
Jan Trethewey	Acting, Joint Director of Service Delivery
Chris Wilson	Group Finance Manager
Graham Walker	Team Leader-PCT
John Hughes	Head of Services, Social Care Policy and Strategy
Brian O'Shea	Senior Practitioner, North West Community Team

Final issued 16th June 2011:

Heather Mitchell	Group Director Adult Social Care
Jan Trethewey	Acting, Joint Director of Service Delivery
Chris Wilson	Group Finance Manager
Graham Walker	Team Leader-PCT
John Hughes	Head of Services, Social Care Policy and Strategy
Brian O'Shea	Senior Practitioner, North West Community Team

1 Executive Summary

- 1.1 The review of Eligibility of Care in Adult Social Care (ASC) was carried out as part of the 2010/11 Internal Audit Plan as agreed with, and undertaken on behalf of, the Group Director of Adult Social Care. The service provision extends to Learning Disabilities (LD), Older People and Physical Disabilities (OPPD), and Mental Disability (MD). The audit provides an assessment as to the suitability of controls, process and management of the eligibility and application of the current policy on Adult Social Care. The key areas reviewed included that:
- the Council's policy is aligned to and conforms with the Department of Health's Fair Access to Care Service (FACS) guidelines and criteria.
 - care is provided only to eligible users accessing Adult Social Care.
 - alternative sources of care provision and funding have been considered.
- 1.2 Eligibility criteria under the FACS framework is graded into four bands of risk to assess people's independence and wellbeing, i.e. Critical, Substantial, Moderate and Low risk.
- 1.3 Eligibility and care assessment is administered under the NHS and Community Care Act 1990. There are other Acts which impact on care assessments and include; Carers and Disabled Children Act 2000, European Convention of Human Rights, Carers (Equal Opportunities) Act 2004 and Mental Capacity Act 2005.
- 1.4 The Council's Adult Social Care budget approved for 2010/11 was a net figure of £39.88m. However, as at February 2011 there is a projected overspend of £2.2m by financial year-end. This represents a significant overspend which has to be addressed to ensure that the Council's overall budget is balanced for the year. Discussions at Cabinet meetings during the financial year have focussed on an overall review of the service including provision, affordability and funding. The total number of service clients receiving care provision was 337 Learning Disabilities, 1,327 Older People and Physical Difficulties; and Mental Health 718, as at February 2011 (data source – February 2011 Budget Monitoring Report).
- 1.5 The absence of adequate controls for social care eligibility could result in:
- breach of statutory responsibilities.
 - inappropriate service provision to users.
 - ineligible users accessing services.
 - lack of coordination with other schemes, agencies and users to ensure provision is provided by the appropriate body.
- 1.6 The Council's eligibility checklist for assessment of risk to a person's independence incorporates the four key Department of Health's risk criteria headings. However, there is a lack of specific criteria and use of case studies to support and direct the risk assessment for each of the identified risk factors underneath these headings i.e. health and safety, autonomy, management of daily routine and involvement in family and wider community life. In the absence of robust assessment criteria there is potential for care to be provided at a higher or lesser level than necessary. There is also a lack of clarity between what

essential care must be provided as a minimum at each level and what care constitutes as 'nice to do'. The lack of clarity in the FACS criteria applied by the Council provides the opportunity for local interpretation, which could result in client claims for unfair determination of care with legal challenge against the Council. This position severely compromises the ability to deliver the service within the designated 2010/11 budget, which is overspending, in turn challenging the Council's ability to achieve an overall balanced budget.

- 1.7 Client information is held between two IT systems i.e. Liquid-logic for care assessment and Swift for client and financial information. The completeness and accuracy of this information is not reliable as there are inconsistencies between records held in the different systems. The data quality in these systems is not managed effectively to ensure that it can be relied on to provide accurate information for analysis and decision-making. IT systems reporting of incomplete client information was evident but unfortunately this was put to one side by administrative service whilst staff resources were directed to high priority service needs. A sample of client files tested during the audit was found to be incomplete, missing signed copies of care assessments and Central West Swindon client files tested had no documentation retained on them.
- 1.8 Administrative workloads and available staffing with the required knowledge/skills were not balanced at the time of audit. Backlogs were evident in filing together with input of 20 closures and 33 new referrals pending processing. Gaps in administrative service provision were apparent, in the office roster and on going, with remaining staff struggling or unable to manage all aspects of the service. In Clarence House the Principal Auditor observed on 11th January 2011 many piles of files pending action by the relevant key worker or manager, this situation also made it difficult to track case files during testing, especially as a spreadsheet for this purpose was not sufficiently up to date.
- 1.9 Significant improvements are required to ensure that the eligibility and assessment framework for Adult Social Care meets its statutory obligations, can withstand scrutiny and challenge and be deliverable within budget. The overall assessment of risk to the Council is considered as 'Of Concern'.
- 1.10 The following key recommendations require urgent implementation to address issues identified in this report:
 - Specific assessment criteria, endorsed by case studies for guidance, should be put in place to support each of the four key Department of Health's FACS criteria headings i.e. Critical, Substantial, Moderate and Low. This should demonstrate a robust and considered decision-making process that could withstand appeal and potential legal challenge.
 - The 'Putting People First' service and budget review currently being undertaken by ASC management for the eligibility of care should include evaluating the possible merging of existing sections that provide the same, or similar, administrative and financial support for each of the three areas i.e. Learning Disabilities, Older People and Physical Difficulties; and Mental Health. All current administrative work should be brought up to date. Work pending action, either by the key worker, manager or administrative section, should be closely performance managed and tracked with targets to secure signed care plans and financial records within a reasonable time i.e. within 8

weeks following approval of the care plan. All relevant Council policies and procedures should be reviewed in line with agreed service revisions.

- Ensure that efficient administrative arrangements are in place across the service to support delivery of agreed processes and to retain relevant documentation in an effective manner.
- Rationalise the IT systems and methods for retaining client care and financial information and conduct this with the PCT to ensure that a unified approach is adopted. Data cleansing and quality control checks should be conducted to ensure that data held by ASC in its systems is consistent, complete, correct and up to date. In the event that client information is held in different systems there should be on going checks to ensure data integrity.

2 Introduction

- 2.1 The provision of Adult Social Care is subject to the assessment and prioritisation of people's needs using the eligibility criteria prescribed by the Department of Health, as set out in its Fair Access of Care Service (FACS) guidelines introduced in 2003.
- 2.2 FACS has now been superseded by 'Putting People First' 2007, and further endorsed by the Care and Support Green Paper 2009, which promote personalised support through ability to exercise choice and prevention, early intervention and support for carers. They also state that in setting eligibility criteria for social care, Councils should consider their strategy for investing in a more universal approach that prevents or delays the need for more specialist social care interventions.
- 2.3 The Putting People First directive means investing in universal services, early intervention and prevention and offering choice.
- 2.4 This audit looks to provide assurance that the Council has effective systems and controls in place, at both a corporate and service level, to comply with the Department of Health's FACS (Fair Access to Care Service) guidelines on Adult Social Care Eligibility Criteria and the application of the Councils policy in assessing and delivering client care.
- 2.5 The computer system used for recording the administration, assessment, care planning, reviews and management of adult social care cases is called SWIFT. Liquid-Logic is another system used to record client information including that used in the care assessment process. Documentation that supports entries in client electronic records is held in individual client paper case files. Documents should include i.e. approved care plans, assessments, notes of reviews and correspondence.

3 Approach

- 3.1 Managers determine the extent of internal control in their systems and are responsible for providing an environment that ensures that resources are properly applied, value for money is secured, fraud and other losses prevented, and the Council's Financial Regulations are complied with.
- 3.2 Internal Audit, as a service to the Directorate and the Council as a whole, contributes to internal control by examining and evaluating its adequacy and effectiveness. The auditor's responsibility is to form an independent opinion, based on the audit work undertaken, on the reliability of the systems of internal control, risk management and governance reviewed and report this to the Group Director of Adult Social Care and the Joint Director of Provider Services (ASC).
- 3.3 In accordance with best practice, a risk-based approach was adopted that identified the key risks to the business objectives and those mitigating actions/controls that should be in place. The auditor then assessed the

effectiveness of the mitigating controls through examination of relevant documents, procedures and detailed testing.

- 3.4 The appropriate managers and senior staff were consulted during the course of the review, and examination and testing of relevant documentation and procedures took place within departments.

