

Title of Report:	Statement of Internal Control Strategic Risk Register 2007-2008	Item 6
Report to be considered by:	Governance and Audit Committee	
Forward Plan Ref:		

Council Plan:
The proposals contained in this report will help to achieve the above Corporate Plan priority by: Strengthening the internal control framework of the Council.

Purpose of Report: To support the Statement of Internal Control by identifying the Strategic Risks and associated action plan

Recommended Action: To consider and comment on the Strategic Risks and action plan.

Reason for decision to be taken: To ensure that the Council's strategic objectives are met and that any associated risks with achieving them are identified and appropriately managed.

List of other options considered: None

Key background documentation:

- Risk Management Strategy
- Strategic risk Register / Action Plan

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Supporting Information

1. Background

- 1.1 As part of the Statement of Internal Control the Council is required to identify and set out how it intends to deal with, significant control issues. A key part of the evidence that supports this process is Strategic Risks and associated action plan.
- 1.2 The Council adopted a Risk Management Strategy in December 2004. This is revised annually. The strategy for 2007-08 is included in the agenda for approval at this Committee. This report is an annual review of the Strategic Risk Register building on the work of previous years.
- 1.3 Risk management is an integral part of the corporate governance framework and is embedded into the fabric and decision making process of the Council. Risk management is a central part of any organisation's management. It is the process by which organisations methodically address the risks associated with the delivery of their objectives. The focus of good risk management is the identification and handling of those risks. The risk management process is fully supported by Members and the senior management team.
- 1.4 Corporate / Management Boards have reviewed the risk register and the amendments are reflected in the SRR.
- 1.5 The risk manager has contacted responsible officers with red risks on the Strategic Action Plan and their comments are included. Responsible Officers are aware that this information is required to be updated on a quarterly basis and that it is reported to this committee.

Appendices

Appendix A Strategic Risk Register
Appendix B Strategic Action Plan
Appendix C 4*4 Matrix - Attached

Consultation Responses

Local Stakeholders:	Not Consulted
Officers Consulted:	Corporate Board
Trade Union:	None

**Strategic Risk Register
Quarter 1 2007 /2008**

Owner	Corporate Board
Date	Aug-07

No	Risk	Cause / Trigger	Consequences	Gross Rating			Net Rating		
				Likely-hood	Impact	Score	Likely-hood	Impact	Score
1.1	Economic Increased unemployment & Benefit Claims	Downturn in Economy/ Recession Increased demand on Council Services	Increased unemployment Increased Nos on benefit Reduced income to the Council Financial	2	3	6	2	3	5
1.2	Inability to Recruit	Overheating Economy High Inflation	House price inflation Skills shortages Wage inflation Inward Commuting	2	3	6	2	3	5
1.3	Social Civil Unrest	Unfavourable perceptions of Crime & Disorder issues	Civil unrest Perceptions / High fear of crime	1	3	3	1	2	2
1.4	Terrorist Action	Action taken by international / local groups	Significant disruption Fatalities / Injuries Reputation > No Insurance against Terrorist Action	2	3	5	2	2	4
1.5a	Environmental Major environmental incident	Major disaster Contamination Severe weather Outbreaks of disease Flooding	Significant disruption Fatalities / Injuries Reputation	3	4	12	3	3	9

No	Risk	Cause / Trigger	Consequences	Gross Rating			Net Rating			Owner
				Likely-hood	Impact	Score	Likely-hood	Impact	Score	
1.5b	Severe water Shortages	Drought	Disruption to Council services & the community (Businesses and residential)	1	3	3	1	3	3	Head of Countryside & Env + Cllr Geoff Findlay
1.6	Flu Pandemic	Spread of flu Lack of NHS Vaccines	Significant disruption Fatalities / Injuries Reputation	2	4	8	2	4	8	Corp Dir (CYP) Cllr Geoff Findlay
1.7	Political Intervention by Central Government or Other Regulatory Body	Statutory obligations not met Change of CPA Methodology	Legal challenge Government Intervention Compensation Poor CPA Scores Poor Audit Commission Reports	2	3	6	1	2	2	Chief Executive + Cllr Graham Jones
1.8	Failure to deliver good Corporate Assessment / JAR	Statutory obligations not met Change of CPA Methodology	Legal challenge Government Intervention Compensation Poor CPA Scores	2	2	4	1	2	2	Chief Executive + Cllr Graham Jones
1.9	Administrative Area changed / WBC absorbed into another authority	Problems arising from Local Government reorganisation	Possibility of merger with another authority	1	3	3	1	3	3	Chief Executive + Cllr Graham Jones
1.10	Demand Management / Demography Failure to predict changes in service demand	Poor information planning & forecasting	Increased or reduced service demand Budget over or under spent	3	4	12	3	3	9	Corp Dir (CS) + Joe Mooney
2.1	Strategy Failure to set clear visions / objectives for Authority	Failure to see demographic and other external changes Failure to understand organisational context Poor / weak leadership	Ineffective forward planning Inappropriate service delivery Intervention Budget difficulties Poor CPA Scores Poor Audit Commission Reports	3	4	12	1	3	3	Chief Executive + Cllr Graham Jones

No	Risk	Cause / Trigger	Consequences	Gross Rating			Net Rating			Owner
				Likely-hood	Impact	Score	Likely-hood	Impact	Score	
2.2	Inappropriate change management	Inappropriate pace of change Expectations not realised	Failure to realise opportunities CPA Intervention Inefficiency Poor reputation Capacity issues	3	3	9	1	2	2	Chief Executive + Cllr Graham Jones
2.4	Finance									
2.4a	Financial Risk controls not applied Failure to complete audit / financial returns	Failure to undertake appropriate Financial Planning Failure to account for unaccepted items	Qualification on the accounts Failure to set standards Reputation CPA Unacceptable under / Overspends Section 151 officer / DA Reports	2	4	8	1	3	3	Head of Finance + Cllr Laszlo Zverko
2.4b	Budget pressures emerge in year / ineffective budget monitoring (Revenue)	Overspending Income targets not met	Lack of resources impacting on service delivery	2	3	6	2	2	4	Head of Finance + Cllr Laszlo Zverko
2.4c	Tax Base	The tax base is significantly different to forecast	This has a knock on effect on grant calculation and changes the Council tax yield. However the impact is relatively small as the formula grant calculation compensates	3	2	6	2	2	4	Head of Finance + Cllr Laszlo Zverko
2.4d	Capital Programme Implementation	Overspend Slippage	Service Delivery	2	3	6	2	2	4	Head of Finance + Cllr Laszlo Zverko
2.4e	Grant Settlement	The settlement is lower than anticipated due to changes in the methodology: / data / control totals	Lower RSG resulting in budget pressures	3	4	12	3	2	5	Head of Finance + Cllr Laszlo Zverko

No	Risk	Cause / Trigger	Consequences	Gross Rating			Net Rating			
				Likely-hood	Impact	Score	Likely-hood	Impact	Score	
2.4f	Council Tax	That a different level of Council tax than assumed is set. Or the level of increase is capped by Government	Budget pressure	3	3	9	1	2	2	Head of Finance + Cllr Laszlo Zverko
2.4g	Specific Grants	The value of Specific grants may vary from the assumptions made. Decisions are often made by government late in the day.	Transfer from Specific formula grant can have a significant impact.	3	2	6	3	1	3	Head of Finance + Cllr Laszlo Zverko
2.4h	Inflation / Interest rates	Inflation may rise beyond anticipated rates Interest rates and borrowing may be higher than planned.	Actual pay rises may exceed estimate and cause a budget pressure Debt change budget pressure	3	2	6	2	2	4	Head of Finance + Cllr Laszlo Zverko
2.4i	Reduced income from S106 PGS	New legislation	Reduced level of capital funding	3	3	9	3	2	6	Head of Finance + Cllr Laszlo Zverko
2.5	HR									
2.5a	Inability to recruit & retain to key posts	Local labour market Council/s reputation Ineffective recruitment	Increased costs Lack of service continuity Inefficiency Service delivery problems	3	3	9	2	2	4	Head of HR + Cllr Anthony Stansfeld
2.5b	Death Injury to staff	Lack of appropriate risk assessments / supervision	Fatality / Injury Financial / Insurance claims Theft / Damage Reputation	3	3	9	2	2	4	Head of HR + Cllr Anthony Stansfeld
2.5c	Significant Strike Action taken by members of staff	Union Action	Service Delivery Reputation	3	3	9	3	2	6	Head of HR + Cllr Anthony Stansfeld

