

# Annual Audit and Inspection Letter

West Berkshire Council

Audit 2007/08

March 2009

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## Status of our reports

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

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

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# Key messages

- 1 West Berkshire is a three star council, and achieved a direction of travel judgement of 'improving strongly'. Analysis of a range of performance indicators shows that the Council's rate of improvement, and the proportion of indicators that are top performing, are significantly higher than the national average. The Council has built on the positive momentum created in recent years and services have improved faster than comparable councils.
- 2 Services for children and young people are judged by Ofsted to perform well, and the Council has responded positively to previous recommendations for improvement. Services for adults receiving social care are judged by CSCI to be excellent. Particular strengths include good support for people who wish to live at home and improvements to the support available to carers. Waste management is showing significant improvement following investment through finalisation of a private finance initiative in March 2008. Overall the service block scores for adult social care, environment, housing and benefits rose, though performance is below average for some areas of the benefits service. Working is underway to improve cultural services.
- 3 The Council is working effectively with partners to reduce crime and improve the health of local people. There was a significant decrease in crime levels in 2007/08, though fear of crime has not shown a similar reduction. Initiatives are in place to promote healthy living, and to reduce health inequalities in West Berkshire. The health of local people is generally better than the average for England and early deaths from heart disease, stroke and cancer have all decreased in recent years.
- 4 Access to services is good and improving; and the Council is targeting improvements to ensure they meet the needs of people from minority groups or who are potentially vulnerable. Community Information Centres provide information about council services, and services respond to feedback from a wide range of service users.
- 5 There is a clear focus on value for money. Recent initiatives include a review of fees and charges and strengthened controls over the use of consultants and agency staff. While the overall score for the Use of Resources assessment remained a 3, the Council demonstrated improvement in a range of areas, particularly in relation to value for money where the score increased to a 4. This reflected the Council's focus on areas of high cost and/or lower performance.
- 6 An unqualified opinion on the Council's accounts was issued, though some amendments were required to the accounts and there are some areas where greater efficiency can be achieved both in the production of the accounts, supporting working papers, and the audit approach. Work is underway to address these issues.
- 7 The Council shows a clear focus on improvement and has either addressed or is tackling the issues identified in the previous Annual Audit and Inspection letter. These include improving performance in relation to waste management, community safety and equality and diversity. Strengthened arrangements for working with partners will support future delivery of initiatives and improvement to the quality of life for people of West Berkshire.

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### Action needed by the Council

- 8 The Council needs to improve the performance of the Benefits Service. The speed with which new claims and changes of circumstances are processed has improved, and its performance in the accuracy of processing has also risen. However, performance in these areas remains below average. The recovery of overpayments has deteriorated further and is now among the worst performance nationally and anti- fraud performance has only achieved marginal improvement. With continuing uncertainty about the national economy it is likely that the Benefits service will experience an increase in activity making it important that the Council addresses these shortcomings in performance.
- 9 The Council needs to improve some aspects of services for children and young people as identified in the annual performance assessment issued by Ofsted. .  
[www.ofsted.gov.uk](http://www.ofsted.gov.uk)
- 10 The Council needs to improve some aspects of its adult social care services as identified in the annual performance assessment issued by the Commission for Social Care Inspection. [www.csci.gov.uk](http://www.csci.gov.uk).
- 11 The Council needs to reduce the need for amendments to the accounts, through early discussion of accounting treatment in areas of judgement.

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## Purpose, responsibilities and scope