4 Risk Areas Examined

- 4.1 The key risks to the achievement of the business objectives were discussed and agreed with the Group Director of Adult Social Care and the Joint Director of Provider Services (ASC) before the commencement of the audit. The table below summarises the Risk Areas examined during the review and provides an assessment of the adequacy of the mitigating controls in place for each area of risk examined:

Risk Area Examined	Audit Conclusion re. mitigating controls
<ul style="list-style-type: none"> Breach of Department of Health's (FACS) guidelines on Adult Social Care Eligibility Criteria 	Significant Improvement Required
<ul style="list-style-type: none"> Potential users may not be aware of the service. 	Satisfactory
<ul style="list-style-type: none"> An ineligible user accessed the service they are not entitled. 	Significant Improvement Required

5 Overall Opinion

- 5.1 **Materiality and impact: High.** The impact and materiality in the event of inappropriate Adult Social Care criteria being set and applied by the Council to clients would be significant. Clients could be exposed to unacceptable risk and the Council subject to legal action for negligence with intervention by the Department of Health. This would bring adverse publicity and reputational damage.
- 5.2 **Opinion on system controls: Significant improvement required** i.e. 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
- 5.3 **Overall assessment of risk:** the combination of the high impact of the system, along with the opinion on the system controls gives an overall risk assessment to the Council as being **Of Concern**:

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

5.4 The following key recommendations should be implemented in order to achieve the improvements required:

- Specific assessment criteria, endorsed by case studies for guidance, should be put in place to support each of the four key Department of Health's FACS criteria headings i.e. Critical, Substantial, Moderate and Low. This should demonstrate a robust and considered decision-making process that could withstand appeal and potential legal challenge.
- The 'Putting People First' service and budget review currently being undertaken by ASC management for the eligibility of care should include evaluating the possible merging of existing sections that provide the same, or similar, administrative and financial support for each of the three areas i.e. Learning Disabilities, Older People and Physical Difficulties; and Mental Health. All current administrative work should be brought up to date. Work pending action, either by the key worker, manager or administrative section, should be closely performance managed and tracked with targets to secure signed care plans and financial records within a reasonable time i.e. within 8 weeks following approval of the care plan. All relevant Council policies and procedures should be reviewed in line with agreed service revisions.
- Rationalise the IT systems and methods for retaining client care and financial information and conduct this with the PCT to ensure that a unified approach is adopted. Data cleansing and quality control checks should be conducted to ensure that data held by ASC in its systems is consistent, complete, correct and up to date. In the event that client information is held in different systems there should be on going checks to ensure data integrity.
- Ensure that efficient administrative arrangements are in place across the service to support delivery of agreed processes and to retain relevant documentation in an effective manner.

5.5 Management's response to the Internal Audit recommendations is included in section 8 of the report.

- 5.6 All of the matters arising are detailed in the action plan, together with suitable recommendations, together with an indication as to whether the matters arising are of a high, medium or low priority. The action plan provides a checklist of the findings of the review, potential consequences, and identifies officers responsible for implementing the recommendations and appropriate time-scales.

6 Secure Procedures

- 6.1 It was noted that the following secure procedures are now an integral part of the Adult Social Care system:
- Swindon policy and Adult Social Care eligibility criteria conform to the Department of Health's Fair Access to Care Service (FACS) guidelines.
 - Services were provided only to eligible users for the cases examined during this review.

7 Acknowledgement

- 7.1 Internal Audit would like to acknowledge and thank the following Officers who contributed to the review:

Name	Job title
Jan Trethewey	Acting, Joint Director of Service Delivery
Ted Wilson	Joint Director of Service Delivery
Graham Walker	Team Leader - PCT
Belinda Downing	Head of Service Care Closer to Home
Chris Wilson	Group Finance Manager: Housing and Adult Social Care
John Hughes	Head of Service: Social Care, Policy and Strategy
Avril Brown	Senior Administrative Officer

Section 8: Action Plan

The purpose of this action plan is to provide a summary of the matters arising during the audit of Eligibility of Care, together with the recommendations to mitigate risks, the manager's response to the recommendations, along with the officer responsible and timescale for implementation. 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.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Breach of Department of Health's (FACS) guidelines on Adult Social Care Eligibility Criteria			
1.1	<p>Fair Access to Care Services (FACS) Risk Criteria The Council's eligibility checklist for assessment of risk to the person's independence incorporates the four key Department of Health's criteria headings, i.e. Critical, Substantial, Moderate and Low. However, there is a lack of specific criteria to support the risk assessment for each of the identified risk factors underneath these headings i.e. health and safety, autonomy, management of daily routine and involvement in family and wider community life. Consequently, there is lack of clarity and potential inconsistency in the assessment of people's care needs.</p> <p>The FACS used to assess people's risk of independence does not provide visibility of approach / consideration of circumstances to demonstrate consistency of assessment and fairness of outcome.</p> <p><i>Associated Risk:</i> <i>In the event of challenge of statutory responsibilities for Adult Social Care (ASC) provision the Council could be liable for inadequate service. Conversely, over provision may go undetected impacting on the Council's budget.</i></p>	<p>Specific care assessment criteria, endorsed by case studies for guidance, should be put in place to support each of the four key Department of Health's criteria headings. This should include:</p> <ul style="list-style-type: none"> stating the clarity between 'Must Do' and 'Nice To Do' in applying the FACS criteria, supporting the FACS criteria with case studies to clearly see where eligibility really fits for each risk factor (i.e. health and safety, autonomy, daily routines, and involvement in wider community life) to more clearly distinguish between each of the four risk criteria. This would help to demonstrate a robust and considered decision-making process that could withstand potential legal challenge. It would also mitigate potential over provision of care and related costs. <p>Priority: High</p>	<p>Joint Director of Service Delivery</p> <p>31st August 2011</p>	<p>Agreed. Any policy decision to review the provision of care against the FACS criteria categories would be presented to Cabinet for consideration and approval.</p> <p>Potential risks are now minimised through new working procedures with brokerage / commissioning department and also through all cases with the exception of residential and nursing going through Personalisation Route Process.</p> <p>Important to note that the audit found that "Services were provided only to eligible users for the cases examined during the review" (Page 9 Section 6)</p> <p>There was already a funding panel set up in LD which was making decision on any funded packages which has been running for over a year.</p> <p>Actions planned and taken minimises risk to acceptable level: ✓</p>

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Breach of Department of Health's (FACS) guidelines on Adult Social Care Eligibility Criteria			
1.2	<p>The service is in a significant period of change due to Government Directives such as 'Putting People First' being issued and the pressures on the budgets.</p> <p>The Adult Social Care service is split across people with Learning Disabilities, Older People and Physical Difficulties; and Mental Health.</p> <p>The key factors raised in Putting People First which have yet to be taken into account in the current service delivery review include:</p> <ul style="list-style-type: none"> • standardisation of the key process/stages • Government directives on prevention and early intervention • investment in universal services, • choice and control and social capital. • affordability • good practice for service transformation <p><i>Associated Risk:</i> <i>Failure to meet government and transformation agenda and service user expectations on Adult Social Care.</i></p>	<p>As part of the service review and revision of the SBC policy and procedures currently being undertaken by ASC, management should ensure that this exercise evaluates the following:</p> <ul style="list-style-type: none"> • Standardisation of the key processes / stages for LD, OPPD and MH on Initial Call-Taking, Screening and prioritisation of referrals and enquiries, Care and Financial Assessments. Where possible evaluate merging existing sections that provide the same, or similar, administrative and financial support. • In addition to dealing with the highest need clients to include emphasis on prevention and early intervention and support for carers <i>i.e. helping people live at home independently and preventing them from needing social care support for as long as possible.</i> • Investment in universal services (<i>i.e. general support available to everyone within the community</i>), early intervention, choice and control (<i>i.e. giving people a clear understanding of the cost of their care and support and allowing them to choose how to use the funds to best suit their needs and preferences</i>), and social capital (<i>i.e. fostering strong and supportive communities that value contribution to</i> 	<p>Joint Director of Service Delivery</p> <p>31st August 2011</p>	<p>Agreed. Care and Support Partnership are currently looking into streamlining and standardising process.</p> <p>Process mapping has been carried out by the Business Change Team and revised referral routes and management of individuals throughout the system have already been reviewed and adapted.</p> <p>We now have the Single Point of Access (SPA) up and running and have revised the management structures of the OPPD team into one structure.</p> <p>There are clear pathways through the re-ablement service into the 'community hub' (Long term care) for OPPD and PD</p> <p>Commissioning are already embracing this agenda through relevant Partnership Boards.</p> <p>Actions planned and taken minimises risk to acceptable level: ✓</p>

