NOTICE OF MEETING

Governance & Audit Committee
Tuesday 21 September 2010, 7.30 pm
Council Chamber, Fourth Floor, Easthampstead House, Bracknell

To: Governance & Audit Committee

Councillor Ward (Chairman), Councillor Thompson (Vice-Chairman), Councillors Beadsley, Blatchford, Edger, Leake, McCracken, Mrs McCracken and Mr G S Anderson

cc: Substitute Members of the Committee

Councillors Mrs Ballin, Mrs Beadsley, Birch, Harrison, Mrs Hayes, Mrs Shillcock and Worrall

ALISON SANDERS
Director of Corporate Services

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Published: 13 September 2010

Governance & Audit Committee
Tuesday 21 September 2010, 7.30 pm
Council Chamber, Fourth Floor, Easthampstead House, Bracknell

AGENDA

GOVERNANCE & AUDIT COMMITTEE
29 JUNE 2010
7.30 - 9.45 PM

Bracknell Forest Borough Council:
Councillors Ward (Chairman), Thompson (Vice-Chairman), Beadsley, Blatchford, Edger, Leake and McCracken

Apologies for absence were received from:
Councillor Mrs McCracken
Gordon Anderson

3. **Declarations of Interest**

There were no declarations of interest.

4. **Minutes - 29 March and 12 May 2010**

The minutes of the meetings held on 29 March 2010 and 12 May 2010 were approved as a correct record and signed by the Chairman.

5. **Comprehensive Area Assessment**

Phil Sharman, District Auditor introduced the report to appraise the Committee on how work on the Comprehensive Area Assessment (CAA) will be concluded.

The Committee was advised that following the government's announcement that the CAA inspection regime would be brought to an end, the Audit Commission had sent a letter to all Council's on 28 May 2010 setting out the arrangements for bringing this work to a conclusion. The District Auditor declared that no further work was required to finalise his conclusion in relation to the Council's Use of Resources assessment which would remain.

RESOLVED that the contents of the letter from the Audit Commission at Annex A of the report be noted.

6. **Review of Internal Audit**

Catherine Morganti, Audit Manager from the Audit Commission introduced the report on the Review of Internal Audit and sought responses to two of the recommendations from the Committee.

Catherine Morganti highlighted the key findings of the review which included that the External Auditors had concluded that the in house team and the contractor met the required CIPFA standards and provided a good service; the Council had therefore satisfied its statutory requirement to have an adequate and effective internal audit provision. The External Auditors had also concluded that they could place reliance on internal audit's work for 2009/10.

The four recommendations which had been raised were described in more detail and included that the Head of Audit and Risk Management should include progress against the Annual Audit Plan in future reports to the Committee and review the appropriateness of performance indicators and for the contractor to ensure all audit work is fully documented and evidenced.

The Governance and Audit Committee discussed the two further recommendations which had been raised for them to consider. These related to meeting privately with the Head of Audit and Risk Management and inviting the Head of Audit and Risk Management to participate in the Committee's review of its own remit and effectiveness. The Committee were concerned about the implication of private meetings to discuss issues when the role of the Committee was to publically demonstrate transparency and accountability. It was explained that in some local authorities this was a usual device to allow members to be fully briefed in advance of a public meeting so that they could make informed enquiries about the information being presented to them. Members discussed how this would be initiated and whether a formal mechanism was required.

The Governance and Audit Committee agreed to consider meeting privately with the Head of Audit and Risk Management when it undertook a review of its terms of reference and working arrangements as part of a review of its own remit and effectiveness at a future meeting.

RESOLVED that the Review of Internal Audit appended to the report be noted.

7.   **Presentation on the Fraud Statistics**

Simon Hendey, Chief Officer: Housing, Shanaz Alam, Benefit Service Manager and Graham Hyman, Fraud Officer attended the meeting to provide the Committee with a briefing on the Benefit Fraud Service.

As part of the presentation members were advised that the function was a statutory obligation which aimed to pay the right benefit to the right person at the right time. The service was high performing despite the caseload increasing by 13% since targets were set. The function attracted approximately £28k income for the council in 2009/10 . Examples of fraud activity were explained to the Committee and two case studies were described in detail. It was clarified that from 919 referrals a third would require full investigation based on a risk assessment and system checks on the information received.

The Committee thanked them for their informative presentation.

8.   **Internal Audit Annual Assurance Report 2009/10**

Sally Hendrick, Head of Audit and Risk Management introduced her annual assurance report.

Based on the work of Internal Audit during the year and other sources of assurance outlined, the Head of Audit and Risk Management gave the following opinion:
- there are robust systems of internal control in place in accordance with proper practices except for those reviews where limited assurance was concluded as set out in Section 4.3 of the report;
- key systems of control are operating satisfactorily except for the areas referred to above ; and
- there are adequate arrangements in place for risk management and corporate governance.

Members discussed the audits which had received a limited assurance conclusion and in particular focused upon the Corporate Wide Procurement audit which had identified that a number of contracts could not be located and that contracts had been signed by individuals who did not have formal delegated authority. In addition they discussed the absence of inspection of works which was identified by an audit of Highways. The Committee was concerned that Procurement and Highways were receiving limited assurances as they had previously been identified as areas of weakness and risk.

It was discussed that there were large number of employees within the council with delegated authority to procure goods and services and the current contract database did not include information on the location of the original document. The Committee was very concerned that action should be taken urgently to resolve these issues and were advised that the Corporate Management Team were considering the issues the following day.

Members asked for further information about the issues identified in the Corporate Wide Procurement audit and requested a report to the next meeting of the Committee giving detailed information about the largest value contract that could not be located.

It was reported that of 60 audits completed only 4 quality questionnaires indicated that the auditees was dissatisfied. 65% of draft reports are produced within 15 days of holding the exit meeting.

It was reported that a training company was paid £2,300 in advance of providing training and subsequently failed to turn up to run the course. Schools have been reminded that payments should not be made in advance .

The report provided more detailed information about the cases of benefit fraud which had been investigated.

The Committee was advised that as at 31 March 2010 all schools except 1 primary school had met the Financial Management Standards in Schools (FMiSS). The final school was working towards meeting the Standards by 31 March 2011.
It was reported that the Strategic Risk Register had been reviewed in March 2010 to identify the key risks facing the Council from first principles. The Register had been re-formulated and the format changed for greater transparency on actions based on a new numeric scoring basis for risks. Once approved the risk owners would be assisted to develop action plans.

RESOLVED that the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit Opinion for 2009/10 be noted.

9.   **Petition Scheme**

Alex Jack, the Borough Solicitor introduced the report which sought the Committee's endorsement of the Committee to a draft Petition Scheme for adoption by the Council, together with other related decisions required to implement the legislation.

The members discussed the draft Petition Scheme which was a variation on the Model Scheme appended to the CLG Statutory Guidance. Members noted that the on-line petition facility would not be operative until 15 December 2010 and the Head of Democratic and Registration Services was working on the practical implementation of this element of the scheme.

Members discussed the concerns they had in relation to the scheme being abused but it was acknowledged that undertaking significant work to verify signatures would be counter productive. It was also noted that the Council already had a Scheme for Public Participation at Meetings of the Council which allowed members of the public to make a submission by way of a petition. Previous experience had been that this facility had not been abused.

RECOMMENDED to Council that

i)   the threshold for a petition to constitute an "active petition" be set at 20;

ii)   the threshold number for Petitions for Debate be set at 1,500;

iii)   the threshold number for Petitions Calling Officers to Account be set at 750;

iv)   the Chief Executive, Directors and Chief Officers be those designated as those to whom a Petition Calling Officers to Account may be directed;

v)   the period for acknowledgement of a petition be specified as (a maximum of) ten working days;

vi)   the Council's current Scheme of Public Participation at Council meetings be amended to delete references to petitions; and

vii)   the draft Petition Scheme shown at Annexe A be approved, subject to the provisions regarding web petitions not coming into effect until 15 December 2010.

10.   **Annual Governance Statement**

Alex Jack, the Borough Solicitor introduced the report which sought the Committee's approval of the Annual Governance Statement (AGS) 2009/10 and the Action Plan 2010/11 to address weaknesses identified in the AGS.

It was explained that the CIPFA/SOLACE publication "Delivering Good Governance in Local Government: Framework" identified six core principles of good governance. The publication also recommended that authorities produce an Annual Governance Statement (AGS) to report publicly on the extent to which the Authority complies with its own Local Code of Governance including how it has monitored the effectiveness of its governance arrangements in the year and any planned changes in the coming period.

The process for drafting the AGS was explained to the Committee including the review by the officer Governance Working Group on 24 May 2010 which was attended by Councillor Thompson.