No	Risk	Cause / Trigger	Consequences	Gross Rating			Net Rating			Owner
				Likely-hood	Impact	Score	Likely-hood	Impact	Score	
2.5d	High level of grievances	Policy changes Changes to terms & Conditions Organisational review	Service Delivery Reputation	3	2	6	2	2	4	Chief Exc + Cllr Graham Jones
2.6	Failure to Manage PR									
2.6a	Failure to manage bad difficult news	Poor Service or outcomes resulting in bad reports in the press / media etc	Poor Reputation CPA Low satisfaction	2	3	6	2	2	4	Head Policy & Comm + Cllr Anthony Stansfeld
2.6b	Failure to promote the Council effectively to the local community	Ineffective PR Poor Planning	Lower levels of satisfaction Reputation	1	3	3	1	2	2	Head Policy & Comm + Cllr Anthony Stansfeld
Corporate Governance										
3.1	Inappropriate conduct by Staff / Members	Lack of Code of Conduct CRB Check failures	Reputation Legal Action Fatality / Injury	3	3	9	1	3	3	Chief Executive + Cllr Graham Jones
3.2	Poor / Inappropriate Decisions	Lack of full information for decision making	Legal Challenge Compensation Reputation	3	3	9	2	2	4	Head of Legal & Electoral + Cllr Graham Jones
3.3	Poor performance management	Inadequate PM systems Inaccurate data	Poor decisions	2	2	4	1	2	2	Head of Policy & Comm+ Cllr Anthony Stansfeld
3.4	Poor Scrutiny	Lack of resources Lack of Member engagement	Inferior decisions Regulations Poor reputation	3	3	9	2	2	4	Head of Policy & Comms
3.5	Ineffective Risk Management	Lack of engagement by managers Lack of resources	Reduced CPA scores Reputation	2	3	6	2	2	4	Chief Executive + Cllr Jeff Beck

No	Risk	Cause / Trigger	Consequences	Gross Rating			Net Rating			
				Likely-hood	Impact	Score	Likely-hood	Impact	Score	
3.6	Inadequate Business Continuity Planning	Poor service planning Lack of BCP	Service delivery fails Impact on performance	2	4	6	2	3	6	Head of Finance + Cllr Jeff Beck
3.7a	Health & Safety	Poor controls in health & safety Lack of Project Management process	Legal / Insurance Insurance / Financial Reputation Corporate manslaughter Team reactively problem solving rather than proactive planning	3	3	9	2	3	6	Head of Finance + Cllr Anthony Stansfeld
3.7b	Legionella	Outbreak of Legionella / failure to control situation	Legal / Insurance / Financial Reputation Corporate manslaughter	3	3	9	3	3	9	Head of Property + Anthony Stansfeld
3.7c	Fire Safety	Failure to manage fire safety	Loss of Life Enforced action by Fire Authority Legal / Insurance Reputation Corp Manslaughter	3	3	9	3	3	9	Head of Property + Anthony Stansfeld
3.7 Technology										
4.1a	Major Failure of technology	Power failure	Service delivery / failures	2	3	6	1	2	2	Head of ICT + Cllr Emma Webster
4.1b		Hardware / software failure	Service delivery / failures	2	3	6	1	2	2	Head of ICT + Cllr Emma Webster
4.1c		Failure to achieve financial / service benefits from technology	Service delivery / failures	3	2	6	3	2	6	ICT Strategy Board + Cllr Emma Webster

No	Risk	Cause / Trigger	Consequences	Gross Rating			Net Rating		
				Likely-hood	Impact	Score	Likely-hood	Impact	Score
4.1d	Failing to invest in technology	Investing in wrong Technology Failing to invest	Lost Resources Ineffective service delivery Service failure Lack of computability	2	3	6	1	1	1
4.1f	Virus / Hacking Other IT security issues	Attack on Council's computer systems	Service Delivery / Failure Data Protection Reputation	3	3	9	2	3	5
5 Poor Performance									
5.1	Failure to deliver outcomes on Council Plan	Weak performance management	Reputation Potential Intervention Poor CPA Scores Ineffective Service Delivery	3	3	9	2	2	4
5.2	Failure to identify potential weak service delivery areas	Poor Governance Lack of Skills	Waste / Inefficiency	3	3	9	3	2	5
6 Failure to Deliver / Manage Major Projects									
6.1	Shaw House Phases 1, 2, & 3	Poor Project Management Economic	Delay / Overspend Reputation Project collapse Insurance	3	4	12	2	3	5
6.2	Park Way	Economic viability	Delay / Overspend Reputation Project collapse	3	2	6	2	2	4
6.3	Market St	Economic viability	Delay / Overspend Reputation Project collapse	3	2	6	3	2	5
6.4	Phoenix Centre	Project Complete							
6.5a	Waste PFI Completion of contract	Poor Project Management Only ONE Bid Received Political Issues Affordability	Delay / Overspend Reputation Project collapse	4	4	16	3	3	6

No	Risk	Cause / Trigger	Consequences	Gross Rating			Net Rating		
				Likely-hood	Impact	Score	Likely-hood	Impact	Score
6.5b	Abbotswood / Pinchington Lane	Household waste recycling Planning Applications fail Developer unable to deliver	Significant Financial impact Service Delivery	2	4	8	2	3	5
6.5c	Padworth	Failure to acquire site Failure to achieve planning	Significant Financial impact Service Delivery	3	4	12	2	4	6
6.6	Tilehurst Learning Campus	Failure to deliver 1. Financial 2. Project Planning 3. Continued Operation of schools	Reputation Political issues on National and Local basis	4	3	12	3	3	6
6.7	AWE Redevelopment	Legal management process failure Nature of application	Public disorder Government Intervention	2	3	5	2	2	4
6.8	St Barts School rebuild	Failure to deliver 1. Financial 2. Project Planning 3. Continued Operation of schools	Reputation Political issues on National and Local basis	4	3	12	3	3	6
6.9	Failure to secure appropriate office accommodation	Lack of accommodation in Newbury Unable to resource financially	Financial difficulties Lack of communication Service continuity	3	3	9	2	3	5
6.10	Kennet Valley Park	Failure to Manage application Failure to recognise implications for infrastructure and service delivery	Lack of appropriate services Congestion / disruption	1	4	4	1	4	5
6.11	Leisure Procurement	Failure to follow procedures Budget envelope exceeded	Delay, disruption Financial difficulties	2	3	5	1	2	3