Final - Internal Audit Report – Eligibility of Care

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1.2 cont.		<p><i>each citizen) so to endorse 'Putting People First'.</i></p> <ul style="list-style-type: none"> • ASC transformation process should evaluate and take forward relevant good practice, such as that set out in the guide on Transformation of Adult Social Care' published by the IDeA (Information & Development Agency) – July 2010. This includes a section on '10 Questions to ask if you are scrutinising the transformation of Adult Social Care'. <p>Priority: High</p>		<p>External consultants have been engaged and have been advising on best practice and process for personalisation Agenda.</p> <p>Pilots were run last year and all eligible cases are now processed through Personalisation route as from December 2010.</p> <p>Actions planned and taken minimises risk to acceptable level: ✓</p>

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	An ineligible user accessed the service to which they are not entitled.			
2.1	<p>Recording Systems</p> <p>The Borough operates two IT systems to manage and retain client and financial information (i.e. Swift and Liquid-logic) as well as manual case files and Word documents retained on the shared drive. These systems are stand alone to those operated by the Primary Care Trust.</p> <p>These systems are totally independent of each other and none is considered or agreed to prevail over the other. The data on these systems is not reconciled or matched to ensure it is complete, correct or up to date.</p> <p>The completeness and accuracy of this information is not reliable as there are inconsistencies between the records held in the different systems. The data quality in these systems is not managed effectively to ensure that it can be relied on to provide accurate information for analysis and decision-making. Given the critical position in which the service finds itself at this time, i.e. high demand and budget pressures, an accurate overview of the Adult Social Care service is not readily available upon which to conduct a review.</p> <p>Current record quality assurance processes are not operating effectively due to staffing issues.</p> <p><i>Associated Risk:</i></p> <p><i>Incorrect care decisions made.</i></p> <p><i>Incorrect data may be transferred to other interfaced systems or external organisations.</i></p>	<p>Rationalise the IT systems and methods for retaining client care and financial information to ensure that reliable, up to date and complete records are maintained in a timely and cost effective manner. This rationalisation should be conducted with the PCT to provide a unified system approach and ensure pooled funding and benefits are identified to maximise joined up working. Future systems should have capacity and capability of moving to a decoupled working arrangement i.e. Social Enterprise from 1st April 2011.</p> <p>Staff management of files should be minimised with automatic document tracking to indicate the status /stage of client care. Performance management and escalation procedures should be reviewed to ensure that targets are implemented and performance managed. This to ensure that required actions are satisfactorily completed at relevant stages.</p> <p>Data cleansing and quality control checks should be conducted to ensure that data held by ASC in paper/electronic systems is consistent, complete, correct and up to date. In the event that client information is held in different systems there should be on going checks to ensure data integrity.</p> <p>Priority: High</p>	<p>Joint Director of Service Delivery</p> <p>31st August 2011</p>	<p>Agreed. This is being dealt with the current IT review, which has now been signed off, by both SBC and the PCT.</p> <p>A project group is in place to implement the changes.</p> <p>Whilst both a paper system and IT system continues to be in place – this will remain a risk area as we are trying to reduce duplication.</p> <p>Liquid logic was turned off on 31st March and will have read only access for 6 months</p> <p>Staff are being instructed to use the IT system as a first record wherever possible and also use the IT system to signpost to any additional paper records that may exist. Consequently we do not expect the IT system and paper records to hold the same information.</p> <p>There is already a paper record audit in place and both LD and OPPD have met the audit standards to a satisfactory level.</p> <p>The performance team carries out electronic data/records quality checks and regular performance review meetings are held (monthly).</p> <p>Actions planned and taken minimises risk to acceptable level: ✓</p>

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	An ineligible user accessed the service to which they are not entitled.			
2.2	<p>Current care plans were not present for 5 of 6 client files tested.</p> <p>A checklist has been devised as part of a quality assurance process to ensure that client files are complete, up to date and provides a tracking status. However, 2 of the 6 files reviewed (Central West Clients) had files with a checklist and file dividers to match, but no information was retained on files. 2 further files had no checklists and were not ordered using standard named dividers. The remaining 2 files had checklists and relevant dividers with records ordered, only one contained a current care plan and this was not signed as approved by all parties.</p> <p>Tracking of files issued from filing cabinets should be controlled through a spreadsheet, but this was found to be out of date for files tested. Consequently, Administrative Officers searched stacks of files in various locations within Clarence House. These files were pending action by key workers, managers or administrative staff.</p> <p>It was observed that where care plans had been sent for signature to a key worker, manager or the client and not returned, action was not taken to progress and secure signed care plans. It was not possible to establish the number of care plans for current client that had been completed or were in the process of being approved and the</p>	<p>Resources should be allocated to assist the administration service in clearing a backlog of work and bring together a comprehensive client record for each ASC client. Client information should be collated within paper files as per the designated checklist and files put away in storage cabinets.</p> <p>An approved and current care plan must be secured to support and manage client care provision and recharging, where applicable. Priority must be given to resolving this issue to ensure that records provide evidence of relevant and necessary actions taken to safeguard clients.</p> <p>Managers and Heads of Service must make sure that administrative staffing numbers, provision of staff across the working week and mix of necessary knowledge is adequate to meet the administrative service roster. This should ensure that:</p> <ul style="list-style-type: none"> • services are effectively delivered in a front-line care provision that services potentially vulnerable citizens. • bottle necks in work are minimised, • staff are not exposed to levels of work and demands which are overly challenging. 	<p>Joint Director of Service Delivery</p> <p>31st August 2011</p>	<p>Recommendations agreed.</p> <p>New processes ensure that a care plan is in place prior to funding being agreed. Care plans are most frequently held electronically. Normal practice is that SWIFT signposts to this held on the shared drive.</p> <p>This work will be being carried out as part of the admin review and consolidation of job descriptions.</p> <p>The performance indicators which track Contact to assessment and assessment to implementation are all being met.</p> <p>Part of the admin review work currently being undertaken.</p> <p>Actions planned and taken minimises risk to acceptable level: ✓</p>

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Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2.2 cont. Page 44	<p>stage of approval reached.</p> <p>At the time of audit testing there was a build up of other administrative work pending action i.e. 20 closures and 33 new referrals.</p> <p>There was a very high level of staff absence, either due to sickness or leave. This coupled with part-time staff working hours, which were not staggered over the day meant the administrative team was below critical mass with priority of staff resources directed to answering telephone calls for requests for care. The work roster had gaps in coverage and 2 administrative officers remained to prioritise work. However, realistically there were too many competing priorities.</p>	<p>A quality assurance process should be implemented with independent checks conducted of files i.e. for completeness, order and accuracy as per the file checklist. This should include checks to the client Swift record to ensure all relevant records are maintained and up to date for the making of decisions at key stages and payments.</p> <p>Evaluate and implement the best means of performance monitoring the status and number of client care plans pending complete sign off by the key worker, manager and client to ensure prompt completion.</p> <p>Priority: High</p>		<p>Part of admin review and lean systems approach currently being undertaken.</p> <p>Safeguarding and paper files have been audited under SBC process by the Head of Service Social Care (Policy) and Safeguarding lead. There were minor issues to be addressed, which have been actioned.</p> <p>This will fit with the lean process work and also IT strategy which aims to reduce administration and duplication</p> <p>Actions planned and taken minimises risk to acceptable level: ✓</p>

Final - Internal Audit Report – Eligibility of Care

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	An ineligible user accessed the service to which they are not entitled.			
2.3	<p>Contact Assessment, or referrals are, initially screened then FACS risk assessed, by either the Contact or Assistance Team for OPPD and MH cases, or by the First Response Team for LD cases.</p> <p>From a review of the system controls it was observed that there is no evidence in place to demonstrate supervisory review on contact requests or referrals recorded. This would ensure that cases are appropriately screened / risk assessed. Therefore there is potential for an eligible users being denied care i.e. determinations of 'Moderate' and 'Low' criteria that should have been assessed as 'Critical' or 'Substantial'.</p> <p>It is acknowledged that this control is present in assessments, which are deemed Critical or Substantial.</p> <p><i>Associated Risk:</i> <i>Incorrect care decisions made and reporting may also be inaccurate.</i></p>	<p>The Team Manager should conduct a periodic sample of Contact Assessments or referrals rated, as 'Moderate' or 'Low', to ensure cases are correctly screened FACS risk assessed.</p> <p>Evidence of this check should be recorded on a printed copy of the relevant documents and retained on a quality assurance file.</p> <p>Priority: Medium</p>	<p>Joint Director of Service Delivery</p> <p>31st August 2011</p>	<p>Agreed. All funded care packages are going through brokerage / commissioning and detail rational for FACS status which is routinely discussed and questioned.</p> <p>Minutes and records are kept of all funded packages and have been from last year in LD and more recently in OPPD.</p> <p>Actions planned and taken minimises risk to acceptable level: ✓</p>