RESOLVED that

i)   the draft Annual Governance Statement shown as Appendix 1 of the report be approved; and

ii)   the Action Plan shown as Appendix 2 of the report be approved.

11.   **Statement of Accounts 2009/10**

Alan Nash, Chief Officer: Financial Services introduced the report which summarised the key elements within the accounts for 2009/10 and highlighted key changes to the presentation and contents of the accounts.

The Council had managed to spend within its budget for the twelfth consecutive year and the actual outturn for the General Fund was an underspend of £0.712m. An in year savings package of £1.639m was implemented and reduced the amount withdrawn from reserves to £1.530m.

It was explained that due to changes in VAT legislation the Council was able to reclaim overpaid tax back to 1973 when VAT was introduced. The Council received the sum of £2.583m in 2009/10 which has been used to set up an earmarked reserve for the worse case scenario based on the risks associated with the Council's investments in Icelandic Banks. Advice has been received that the Council should receive 90% of the funds invested.

Members asked for clarification on some of the technical aspects of the Statement. It was noted that the Statement of Accounts 2009/10 was a technical and complex document which would be summarised once audited.

RESOLVED that

i)   the Draft Statement of Accounts 2009/10 be approved;

ii)   the out-turn expenditure for the year be noted;

iii)   the provisions (£0.197m per section 4.2) and earmarked reserves (£9.247m per section 4.3) be approved; and

iv)   the Chairman of the meeting be authorised to sign and date the Statement of Accounts on behalf of the Committee.

CHAIRMAN

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GOVERNANCE AND AUDIT COMMITTEE
21 SEPTEMBER 2010

PROPERTY MANAGEMENT DELEGATIONS
(Director of Corporate Services – Legal/Property Services)

1   PURPOSE OF DECISION

1.1   This report seeks to clarify those provisions in the Council's Constitution relating to powers exercisable in relation to property management.

2   RECOMMENDATION

2.1   **That the Committee recommend to Council that the Council's Constitution be amended such that:-**

    (a)   the delegations to the Chief Officer: Property be as shown in Annexe A to this report

    (b)   Section 5 Part 2 of the Constitution (Responsibility for Executive Functions) be amended to provide that:-

        (i)   acquisition of land and buildings between £100,000 and £500,000 may be delegated to a single Executive Member

        (ii)   acquisition of land and buildings over £500,000 require the approval of the full Executive, save that in the event of the Leader and the Chief Executive certifying the matter to be one of overriding urgency it may be delegated by the Leader to a single Executive Member

        (iii)   the provision that disposal of land and buildings less than 0.5 hectares and not exceeding £500,000 require the approval of the Executive be deleted

        (iv)   the disposal of land and buildings over 0.5 hectares or above £500,000 may be delegated by the Leader to a single Executive Member in the event that the Leader and the Chief Executive certify the matter to be one of overriding urgency.

    (c)   that the Chief Executive and all Directors be delegated power to submit or authorise the submission of planning applications to the Council

3   ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

3.1   The Borough Solicitor is the co-author of this report.

Borough Treasurer

3.2   There are no financial implications directly arising.

Equalities Impact Assessment

3.3   None relevant.

Strategic Risk Management Issues

3.4   None relevant.

4   SUPPORTING INFORMATION

4.1   The wording of the delegations to the Chief Officer: Property is, shown as Annexe B to this report, currently, in some respects, less than entirely clear or comprehensive. For example, the authority to grant leases is apparently untrammelled save for a requirement to report leases granted for a rental of more than £50,000 per annum, whereas the authority to grant a licence or easement is restricted to those instances where the duration does not exceed five years and no security of tenure is conferred. The requirement that the Executive should approve in principle the taking of any lease/licence/easement is proposed to be deleted but delegated authority will not extend to any transaction in which there is a premium of £50,000 or the rental exceeds £10,000 or the duration of the interest will exceed five years. That will allow the acquisition of minor interests to be dealt with under delegated authority, subject to there being budgetary provision. Currently, delegated authority is conferred to acquire freeholds (subject to agreement in principle by the Executive) up to £500,000; it is proposed to reduce the figure to £100,000.

4.2   A proposed clarified delegation is set out at Annexe A. The annexe also deletes authority to submit planning applications on behalf of the Council. In practice, such applications are submitted by or on behalf of the sponsoring department. It is therefore proposed that Directors and the Chief Executive be delegated power to submit applications for planning permission.

4.3   Section 5 Part 2 of the Council Constitution, which sets out the parameters within which the Leader may delegate functions to an officer or to a single Executive Member, is also less than entirely clear. There appear to be conflicting provisions, one set of which provides that those land transactions (not dealt with by the Chief Officer: Property under delegated powers) involving less than 0.5 hectares and less than £500,000 should be reserved for the full Executive; the other provides for transactions in excess of such limits to also be dealt with by the full Executive. It is proposed that the Section be amended such that transactions not involving more than 0.5 hectares nor more than £500,000 can be determined by a single Executive Member if the Leader so chooses. In order to allow for those unforeseen cases where a matter is required to be dealt with urgently, it is proposed that the Leader should be authorised to delegate to a single Executive Member a decision relating to the acquisition or disposal of land or buildings of more than 0.5 hectares or more than £500,000 if both he and the Chief Executive certify the matter as one of overriding urgency.

1. CHIEF OFFICER: PROPERTY

1.1 Subject to the exceptions and limitations in Paragraph 2 below, the Chief Officer: Property is authorised to:-

1.1 Grant, dispose, create or acquire land or interest in land (including wayleaves and easements).

1.2 Grant or secure licences relating to the occupation and use of land.

1.3 Determine rent reviews grant consents and/or take any other action under the terms of a transfer of land to, or by the Council, lease or licence relating to the use, ownership, and/or occupation of land.

1.4 Agree all payments in connection with the acquisition of land under Compulsory Purchase Powers, including home loss and disturbance payments.

1.5 Authorise the service of Notices under Landlord and Tenant legislation and other Agreements in respect of land.

2 Exceptions and Limitations

2.1 The authority to grant any lease, licence, wayleave or easement does not apply if:-

    (a) the consideration includes a premium of £50,000 or more, or
    (b) the consideration includes a rental or other consideration of more than £50,000 per annum

Rent reviews providing for a rental of £50,000 or more shall be reported to the relevant Executive Member.

2.2 The authority to take any lease, tenancy, licence, wayleave or easement by the Council does not apply to those cases where:-

    (a) the consideration includes a premium of £50,000 or more, or

    (b) the consideration includes a rental or other consideration of more than £10,000 per annum, or

    (c) the duration of the interest will exceed five years.

2.3 The acquisition of any freehold interest in the land is subject to the acquisition having been previously agreed, in principle, by, or on behalf of, the Executive and the consideration not exceeding £100,000.

2.4 Authority to dispose of amenity land is limited to land not exceeding 0.1 hectares.

2.5 Authority to dispose of the Council's interest in surplus land is limited to land not exceeding 0.2 hectares and to the disposal having been previously agreed, in principle, by, or on behalf of, the Executive.

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GOVERNANCE AND AUDIT COMMITTEE
21 SEPTEMBER 2010

PROPERTY MANAGEMENT DELEGATIONS

I.   CHIEF OFFICER: PROPERTY

1   Subject to the exceptions and limitations in Paragraph 2 below, the Head of Property is authorised to:-

1.1   Grant disposal, create or acquire land or interest in land (including wayleaves and easements).

1.2   Grant or secure licences relating to the occupation and use of land.

1.3   Determine rent reviews and grant consents and/or take any other action under the terms of a transfer of land to, or by the Council, lease or licence relating to the use and/or occupation of land

1.4   Agree all payments in connection with the acquisition of land under Compulsory Purchase Powers, including home loss and disturbance payments.

1.5   Submit planning applications on behalf of the Council.

1.6   Authorise the service of Notices under Landlord and Tenant legislation and other Agreements in respect of land.

2.   **Exceptions and Limitations**

2.1   Rent reviews and the grant or renewal of leases or licences providing for the rental of £50,000 or more shall be reported to the Executive Member for information.

2.2   The authority to grant any licence, wayleave or easement is limited to those instances where no security of tenure is to be obtained and the length of the term does not exceed five years.