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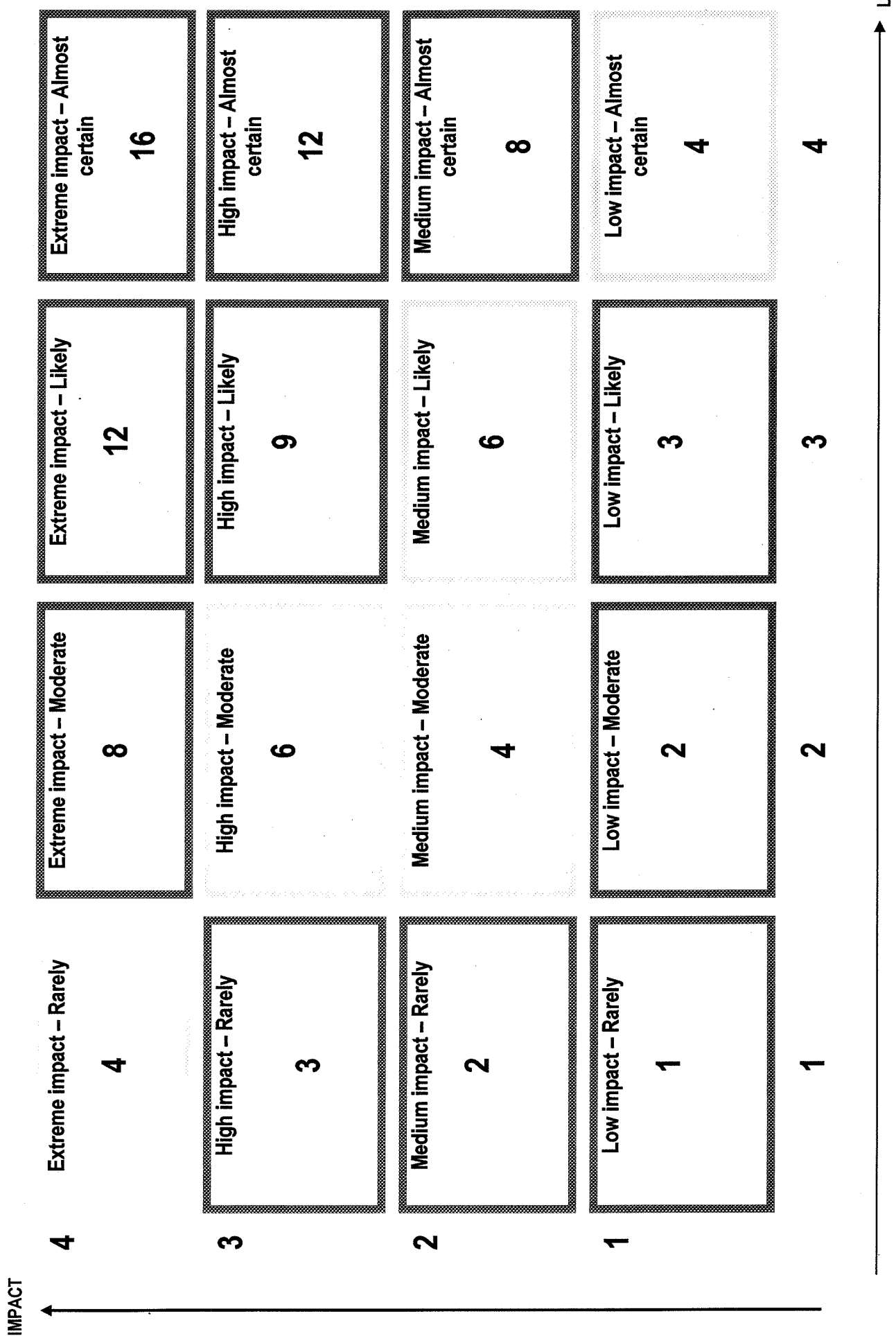
No	Risk	Cause / Trigger	Consequences	Gross Rating			Net Rating			Owner
				Likely-hood	Impact	Score	Likely-hood	Impact	Score	
7.1	Failure to Deliver Partnerships Failure in Service Delivery Strategic Partners	Lack of sound governance	Partnership failure Progress limited Service delivery	3	3	9	2	2	4	Corp Dir (CS) + Cllr Joe Mooney
7.2	Underachievement of Local Strategic Partnership (LSP) LAA / PSA 2	Poor Management Unachievable targets	Reduced reward Reduced outcomes in local community Reputation Failure to meet targets Potential Financial Implications	3	3	9	2	2	4	Corp Dir (CS) + Cllr Joe Mooney + Cllr Graham Jones
7.3	Under achievement of Safer Communities Partnership	Poor Management Unachievable targets	Reduced reward Reduced outcomes in local community Reputation Failure to meet targets Potential Financial Implications	3	3	9	3	3	9	CE + Cllr Geoff Findlay / Cllr Emma Webster
7.4	Under achievement of Children's Trust	Poor Management Unachievable targets	Reduced reward Reduced outcomes in local community Reputation Failure to meet targets Potential Financial Implications	2	2	4	1	2	2	Corp Dir (CS) + Cllr Barbara Alexander-
7.5	Under achievement of Health & Well being Partnership	Poor Management Unachievable targets	Reduced reward Reduced outcomes in local community Reputation Failure to meet targets Potential Financial Implications	3	3	9	3	3	9	Corp Dir (CS) + Cllr Joe Mooney
7.6	Health Partnership	Formation of Berkshire West PCT	Finance Staffing Issues Service Delivery	3	3	9	2	3	5	Corp Dir (CS) + Cllr Joe Mooney
7.7	Failure of Housing / Env Partnership	Insufficient Action Plan	Service Delivery Reputation Partnership Working	2	2	4	1	2	2	Head of Housing
7.8	Economic & Transport	Insufficient Action Plan	Service Delivery Reputation Partnership Working	2	3	5	2	3	5	Corp Dir (Env)

**SRR Action Plan Red Risks
Quarter 1 2007/ 08**

Owner		Corporate Board							
Date		Aug-07							
Risk No	Area of Concern / Risk Scenario	Existing Controls	CB Key Risks		Required Controls or Action	Update From Responsible Officer	Budget Constraint	Owner	Direction of Travel
			Gross Risk Score	Net Risk Score					
1.5a	Environmental Major disaster Contamination Severe weather Outbreaks of disease Flooding	Major Incident Plan	12	9	Regular review / Intelligence and testing	Officers meet on a regular basis to review plans and Full list of plans available and prioritization is on-going	None	Bill Jennison Head of Countryside & Env	No Change
1.6	Flu Pandemic	Immunisation BCP DH Plans Council Plans	8	8	Regular consultation WBC Flu Group Various multi agency groups Close links with NHS	Flu pandemic group meets on a six weekly cycle with representatives from all Council services Training arranged National Exercise set up	None	Margaret Goldie Corp Dir C&YP On - Going	No Change
1.10	Demand Management (Demography) Failure to predict changes in service demand	Demographic modelling MTFS Service & Financial Controls	12	9	Review current modelling arrangements.	New work to be undertaken during 2007.	None	Teresa Bell + Clir Joe Mooney	No Change
3.7b	Health & Safety Legionella	Contract set up for risk assessments Compliance Officer in H&S Team	9	9	Tight monitoring and supervision reporting on progress	Surveys are starting to take place against the programme.	None	Mark Abinger Head of Property+ Anthony Stansfeld	No Change
3.7c	Fire Safety	Contract set up for fire risk assessments Compliance Officer in H&S Team	9	9	Tight monitoring and supervision reporting on progress	Surveys are starting to take place against the programme.	None	Mark Abinger Head of Property+ Anthony Stansfeld	No Change

Risk No	Area of Concern / Risk Scenario	Existing Controls	CB Key Risks			Required Controls or Action	Updates From Responsible Officer	Budget Constraint	Owner	
			Gross Risk Score	Net Risk Score						
6.5a	Major Projects Waste PFI	Effective Project Plan Regular Monitoring Preferred bidder negotiations	16	9	Manage Sites and Planning Risk Ensure affordability within MTF's allocation	Veolia are to submit revised Best and Final Offer on 3/03/07. Quality bid required before Preferred Bid can be amended. DEFRA require contract to be signed by July 07. Timetable risk to project.	None at present	John Ashworth Corp Dir Env + Cllr Geoff Findlay	No Change	
6.5c	Padworth	CPO Monitoring	12	3	Detailed planning application to be prepared. Once preferred bidder status is awarded	The Executive to consider Preferred Bidder on 4 April 07	?	John Ashworth Corp Dir Env + Cllr Geoff Findlay	Down From net 9	
6.6	Tilehurst learning Campus	Consultation / robust process Detailed feasibility study	12	9	Sites and Planning Ensure affordability	Risk management workshop held in September. Risk Register in place which will be reviewed quarterly Project Board appraised Feasibility study commenced Further work underway	Unknown	Margaret Goldie Corp Dir C&YP On - Going	No Change	
6.8	St Barts School rebuild	Consultation / robust process Detailed feasibility study completed Contractor appointed through SECE	12	9	Sites and Planning Ensure affordability	Risk management workshop held in March 07 Further meetings on a six week cycle	Project will need to be afforded within financial envelope	Margaret Goldie Corp Dir C&YP On - Going	No Change	

Risk No	Area of Concern / Risk Scenario	Existing Controls	CB Key Risks		Required Controls or Action	Update From Responsible Officer	Budget Constraint	Owner	
			Gross Risk Score	Net Risk Score					
7.3	Failure to deliver Partnerships Under achievement of Safer Communities Partnership	Effective Performance Management Remedial Action	9	9	Action plans, additional resources, effective co-ordination	Delivery of a Recovery (agreed with GOSE) Injection of new partner resources New Partnership tasking process Development of partnership based strategic assessment in the autumn to focus short and medium term planning	No	Nick Carter Chief Executive	No Change
7.5	Under achievement of Health & Well Being Partnership - funding issues relating to PCT.	Effective Performance Management Remedial Action	9	9	Action plans, additional resources, effective co-ordination		No	Teresa Bell Corp Dir Comm Services	No Change





Risk Management

Quarterly Report

April – June 2007

Key Issues

National

- **June 2007** : Issues for local authorities re flood damage in June. Hull City Council decided not to insure for flood and now face a £35 million repair bill.

Recent Court Cases include:

- Highways Trip: Dudley MBC. Evidence showed that there had been a defect at the accident site and that the Council did not have an adequate inspection system in place. Despite the claimant giving various different accounts of his fall to his drug worker, medical staff and his solicitor, this did not render his evidence unreliable. Whilst the judge upheld the contributory negligence allegation, the claim succeed.
- Motor Vehicles & Child Pedestrians. Motorists must pay particularly careful attention when driving through busy streets knowing school children are running about, trying to cross the road. Even where a child is held largely to blame for such an accident, a driver may still be held partly to blame in a civil claim if he fails to exercise the very high standard of care that a busy high street demands.