Final - Internal Audit Report – Eligibility of Care

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	An ineligible user accessed the service to which they are not entitled.			
2.4	<p>It was established that both PCT and SBC Commissioning are represented at the Funding panels for LD cases. However, this is not the case for OPPD and MH cases.</p> <p><i>Associated Risk:</i> <i>Lack of scrutiny and challenge by funding bodies</i></p>	<p>A representative from the PCT should be present at Funding panels for OPPD and MH cases, so as to give a balanced view and opportunity to challenge costing and funding.</p> <p>Priority: Medium</p>	<p>Joint Director of Service Delivery</p> <p>31st August 2011</p>	<p>Agreed. Commissioning led funding arrangements now in place.</p> <p>Actions planned and taken minimises risk to acceptable level: ✓</p>

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
3	Lack of coordination with other schemes and agencies			
3.1	<p>Benchmarking of Activities: There are several National Performance Indicators (NI) for ASC. Ones relevant to this review are N132 [measuring the timeliness of care assessment] and N133 [for timeliness of care packages following assessment]. These achieved 87% against 91% target and 88.5% against 92.5% target respectively, as at end of 2009/10.</p> <p>The underlying activities, as set out below, are not benchmarked with other Authorities or compared internally between ASC teams to identify potential improvements/efficiencies.</p> <p>The ASC teams within the Council do not operate standard or consistent approaches across all service provisions i.e.</p> <ul style="list-style-type: none"> specific criteria and examples of tested care provision fit within the FACS assessment process. whether or not options for care packages and for funding are considered for each client. whether or not the decisions made on a sample of cases assessed are exchanged with other LAs to see if same decisions would have been arrived at. is an average cost or limit cost of care set for OP/PD/MH/LD cases. <p><i>Associated Risk:</i> <i>Unable to demonstrate best practice and effective use of resources.</i></p>	<p>ASC Teams should compare care provision and working arrangements internally across the ASC services to identify potential improvements / efficiencies for the service and its users as a whole, including the areas identified below.</p> <p>ASC activities and decisions should be benchmarked externally with Local Authorities across the country, not just within the south west region, for the OP, PD, MH and LD services, including the areas identified below.</p> <p>Areas to benchmark/seek best practice:</p> <ul style="list-style-type: none"> specific criteria and examples of tested care provision fit within the FACS assessment process. whether or not options for care packages and for funding are considered for each client. whether or not the decisions made on a sample of cases assessed are exchanged with other LAs to see if same decisions would have been arrived at. is an average cost or limit cost of care is set for OP/PD/MH/LD cases. <p>Priority: Medium</p>	<p>Joint Director of Service Delivery</p> <p>31st August 2011</p>	<p>Agreed. External consultants have been working with Swindon who have advised on areas to improve and also areas, which Swindon is considered to be leading on.</p> <p>Finance related recommendations have all been addressed through the Personalisation Agenda.</p> <p>Actions planned and taken minimises risk to acceptable level: ✓</p>

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

Audit Opinion 1. *High Standard*

The auditor completing the review concluded the significant system controls are in place and operating effectively and only minor recommendations have been made.

Audit Opinion 2. *Satisfactory Standard*

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.

Audit Opinion 3. *Significant Improvements Required*

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.

Audit Opinion 4. *Fundamental Weaknesses Identified*

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.

3. The combination of these two factors gives an overall risk assessment to the Council of one of four scores i.e. significant, of concern, moderate or minimal (see section 4 of the main report).

Anti-Fraud & Bribery Strategy and Whistleblowing Procedure

Audit Committee

20 September 2011

Author: Head of Internal Audit

Parish / Wards Affected: All

Purpose

To inform Members that the Anti-Fraud and Bribery Strategy, Whistleblowing Policy and Fraud Response Plan has been reviewed and will go to Standards Committee in October for approval. 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 Bribery 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 bribery. Proper accountability, achieved through probity, internal control and honest administration is therefore essential.
- 2.3 The Anti-Fraud and Bribery 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 & Bribery Strategy and Whistleblowing Procedure

Audit Committee

20 September 2011

-
- 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 has also developed a Fraud Response Plan and Fraud Awareness Guide.
- 2.6 All of the above documents are attached as appendices.
- 2.7 The Strategy will go to the Council's Standards Committee for approval in October 2011. Members of the Audit Committee are invited to comment on the Strategy prior to that meeting.

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 2011.

Links to Corporate Plans and Policies

- Effective systems of internal control within the Council will help to ensure that the Council's objectives are achieved.

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 Bribery 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

SWINDON BOROUGH COUNCIL

ANTI FRAUD and BRIBERY STRATEGY

Approved by: Standards Committee

Valid from: October 2011

Strategy Principles

- The Council expects the highest standards of probity and integrity from Members and officers when commissioning, delivering services or managing resources.
- The Council will design and implement appropriate policies and systems to mitigate fraud.
- The Council will not hesitate to take the appropriate action against Members and officers proven to have committed fraud, including taking legal action.
- Any fraud or corruption hurts the people the Council provides services for – the people of Swindon especially the elderly and the vulnerable.

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1. Whistleblowing Policy	
2. Managers' Fraud Response Plan	

1. Introduction

- 1.1 In carrying out its functions and responsibilities the Council promotes a culture of openness and fairness and expects that Members and officers adopt the highest standards of propriety and accountability. Proper accountability, achieved through probity, internal control and honest administration is essential.
- 1.2 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 officers to raise legitimate concerns when they feel justified. Hence the need for this strategy.
- 1.3 The principles outlined in this strategy apply to Members and officers of the Council including school based staff. 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.
- 1.4 The Council expects partner organisations and contractors to act towards the Council with honesty and integrity.
- 1.5 This strategy document sets out measures designed to frustrate any attempted fraudulent or corrupt acts and the steps to be taken if such action occurs or is suspected.
- 1.6 This strategy will be reviewed at least annually.

2. Definitions of Fraud, Bribery and Theft

- 2.1 **Fraud** – the Fraud Act 2006 established 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 themselves 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 themselves 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 themselves or another; or to cause or expose the risk of loss to another.

2.2 **Bribery** – the Bribery Act 2010, which came into force on July 1st 2011, introduced a new anti bribery code and repeals all previous legislation. It creates four new offences.

- **Paying bribes** – it is an offence to offer or give financial or other advantage with the intention of inducing a person to perform improperly a relevant function or activity, or to reward a person for the improper performance of such activity or function.
- **Receiving bribes** – where a person receives or accepts a financial or other advantage to perform a function or activity improperly. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate benefit.
- **A corporate offence of failure to prevent bribery** - a commercial organisation could be guilty of bribery where a person associated with the organisation, such as an employee, agent or even a sub-contractor, bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation.
- **Bribery of a foreign official** - this is where a person, directly or through a third party, offers, promises or gives any financial or other advantage to a foreign public official in an attempt to influence them as a public servant and to obtain or retain business, or any other related advantage in the conduct of business.

2.3 **Theft** – under the 1968 Theft Act a “person shall be guilty of theft if they dishonestly appropriate property belonging to another with the intention of permanently depriving another of it”.

3. Culture

3.1 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 | • Personal Judgement |
| • Honesty and Integrity | • Respect for others |
| • Objectivity | • Duty to Uphold the Law |
| • Accountability | • Stewardship |
| • Openness | • Leadership |

3.2 **The prevention and detection of fraud and corruption and the protection of the public purse are responsibilities of everyone.** The Council's Members and officers play an important part in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, in the knowledge that such concerns will, wherever possible, be treated in confidence. To support this the Council has a “Whistleblowing” policy and procedure in operation.

- 3.3 **Concerns must be raised when members, or officers, 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
- 3.4 The Council will ensure that any allegations received in any way, including by anonymous letters or telephone calls, will be taken seriously and independently investigated in an appropriate manner.
- 3.5 The Council will deal firmly with those who defraud it, 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 officers raising malicious allegations) may be dealt with as a disciplinary manner.
- 3.6 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.
- 3.7 The Council also encourages members of the public who may have concerns that fraud is being committed to contact the Chief Executive Officer, the Director of Law and Democratic Services (the Council's Monitoring Officer) or the Head of Internal Audit.