2.3   Authority to acquire a licence, wayleave, easement, tenancy, lease of land or building for any purpose is limited to those instances where the term does not exceed five years or rental or other consideration does not exceed £10,000 per annum and the acquisition having previously been agreed in principle by, or on behalf of, the Council or the Executive

2.4   The acquisition of any freehold interest in the land is subject to the acquisition having been previously agreed, in principle, by, or on behalf of, the Council or the Executive and the consideration not exceeding £500,000

2.5   Authority to dispose of amenity land is limited to land not exceeding 0.1 hectares

2.6   Authority to dispose of the Council's interest in surplus land is limited to land not exceeding 0.2 hectares and to the disposal having been previously agreed, in principle, by, or on behalf of, the Council or Executive

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GOVERNANCE AND AUDIT COMMITTEE
21 SEPTEMBER 2010

AUDIT AND RISK MANAGEMENT UPDATE
(Head of Audit and Risk Management)

1   PURPOSE OF REPORT

1.1   This report provides the Governance and Audit Committee with an update on
         progress on risk management at the Council and on general audit progress. Full
         details of progress on internal audit reviews will be included in the Head of Audit and
         Risk Management's six monthly report which will be presented at the next
         Governance and Audit Committee meeting.

2   RECOMMENDATION

2.1   **That the Governance and Audit Committee review and agree the Risk
         Management Strategy for 2010/11.**

2.2   **That the Governance and Audit Committee note the developments on risk
         management.**

2.3   **That the Governance and Audit Committee note the update on internal audit.**

3   ADVICE RECEIVED FROM STATUTORY OFFICERS

         Borough Solicitor

3.1   No comments to add.

         Borough Treasurer

3.2   No comments to add.

         Strategic Risk Management

3.3   Robust internal audit arrangements are an important part of effective risk
         management. Audit plans should be targeted to areas of greatest risk to the Council
         and individual internal audit reviews should focus on controls in place to mitigate risk
         and highlight any gaps in assurance.

4   SUPPORTING INFORMATION

         Risk Management

4.1   Under the Accounts and Audit Regulations 2003, the S151 Officer is required to
         ensure that there are measures in place to ensure that risk is appropriately managed.
         The Council has strengthened its risk management arrangements over the last two
         and a half years by:

         • updating the Risk Management Strategy and producing a Risk Management
           Toolkit to provide guidance for officers and Members;

- developing a Strategic Risk Register and ensuring this is updated and reviewed quarterly by the Strategic Risk Management Group and the Corporate Management Team (CMT) and approved by the Executive twice a year;

- drawing up strategic risk action plans and monitoring these through the Performance Monitoring Reports;

- improving documenting of risks and mitigating actions in Service Plans and Performance Monitoring reports;

- providing training on general risk management to managers as well as running training sessions on risk in financial planning, procurement risk and procurement fraud risk to specific groups of officers; and

- providing training on risk management to Members.

4.2   Whilst the Strategic Risk Register was being reviewed and updated quarterly, there had not been a fundamental refresh of the risk register since January 2008. Hence in March 2010, officers were asked to identify significant risks facing the Council from first principles. The results of this were drawn together into a new draft Strategic Risk Register and this was then circulated for comment to all DMTs and the Assistant Chief Executive's management team. The feedback from senior officers was taken on board and CMT agreed the risks on 30 June and considered by the Executive on 14 September 2010.

4.3   In doing this, the opportunity was taken to re-design the format of the Strategic Risk Register to assign a risk score to each trigger which will inform the overall risk score, incorporate planned actions into the body of the Strategic Risk Register and the officers responsible for these actions. In future, progress on actions will be reported in one place, the Corporate Performance Overview Report, rather than individual Directorates' Performance Monitoring Reports.

4.4   When re-formatting the Register, the Head of Audit and Risk Management reviewed the alpha numeric risk scoring methodology applied since January 2008. There was some concern that this scoring system was confusing and the severity of risks was not instantly recognisable as it would be with a fully numeric system. It was also not consistent with the numeric risk scoring approach advocated under PRINCE 2 for project management. The Head of Audit and Risk Management recommended that a numeric 5 by 5 scoring system should be introduced and this was agreed by CMT on 30 June 2010. The strategic risks identified were scored at CMT on 28 July 2010.

Directorate Risks

4.5   Internal audits of directorate risk management arrangements are being completed in all areas. Three of these reviews have been completed and draft reports issued and the remaining audits are in progress. This has highlighted a need to strengthen the processes for identifying, documenting and mitigating risks to include significant operational risks for business as usual. CMT agreed on 30 June 2010 that risk factors for planned outcomes in Service Plans are replaced by the setting up of directorate risk registers covering the top 10-15 risks. This will ensure that Directors and Departmental Management Teams (DMTs) identify their major risks for all aspects of the service and if there were any significant risks associated with planned outcomes these will be picked up by this process as a matter of course. It is intended that these would be reviewed and updated by DMTs quarterly prior to the updating of

the Strategic Risk Register so that the directorate risk registers can inform the assessment of strategic risks.

Electronic Risk Management System

4.6   The Strategic Risk Register is currently maintained as a "Word" table. There is the facility within PARIS for risk management and it is proposed that this functionality is utilised. This would facilitate greater oversight of actions and progress and improve efficiency in the maintaining of risk registers. CMT are asked to agree the proposal to use PARIS for risk management.

Risk Management Strategy and Guidance

4.7   The Risk Management Strategy was updated and approved in 2009/10 when guidance for officers on managing risks was also developed in the form of the Toolkit. The Risk Management Strategy for 2010/11 has been developed and the Toolkit has been updated in line with the way forward agreed with CMT for maintaining the Strategic Risk Register and managing risks in the directorates and were reviewed at the Strategic Risk Management Group on 23 August 2010. The Strategy is now attached for Governance and Audit Committee review and approval.

Internal Audit

4.8   The Head of Audit and Risk Management provides detailed updates on progress against the Annual Internal Plan twice a year. The first report on the 2010/11 Plan will be presented to the next meeting of the Governance and Audit Committee. Audits where limited assurance has been concluded should be drawn to the attention of the Committee at the earliest opportunity. At the time of writing this report, no limited assurance opinions have been concluded for audits under the 2010/11 Internal Audit Plan.

4.9   At the Governance and Audit Committee on 29 June 2010, the Head of Audit and Risk Management reported to the Committee that the draft internal audit report on procurement conclusion was that only limited assurance could be given due to a number of priority 1 weaknesses which she set out in her report. The Head of Audit and Risk management was asked specifically to report to the next meeting with detailed information about the largest value contract that could not be located from the list of 5 contracts that had not been presented for audit inspection.

4.10   The draft procurement report was discussed at CMT on 30 June when the need for further action to locate the signed contracts was agreed. Copies of all 5 signed contracts have now subsequently been presented to Internal Audit for inspection. The largest of these is for £2.2m for demolitions, alterations to existing buildings and construction of an extension for the Brakenhale Open Learning Centre.

4.11   A full update on fraud and irregularities will be included in the Head of Audit and Risk Management's report to the next meeting. However the Committee's attention is drawn to a case of misuse of the Memorandum of Understanding with the Department for Works and Pensions by one member of staff accessing their own records. The situation was investigated by Internal Audit and before completion of the investigation, the individual concerned resigned. The Department for Works and Pensions was happy with how the Council dealt with this matter and the Department is taking no further action.

Counter Fraud Strategy

5.1   Local authorities have a responsibility to ensure that they have adequate anti-fraud and corruption procedures. The Council has in place a number of measures for countering fraud including the Fraud and Corruption, Disciplinary, Whistle Blowing and Benefit Fraud Policies and the Financial Regulations. To ensure that the Council's arrangements are adequate, it is important to draw together the framework for countering the risk of fraud and responding to cases of suspected fraud and irregularity. The Counter Fraud Strategy documents the Council's counter fraud framework and sets out time frames for review of individual elements of the framework to ensure these are updated on a regular basis. The Strategy is now attached for Governance and Audit Committee review and approval.

5   CONSULTATION

Principal Groups Consulted

5.1   The Chief Executive, Strategic Risk Management Group, Directors and Chief Officers at the Council have been engaged in the process of developing the new Strategic Risk Register. The Risk Management Strategy was reviewed by the Strategic Risk Management Group.

5.2   The Governance Working Group and CMT were consulted on the Counter Fraud Strategy.

Method of Consultation

5.3   A workshop of senior managers was held to identify strategic risks across 4 key themes. The results were collated by the Head of Audit and Risk Management and summarised in a new Register which was discussed at DMTS, the Strategic Risk Management Group and CMT.

5.4   A draft Counter Fraud Strategy was drawn up by the Head of Audit and Risk Management. This was considered by the Governance Working Group and comments made taken on board before this was considered at CMT.

Contact for further information
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Doc. Ref
Governance and Audit Committee Report Internal Audit Plan 10-11

BRACKNELL FOREST BOROUGH COUNCIL

Risk Management Strategy 2010/11

CONTENTS

Page

1. BACKGROUND

Bracknell Forest lies 28 miles west of London within Berkshire. The Borough has good access links and a well educated labour force which has attracted businesses, including multi-national organisations to the area and resulted in our economy being historically above average size and productivity compared to the county and nationally.