Local

- Strategic Risk Register / Action Plan reviewed by Corporate / Management Boards and Governance & Audit Committee on a rolling three month basis
- Risk Strategy Group formed, which replaces the former JCC. This is a more strategic co-ordinating role covering a broad range of risk related activities. Group is now chaired by Cllr Jeff Beck and meets on a quarterly basis.
- Business Risk Working Group focuses on service risk registers / service specific risk and insurance issues, this group reports in to the Risk Strategy Group. Meetings on a quarterly basis.
- With effect from 1 November 2006, the deductible on liability losses was increased from £25,000 to £100,000 for each claim. Claims paid from the insurance provision / fund. Property claims remain with a deductible of £250,000.
- Tender process under way for all insurance policies other than liability .Renewal date 1/11/07
- Risk Management Tool Kit to be produced for Corporate Board for 25 September 07..

Recommendations For Corporate Board

- Remind HOS that the deductible on liability has been increased to £100,000.

Work Programme 2006/7 to Date

Key Performance Indicators

1.Risk Management

Project Risk

- Three monthly reviews of Project risk management workshops continue.
- Workshops will be carried out on other major contracts as they are identified -
- St Barts risk working group formed and meeting on a 6 week rolling basis

Strategic Risk Register

- *The Strategic Risk Register* is updated on a rolling basis with Corporate and Management Boards as well as the Governance & Audit Committee.
- Items shown as a "Net" red from the strategic risk register are included in the corporate plan.

Recommendations For Corporate Board

- Corporate Board to encourage Project Sponsors / Project Managers to be proactive in the reviews of project risk registers. Action Plans require review.
- Corp Directors to remind HOS that operational risk registers and action plans must be reviewed at SMT's on a quarterly basis. The risk registers should be aligned to the service area's objectives / service plans.
- Risk Manager and Group Auditor will visit all HOS to assist in reviews over the next 6 months.
- Operational Risk Action Plans to be reviewed on a quarterly basis by Corporate Directors at 1-2-1's

**Traffic light Indicators
Quarter 1**

Chief Executive		Environment		Children and Young People		Community Services	
Benefits and Exchequer	11	Highways and Transport	11	Education Services	11	Community Care and Well Being	12
Customer Services	11	Countryside and Waste Mgt	10	Children's Services	12	Older People's Service	11
Finance	12	Planning	12	Children's Commissioning & Q	inc	Housing and Performance	10
Human Resources	10					Cultural Services	10
ICT	11						
Legal and Electoral	10						
Policy and Communication	12						
Property	11						
Total: 88		Total: 33		Total: 23		Total: 43	
Average score = 11		Average score = 11		Average score = 11.5		Average score = 10.75	
Overall = Green		Overall = Green		Overall = Green		Overall = Green	

Figure 1: Service Group ratings for current quarter.

02. 'Red' or 'Amber ratings: proposals to improve to 'Green' status.

Topic	Key areas of concern	Action proposed by Service
	HOS need to ensure that action plans are reviewed and updated.	This is an on-going issue as some action points are not easily resolved.

Performance indicators for risk management will be changing from end of quarter 2 2007 /2008

Training

- Project risk registers are reviewed on a rolling 3-month basis.
- The annual review of operational risk registers and action plans are being reviewed with the risk manager and a group auditor, this is part of the risk management-training programme for HOS and their management teams. (HOS should review on a quarterly basis -)
- Half-Day Training Sessions for 3-4 tier managers took place on 16 November. (Feed back was positive.) Further sessions planned for 2007
- Risk Management training for more junior staff available
- Training session took place for new members in June

- Risk Management Training taking place for Management Board on 20 September 07

Recommendations For Corporate Board

- Encourage HOS to communicate / cascade training information to managers

Insurance and Claims Information

- Insurance claims analysis attached.
- Overall claims are relatively stable. Although a few high value claims have recently been received from Secondary Schools (noted on page 7)
- With effect from 1 November 2006, the deductible on liability losses has been increased from £25,000 to £100,000 for each claim. This is paid from the insurance provision / fund.
- Property claims remain with a deductible of £250,000.
- With effect from 1 April 2005, settlement of liability and property claims made under the Council's self-funded scheme are payable by the relevant Service Unit. These are subject to the deduction of excess, at a level of 50% of the total cost, with a maximum of £6,000, and a minimum of £250.
- Schools are able to select a number of levels between £250 and £2,000, which will affect their level of premiums
- Claims falling below the above sums should still be recorded on Webrisk in the usual way and forwarded to the Insurance Team in Faraday Road for processing.
- Correspondence with the claimants will continue to be from West Berkshire Council's insurers, and any claims where they advise liability should be admitted will be referred to the relevant Service Unit for their comments before any payment is made.

Recommendations For Corporate Board

None on this occasion

Liability Losses to 30 June 2007							
Year	Number of claims	Paid & Reserved by WBC	Self Funded Retention	Paid & reserved by Insurer	Total Losses	Annual Premium (Gross of IPT)	Insured Losses as a % of premium
01/02	163	£42,967	£1,000	£131,325	£174,292	£197,400	66.53
02/03	167	£92,313	£5,000	£63,500	£155,813	£139,125	45.64
03/04	104	£128,298	£25,000	£100,000	£228,298	£252,283	39.64
04/05	149	£153,624	£25,000	£25,000	£178,624	£280,784	8.90
05/06	162	£134,490	£25,000	£0	£134,490	£294,327	0.00
06/07*	195	£216,004	£25,000	£0	£216,004	£301,314	0.00
07/08	20	£24,331	£100,000	£0	£24,331	£185,502	0.00
Totals	960	£792,027		£319,825	£1,111,852	£1,650,735	19.37
*From	01/11/2006		£100,000				
Property Losses To 30 June 2007							
Year	Number of claims	Paid & Reserved by WBC	Self Funded Retention	Paid & reserved by Insurer	Total	Annual Premium (Gross of IPT)	Insured Losses as a % of premium
01/02	50	£71,391	£25,000	£0	£71,391	£125,090	0.00
02/03	51	£50,948	£25,000	£0	£50,948	£241,500	0.00
03/04	48	£42,980	£250,000	£0	£42,980	£257,591	0.00
04/05	40	£205,418	£250,000	£0	£205,418	£252,696	0.00
05/06	34	£141,011	£250,000	£0	£141,011	£263,550	0.00
06/07	16	£103,764	£250,000	£0	£103,764	£317,678	0.00
07/08	7	£44,000	£250,000	£0	£44,000	£333,690	0.00
Totals	246	£659,512		£0	£659,512	£1,791,795	0.00

Title of Report:	Review of the Council's Anti Fraud Policy	Item 8
Report to be considered by:	Governance and Audit Committee	

Purpose of Report:

Annual review of the Policy and to take account of the Fraud Act 2006, and the CIPFA Anti Fraud Guide

Recommended Action:

The Committee approves the amendments to the policy and the proposals for raising staff awareness

List of other options considered:

None

Key background documentation:

- None

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Supporting Information

1. Background

- 1.1 The Anti Fraud and Corruption Policy was introduced in 1999, revised in 2005 and in 2006. Good practice recommends that an annual review takes place of this policy and the associated Confidential Reporting Code.
- 1.2 The Council also requires a Policy to address the risk of Money Laundering, and this was introduced in 2006.
- 1.3 The All of these Policies continue to be reviewed on an annual basis to ensure they remain current
- Minor changes have now been made to the Anti Fraud Policy to take account of the 2006 Fraud Act. Copy attached as Appendix A
 - No changes are proposed to the Confidential Reporting Code, Copy attached as Appendix B
 - New regulations have been introduced regarding Money Laundering. Once these have been assessed an amended policy will be brought forward for approval
- 1.4 Both the Anti Fraud Policy and the Confidential Reporting Code are be publicised to all staff through the issue of a leaflet summarising the contents of the two documents. Details will also be posted on the Council's Web Site.
- 1.5 The operation of the documents will be monitored, eg in terms of the number of issues raised under the Confidential Reporting Code. All cases of Fraud and Corruption will be recorded and reported as appropriate
- 1.6 In addition the Committee may wish to consider, for adoption, the CIPFA Anti Fraud Guide. Copy at appendix C. This sets out a checklist of issues and actions that should demonstrate effective anti fraud measures.

Appendices (in list format)

Appendix A – Anti Fraud Policy

Appendix B – Confidential Reporting Code / Whistleblowing Policy

Appendix C – CIPFA Anti Fraud Guide

Implications

Policy:	none
Financial:	None
Personnel:	None
Legal:	None
Environmental:	None
Equalities:	none

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Property: none

Risk Management: The proposals contained in this report will assist the management of the risk of fraud

Community Safety: none

Consultation Responses

Local Stakeholders: None

Officers Consulted: Finance and Governance Group

Trade Union: No

West Berkshire Council

Anti Fraud and Corruption Policy

September 2007

1. INTRODUCTION

1.1 Good Corporate Governance requires that the authority must demonstrate clearly that it is firmly committed to dealing with fraud and corruption and will deal equally with perpetrators from inside (Members and employees) and outside the Council. In addition there will be no distinction made in investigation and action between cases that generate financial benefits and those that do not. This policy statement, however, will not compromise the Council's Equal Opportunities Policy or the requirements of the Human Rights Act 1998.