4. Key Principles

- 4.1 Leading by example, the Council has:
- Introduced appropriate measures to minimise the risk of fraud
 - Adopted formal procedures to investigate fraud when it is suspected
 - Operated a procedure for officers to voice genuine concerns and protect those who do so
 - Deterred officers from making malicious or unfounded allegations
 - No hesitation referring cases of suspected financial irregularity to the attention of the Police
 - Liaised on fraud issues with all organisations with whom we are in partnership

- Worked closely with the Police and other appropriate external agencies to combat fraud

5. Members' Responsibilities

- 5.1 As elected representatives, all Members of the Council have a duty to the citizens of Swindon, to protect the Council from all forms of abuse. This is reflected through the adoption of this Anti-Fraud and Bribery Strategy and compliance with the Council's Code of Conduct for Members, the Council's Financial Regulations and Standing Orders and relevant legislation.
- 5.2 Elected members undertake to observe the Council's Code of Conduct when they take office. These conduct, and ethical matters are specifically brought to the attention of Members during induction and include the declaration and registration of interests. The Director of Law and Democratic Services advises Members on the ethical framework and of new legislative or procedural requirements.
- 5.3 The Council's Standards Committee approves the strategy and along with the Audit Committee they monitor it and the Whistleblowing Policy to ensure that they operate effectively.

6. Officers' Responsibilities

- 6.1 The Council's Standing Orders, Financial Regulations and guidance govern officers, especially the Council's Code of Conduct for Officers. The Code of Conduct includes guidelines on Gifts and Hospitality and conflicts of interest. These matters will be included in induction training and procedure manuals.
- 6.2 Officers are expected to always be aware of the possibility that fraud, bribery and theft may exist and be able to share their concerns with management. If for any reason they feel unable to speak to their manager they must refer the matter to one of those named below:
 - Heads of Service, Directors, Group Directors, the Chief Executive, the Council's Monitoring Officer or members of the Standards Committee, who will report such concerns to the Head of Internal Audit.
 - Directly to the Head of Internal Audit
 - The Council's External Auditor, who depending upon the nature of the concern will liaise with the Head of Internal Audit
- 6.3 Concerns can also be raised anonymously (letter or telephone) or via other routes such as the Council's Whistleblowing Policy (see Appendix 1).

7. Managers' Responsibilities

- 7.1 Managers are responsible for the communication and implementation of this strategy in their work area. They are also responsible for ensuring that they and their officers are aware of:
- Standing Orders
 - Financial Regulations
 - Anti-Fraud and Bribery Strategy
 - Whistleblowing Procedure
 - Scheme of Delegation
 - Codes of Conduct
 - Complaints and Disciplinary Procedures
 - Service specific procedure manuals
 - Managers' Guide: Fraud Response Plan
- 7.2 Managers determine the extent of internal control in their systems and are responsible for providing an environment that ensures that resources are properly applied, value for money is secured, fraud and other losses prevented, and the Council Financial Regulations and other policies complied with.
- 7.3 Probity issues should be afforded a very high profile in employee induction and training processes and all new members of staff should be made aware of the Anti-Fraud and Bribery Strategy via their induction.
- 7.4 Information provided to Managers by Internal Audit regarding frauds committed elsewhere should be carefully considered. One source of such information is the fraud bulletin available on the intranet. Managers should consider whether their procedures are sufficiently secure to prevent a similar occurrence within our Council.

8. Conflicts of Interest

- 8.1 Both elected members and officers must ensure that they avoid situations where there is potential for a conflict of interest. Such situations can arise with externalisation of services, tendering, planning issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information.

9. Internal Audit's Responsibilities

- 9.1 The role of the Head of Internal Audit is to deliver an opinion to the Audit Committee, the Chief Executive, Leader of the Council and the Section 151 Officer, on the Council's risk management, control and governance arrangements.
- 9.2 In relation to fraud this responsibility includes the examination of the adequacy of arrangements for managing the risk of fraud and ensuring that the Council actively promotes an anti-fraud culture and that officers are aware of the Council's Anti-

Fraud and Bribery Strategy and of their responsibilities in relation to combating fraud.

- 9.3 In addition, Internal Audit assists in deterring fraud by examining and evaluating the effectiveness of control, commensurate with the risk, throughout the Council's operations. This includes ensuring that management has reviewed its risk exposure, identified and mitigated against the possibility of fraud as a business risk. As part of this, Internal Audit will undertake an annual programme of proactive fraud testing.
- 9.4 Internal Audit will investigate all employee cases of suspected financial irregularity, fraud or corruption, except Benefits Fraud investigations (see point 10 below) in accordance with agreed procedures and relevant legislation i.e. Regulation of Investigatory Powers Act 2000 (RIPA).
- 9.5 Internal Audit is responsible for following up any allegation of fraud or corruption received and does so through clearly defined procedures and standards:
- Dealing with the matter promptly
 - Recording all evidence received, ensuring that it is sound and adequately supported
 - Consulting with the Police as appropriate
 - Notifying relevant officers i.e. Director/Group Director, Monitoring Officer, Section 151 Officer and Chief Executive where appropriate
 - Assisting the relevant Director/Head of Service and Head of Human Resources in implementing any disciplinary procedures where appropriate
 - Ensuring that appropriate action is taken to minimize the risk of similar frauds occurring in the future

10. Benefit Investigation Team's Responsibilities

- 10.1 The Benefits Investigation team is responsible for all Benefit Fraud investigations. The team report to the Head of Revenues and Benefits. In cases where officers of the Council may be suspected of an irregularity, the Benefits Investigation team will work with Internal Audit, Human Resources and appropriate senior management to ensure that correct procedures are followed and that this policy is adhered to.
- 10.2 To support this policy the Council has a Benefit Fraud Prosecution Policy. The policy encompasses all those in receipt of benefits, be they the public, Members, officers or contractors. It is designed to clarify the Council's action in specific cases and to deter others from committing offences against the Council.
- 10.3 The Benefits Service operates within the Government's policies and guidance, which aims to improve the quality and accuracy of benefit determinations and both prevent and reduce the incidents of fraud.

11. External Audit's Responsibilities

- 11.1 External Audit has an essential role to play in relation to the stewardship of public money. The role is delivered through the carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems, and arrangements for preventing and detecting fraud and corruption.
- 11.2 It is not the External Auditor's function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. The external auditor has a responsibility to review the Council's arrangements for preventing and detecting fraud and irregularities, and arrangements designed to limit the opportunity for corrupt practices.

12. Measures to minimise the risk of fraud

- 12.1 In order to maintain high standards, procedures and controls have been established, providing an environment that will minimise the opportunity for fraud. Key documents that support the Council's commitment against fraud are published on the intranet. Important anti fraud and bribery procedures include:
- | | |
|---|---|
| • Financial Regulations | • Standing Orders relating to Contracts |
| • Codes of Conduct for Members and Officers | • Information Technology Security Policy |
| • Disciplinary Procedures | • The Royal Mail's service to return re-directed benefit mail |
| • Council's Complaints Procedure | • A Prosecution Policy (Benefits) |
| • Whistleblowing Policy | • The Security Manual in relation to Housing Benefit claims |
| • Managers' Guide: Fraud Response Plan | • Scheme for the Financing of Schools |
| • Membership of National Anti-Fraud Initiatives, including the Housing Benefit Matching Service | • Departmental Guidance and Procedure Notes |
| • Money Laundering Guidance | • Disclosure of Gifts and Hospitality |
| • Data Protection and Information Security Guidance | • Declaration of Conflicts of Interest |
| | • Procurement Toolkit |
- 12.2 These documents and procedures establish the rules and boundaries to which Members and Officers must adhere. These are supported, as necessary, by detailed procedure manuals that have been prepared for the key functions of the Council.
- 12.3 Officers and Members are expected to comply with any statutory obligations about disclosure, conflicts of interest, pecuniary interests, gifts and hospitality received and offered but refused.

- 12.4 The Council operates rigorous recruitment processes that include the verification of references and the completion of CRB checks for people appointed to sensitive posts e.g. those who will have contact with children or vulnerable adults, prior to them taking up appointment.
- 12.5 It is the responsibility of Directors and Managers (Head teachers and Governors in schools) to operate internal systems to ensure these standards are applied and bring these systems to the attention of their officers. Procedures are operated throughout the Council to ensure:
- An adequate separation in duties (more than one employee involved in key tasks)
 - Proper authorisation procedures (transactions must be approved by an appropriately mandated officer)
 - Independent monitoring and checking of data and documentation (checks and balances)
- 12.6 The Council has a rigorous internal and external audit process that monitors compliance with internal regulations and undertakes a rolling programme of checks to detect, deter and prevent fraud and corruption. However, it is for managers to determine the extent of internal control in their systems and they are responsible for providing an environment that ensures that resources are properly applied, value for money is secured, fraud and other losses prevented, and the Council's Financial Regulations are complied with.