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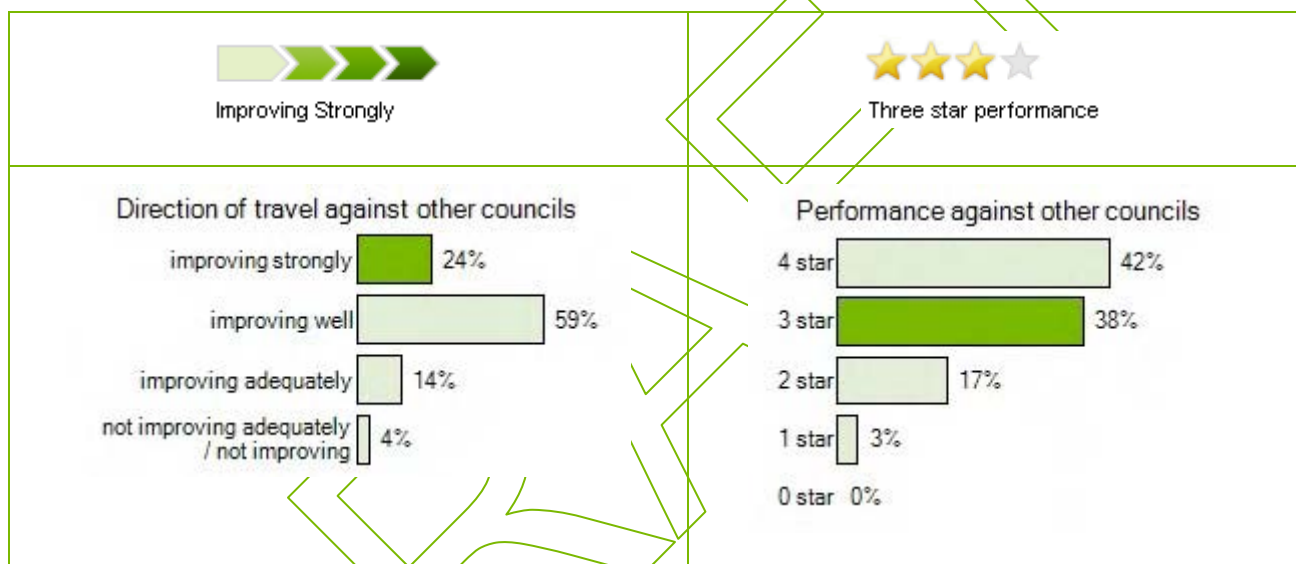
# Purpose, responsibilities and scope

- 12 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter. [It also includes the results of the most recent corporate assessment.]
- 13 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 14 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk). [In addition the Council is planning to publish it on its website].
- 15 Your appointed auditor is responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, your appointed auditor reviews and reports on:
  - the Council's accounts;
  - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
  - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 16 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 17 We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

# How is West Berkshire Council performing?

18 The Audit Commission’s overall judgement is that West Berkshire Council is improving strongly and we have classified West Berkshire Council as three star in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

**Figure 1 Overall performance of councils in CPA**



Source: Audit Commission

**How is West Berkshire Council performing?**

**Our overall assessment - the CPA scorecard**

**Table 1 CPA scorecard**

<b>Element</b>	<b>Assessment 2007</b>	<b>Assessment 2008</b>
Direction of Travel judgement	Improving well	Improving strongly
<b>Overall</b>	3 star	3 star
Corporate assessment/capacity to improve	3 out of 4	3 out of 4
Current performance		
Children and young people*	3 out of 4	3 out of 4
Social care (adults)*	3 out of 4	4 out of 4
Use of resources*	3 out of 4	3 out of 4
Housing	2 out of 3	3 out of 4
Environment	3 out of 4	4 out of 4
Culture	2 out of 4	2 out of 4
Benefits	2 out of 4	3 out of 4

(Note: \* these aspects have a greater influence on the overall CPA score)  
(1 = lowest, 4 = highest)

**The improvement since last year - our Direction of Travel report**

**Summary**

- 19 The Council continues to build on the positive momentum created in recent years and services have improved faster than comparable councils. Scores for both Social Care and Environment have improved from '3' to '4' and Housing and Benefits have improved from '2' to '3'. The Council continues to deliver good quality services to children and young people and make good use of available resources. Crime levels are generally low and health outcomes are good. Both improved during 2007/08. The Council is now addressing its relatively poor performance in cultural services. The waste management private finance initiative concluded in March 2008 has led to significant investment contributing to improved performance during 2008/09.
- 20 The transformation and efficiency programme continues to improve value for money. The Council has improved access to services for all residents and has strengthened its focus on equalities and diversity. Partnership working is strong and the local area agreement provides a clear framework for future improvement. All partners have signed up to delivery of their respective targets. Prospects for improving adults' social care and services for children and young people are excellent.