1.2 This policy statement embodies a series of measures designed to frustrate any attempted fraudulent or corrupt act and the steps to be taken if such action occurs. For ease of understanding it is separated into five areas as below:-

Culture	Section 2
Prevention	Section 3
Deterrence	Section 4
Detection and Investigation	Section 5
Training	Section 6

1.3 The Council is also aware of the high degree of external scrutiny of its affairs by a variety of bodies such as the Audit Commission (including External Audit and Inspection), other Government Inspection bodies, the Local Government Ombudsman, the National Standards Board, HM Customs & Excise and the Inland Revenue. These bodies are important in highlighting any areas where improvements can be made.

1.4 Fraud and corruption are defined by the Audit Commission as:-

Fraud – *“the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain”.*

In addition, fraud can also be defined as *“the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to mislead or misrepresent”.*

Corruption – *“the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person”.*

In addition, this policy statement also covers *“the failure to disclose an interest in order to gain financial or other pecuniary benefit.”*

1.5 Fraud Act 2006

The Fraud Act 2006 received Royal Assent on 8 November and came into effect on 15 January 2007. The Act creates a new general offence of fraud with three ways of committing it:

- Fraud by false representation (dishonest representation) to gain or cause loss or risk of loss (eg phishing) (chip and pin)
- Fraud by failing to disclose information (where there is a legal duty, eg under written or oral contracts – eg heart condition & health insurance)
- Fraud by abuse of position – (eg power of attorney over an elderly relative)

It also creates new offences:

- Obtaining services dishonestly (eg climbing over a fence to watch a football match)

- Possessing, making and supplying articles for use in frauds (eg program or data held on file, draft letters for advance fee frauds)
- Fraudulent trading applicable to non-corporate traders. (extends companies act to sole traders etc)

2. CULTURE

- 2.1 The culture of the Council has always been one of openness and integrity. This culture therefore supports the opposition to fraud and corruption, supported by the Council's Confidential Reporting Code, and the Officer and Member Codes of Conduct.
- 2.2 The prevention/detection of fraud/corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the organisation.
- 2.3 The Council's elected Members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will wherever possible be treated in confidence. The public also has a role to play in this process and should inform the Council if they feel that fraud/corruption may have occurred.
- 2.4 Concerns must be raised when Members, employees or the public 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 a statutory or legal obligation
 - Improper or unauthorised use of public or other official funds
 - A miscarriage of justice
 - Maladministration, misconduct or malpractice
 - Endangering an individual's health and/or safety
 - Damage to the environment
 - Deliberate concealment of any of the above
- 2.5 The Council will ensure that any allegations received in any way, including by anonymous letters or telephone calls, will be taken seriously and investigated in an appropriate manner.
- 2.6 The Council will deal firmly with those who defraud the Council or who are corrupt, or where there has been financial malpractice. There is, of course, a need to ensure that any investigation process is not misused and, therefore, any abuse (such as employees/Members raising malicious allegations) may be dealt with as a disciplinary matter (employees) or through Group procedures (Members).
- 2.7 When fraud and corruption has occurred due to a breakdown in the Council's systems or procedures, Corporate Directors / Heads of Service will ensure that appropriate improvements in systems of control are implemented in order to prevent a re-occurrence.

3. PREVENTION

ELECTED MEMBERS

3.1 The Role of Elected Members

- 3.1.1 As elected representatives, all Members of the Council have a duty to the Citizens of the District to protect the Council and public money from any acts of fraud and corruption.

- 3.1.2 This is done through the Anti-Fraud and Corruption Policy Statement, compliance with the National Code of Conduct for Members, the Council's Constitution, including Financial and Contract Rules of Procedure, and relevant legislation.
- 3.1.3 Elected Members sign to the effect that they have read and understood the Code of Conduct for Members when they take office. Conduct and ethical matters are specifically brought to the attention of Members during induction and include the declaration and registration of interests. The Head of Legal and Electoral Services advises Members of new legislative or procedural requirements.

EMPLOYEES

3.2 The Role of the s151 officer

- 3.2.1 The Head of Finance has the statutory responsibilities defined by s151 of the Local Government Act 1972. These responsibilities outline that every local authority in England & Wales should:
- "make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs".*
- 3.2.2 Proper administration encompasses all aspects of local authority financial management including:
- Compliance with the statutory requirements for accounting and internal audit;
 - Ensuring the Authority's responsibility for ensuring proper administration of its financial affairs;
 - The proper exercise of a wide range of delegated powers both formal and informal;
 - The responsibility for managing the financial affairs of the local authority in all its dealings; and
 - The recognition of the fiduciary responsibility owed to local tax payers.
- 3.2.3 Under these statutory responsibilities the Head of Finance contributes to the anti-fraud and corruption framework of the Council.

3.3 The Role of Managers

- 3.3.1 Managers at all levels are responsible for the communication and implementation of this strategy in their work area. They are also responsible for ensuring that their employees are aware of the Council's HR policies and procedures, the Council's Financial and Contract Rules of Procedure and that the requirements of each are being met in their everyday business activities. In addition, managers must make their employees aware of the requirements of the National Code of Conduct for Local Government Employees through the induction process.
- 3.3.2 Managers are expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities. Where they are unsure of the procedures they must refer to the Council's Confidential Reporting Code.
- 3.3.3 Special arrangements will apply where employees are responsible for cash handling or are in charge of financial systems and systems that generate payments, for example payroll or the Revenues & Benefits computer system. Managers must ensure that relevant training is provided for all employees.
- 3.3.4 The Council recognises that a key preventative measure in dealing with fraud and corruption is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency staff. The Council's formal recruitment procedure contains appropriate safeguards in the form of written references, the verification of qualifications held and employment history. As in other public bodies

Criminal Records Bureau (CRB) checks are undertaken for employees working with or who may have contact with children or vulnerable adults.

3.4 Responsibilities of Employees

- 3.4.1 Each employee is governed in their work by the Council's Financial and Contract Rules of Procedure, and other policies on conduct (Health and Safety and IT Security policy). Included in the Council policies are guidelines on Gifts and Hospitality, and codes of conduct associated with professional and personal conduct and conflict of interest. These are issued to all employees when they join the Council or are available to all on the Intranet.
- 3.4.2 In addition to paragraph 3.4.1, employees are responsible for ensuring that they follow the instructions given to them by management, particularly in relation to the safekeeping of the assets of the Authority. These will be included in induction training and procedure manuals.
- 3.4.3 Employees are expected always to be aware of the possibility that fraud, corruption and theft may exist in the workplace 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.
- 3.4.4 Concerns must be raised, in the first instance, directly with the Supervisor/Business Unit Manager/Head teacher/Head of Establishment or if necessary, anonymously (letter, telephone) and via other routes, by the Council's Confidential Reporting Code (Whistleblowing) , eg: -
- Heads of Service, Corporate Directors, the Chief Executive or the Council's Monitoring Officer, who will report such concerns to the Head of Finance
 - Directly to the Head of Finance
 - External Auditor, who depending upon the nature of the concern will liaise with the Head of Finance
 - Trade Union Representative

3.5 Conflicts of Interest

- 3.5.1 Both elected Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land 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.

3.6 Official Guidance

- 3.6.1 In addition to the Council's Financial and Contract Rules of Procedure, Service Units will have their own procedures to prevent and deter fraud. There may also be audit reports, which recommend methods to minimise risks and losses to the Authority. Managers and employees must be made aware of these various sources of guidance and alter their working practices accordingly.

3.7 Role of Internal Audit

- 3.7.1 Internal Audit plays a vital preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud and corruption. Internal Audit investigates all employee cases of suspected financial irregularity, fraud or corruption, except Benefit fraud investigations (see below), in accordance with agreed procedures. Within the Financial Procedure Rules in the Constitution, representatives of Internal Audit are empowered to, and will:

- enter at all reasonable times any Council premises or land
- carry out unannounced visits to Council Offices to carry out spot checks
- have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary
- have access to records belonging to third parties such as contractors when required
- require and receive such explanations as are regarded necessary concerning any matter under examination
- require any employee of the Council to account for cash, stores or any other Council property under his/her control or possession

Internal Audit liaises with management to recommend changes in procedures to reduce risks and prevent losses to the Authority.

3.8 The Role of the Benefits Investigation Team

- 3.8.1 The Benefits Investigation Team is responsible for all of the benefit fraud investigations, in accordance with legislation and agreed codes of conduct. In cases where employees are involved they will work with Internal Audit, HR and appropriate senior management to ensure that correct procedures are followed and that this policy is adhered to.