13. Detection and Investigation

- 13.1 There are numerous system controls in place to deter fraud and corruption but it is often the vigilance of officers and members of the public that aids detection.
- 13.2 Internal Audit plays an important role in the detection of fraud and bribery. Included in their annual plan are reviews of system financial controls and specific fraud and corruption tests, spot checks etc.
- 13.3 All suspected irregularities should be reported to the Head of Internal Audit. This is essential to the strategy and:
- Ensures the consistent treatment of information regarding fraud and bribery; and
 - Facilitates a proper and thorough investigation by an experienced audit team.
- 13.4 This process will apply to allegations relating to all the following areas:
- Fraud/bribery by elected members
 - Internal fraud
 - Other fraud by Council officers acting in a personal capacity
 - Fraud by contractors
 - External fraud (the public)

Cases may be referred directly to the External Auditor or Police by complainants. The Council may also consider passing on such allegations to the External Auditor or the Police if considered appropriate.

- 13.5 Depending on the allegation, the Head of Internal Audit will normally work closely with the appropriate senior manager concerned to ensure that all allegations are thoroughly investigated and reported upon.
- 13.6 Any decision to refer a matter to the Police will be taken by the Head of Internal Audit in consultation with the Chief Executive, Monitoring Officer and relevant Group Director/Director as appropriate.

14. Actions taken when fraud has been established

14.1 Disciplinary Action

- Fraud, bribery and theft are serious offences against the Council and will be regarded as gross misconduct. Officers will face disciplinary action if there is evidence that they have been involved in these activities, including Benefit Fraud. Disciplinary action will be taken in addition to, or instead of, criminal proceedings depending on the circumstances of each case and the advice of the Police.

14.2 Prosecution

- In cases of fraud and bribery, where there is evidence to suggest that a criminal offence has been committed, it is the responsibility of the Head of Internal Audit in consultation with the Chief Executive, Monitoring Officer and relevant Group Director/Director, as appropriate, to submit the case to the Police for investigation and prosecution as appropriate

14.3 Publicity

- The Council's Communications team will optimise the publicity opportunities associated with anti-fraud and corruption activity proved. They will endeavour to ensure that the results of any action taken, including prosecutions, are reported to the press and or via the Council's Intranet/Internet sites.
- In all cases where financial loss has occurred, the Council will seek to recover any loss and consider making the public aware of this through the media.
- All anti-fraud and bribery activities, including the review of this policy; the issue of Fraud Bulletins and Warnings, will be publicised to make officers and the public aware of the Council's commitment to taking action on fraud and corruption, when it occurs.
- Regular reports by the Monitoring Officer and Head of Internal Audit will be made to Standards Committee and the Audit Committee with respect to countering fraud and corruption activities and their successes.

15. Awareness and Training

- 15.1 The Council recognises that the continuing success of this strategy and its general credibility will depend in part on the effectiveness of training and awareness on the part of elected Members and officers. To facilitate this, positive and appropriate provision will be made through induction training and specialist training for certain elected Members and officers.
- 15.2 In addition, Internal Audit will circulate Fraud Bulletins and warnings to all Members and officers, including schools. The Director of Finance, the Monitoring Officer and Head of Internal Audit will also provide relevant training.

16. Monitoring

- 16.1 The Standards Committee and Audit Committee will monitor the Anti-Fraud Strategy and Whistleblowing procedure for the Council and ensure that it operates effectively. The Head of Internal Audit and the Monitoring Officer in consultation with the respective Committee Chairs will ensure that any corrective actions identified from investigations are brought to the attention of the Committees.

17. Conclusion

- 17.1 The Council has in place a network of systems and procedures to assist it in dealing with fraud and corruption when it occurs. It is determined that these arrangements will keep pace with any future developments in both prevention and detection techniques, regarding fraudulent or corrupt activity. It will also continue to discipline and prosecute anyone found guilty of fraud or corrupt activities.

SWINDON BOROUGH COUNCIL

DISCLOSURE (‘WHISTLEBLOWING’) POLICY

Reviewed: OCTOBER 2011



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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 2011.

SWINDON BOROUGH COUNCIL

FRAUD RESPONSE PLAN



PREPARED BY: Nick Hobbs
Head of Internal Audit

DATE: OCTOBER 2011

VERSION: 3.1

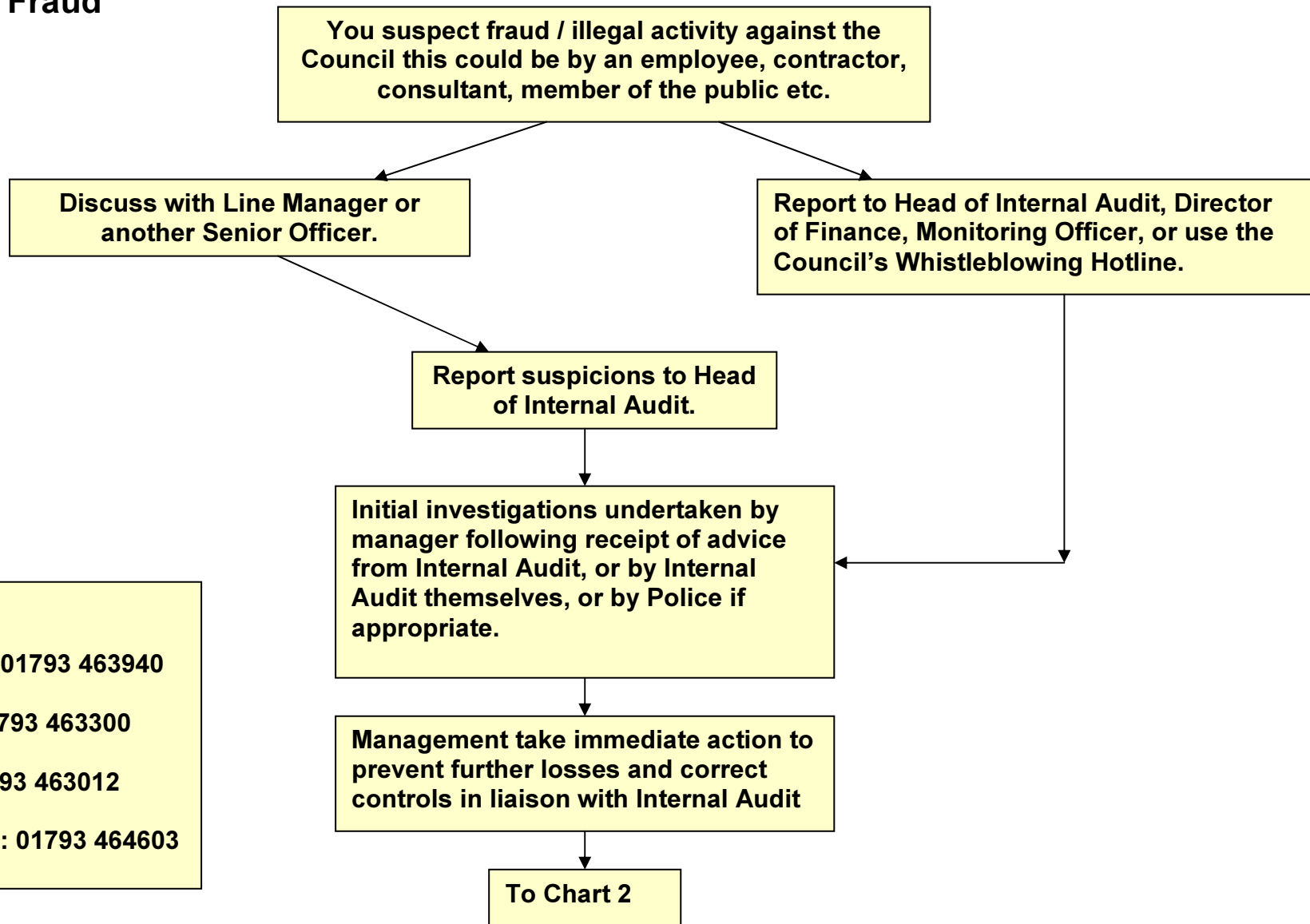
1. Introduction

- 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:

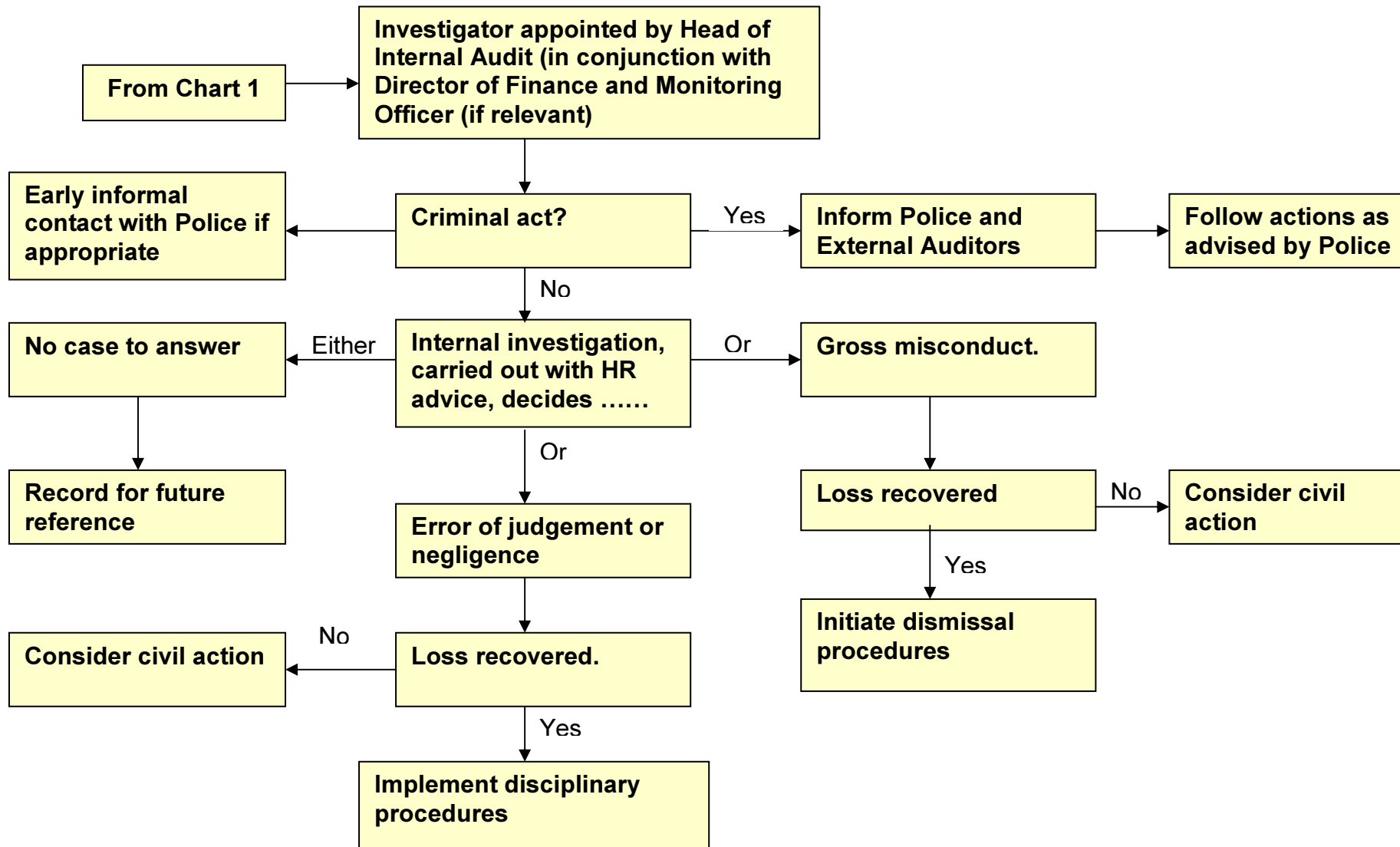
Head of Internal Audit: 01793 463940

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: 20th September 2011

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 June 2011, 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 June Audit Committee are set out in Appendix 1. The appendix sets out the key audit recommendations made along with the overall risk assessment to the Council.

Progress on completion of Internal Audit Plan 2011/12

- 2.2 As at the end of August 2011 we have completed 34% of the number of audits in the 2011/12 Internal Audit annual plan against a target of 32% (see Appendix 2).

Alternative Options

Not Applicable

Head of Internal Audit Update

AUDIT COMMITTEE

Date: 20th September 2011

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 2011. 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

Effective systems of internal control within the Council will help to ensure that the Council's objectives 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 April 2011 Audit Committee.

Appendix 2 – Progress against 2011/12 Internal Audit plan.

Key Decision/Decision in Forward Plan

Not Applicable

INTERNAL AUDIT REPORTS FINALISED SINCE THE LAST AUDIT COMMITTEE MEETING (28 JUNE 2011)

Final audit reports issued:

Audit Title:	Eligibility of Care, Adult Social Care			Date of Audit:		June 2011
Number of High Priority Recommendations:	10	Current Audit Opinion:	Significant improvements	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):
						Of concern

Key Findings and Recommendations

Key findings:

- Specific assessment criteria, endorsed by case studies for guidance, should be put in place to support each of the four key Department of Health's FACS criteria headings i.e. Critical, Substantial, Moderate and Low. This should demonstrate a robust and considered decision-making process that could withstand appeal and potential legal challenge.
 - The 'Putting People First' service and budget review currently being undertaken by ASC management for the eligibility of care should include evaluating the possible merging of existing sections that provide the same, or similar, administrative and financial support for each of the three areas i.e. Learning Disabilities, Older People and Physical Difficulties; and Mental Health. All current administrative work should be brought up to date. Work pending action, either by the key worker, manager or administrative section, should be closely performance managed and tracked with targets to secure signed care plans and financial records within a reasonable time i.e. within 8 weeks following approval of the care plan. All relevant Council policies and procedures should be reviewed in line with agreed service revisions.
 - Ensure that efficient administrative arrangements are in place across the service to support delivery of agreed processes and to retain relevant documentation in an effective manner.
 - Rationalise the IT systems and methods for retaining client care and financial information and conduct this with the PCT to ensure that a unified approach is adopted. Data cleansing and quality control checks should be conducted to ensure that data held by ASC in its systems is consistent, complete, correct and up to date. In the event that client information is held in different systems there should be on going checks to ensure data integrity.
- Management have positively taken forward and implemented many of the high priority audit recommendations during the review.

INTERNAL AUDIT REPORTS FINALISED SINCE THE LAST AUDIT COMMITTEE MEETING (28 JUNE 2011)

Audit Title:	Housing Repairs Contract Management			Date of Audit:		March/April 2011
Number of High Priority Recommendations:	4	Current Audit Opinion:	2	Previous Audit Opinion:	3	Overall Evaluation (Risk):
Moderate						
<p><u>Key Recommendations</u></p> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> • The Housing Repairs Service Improvement Plan should be reviewed and updated to ensure that it reflects the strategic objectives set out in the contract's Instructions to Tenderers. It should also reflect the contract's intentions to develop partnering arrangements at an early stage in the life of the contract. • The Housing Repairs Core Group should be formally minuted. Action Logs should be maintained for both this group and the Housing Repairs Operational Group. These logs should be reviewed and updated at each meeting in order to demonstrate strong contract management of SCS performance against the contract. • Housing Property should review properties with large numbers of repair jobs, or recurring jobs of a similar nature. Post work inspections should focus on these properties, and should be carried out by staff with suitable technical knowledge in a timely manner. • Implementation of the 'switchover project' and achievement of the timescales in the project plan should be monitored so as to ensure that the benefits in terms of services to tenants and operational efficiencies could be realised. 						

Audit Title:	Housing Assistance - Module Security			Date of Audit:		June 2011
Number of High Priority Recommendations:	2	Current Audit Opinion:	3	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):
Moderate						
<p><u>Key Recommendations</u></p> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> • The Uniform logical security system to be re-instated, to ensure access rights are restricted as appropriate. • A system report to be produced to show all staff accessing the grant modules and the anti social behaviour module in the last calendar year and this should be reviewed to ensure the access/action was appropriate. Explanations should be sort for any inappropriate actions. 						

INTERNAL AUDIT REPORTS FINALISED SINCE THE LAST AUDIT COMMITTEE MEETING (28 JUNE 2011)

Audit Title:		Carbon reduction commitment			Date of Audit:		July 2011	
Number of High Priority Recommendations:		N/A	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):	N/A
<u>Key Findings</u>								
This is the first time the Council has been required to submit an evidence pack detailing the Council's footprint. It was a requirement for the Council's submission to be audited. Key findings made as a result of the review are:								
<ul style="list-style-type: none">On the basis of the testing undertaken, the documentation provided and the explanations received, it is the auditor's opinion that the evidence pack used to support the energy consumption data used in the Council's return is accurate and reflects the guidance provided by the Environment Agency.Based on this submission, the Council has emitted 31,619 tonnes of CO2 at a cost of approximately £379,428.								