The Borough's population has grown significantly since the 1990s. Between 1991 and 2001 the population grew twice as fast as the average for South East England. Our population is relatively young and only 11.5% of our residents are of pensionable age compared to 18% nationally. Whilst the 2001 census showed that 90.6% of the population is "White British" the number of school pupils from Minority Ethnic Groups has grown from 6.15 to 12.7% in 2007 indicating a significant change in population ethnic diversity since 2001.

Bracknell Forest is within the Thames Valley which has been economically buoyant and is generally an affluent area (ranked 319 out of 354 on the Index of Multiple Deprivations 2004). Property prices and levels of car ownership are significantly higher than the national average and free school meals eligibility is low. However, these factors mask significant pockets of deprivation. For instance three primary schools have free school meals eligibility in excess of 15% and 16% of households receive a housing or Council Tax benefit.

The Council has developed its Vision "To make Bracknell Forest a place where all people can thrive; living, learning and working in a clean, safe and healthy environment" to reflect local needs based on the Borough's population demographic. Six Priorities for delivering this Vision have been identified supported by 13 Medium Term Objectives. An overriding ambition is to regenerate Bracknell Town Centre to provide a vibrant, economic, social and cultural heart to the Borough. This is reflected in the first of the following 6 Priorities:

- Priority 1: A Town Centre fit for the 21st Century

- Priority 2: Protecting and enhancing our environment

- Priority 3: Promoting health and achievement:

- Priority 4: Create a Borough where people are, and feel, safe:

- Priority 5: Value for Money

- Priority 6: Sustain economic prosperity

In a climate of a rising population, changes in ethnic diversity and an economic downturn, we can expect to see significant shifts in service demands in terms of the amount and type of services our residents need. Effective risk management will ensure we are better prepared to face these challenges and is essential for ensuring that our Priorities and underlying Medium Term Objectives are achieved.

2. EXECUTIVE SUMMARY

The Council recognises that there are risks involved in everything we do and that as an organisation accountable to the public we have a duty to manage those risks in a balanced, structured and cost effective way. In doing so, the Council will better achieve its objectives and enhance the value of the services it provides.

Risks to the achievement of our objectives are set out in our Strategic Risk Register, Directorate Risk Registers and project risk logs. Our key strategic risks at the Council relate to finance and economics and infrastructure and maintenance of assets. Risk management is about improving the quality of information about the likelihood and consequences of these events occurring and subsequently using this information to make informed decisions and judgements.

The Council produced a revised Risk Management Strategy and a new risk Management Toolkit in 2009 to promote a consistent and corporate approach to risk management, allocate responsibilities for managing risks and provide managers with the tools to identify and mitigate significant risks. Approval and publication of the Policy Statement at Appendix 3 in 2009 demonstrated the Council's intention to embed risk management across the organisation by requiring all Members, officers and staff to assist in and take responsibility for the identification, control and mitigation of risk. The Policy is fully supported by Council Members, the Chief Executive, the Corporate Management Team and the Strategic Risk Management Group.

The Risk Management Strategy and Toolkit have now been updated to reflect the progress made on risk management and action to be taken to further embed risk management during 2010/11.

3. AIM OF THE RISK MANAGEMENT STRATEGY

The aim of the Risk Management Strategy 20010/11 is to set out the actions for the embedding of robust risk management arrangements across the Council and its Local Strategic Partnership and Strategic Partnership Themes during 2010/11.

4. SCOPE OF THE STRATEGY

In order to implement the Policy, this strategy -

- Sets out the arrangements for implementing risk management arrangements.
- Assigns responsibilities for delivering specific elements of the Strategy
- Summarises the progress made to date on embedding risk management and set out the action to be taken forward to fully embed risk management processes
- Develops a training plan to disseminate the requirements of the Risk Management Policy and initiate the development and embedding of a risk management culture

5. ROLES AND RESPONSIBILITIES

The Council has a statutory responsibility to have arrangements in place for managing risks as stated in the Accounts and Audit Regulations 2003 (as amended 2006) which says

"The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has sound system of internal control which facilitates the effective exercise of the body's functions and which includes arrangements for management of risk".

In addition, the Civil Contingencies Act 2004 places a duty on local authorities to assess the risk of emergencies occurring and use this to inform contingency planning.

Ultimate responsibility for ensuring that the Council has effective risk management rests with the Executive. The Governance and Audit Committee supports the Executive in providing independent oversight of the adequacy of all audit and governance assurances. The Strategic Risk Management Group was established to oversee risk management arrangements and report to CMT. The Chief Executive has identified the Borough Treasurer as Lead Officer for Risk Management and delegated to him responsibility for ensuring effective arrangements are in place.

The Borough Treasurer has tasked the Head of Audit and Risk Management with reviewing and monitoring risk management procedures and identifying areas for improvement. There are risk implications across all the aspects of our services and projects and hence all officers across the Council have responsibility for ensuring risks are identified and managed as appropriate. Appendix 1 clarifies roles and responsibilities.

6. PROGRESS MADE DURING 2009/10 AGAINST THE RISK MANAGEMENT STRATEGY

During 200/10 the following developmental actions were taken to further improve risk management:

- Training was provided on risk management arrangements as set out in the Risk Management Strategy and Risk Management Toolkit to 2 directorates. In addition, training was provided to building surveyors on procurement risks and risks of fraud in procurement;
- A fundamental refresh of the Strategic Risk Register commenced in March 2010 at the Senior Managers Away day;
- Business Continuity Plans were refreshed and an external consultant undertook a review of the Council's business continuity arrangements;
- A Flu Pandemic Group was set up during the pandemic to coordinate arrangements for responding to the risks from the pandemic ; and
- Internal audit reviews of directorate risk management arrangements were started.

7. RISK MANAGEMENT PRIORITIES FOR 2010/11

Strategic Risk Register
The Strategic Risk Register has been re-developed from first principles. As part of this process, a new 5 by 5 risk scoring methodology is being introduced which should be clearer for officers and Members to utilise. In

addition, the actions to address the new strategic risks will be included within the body of the Register rather than Service Plans for the relevant risk owner. Progress on these actions will be reported in the Corporate Performance Overview Report rather than individual directorate Performance Monitoring Reports. This will provide for a clearer trail through from risks to implementation of mitigating actions.

Directorate Risk Registers
During 2010/11, directorate risk register will be developed which set out the top 10-15 risks for each directorate as agreed by the Corporate Management Team (CMT). These will replace the risk factors in the Service Plans which focused solely on risks to the achievement of developmental targets and hence did not include risks for business as usual.

Training
All appropriate staff should receive relevant training and guidance to enable them to take responsibility for managing risk within their own working environment. Whilst training on risk management has already been provided in most directorates, it will be necessary to provide further training to assist directorates in developing directorate risk registers.

Strategic Risk Management Group
The membership of SRMG is being strengthened by the attendance of a representative from Corporate Property (the Head of Building Surveyors) and the Team Manager for Climate Change to provide input on risks in their areas of expertise.

Incident Reporting
A new electronic incident reporting system has been set up to record health and safety incidents.

Business Continuity
Following the report from the external consultant as set out in section 6, action is proposed to review our critical functions and agree triggers for activation of the organisational Business Continuity Plan.

Risk Management System
The Strategic Risk Register is currently held on Word tables. It has been agreed by CMT that the risk module of the Performance Management Information System (PARIS) will be used to maintain both the strategic and directorate risk registers. Once the new risk management procedures have bedded down, it is intended that the risk module in PARIS be developed to maintain risks and mitigating action plans.

ROLES AND RESPONSIBILITIES

The Executive: -
- The Executive approves the Council's Risk Management Strategy and any significant amendments to it;
- The Executive will be presented with an updated Strategic Risk Register at least twice per year for consideration and approval;
- Strategic and operational risks and progress on actions to address risks will be included in quarterly Performance Monitoring Reports (PMRs) and summarised in the quarterly Corporate Performance Overview Report (CPOR) considered by the Executive including any significant changes to strategic risks identified by Officers in-year;
- Members will be expected to attend any appropriate training to ensure they have a sound understanding of the risk management process within the Council and adequate knowledge of risk management to perform their various roles; and
- Risk management considerations should be assessed on each report presented to Members, in the same way as financial and legal implications.