3.9 The Role of the Audit Commission

- 3.9.1 Independent external audit is an essential safeguard of the stewardship of public money. This is currently carried out by the Audit Commission through 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. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act without undue delay if grounds for suspicion come to their notice. 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.
- 3.9.2 Where External Audit is required to undertake an investigation they will operate within legislation and their codes of conduct.

3.10 Co-operation with Others

- 3.10.1 Internal Audit has arranged, and in compliance of the Data Protection Act, to develop and encourage the exchange of information on national and local fraud and corruption activity in relation to Local Authorities, with external agencies such as:
- Police
 - County, Unitary and District Groups
 - Audit Commission
 - Benefits Agency
 - Government Departments
 - National Anti-Fraud Network

3.11 The Role of the Public

- 3.11.1 This policy, although primarily aimed at those within or associated with the Council, enables concerns raised by the public to be investigated, as appropriate, by the relevant person in a proper manner.

4 DETERRENCE

4.1 Housing and Council Tax Benefit Administration

- 4.1.1 Benefits administration is recognised nationally as being complex and difficult to administer. This results in the scheme being prone to error and abuse. The Authority is committed to tackling poverty but it must also ensure that the administration of housing and council tax benefit is secure, fair and provides prompt help to those who need it. Equally, it must also be vigilant in tackling fraud and error to ensure value for taxpayers' money.
- 4.1.2 The Revenues & Benefits Service operates within the Government's policies and guidelines and the National Performance Standards Framework, which aims to improve the quality and accuracy of benefit determinations and both prevent and reduce the incidence of fraud.

4.2 Prosecution

- 4.2.1 To support this policy the Council has a policy to prosecute in all appropriate circumstances. This policy encompasses the public, elected Members and employees. It is designed to clarify and ensure consistency in the Council's action in specific cases and to deter others from committing offences against the Authority.

4.3 Disciplinary Action

- 4.3.1 Theft, fraud and corruption are serious offences against the Authority and employees 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 individual case but in a consistent manner.
- 4.3.2 Members will face appropriate action under this policy if they are found to have been involved in theft, fraud and corruption against the Authority. Action will be taken in addition to, or instead of criminal proceedings, depending on the circumstances of each individual case but in a consistent manner. If the matter is a breach of the Code of Conduct for Members then it will also be referred to the National Standards Board. The relevant Group Leader will also be informed.

4.4 Publicity

- 4.4.1 The Council's Public Relations Unit (PR) will optimise the publicity opportunities associated with anti-fraud and corruption activity within the Council. PR will also try to ensure that the results of any action taken, including prosecutions, are also reported in the press.
- 4.4.2 In all cases (both Member and Officer) where the Council has suffered a financial loss then the Council will seek to recover the loss and advertise this fact.
- 4.4.3 All anti-fraud and corruption activities, including the update of this policy, will be publicised in order to make the employees and the public aware of the Council's commitment to taking action on fraud and corruption, when it occurs.

5 DETECTION AND INVESTIGATION

- 5.1 Internal Audit plays an important role in the detection of fraud and corruption. Included in their five-year plan are reviews of system controls including financial controls and specific fraud and corruption tests and spot checks.
- 5.2 In addition to Internal Audit, there are numerous systems and management controls in place to deter fraud and corruption but it is often the vigilance of employees and Members of the public that aids detection.
- 5.3 In some cases frauds are discovered by chance or "tip-off" and arrangements are in place to enable such information to be properly dealt with.
- 5.4 All suspected irregularities are required to be reported (verbally or in writing) either by the person with whom the initial concern is raised or by the originator as per paragraph 3.4.4 (the Council's Confidential Reporting Code). This is essential to the strategy and:
- Ensures the consistent treatment of information regarding fraud and corruption; and
 - Facilitates a proper and thorough investigation by an experienced audit team or appropriate officer, in accordance with agreed procedures.
- 5.5 This process will apply to all the following areas:
- a) fraud/corruption by elected Members
 - b) internal fraud/corruption
 - c) other fraud/corruption by Council employees
 - d) fraud by contractors employees
 - e) external fraud (the public)
- 5.6 Cases under d) and e) would normally be referred directly to the Audit Commission or Police. Cases under (a) in respect to the Code of Conduct for Members will be referred to the National Standards Board in addition to the Audit Commission and/or the Police.
- 5.7 Any decision to refer a matter to the Police will be taken by the Monitoring Officer in consultation with the Heads of HR, Legal and Finance.
- 5.8 Depending on the nature of an allegation under b) to e), the Head of Finance will normally work closely with the Corporate Director / Head of Service concerned to ensure that all allegations are thoroughly investigated and reported upon.
- 5.9 The Council's Disciplinary Procedures will be used to facilitate a thorough investigation of any allegations of improper behaviour by employees. The processes as outlined in paragraph 4.3.2 will cover Members.

6. AWARENESS AND TRAINING

- 6.1 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 for Members and employees. The policy is an integral part of the induction programme and there is specialist training for certain elected Members and employees.

- 6.2 Regular awareness by managers' briefings, leaflets and information cards will ensure that the policy is kept current. Full copies of the Anti-Fraud and Corruption and Confidential Reporting policies are available on the intranet.
- 6.3 In addition external fraud alerts are circulated to all appropriate staff and will in future appear on the Intranet.

7. CONCLUSION

- 7.1 The Council has always prided itself on setting and maintaining high standards and a culture of openness and integrity. This strategy fully supports the Council's desire to maintain an honest authority, free from fraud and corruption.
- 7.2 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 preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 7.3 The Council will maintain a continuous review of all these systems and procedures through Internal Audit.
- 7.4 This policy statement will be reviewed on a regular basis, with a maximum of two years between each review.

West Berkshire Council
Confidential Reporting Code
or
Whistleblowers Charter
September 2006

1 Introduction

- 1.1 Employees could be the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.2 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees, and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns. It is recognised that most cases will have to proceed on a confidential basis.
- 1.3 This policy document makes it clear that employees can do so without fear of victimisation, subsequent discrimination or disadvantage. This Confidential Reporting Policy is intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking a problem or "blowing the whistle" outside.
- 1.4 The policy applies to all employees and those contractors working for the Council on Council premises, for example agency staff, builders, drivers. It also covers suppliers and those providing services under a contract with the Council in their own premises, for example, care homes.
- 1.5 These procedures are in addition to the Council's complaints procedure and the Anti Fraud and Corruption Policy and Anti Money Laundering Policy. The Corporate Board and Heads of Service are responsible for making staff and service users aware of the existence of these procedures. The Council's Corporate Induction Training will also cover this code.
- 1.6 This policy has been discussed with the relevant trade unions and professional organisations and has their support.
- 1.7 The Policy has been approved by the Corporate Board

2 Aims and scope of this policy

- 2.1 This policy aims to:
 - a) encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice
 - b) provide avenues for you to raise those concerns and receive feedback on any action taken
 - c) ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied
 - d) reassure you that you will be protected from possible reprisals or victimisation if you have a reasonable belief that you have made any disclosure in good faith.
- 2.2 There are existing procedures in place to enable you to lodge a grievance relating to your own employment. The Confidential Reporting Code is intended to cover major concerns that fall outside the scope of other procedures. The items covered by this code include:
 - a) conduct which is an offence or a breach of law

- b) disclosures related to miscarriages of justice
- c) health and safety risks, including risks to the public as well as other employees
- d) damage to the environment
- e) the unauthorised use of public funds
- f) sexual or physical abuse of clients, or
- g) other unethical conduct.

2.3 Allegations of fraud and corruption will be dealt with under the Council's Anti Fraud and Corruption Policy

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

- a) makes you feel uncomfortable in terms of known standards, your experience or the standards you believe the council subscribes to
- b) is against the Council's Standing Orders, Financial Regulations or policies
- c) falls below established standards of practice
- d) amounts to improper conduct.

2.4 This policy does not replace the corporate complaints procedure or the Anti Fraud and Corruption Policy

3 Safeguards against harassment or victimisation

3.1 The Council is committed to good practice and high standards and wants to be supportive of employees.

3.2 The Council recognises that the decision to report a concern can be a difficult one to make. If what you are saying is true, you should have nothing to fear because you will be doing your duty to your employer and those for whom you are providing a service.

3.3 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect you when you raise a concern in good faith.

3.5 Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures that already affect you.

4 Confidentiality

- 4.1 All concerns will be treated in confidence and every effort will be made not to reveal your identify if you so wish. At the appropriate time, however, you may need to come forward as a witness.