Audit Title:	Children's: Safeguarding		Date of Audit:		March/April & June 2011	
Number of High Priority Recommendations:	0	Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):
<u>Key Recommendations</u>						
No high priority recommendations were made following the review. Issues raised (that were given a medium priority) included:						
<ul style="list-style-type: none"> Increased emphasis needs to be placed on the importance of completing the case file reviews to ensure that staff can allocate sufficient time to review all the files selected for testing and pull the results together into an action plan that can be delivered promptly. For staff supervision files - copies of all documentation, or reasons for its absence, should be included on the file as well as the expiry dates to ensure it can be checked or rechecked at the appropriate intervals. 						

INTERNAL AUDIT REPORTS FINALISED SINCE THE LAST AUDIT COMMITTEE MEETING (28 JUNE 2011)

Audit Title:	Adult: Safeguarding	Date of Audit:		June 2011
Number of High Priority Recommendations:	6	Current Audit Opinion:	2	Previous Audit Opinion:
				N/A
				Overall Evaluation (Risk):
				Moderate

Key Recommendations

Key recommendations made as a result of the review are:

- A single point of contact for safeguarding referrals should be considered to ensure there is a comprehensive list of all referrals and allow for effective monitoring of these cases up until they are either resolved or discounted.
- A review should be conducted on the resources required to effectively support the Head of Service Adult Safeguarding and the LSAB in delivering their strategy and vision for the Council. Resources allocated by other authorities and that to the Council's Children Services should also be considered as part of that review.
- The monitoring spreadsheet for the completion of safeguarding investigations should be amended to include closer monitoring of target dates for each stage of the investigation process to ensure a prompt completion. Exceptions should be highlighted on this report. Target dates should be adhered to and reasons for any delays recorded so that these causes can be addressed.
- Where there are allegations that Council staff have committed fraud, Internal Audit should be advised of the allegations to determine whether their involvement is appropriate in further investigations, in accordance with the Council's Anti-fraud and corruption strategy.
- The terms of reference for the risk enablement panel should be finalised and formally adopted as soon as possible to ensure that there is a clear and documented process for minimising the risk vulnerable persons are exposed to when commissioning their own care. This process should be regularly tested to ensure that it is working effectively and to identify any areas or processes where further changes/improvements may be required.
- Work should continue on implementing the actions agreed as a result of the last CQC inspection to ensure they are fully implemented.

INTERNAL AUDIT REPORTS FINALISED SINCE THE LAST AUDIT COMMITTEE MEETING (28 JUNE 2011)

Audit Title:	Payroll (2010/11)		Date of Audit:		March/April 2011	
Number of High Priority Recommendations:	3	Current Audit Opinion:	3	Previous Audit Opinion:	3	Overall Evaluation (Risk):
<u>Key Findings and Recommendations</u> <p>The auditor found that progress had been made on implementing audit recommendations made in the previous year's audit report. Actions are also in the process of being undertaken, or are planned, to implement recommendations made in this report. Once these recommendations are implemented the risk to the Council will reduce from its current level of 'of concern' to moderate. The reason for the 'Of Concern' is that the issue regarding authorised signatory lists/checks to the list remain outstanding. It is hoped that the introduction of HR 'self-service' will resolve this issue. The key recommendations from the review are:</p> <ul style="list-style-type: none"> • Authorised signatory lists should be produced for all key Payroll processing tasks, e.g. starters, leavers and permanent/temporary variations to pay and sample checks should be made against these lists to ensure that payments are properly authorised. • There should be authorised supporting documentation on file to support all temporary additions/deductions to pay. • Higher duty payments should not be processed without the appropriate authorisation. Regular reviews should be conducted of staff receiving higher duty payments to ensure that they are still valid. Budget monitoring should identify errors in pay. 						

Audit Title:	Payroll: Starters and Leavers (2010/11)		Date of Audit:		March/April 2011	
Number of High Priority Recommendations:	4	Current Audit Opinion:	3	Previous Audit Opinion:	3	Overall Evaluation (Risk):
<u>Key Findings and Recommendations</u> <p>The following key recommendations should be implemented in order to achieve the improvements required:</p> <ul style="list-style-type: none"> • The missing files identified in this review should be located. • Filing of starter and leaver forms should be brought up to date. • All new starters and leavers should be supported with an authorised new starter or leaver form. • All payments made in addition to the basic salary such as severance pay, should have sufficient supporting, authorised documentation on file. 						

INTERNAL AUDIT REPORTS FINALISED SINCE THE LAST AUDIT COMMITTEE MEETING (28 JUNE 2011)

Audit Title:		Date of Audit:			June 2011	
Number of High Priority Recommendations:	Play-builder Grant	N/A	Current Audit Opinion:	N/A	Previous Audit Opinion:	N/A
Overall Evaluation (Risk):						
<p><u>Key Findings</u></p> <p>An audit review of the expenditure funded by the Play-builder Grant received from the Department for Education was undertaken. The grant enables councils to refurbish children's play areas. Key findings and recommendations are:</p> <ul style="list-style-type: none"> The Auditor was not presented with a detailed income and expenditure analysis in order to confirm that the conditions attached to the Local Area Agreement Performance Reward Grant Fund Grant Determination had been complied with. Consequently, in order to ensure that the Council met the return submission deadline of 30th June 2011, the Auditor had to try to pull together all the relevant expenditure information. The Parks Team could not provide invoices for four play areas, completed in the period 2009-10, which was outside of the timeframe being signed off. Due to delays incurred whilst the Government reviewed the programme and agreed revised allocations for 2010/11 the programme has run over into the current financial year. On the basis of the testing carried out, it is the auditor's opinion that the expenditure incurred complies with the conditions attached to the Play Capital Grant Determination 2010-11: No. 31/1843. <p><u>Recommendations</u></p> <ul style="list-style-type: none"> For future projects a detailed analysis of income and expenditure should be maintained and provided for audit. All invoices should be maintained and be available for inspection and review. 						

INTERNAL AUDIT REPORTS FINALISED SINCE THE LAST AUDIT COMMITTEE MEETING (28 JUNE 2011)

Audit Title:	Risk Management 2010/11			Date of Audit Report:		August 2011
Number of High Priority Recommendations:	5	Current Audit Opinion:	3	Previous Audit Opinion:	3	Overall Evaluation (Risk):
Of Concern						
<p><u>Key Findings and Recommendations</u></p> <ul style="list-style-type: none"> Internal Audit is required to give an opinion on the Council's risk management arrangements on an annual basis. The previous audit of Risk Management conducted in 2009/10 indicated that the effectiveness of risk management process within the Council was not robust and a number of significant findings and recommendations were made to improve missing or failing controls. Since this audit, the Council's process and framework around which risk management is structured has been changing and a new approach to business review has been introduced. This audit was undertaken to provide assurance regarding the risk management process and to assist in the facilitation of implementing this new approach. The conclusion on the system of internal controls in place at this stage of implementation is that significant improvements are still required before reliance can be placed on the risk management framework in operation. A number of key recommendations have been made to assist in establishing a robust risk management framework: <ul style="list-style-type: none"> Corporate Board should agree the future approach and alignment of the business review and risk management processes. The objectives of these processes should also be defined. A review of the format and use of the Corporate Risk Register should be determined by Corporate Board, facilitated by the Head of Performance and Risk. A full appraisal of types of risk to be included, format, the link to the business review and relationship with other Group level risk activities should also be determined. A review of the Group performance and risk reporting process should be undertaken to ensure that this meets the future assurance needs of the Council and is aligned to corporate level risk management requirements. Submission of appropriate risk reporting should be monitored, holding to account underperforming areas and escalating these to Corporate Board, where appropriate. The various stages of the business review process should include a more formal structure to guide the identification, evaluation, review and monitoring of key issues and agreed actions. This should include key evidence requirements to justify inclusion on the long list, action plan templates and other relevant items. A further discussion is needed to establish whether the long-list used during business review is suitable for use as a dual document for the purposes of both the business review and for the management of risk. The format and content of the long list in future needs to be reviewed to ensure it is pitched at an appropriate level. This is to satisfy the Chief Executive and Corporate Board's assurance requirements, but also to assist in the achievement of corporate objectives. 						

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