Governance and Audit Committee: -
- Will be responsible for monitoring the adequacy of the governance arrangements, including risk management processes, to ensure that the Council is complying with its statutory ad regulatory obligations;
- On an annual basis the Governance and Audit Committee will review and approve the Annual Governance Statement (AGS). The AGS is an assessment of the effectiveness of the Council's governance arrangements during the previous financial year which includes review of risk management arrangements as an integral part of good governance;
- The Governance and Audit Committee will receive the Strategic Risk Register quarterly following approval at CMT;
- The Governance and Audit Committee will seek assurance that officers are developing and progressing Action Plans to address risks;
- Changes identified by CMT as part of their annual review to the Risk Management Strategy and Guidance incorporating the Risk Management Policy will be considered by the Governance and Audit Committee; and
- Members will be expected to attend any appropriate training to ensure they have sufficient knowledge of risk management to perform their role on the Governance and Audit Committee.

Lead Member: -
- A Member ''Lead'' for risk management will be nominated by the Executive
- The role of Lead Member will include promoting the application of risk management and related training to Members;
- The Lead Member will ensure that a robust risk management process is applied to decisions made by Members;
- The use of risk assessments within reports for decision making will be encouraged by the Lead Member; and
- Oversight of risk management reporting to the Executive and risk assessments included in reports for decision making will be provided by the Lead Member who will provide Member feedback to officers on the robustness and adequacy of risk management information provided.

Corporate Management Team (CMT): -
- The Chief Executive will take overall responsibility for risk management as the Head of the Paid Service;
- The Risk Management Strategy and Guidance incorporating the Risk Management Policy will be reviewed annually by CMT;
- Risk management arrangements and initiatives proposed by the Head of Audit and Risk Management will be considered by and agreed with CMT;
- CMT will review the Strategic Risk Register quarterly;
- CMT will seek assurance that strategic and operational risks and actions to mitigate risk are included in Service Plans;
- Adequacy and progress of actions in Service Plans to address risks will be overseen by CMT and recommendations made to relevant Directors where appropriate to address gaps in assurance;
- Recommendations will be made by CMT to the Head of Audit and Risk management where operational risks need to be escalated to the Strategic Risk Register;
- CMT will recommend any risk management issues to be reported to the Governance and Audit Committee; and
- CMT members will be expected to attend any appropriate training to ensure they have adequate knowledge to perform their various roles

Lead Officer: -
- The Chief Executive will nominate an Officer 'Lead' for risk management;
- The Lead Officer will chair the Strategic Risk Management Group;
- Responsibility for providing assurances to the Governance and Audit Committee and Governance Working Group on the adequacy of risk management arrangements will rest with the Lead Officers for risk management;
- The Lead Officer will ensure that there is adequate staff resource in place to maintain the Strategic Risk Register and provide central risk management support and advice;
- The role of Lead Officer will include promoting the application of risk management to CMT; and
- The Lead Officer will be responsible for ensuring that a programme of training for officers is developed to facilitate the embedding of risk management throughout the organisation.

Directors/Chief Officers
- All Directors will promote risk management in their Departments and ensure that risks are properly assessed and managed at all levels in all their services;
- Each Director will ensure that both operational and also strategic risks for which they are the risk owner are included in their Service Plan together actions to address risks;
- Directors will ensure that in year changes to risks and risks emerging during the year are included in PMRs and draw the Head of Audit and Risk Management's attention to any risks that may need to be escalated to the Strategic Risk Register;
- Directors will report progress on action plans to address risks in PMRs;
- Each Director will ensure that risk management is considered in any partnerships so that risks are understood and the responsibility for each risk is clear;

- Each Director will ensure that his/her representative on the Strategic Risk Management Group is at the appropriate level (i.e. Chief Officer) and that they contribute actively to the Group's activities and within the Department on all risk management issues;
- Directors will ensure that reports for decision making include an assessment of risk; and
- Risk management performance will be reflected in the competency frameworks.

Strategic Risk Management Group (SRMG): -
- The SRMG acts as a "Strategic Risk Board," taking the lead in updating the Strategy, reviewing the Strategic Risk Register and reporting to CMT and Members on progress on risk management;
- SRMG will oversee all aspects of risk affecting the Council including but not limited to Strategic Risk Register, Health and Safety and Emergency Planning;
- The SRMG will seek to research good practice in risk management and to adopt appropriate good practice in the Council;
- SRMG members must act as the risk management champions in their own Departments and raise awareness of risk management;
- A brief 'job description' has been devised for SRMG members to clarify and codify their role: -
  - SRMG members will attend the Group's meetings whenever possible
  - SRMG members will be pro-active in the work of the Group
  - SRMG members will support all staff in their Department in relation to risk management matters
  - SRMG members will facilitate Departmental Management Team discussions of risk management matters by providing discussion papers, reports of areas of excellence and weakness etc.
  - SRMG members will have specific tasks and targets set for their risk management work
  - SRMG members will undertake appropriate training to improve their effectiveness

Head of Audit and Risk Management
- The Head of Audit and Risk Management has a key role in ensuring that the Strategic Risk Register is up to date/comprehensive and that actions are being taken to address strategic risks;
- The Head of Audit and Risk Management also plays an important part in ensuring Departments have processes in place to identify and address operational and project risks;
- The Head of Audit and Risk Management will provide assurance on the risk management process and highlight necessary improvements;
- The risk management arrangements will reviewed as required under the Internal Audit Plan;
- Internal Audit Plans must be risk-based, with strategic risks being prioritised when reviewing systems;
- Internal Audit reports must identify the perceived risks clearly and make SMART recommendations for mitigating or eliminating those risks.

Emergency Planning Officer:-
- To update and maintain the Council's Civil Emergency Plan and to provide the framework and coordinating role to its Business Continuity planning

process to ensure the Council is able to respond at corporate level in the event of an emergency or critical incident;

- To report to SRMG quarterly on business continuity strategies, plans and procedures to ensure the organisation can respond to a business critical incident;
- To ensure coordination and training across all departments of the Council to ensure the ability to implement plans;
- To ensure adequate liaison with all other appropriate agencies and neighbouring authorities in respect of their emergency response plans and the interaction with this Council; and
- To facilitate periodic training and testing of the plans.

Senior Advisor Health and Safety:-
- To advise and assist line managers throughout the Council's operation on matters relating to their duties and obligations under the provisions of the Health and Safety at Work etc Act 1974 and related legislation;
- To liaise with managers in investigating accidents and in carrying out risk analysis and safety audits and to produce reports as required;
- To provide a lead role in the production and maintenance of the Council's safety policy;
- To develop and implement action plans to reduce health and safety risks identified by risk assessments and inspections;
- To undertake such other work as the Council or the Director of Corporate Services may determine as being compatible with the responsibility levels of the post; and
- To report to SRMG on a six monthly basis on health and safety inspection visits and incidents reported and investigated.

The Head of Building Surveyors
- The Head of Building Surveyors advise CMT and SRMG on the risks associated with the Council's properties.

The Chief Officer: Information Services
- The Chief Officer: Information Services advises CMT and SRMG on the risks associated with information technology and information security.

The Team Manager Climate Change
- The Team Manager Climate Change advises CMT and SRMG on the impact of climate change risks and will coordinate the climate change risk assessment.

Heads of Service/Cost Centre Managers/Project Managers: -
- These managers are the experts on their services and projects and they must make regular and thorough risk assessments to identify significant strategic risks and mitigation where appropriate;
- Risks must be included in Service Plans, Project Initiation Documents (PID) and in any report requesting budget provision, changes to service levels etc.
- Risks must be monitored during the year and new or changed risks reported via the quarterly PMRs;
- Risk management topics should be on the agenda for team meetings regularly and at least quarterly. Project teams would expect to consider risk management at most, if not all, of their team meetings;

- Managers will ensure that risk management is considered in any partnerships so that risks are understood and the responsibility for each risk is clear;
- Managers will be expected to attend any appropriate training to ensure they have adequate knowledge to perform their role; and
- Risk management will be included in competency frameworks.

Partnership Leads
- Partnerships Leads should ensure that partnerships comply with the Partnership Governance Toolkit which incorporates risk management responsibilities;
- Arrangements for risk management for each partnership must be agreed with the partners;
- There should be processes in place to review partnership risks and progress on risk action plans at least twice a year; and
- Procedures must be put in place for identifying partnership risks that have a Council wide impact and for reporting these to the Head of Audit and Risk Management.

Employees: -
- Employees must carry out risk assessments as instructed;
- They must draw to management's attention any risks to the achievement of day-to-day objectives that have not been identified previously so that these can be recorded and action take to mitigate them where required;
- Employees will be expected to attend any appropriate training to ensure they have adequate knowledge to perform their role; and
- Risk management will be reflected in competency frameworks.