5 Anonymous allegations

- 5.1 This policy encourages you to put your name to your allegations whenever possible. This is because concerns expressed anonymously are much less powerful and are also more difficult to investigate.
- 5.2 Therefore anonymous allegations will be considered at the discretion of the Chief Executive in consultation with the Head of HR. Where the Chief Executive is the subject of the allegation then this will be by the Head of HR and the Leader of the Council.
5. In exercising this discretion the factors to be taken into account would include:
- a) the seriousness of the issue raised
 - b) the credibility of the concern, and
 - c) the likelihood of confirming the allegation from attributable sources.

6 Untrue allegations

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

7 How to raise a concern

- 7.1 As a first step you should normally raise concerns with your immediate manager or their superior. This depends, however on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice.

For example:

For non schools staff, if you believe that senior management is involved, you should approach the Chief Executive, Head of HR or Head of Finance.

For school based staff, if you believe that senior management is involved, you should approach the Head Teacher or Chair of Governors.

- 7.2 Concerns may be raised verbally or in writing. Staff who wish to make a written report are invited to use the following format:
- a) the background and history of the concern (giving relevant names and dates);
 - b) the reason why you are particularly concerned about the situation.

- 7.3 The earlier you express the concern the easier it is to take action.
- 7.4 Although you are not expected to prove beyond doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.
- 7.5 You may obtain advice/guidance on how to pursue matters of concern from:

	Telephone
Head of HR	01635 519116
Chief Executive	01635 519101
any Corporate Director	
Head of Finance	01635 519433
School based staff may also wish to contact either:	
Corporate Director CYP	01635 519722
Head of Education	01635 519726

- 7.6 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 7.7 You may invite your trade union, professional association representative or a friend to be present during any meetings or interviews in connection with the concerns you have raised.

8 How the Council will respond

- 8.1 The Council will respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.
- 8.2 Where appropriate, the matters raised may:
 - a) be investigated by management, internal audit, or through the disciplinary process
 - b) be referred to the police
 - c) be referred to the external auditor
 - d) form the subject of an independent inquiry
- 8.3 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns over allegations which fall within the scope of specific procedures (for example, child protection or discrimination issues) will normally be referred for consideration under those procedures.
- 8.4 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 8.5 Within ten working days of a concern being raised, the Head of HR will write to you:

- a) acknowledging that the concern has been received
 - b) indicating how we propose to deal with the matter
 - c) giving an estimate of how long it will take to provide a final response
 - d) telling you whether any initial enquiries have been made
 - e) supplying you with information on staff support mechanisms, and
 - f) telling you whether further investigations will take place and if not, why not.
- 8.6 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the Council will seek further information from you.
- 8.7 Where any meeting is arranged, off-site if you so wish, you can be accompanied by a union or professional association representative or friend.
- 8.8 The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the council will arrange for you to receive advice about the procedure.
- 8.9 The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcome of any investigation.

9 The responsible officer

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

10 How the matter can be taken further

- 10.1 This policy is intended to provide you with an avenue within the Council to raise concerns. The Council hopes you will be satisfied with any action taken. If you are not, and you feel it is right to take the matter outside the Council, the following are possible contact points:

Public Concern at Work	Telephone
Audit Commission	0171 404 6609
Your Trade Union	01628 796122
your local Citizens Advice Bureau	
relevant professional bodies	
regulatory organisations	
Thames Valley Police	

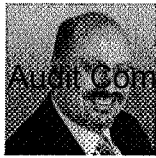
- 10.2 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. Check with the contact point about that.

CIPFA Better Governance Forum

MANAGING THE RISK OF FRAUD

Actions to Counter Fraud
and Corruption

INTRODUCTION



"This guidance should be at the heart of any counter-fraud strategy."
Peter Dorrington, Head of Fraud Solutions, SAS UK and Ireland



"A robust, holistic and professional lead has to be taken to ensure new levels of probity, efficiency and honesty."
Jim Gee, Managing Director, NHS Counter Fraud and Security Management Service



"The Audit Commission believes that the risks of fraud and the damaging financial, reputational and operational consequences that can flow from fraud are such that they demand a corporate response."
Steve Bundred, Chief Executive, The Audit Commission

This guidance describes what action is needed for an organisation to be effective in countering fraud and corruption. It is intended to provide support to organisations and individuals in all sectors of the economy.

The guidance is shaped in accordance with best practice and, therefore, addresses the following crucial areas:

- The key elements of a proper strategic approach
- The accurate identification of risks
- The creation and maintenance of a strong structure
- The range of action needed to tackle the problem
- The definition of success

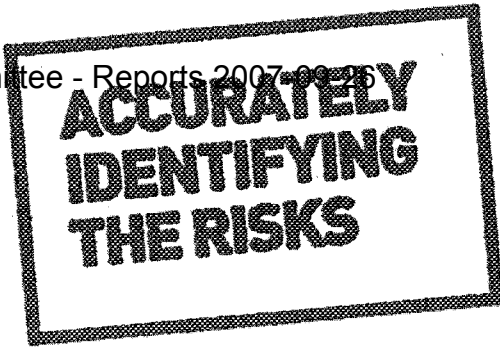
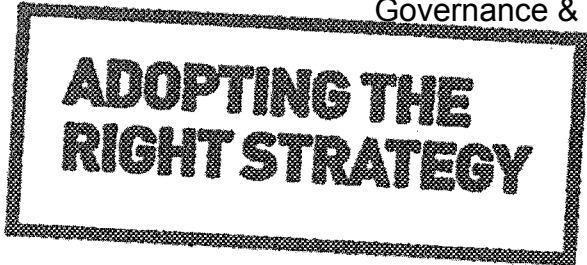
This is the first time that such guidance has been issued and it is deliberately framed as a series of questions so that answers can be developed which meet the specific circumstances of each organisation or sector. Affirmative answers would tend to indicate the existence of appropriate arrangements. If no answers can be provided then more work may be needed to address the issues concerned.

Addressing each area of the guidance and using the common 'language' of countering fraud which is provided by common professional, accredited training, organisations can ensure they adopt a comprehensive, professional and integrated approach to combating fraud.

This guidance was developed by the CIPFA Better Governance Forum Counter Fraud Advisory Panel. It was then enhanced following wide consultation including:

- Government Departments
- Local Authorities
- The NHS Counter Fraud and Security Management Service
- Police, Fire, Housing Associations
- The Audit Commission
- The National Anti-Fraud Network
- The Institute of Counter Fraud Specialists

The CIPFA Audit Panel endorses this guidance.



1.0

Key elements of a strategic approach

- 1.1** Does the organisation have a counter fraud and corruption strategy that can be clearly linked to the organisation's overall strategic objectives?
- 1.2** Is there a clear remit to reduce losses to fraud and corruption to an absolute minimum covering all areas of fraud and corruption affecting the organisation?
- 1.3** Are there effective links between 'policy' work (to develop an anti-fraud and corruption and 'zero tolerance' culture, create a strong deterrent effect and prevent fraud and corruption by designing and redesigning policies and systems) and 'operational' work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where it is found)?
- 1.4** Is the full range of integrated action being taken forward or does the organisation 'pick and choose'?
- 1.5** Does the organisation focus on outcomes (i.e. reduced losses) and not just activity (i.e. the number of investigations, prosecutions, etc.)?
- 1.6** Has the strategy been directly agreed by those with political and executive authority for the organisation?

2.0

Measuring fraud and corruption losses

- 2.1** Are fraud and corruption risks considered as part of the organisation's strategic risk management arrangements?
- 2.2** Is the organisation seeking to identify accurately the nature and scale of losses to fraud and corruption, using a:
 - proper definition of fraud based in civil law for making accurate estimates?
 - professional statistical methodology for making accurate estimates and building in a proper level of independent validation?
- 2.3** Does the organisation use accurate estimates of losses to make informed judgements about levels of budgetary investment in work to counter fraud and corruption?

CREATING AND MAINTAINING A STRONG STRUCTURE

3.0

Having the necessary authority and support

- 3.1 Do those tasked with countering fraud and corruption have the appropriate authority needed to pursue their remit effectively, linked to the organisation's counter fraud and corruption strategy?
- 3.2 Is there strong political and executive support for work to counter fraud and corruption?
- 3.3 Is there a level of financial investment in work to counter fraud and corruption that is proportionate to the risk that has been identified?

Specialist training and accreditation

- 3.4 Are all those working to counter fraud and corruption professionally trained and accredited for their role?
- 3.5 Do those employees who are trained and accredited formally review their skills base and attend regular refresher courses to ensure they are abreast of new developments and legislation?
- 3.6 Are all those working to counter fraud and corruption undertaking this work in accordance with a clear ethical framework and standards of personal conduct?