## How is West Berkshire Council performing?

### What evidence is there of the council improving outcomes?

- 21 West Berkshire Council continues to provide good services that are improving. During 2007/08 the Council improved 67 per cent of key performance indicators and achieved best quartile performance in 40 per cent. Both these figures are significantly higher than the national average for comparable councils demonstrating sustained improvement.
- 22 Services for children and young people continue to perform well. The Council has responded positively to the recommendations in the 2007 Annual Performance Assessment and has made good progress towards implementing the recommendations of the Joint Area Review report published in December 2007. Outcomes for children and young people in each of the five 'Every Child Matters' areas are good. The Council's contribution to improving the health of children and young people is good particularly for the most vulnerable groups. However, the proportion of schools that have already achieved Healthy School status is lower than the national average. Staying safe outcomes are good, with strong provision for looked after children through the 'Life Chances' team and the Council has improved the timeliness of initial and core assessments. Good progress has been made in improving educational outcomes for children and young people, and in reducing the proportion of young people not in education, employment or training.
- 23 Adult Social Care services are performing well. CSCI consider that overall the Council is 'excellent' at delivering services and that its capacity for improvement is also 'excellent'. Specific strengths include effective partnership working, strong encouragement for members of the community to volunteer, good support for people who wish to live at home and improvements to the support available to carers. As a result the number of people receiving a review has improved and stays in hospital reflect medical need. Waiting times for care packages have also improved. Key areas for future development include improving waiting times for assessment and ensuring that electronic single assessment process forms are shared with the NHS.
- 24 Benefits performance remains below average despite being highlighted as an area for improvement in each of the past two annual audit and inspection letters. The speed with which the Council processes both new claims and changes of circumstances have improved as has the accuracy of processing but performance in each of these measures remains below average. The recovery of overpayments has deteriorated further and is now among the worst performance nationally and anti- fraud performance has only achieved marginal improvement. With continuing uncertainty about the national economy it is likely that the Benefits service will experience an increase in activity making it important that the Council addresses these shortcomings in performance.
- 25 Crime levels are low and reducing. There was a significant decrease in crime during the period 1 April 2007 – 31 March 2008 compared to the previous year, with a 12.7 per cent reduction in recorded crime according to the British Crime Survey. Performance in tackling domestic burglaries, robberies, thefts of and from motor vehicles, violent crime and sexual offences are all best quartile and household and personal crime levels are reducing. Despite this the fear of crime among residents is

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<sup>1</sup> These are being healthy; staying safe; enjoying and achieving; making a positive contribution and achieving economic well being.



## How is West Berkshire Council performing?

increasing. The Council is working with Thames Valley police to tackle this and Neighbourhood Action Groups have been introduced to enable residents to identify key crime and disorder reduction priorities. However more work needs to be done to reassure residents and reduce the fear of crime. Road safety performance is above average.

- 26 Health outcomes are generally good. The health of people in West Berkshire is generally better than the England average and early deaths from heart disease, stroke and cancer have all decreased. The Council works effectively with partners to promote healthy living in the community through initiatives such as Age Concern's Wellbeing in the Older Community project and Activity for Health programmes at leisure centres, and through eight satellite groups at day centres for adults with physical disability. These have promoted healthy life styles for the community in general and for vulnerable groups.
- 27 The Council and its partners are tackling health inequalities. There are health inequalities in West Berkshire by location, gender, income and ethnicity. Women and men from the most deprived areas can expect to live 3 years less than those in the least deprived areas. The Council and its partners are tackling this by initiatives such as the '*All You Need to Know*' project. This provides information about health and well being through Council information kiosks, at community events such as the Newbury Show and through special events focussing on sexual health, teenage pregnancies and smoking cessation. The project also uses the Community Learning and Information Vehicle (CLIVE) which travels the area spreading information and has its own web site.
- 28 Access to services and information is good and improving. The Council continues to invest in its contact centre which now deals with enquires related to community care, children's services, street care, planning and property, benefits and council tax. It is also working with partners to improve access to services in rural areas by using libraries, schools and parish council buildings to host a range of services including those offered by the Citizen's Advice Bureau (CAB). The Council also operates five Community Information Centres in towns and villages. With partners it has installed electronic information kiosks in a local supermarket, Newbury College, the local hospital and at its Market Street offices. These kiosks provide information about council services, health services, the CAB and crime reduction initiatives. The Council and PCT are also investigating multi-use of GP surgeries in rural areas.
- 29 The Council has improved its approach to equality and diversity. It has introduced equality impact assessments in annual service plans to identify service improvements for minority and vulnerable groups. Delivery of these improvements is monitored by directorate and corporate equalities groups. The Council employs dedicated officers to promote access to services for gypsies and travellers (particularly young people) and people with disabilities. The Council Access Officer also works closely with partners such as parish councils to secure better access to public buildings. The Council has created an independent Scrutiny Board to help secure equality for people with disabilities and supports the 'West Berkshire Minority Ethnic Forum' which advises on service developments.