AN ANNUAL CYCLE FOR RISK MANAGEMENT

	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
SRMG meets	X	X	X	X
Risk Management Strategy reviewed	X			
Strategic Risk Register reviewed by SRMG	X	X	X	X
Strategic Risk Register reviewed by CMT	X	X	X	X
Strategic Risk Register approved by the Executive		X		X
Strategic Risk actions updated and reported through CPOR	X	X	X	X
Update on risk management provided to Governance and Audit Committee or equivalent	X	X	X	X
AGS reflecting risk management reviewed by CMT	X	X	X	X
AGS reflecting risk management approved by Governance and Audit Committee or equivalent	X	X	X	X
Directorate risk registers reviewed , updated and included in Performance Monitoring Reports	X	X	X	X
Reporting on Actions to address directorate risks in PMRs	X	X	X	X

August 2010

RISK MANAGEMENT POLICY STATEMENT

The Council provides a diverse range of services to the community, partners, businesses and visitors to the area and recognises that, as a large and multi-functional organisation, it is exposed to a wide variety of risks. It is therefore committed to effective risk management as an integral part of the Council's governance arrangements and internal control framework in order to: -

- Help ensure the achievement of the Council's overall aims and objectives
- Preserve and enhance service delivery
- Promote better decision making
- Encourage innovation through balancing risk with opportunity

In terms of the basic principles which underpin our approach to risk management, it is the Council's policy to ensure that:

- There is a single corporate approach to risk management which is adopted consistently by services, projects and partnerships;
- The roles and responsibilities for risk management are clearly defined, communicated and understood by all staff;
- Risk assessments are undertaken as part of all strategic decision-making;
- Risk assessment is an integral part of the corporate and service planning process;
- Strategic risks are identified, evaluated and recorded in the Strategic Risk Register;
- Operational risks are identified and recorded in Service Plans:
- Risks the Council faces are managed by implementing measures to avoid, reduce and control them to within the Council's risk tolerance level;
- Actions plans to address risks are recorded:
- Partnership arrangements are subject to risk assessments ;
- Projects and programmes manage risk throughout their life cycles in line with the corporate programme and project management approaches; and
- The effectiveness of risk management arrangements are reviewed annually.

The Council's Strategic Risk Management Group is responsible for the implementation of a unified risk management strategy, the promotion of risk awareness and the monitoring of the effectiveness of risk management measures undertaken.

This policy requires elected Members, officers and staff to assist in and take responsibility for the identification, control and mitigation of risk to minimise the possibility and impact of losses or disruption. Risk management is a continuous process that demands awareness and action. It is the responsibility of each Service Area to comply with the Council's Risk Management Policy and the corporate approach to risk management. Senior Managers are accountable for managing risks to which their area is exposed whilst all employees have duty to support the Council's initiative be managing risks within their control.

August 2010

STRATEGIC RISK MANAGEMENT GROUP
TERMS OF REFERENCE

1.Object and Functions

The Strategic Risk Management Group shall make recommendations to CMT, the Governance and Audit Committee or any other committee of the Council on matters affecting or likely to affect the organisation's exposure to significant risk. The Strategic Risk Management Group shall:

 I.   Be responsible for risk assessment matters that relate to Bracknell Forest Council's services, programmes, projects and/or to employees and all other people who may be affected by the Council's activities;

 II. Receive reports in respect of Health and Safety and Emergency and Business Continuity Planning,

 III. Receive and review updates of the Strategic Risk Register, receive reports on risk management and monitor the effectiveness of risk management policies and procedures;

 IV. Ensure that risk management becomes embedded across the Council; and

 V.   Report quarterly to the Corporate Management Team (CMT).

2. Membership

The membership of the Strategic Risk Management Group shall be determined by CMT and shall include

 I.   Representatives from each Directorate;
 II.   The Council's Emergency Planning Officer;
 III. The Senior Health and Safety Advisor;
 IV.   The Head of Audit and Risk Management;
 V.   The Head of Building Surveyors;
 VI.   The Chief Officer: Information Services; and
 VII. The Team Manager Climate Change.

3. Chairman

The Group shall be chaired by the Borough Treasurer.

4. Meetings

The Group shall meet at least four times a year but a special meeting may be called if 24 hours notice is given in the case of emergency. All meetings shall be convened during normal working hours. Additional meetings shall be arranged if necessary as agreed by the Chairman.

5. Agendas

I.   All items should be submitted to the Secretary of the Group at least ten working days before the meeting for inclusion on the agenda.

II. Each Member of the Group shall receive a copy of the agenda and papers at least three working days before the meeting.

6. Meetings

I.   Minutes of the meetings of the Group shall be documented as soon as possible after the meeting.

II. The minutes shall be reported to CMT and copies shall be circulated to all members of the Group.

August 2010

Equality Impact Assessment Record

Date of EIA	1 April 2009
Directorate	Corporate Services

Part One - Initial Screening Record	
1. Activity to be assessed	**Risk Management Strategy**
2. What is the activity?	✓ **Policy/strategy** ☐ Function/procedure ☐ Project ☐ Review ☐ Service ☐ Organisational change
3. Is it a new or existing activity?	☐ New ✓ **Existing**
4. Who are the members of the EIA team?	**Head of Audit and Risk Management**
6. Initial screening assessment. **If the answer to either of these questions is 'yes' then it is necessary to go ahead with a full Equality Impact Assessment.**	1. Does the activity have the potential to cause adverse impact or discriminate against different groups in the community? The Risk Management Strategy is not expected to adversely affect any group within the community or cause any group to be discriminated against. 2. Does the activity make a positive contribution to equalities? It is not expected that risk management will make a positive contribution to equalities.
7. Did Part 1: Initial Screening indicate that a full EIA was necessary?	☐ Yes – full EIA completed and recorded below. ✓ **No –A full EIA is not completed record ends here.** **A full EIA is not appropriate in this case as an EIA is only needed where the activity is outward focused and this strategy is internally focused and/or where the activity is for a people oriented service which is also not the case.**

BRACKNELL FOREST COUNCIL

COUNTER FRAUD AND CORRUPTION STRATEGY

Index

Section   Contents

1.0 INTRODUCTION

1.1 The Council focuses on delivering high-quality services to the people of Bracknell. A vital component of high-quality services is value for money which, in turn, demands that the Council takes all possible and practical steps to minimise the risk and effect of fraud and corruption.

1.2 Fraud is a serious issue for all local authorities as it impacts on the honest majority and can adversely affect the provision of services by draining resources.

> **The Audit Commission defines fraud as**
> *The intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.*

> **The Audit Commission defines corruption as**
> *The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.*

1.3 The Council has zero tolerance of fraud and corruption and is committed to an effective Counter Fraud and Corruption Strategy. The Strategy together with the Fraud and Corruption Policy has been designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraud and/or corruption.

1.4 The Council requires all Members and employees at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The Council also requires all individuals and organisations (e.g. suppliers, contractors, agents and partners) that it comes into contact with, to act towards the Council with integrity and without thought or actions involving fraud and/or corruption.

1.5 This Counter Fraud Strategy is based on a series of interrelated policies and procedures designed to frustrate any attempted fraudulent or corrupt act. These policies and procedures cover:-

- the Counter Fraud culture of the Council
- prevention arrangements and controls
- fraud awareness and training
- the detection and investigation of suspected fraud and corruption

1.6 The Council is subject to a high degree of external scrutiny of its affairs by a variety of bodies including:-

- Local Government Ombudsman
- Audit Commission / External Auditor
- Ofsted
- the public/service users (through the Council's Complaints Procedures)

<center>37 ₃</center>

- Central Government Departments

- HM Revenue and Customs

1.7 The Borough Treasurer is the Section 151 officer for the Council as defined by the Local Government Act 1972. He has an overriding and statutory responsibility to ensure that there are adequate and effective financial procedures in place. He is also responsible for ensuring that the Council has an effective internal audit function.

1.8 Internal Audit provides independent assurance on the control environment and acts as a deterrent to would-be fraudsters. Whilst Internal Audit reviews alone, although carried out with due professional care, cannot guarantee that frauds will be detected, the Annual Internal Audit Plan is designed to ensure that there is coverage of areas where there is a higher risk of fraud and irregularity such as where there is cash income.

1.9 The External Auditor has a duty to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

2.0 POLICY FRAMEWORK FOR PREVENTING FRAUD

2.1 The Terms of Reference for the Governance and Audit Committee specifically include reference to reviewing and monitoring the Anti-Fraud and Corruption Policy. To support the Governance and Audit Committee in this role the Borough Treasurer and Head of Audit and Risk Management report on the Policy Framework and level of fraud detected within the Council each year. This Committee will approve any changes to the Policy Framework.