Propriety checks

- 3.7 Is an effective propriety checking process – implemented by appropriately trained staff – in place that includes appropriate action where individuals fail the check?
- 3.8 Does the organisation regularly review its propriety checking and are random checks carried out to ensure that it is implemented?

Developing effective relationships with other organisations

- 3.9 Are there framework agreements in place to work with other organisations and agencies?
- 3.10 Are the framework agreements focussed on the practicalities of common work?
- 3.11 Are there regular meetings to implement and update these agreements?

TAKING ACTION TO TACKLE THE PROBLEM

4.0

Taking the full range of action and integrating different strands

- 4.1 Is the organisation undertaking the full range of necessary action (see also 1.3)?

Culture, deterrence and prevention framework

Culture

- 4.2 Does the organisation have a clear programme of work attempting to create a real anti-fraud and corruption and zero tolerance culture (including strong arrangements to facilitate whistleblowing)?
- 4.3 Are there clear goals for this work (to maximise the percentage of staff and public who recognise their responsibilities to protect the organisation and its resources)?
- 4.4 Is this programme of work being effectively implemented?
- 4.5 Are there arrangements in place to evaluate the extent to which a real anti-fraud and corruption culture exists or is developing throughout the organisation?
- 4.6 Are agreements in place with stakeholder representatives to work together to counter fraud and corruption?
- 4.7 Have arrangements been made to ensure that stakeholder representatives benefit from successful counter fraud and corruption work?

Deterrence

- 4.8 Does the organisation have a clear programme of work attempting to create a strong deterrent effect?
- 4.9 Does the organisation have a clear programme of work to publicise the:
- hostility of the honest majority to fraud and corruption;
 - effectiveness of preventative arrangements;
 - sophistication of arrangements to detect fraud and corruption;
 - professionalism of those investigating fraud and corruption and their ability to uncover evidence;
 - likelihood of proportionate sanctions being applied; and
 - likelihood of losses being recovered?
- 4.10 Has the organisation successfully publicised work in this area?
- 4.11 Has the publicity been targeted at the areas of greatest fraud losses?

TAKING ACTION TO TACKLE THE PROBLEM

Prevention

- 4.12 Does the organisation seek to design fraud and corruption out of new policies and systems and to revise existing ones to remove apparent weaknesses?
- 4.13 Do concluding reports on investigations include a specific section on identified policy and systems weaknesses that allowed the fraud and corruption to take place?
- 4.14 Is there a system for considering and prioritising action to remove these identified weaknesses?

Detection

- 4.15 Are there effective 'whistleblowing' arrangements in place?
- 4.16 Are analytical intelligence techniques used to identify potential fraud and corruption?
- 4.17 Are there effective arrangements for collating, sharing and analysing intelligence?
- 4.18 Are there arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation?
- 4.19 Are arrangements in place to ensure that identified potential cases are promptly and appropriately investigated?
- 4.20 Are proactive exercises undertaken in key areas of fraud risk or known systems weaknesses?

Investigation

- 4.20 Is the organisation's investigation work effective?
- 4.21 Is it carried out in accordance with clear guidance?
- 4.22 Do those undertaking investigations have the necessary powers, both in law, where necessary, and within the organisation?
- 4.23 Are referrals handled and investigations undertaken in a timely manner?
- 4.24 Does the organisation have arrangements in place for assessing the effectiveness of investigations?

Sanctions

- 4.25 Does the organisation have a clear and consistent policy on the application of sanctions where fraud or corruption is proven to be present?
- 4.26 Are all possible sanctions – disciplinary / regulatory, civil and criminal – considered?
- 4.27 Does the consideration of appropriate sanctions take place at the end of the investigation when all the evidence is available?
- 4.28 Does the organisation monitor the extent to which the application of sanctions is successful?

DEFINING SUCCESS

Redress

- 4.29 Does the organisation have a clear policy on the recovery of losses incurred to fraud and corruption?
- 4.30 Is the organisation effective in recovering any losses incurred to fraud and corruption?
- 4.31 Does the organisation use the criminal and civil law to the full in recovering losses?
- 4.32 Does the organisation monitor proceedings for the recovery of losses?
- 4.33 What is the organisation's successful recovery rate?

5.0

Focusing on outcomes and not merely activity

- 5.1 Are there clear outcomes described for work to counter fraud and corruption?
- 5.2 Do the desired outcomes relate to the actual sums lost to fraud and corruption?



"The on-going battle against fraud and corruption can only be won if organisations have in place robust strategies and frameworks. Taking actions to proactively stop fraud occurring in the first place is a far better remedy than merely managing the risk. The step-by-step actions identified in this invaluable guide will go a long way to helping organisations achieve this."

Steve Freer, Chief Executive, CIPFA

The Chartered Institute of Public Finance and Accountancy particularly wishes to thank the following people for their contribution to this guide:

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The Audit Commission

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National Assembly for Wales

Jim Wilkinson

Birmingham City Council

The CIPFA BGF Counter Fraud Advisory Panel is developing further guidance to support this framework, including workshops to gain practitioner input, good practice examples, training, independent assessment and advice.

For further information regarding this and any other anti-fraud initiatives or guidance please contact:

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SAS is proud to support the CIPFA Better Governance Forum

Title of Report:	Governance and Audit Work Programme	Item 9
Report to be considered by:	Governance and Audit Committee	

Purpose of Report: To outline the proposed programme of work and future meeting dates of the Committee.

Recommended Action: To note the work programme and future meeting dates.

Reason for decision to be taken:

List of other options considered: None

Key background documentation: Appendix A

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Supporting Information

1 Introduction.

- 1.1 The purpose of this report is to outline the proposed work programme and meeting dates of the Committee for the 2007/2008 municipal year, including a list of training items at the start of each meeting.
- 1.2 In addition it is likely that the Committee will have a number of issues to consider in relation to the Council's Constitution. These will be timetabled to fit these planned meetings.

2 Future Meeting Dates.

- 2.1 The next meeting date of the Committee has been set for 6.30pm on Tuesday 27th November 2007, and will be held in Committee Room 2, Market Street Council Offices.
- 2.2 Please note other meetings dates as outlined on the work programme.

Appendices

Appendix A – Governance & Audit Committee Work Programme

**GOVERNANCE & AUDIT COMMITTEE
DRAFT WORK PROGRAMME (2006/2007)**

Updated in June 2007

Topic	Detail	Lead Officer	Date of Committee
Training Programme	Presentation on Anti Fraud and Corruption work undertaken by the Council in respect of Housing Benefits and the National Fraud Initiative	Group Auditors	26 September 2007
Annual Governance Report	The annual Governance Report of the Audit Commission for 2006/07. The Committee to receive the report before the 30 th September 2007.	Mick West (Audit Commission)	26 September 2007
Annual Review of the Council's Anti Fraud and Corruption policies and procedures	Annual update of the Anti Fraud and Corruption Policies, including the Confidential Reporting Code, and Anti Money laundering Policies.	Assurance Head	26 September 2007
Strategic Risk Register	Quarterly review of the Council's Strategic Risk Register. Committee to comment, and acting as critical friend, agree or suggest changes to the register and ensure that relevant Members of the Executive are delivering the agreed action plan.	Risk Manager	26 September 2007
Quarterly Risk Management Report	To update the Committee on developments in the Risk Management and Insurance process.	Risk Manager	26 September 2007
Training Programme			
Strategic Risk Register	Quarterly review of the Council's Strategic Risk Register. Committee to comment, and acting as critical friend, agree or suggest changes to the register and ensure that relevant Members of the Executive are delivering the agreed action plan.	Risk Manager	27 November 2007
Quarterly Risk Management Report	To update the Committee on developments in the Risk Management and Insurance process.	Risk Manager	27 November 2007
Interim Report – Internal Audit	To update the Committee on the work of Internal Audit.	Assurance Head	27 November 2007

**GOVERNANCE & AUDIT COMMITTEE
WORK PROGRAMME (2007/2008)**

Updated in June 2007

Topic	Detail	Lead Officer	Date of Committee
Training Programme		Head of Finance	25 March 2008
Use of Resources	Details of the Council's position re the Use of Resources, including action plans to deal with any shortcomings identified by the Audit Commission. The Committee to approve any action plan that may be required.	Head of Finance	25 March 2008
Internal Audit Plan	Details of Internal Audit work to be undertaken in the coming year. Committee to approve the plan	Assurance Head	25 March 2008
Risk Management Strategy	Annual review and renewal of the Council's Risk Strategy. The Committee to review the Strategy and approve the work set out in the strategy	Risk Manager	25 March 2008
Strategic Risk Register	Quarterly review of the Council's Strategic Risk Register. Committee to comment, and acting as critical friend, agree or suggest changes to the register and ensure that relevant Members of the Executive are delivering the agreed action plan.	Risk Manager	25 March 2008