2.2 The key policies comprising the Policy Framework are:-

(a) **Counter Fraud Strategy**
This document sets out the Strategy which the Council has adopted to prevent loss due to fraud and corruption. The Council will be both pro-active in detecting suspected fraud and corruption and will deal effectively with all identified instances of loss. **The Strategy will be reviewed every two years.**

(b) **Housing Benefit Fraud Strategy**
This document sets out the Council's commitment to detecting and preventing benefit fraud, the responsibilities of the Housing and Council Tax Benefit Investigation Department and the Department's anti-fraud initiatives. **This Strategy will be reviewed as and when required.**

(c) **Fraud and Corruption Policy**
This Policy sets out the Council's position on Fraud and Corruption and details how it should be dealt with. **This Policy will be reviewed as and when required.**

(d) **Benefit Fraud Policy**
This Policy sets out the Housing and Council Tax Benefit Investigation Department's counter fraud arrangements and criteria for prosecution and alternative sanctions. **This Policy will be reviewed annually.**

(e) **Whistle-Blowing Policy**
Whistle-Blowing remains the most common way that frauds are detected in large organisations such as the Council. The Policy allows employees, agency employees and organisations providing goods and services to or carrying out works for the Council to raise allegations in a confidential manner. **This Policy will be reviewed as and when required.**

(f) **Anti-Money Laundering Policy**
This Policy defines the responsibilities of officers in respect of the Proceeds of Crime Act 2002 and Money Laundering Regulations 2007. The Borough Treasurer is the Money Laundering Reporting Officer for the Council and the Borough Solicitor is the Deputy Money Laundering Reporting Officer. This Policy explains how any allegations of such practice will be dealt with. **This Policy will be reviewed as and when required.**

(g) **Fraud and Loss Risk Assessment**
This is an annual assessment which sets out the risks facing the Council based on events which have occurred, intelligence of events occurring elsewhere and issues which may represent a potential future threat. Its aim is to analyse the fraud / loss risks facing the Council and then direct internal audit work to specific areas to help detect fraud and loss. **This Assessment will be reviewed by the Governance and Audit Committee on an annual basis.**

(h) **Financial Regulations**
The Regulations will be reviewed will be reviewed as and when required.

(i) **Disciplinary Procedure**
The Council's investigation process as set out in the Disciplinary Procedure is applied when investigating any allegation or concern involving suspected staff misconduct or inappropriate behaviour. **This Procedure will be reviewed as and when required.**

3.0 KEY OFFICERS, CORPORATE AND MEMBER GROUPS

3.1 There are a number of officers and Corporate Groups which have a key role in protecting the Council from fraud / loss. These include:-

- The **Chief Executive** is responsible for the corporate and overall strategic management of the authority;

- the **Borough Treasurer**, as the Section 151 officer, has a specific legal responsibility to ensure adequate and effective anti-fraud/loss arrangements are in place;

- the **Borough Solicitor**, as the Monitoring Officer has a statutory responsibility in relation to the legality of Council decisions and proposals, along with a key statutory role in supporting the Council's Standards Committee to uphold high ethical standards throughout the authority. The Borough Solicitor as Monitoring Officer also has overall capacity for the maintenance and operation of the Whistle blowing Policy;

- the **Corporate Management Team** as the senior management team for the organisation has responsibility for implementing agreed Council policies and ensuring internal controls are adhered to;

- the **Directors** are responsible for ensuring that that the staff within their Department are aware of their responsibilities within the Fraud and Corruption Policy, for ensuring all suspected irregularities are reported to the Borough Treasurer or the Head of Audit and Risk Management and for instigating the authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour;

- the **Group Accountants** from the Finance and Central Services Directorate are responsible for ensuring that the Section 151 role of the Borough Treasurer is discharged in each Directorate. This includes identifying and reporting any matters they consider to be of concern;

- the **Head of Audit and Risk Management** is responsible for investigating and or supporting the investigation of frauds and irregularities referred to Internal Audit and for ensuring that the potential for losses due to fraud and corruption are included in the Strategic Risk Register where appropriate;

- the **Benefits Investigation Department** is responsible for undertaking proactive visits to confirm ongoing entitlement to benefit and investigating cases of potential benefit fraud highlighted to it;

- the **Corporate Governance Working Group** is responsible for ensuring that the organisation has fraud and corruption procedures which comply with Good Governance Standards;

- the **Strategic Procurement Group**, whose role includes improving the overall procurement arrangements of the County Council, has a responsibility for developing procedures to detect and prevent fraud in the area of contracting and procurement;

- the **Chief Officer: Human Resources** is responsible for providing overall guidance and advice for the Disciplinary Procedure. Human Resources also provide assistance and support to officers undertaking investigations;

- the **Governance and Audit Committee** is responsible for reviewing and monitoring the Anti-Fraud and Corruption Policy; and

- the **Standards Committee** is responsible for the ethical conduct of Councillors within the Borough, advises on the adoption of appropriate Codes of Conduct and Protocols governing the conduct of Councillors and ensures Councillors receive training on the Codes of Conduct and Protocols. In addition, it considers and, in appropriate cases, determines allegations that a Councillor has infringed the Code of Conduct for Members.

4.0 CULTURE

4.1 The Council's **Financial Regulations** make it clear that the Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority. The Council, including Members, will be robust in dealing with financial malpractice. Senior service managers are expected to deal swiftly and firmly with those who defraud the Council or who commit corrupt acts involving the Council.

4.2 The employees of the Council can undertake an important role in identifying possible fraud and corruption and they are therefore positively encouraged to raise any concerns that they may have. They can do this in the knowledge that such concerns will be treated in confidence, be properly investigated and are fairly dealt with. If necessary a route, other than a normal line manager may be used to raise such concerns. The Council has a **Whistle-Blowing Policy** in place in accordance with the Public Interest Disclosure Act to encourage employees and organisations providing goods, works and services to the Council to raise concerns without fear of harassment or victimisation.

4.3 Directors should ensure that any case of suspected irregularity is reported at the earliest opportunity to the Borough Treasurer or Head of Audit and Risk Management and where financial impropriety is discovered, the Borough Treasurer should be informed.

4.4 Internal Audit will ensure that any case of suspected of fraud or corruption or other irregularity reported to Internal Audit is investigated promptly.

5.0 PREVENTION

Members

5.1 Members are required to, at all times, act in accordance with the Council's Constitution and observe the Members Code of Conduct and the protocols relating to Councillors. In addition, Members are required to complete the Register of Interests and Hospitality Register.

5.2 These matters and other guidance are specifically brought to the attention of the Members in Part 4 of the Council's Constitution.

Employees

5.3 The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard, temporary and contract employees should be treated in the same manner as permanent employees.

5.4 Employee recruitment should therefore be undertaken in accordance with Council procedures. In particular, written references covering the honesty and integrity of potential employees should be obtained before employment offers are made.

5.5 Employees are expected to abide by the Code of Conduct which sets out the Council's requirement on personal conduct. Employees are also expected to follow any Code of Conduct related to their personal Professional Institute.

5.6 The Council has in place a Disciplinary Procedure.

5.7 The role that employees are expected to play in the Council's framework of internal control will feature in employee induction procedures.

5.8   The Council has in place a Constitution containing Contract and Financial Regulations that provide a framework of control. Employees must operate within these Regulations at all times.

5.9   The Council requires key staff to provide an annual declaration of interests and there is an expectation that all relevant interests will be declared.

School Governors

5.10 School governors are required to comply with the Code of Conduct for Governors. In addition, there is a legal duty on all governors for them to declare any interests that may be likely to lead to questions of bias when considering any item of business.

Contractors

5.11 The Council expects the highest standards of conduct from all its contractors and the staff they employ. The Whistle blowing Policy extends to contractors and their staff.

Combining with other agencies

5.11 Arrangements are in place, and continue to be developed, to encourage the exchange of information between the Council and other public agencies on national and local fraud and corruption activity in relation to local authorities. Any such exchange of information is undertaken in accordance with the principles contained in the Data Protection Act 1998.

5.12 These public agencies include:-

- Police
- Local, Regional and National Auditor Networks
- the National Anti Fraud Network
- Audit Commission
- Office of Fair Trading
- Department for Works and Pensions
- Local Borough / District Councils

6.0 **DETECTION AND INVESTIGATION**

6.1   The Council has in place an array of preventative systems, particularly internal controls designed to provide indicators of any fraudulent activity. These measures are generally also sufficient in themselves to deter fraud.

6.2   It is the responsibility of Directors/Heads of Service and their line managers to prevent and detect fraud and corruption. However, it is often the alertness of employees and members of the public to such indicators that enables fraud to be detected and the appropriate action to be taken.

6.3 Despite the best efforts of managers and auditors many frauds are discovered by chance or "tip-off" and the Council has in place Whistle Blowing arrangements to enable such information to be properly dealt with.

6.4 It is a requirement of the Financial Regulations that all suspected irregularities are reported to the Borough Treasurer. Reporting is essential to the Counter Fraud Strategy and:-

- ensures the consistent treatment of information relating to suspected fraud and corruption

- facilitates proper investigation by an experienced Internal Audit team

- ensures the proper implementation of a fraud response plan

6.5 Depending on the nature and anticipated extent of the allegations, Internal Audit work closely with management and other agencies such as the Police to ensure that all allegations and evidence are properly investigated and reported upon.

6.6 The Council's Disciplinary Procedures will be used with assistance from Human Resources where the outcome of the audit investigation indicates improper behaviour by a member of staff.

6.7 Where impropriety is discovered and there is evidence that a criminal offence may have occurred, the Council's policy is that the Police will be informed but that this will not delay the matter being dealt with on an internal basis. Referral to the Police is a matter for the Head of Audit and Risk Management following consultation with the Borough Treasurer.

6.8 The External Auditor also has powers to independently investigate fraud and corruption, and the Council can use his services for this purpose, if considered appropriate.

7.0 **RECOVERY OF LOSSES INCURRED**

7.1 Where the Council can demonstrate that it has suffered financial loss, the Council will take all reasonably practical steps to recover the loss from the individual or organisation concerned.

7.2 Where criminal offences are involved then cases will be referred to the Police. However, such investigations often take time. The Council may also decide not to pursue matters until the Police investigation is concluded. If the Police decide to charge the employee, the matter can also take a long time to come to court.

8.0 **FRAUD AWARENESS AND TRAINING**

8.1 The Council recognises that training, particularly of line managers, is an effective method of raising awareness of the risk of fraud.

43 9

9.0 **CONCLUSIONS**

9.1 The Council has in place a clearly defined network of systems and procedures to assist in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operational activities.

9.2 To this end the Council maintains a continuous overview of such arrangements in particular through regular updates of the Financial Regulations, monitoring an oversight by the Governance and Audit Committee and internal audit arrangements.

10.0 **REVIEW OF STRATEGY**

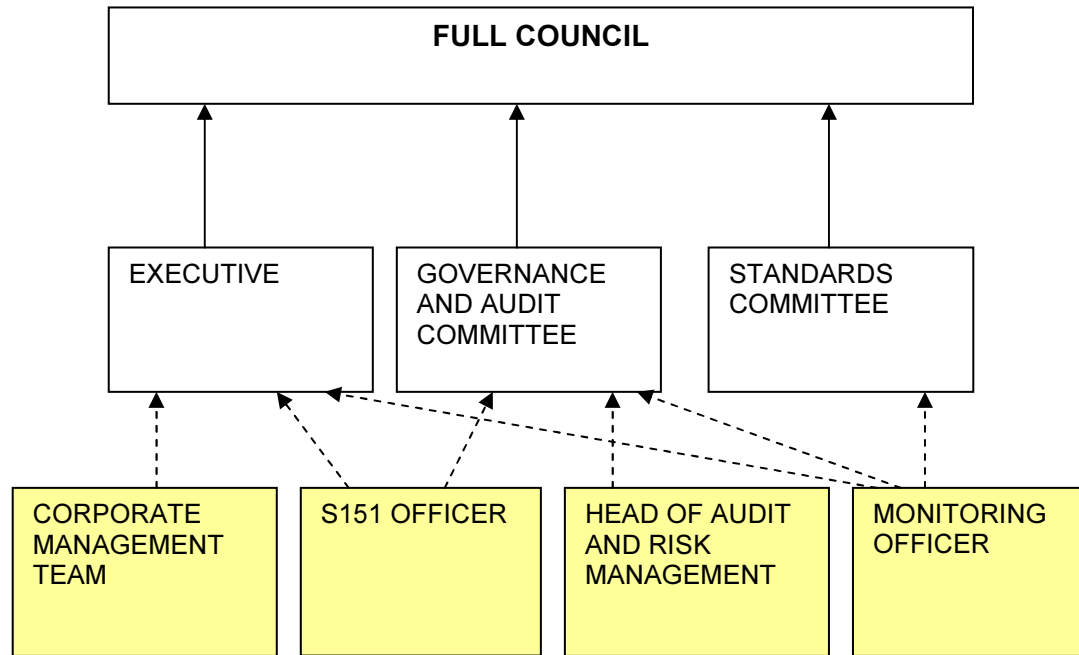10.1 This Strategy will be subject to review at least every two years to ensure its currency.

OFFICER ORGANISATION CHART
FOR COUNTER FRAUD ARRANGEMENTS
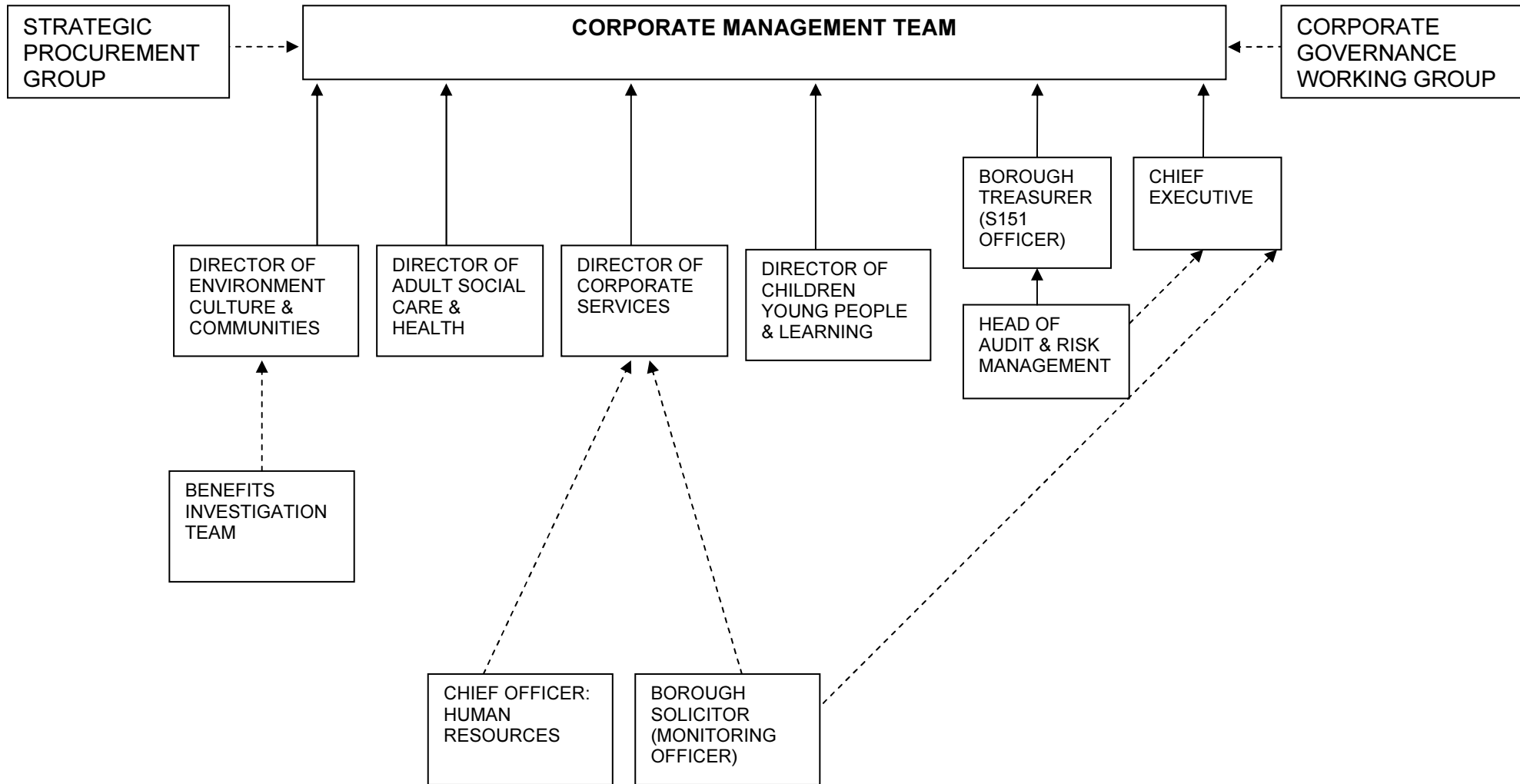
45

MEMBERS STRUCTURE OVERSEEING COUNTER FRAUD ARRANGEMENTS

46

Counter Fraud Strategy August 2010