## How is West Berkshire Council performing?

### How much progress is being made to implement improvement plans to sustain improvement?

- 30** Internally performance management continues to be good. The Corporate Management Team and Executive provide strong corporate direction and staff at all levels understand what is expected of them. Corporate priorities and objectives feature in service strategies and annual service plans and are supported by robust targets for senior managers. These targets are frequently reviewed to ensure that they remain realistic and relevant. The Performance Management Group continues to function effectively and to take early corrective action when targets appear unlikely to be delivered. This means that areas of relative poor performance are identified promptly.
- 31** The Local Strategic Partnership (LSP) is still developing the performance management framework necessary to deliver the Local Area Agreement (LAA). Each of the National Indicator Set has been assigned to one of the LAA sub-groups and all partners have committed to delivery of their respective targets. They are currently working to embed these targets within their business and action planning. The LSP has an existing performance management system that partners input into directly. This enables them to monitor progress against their own and other indicators. Despite this there are members of the partnership that feel data and information is not being shared effectively. The partnership has identified that lack of challenge of underperformance is a weakness and is acting to address it.
- 32** The Transformation and Efficiency Programme is improving value for money. It was created during 2007/08 to consolidate and reinforce measures to secure financial stability for the Council to achieve its corporate priorities. The Transformation and Efficiency Board (TEB) includes a mix of members and senior officers and has reviewed a number of corporate projects to ensure that the Council is maximising value for money and efficiency. Specific action taken in the year includes a review of fees and charges - a detailed review of capital expenditure - refinements to the way the Council work with the voluntary sector and the establishment of controls over the use of consultants and agency staff.
- 33** In March 2008 the Council finalised a 25 year Private Finance Initiative (PFI) with Veolia to improve its waste management services. Revised collection arrangements were implemented to improve kerbside recycling, resulting in an increase in the amount of waste recycled from an average of 22 per cent in March, April and May to 45 per cent in September 2008. The project also provides for an additional 54 street cleaning vehicles and a 30 per cent increase in resources available to this service overall. As a result new vehicles and additional capacity is being channelled into area based crews dealing with all functions in specific areas. In addition a dedicated waste improvement team has been formed to deal with abandoned cars promptly as well as continuing to provide existing services for free car disposal and bulky items. These measures have significantly improved performance in these services.

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### Service inspections

- 34** An inspection of the Council's cultural services provision concluded that West Berkshire Council provides fair cultural services that have uncertain prospects for improvement.

## How is West Berkshire Council performing?

35 The inspection report was published in June 2008. Its conclusion include;

- The service works effectively with partners and the voluntary sector to provide a wide and diverse range of cultural activities in West Berkshire that are well-used by some members of the community.
- Facilities and activities are generally well-distributed, accessible and affordable to many target communities, and the quality of the visitor experience overall is satisfactory.
- Consultation with some community groups is effective and contributes to the service's understanding of these customers' needs.

However;

- There are gaps in the Council's understanding the needs of some of its users and non-users,
- Some services are not sufficiently advertised leading to a lack of public awareness and lower than average participation rates.
- Access is weak in some areas.
- The Council is unable to show equity in the provision or take-up of services by all communities.

36 The report also concluded that The Council has a mixed track record of improving cultural services. Most cultural services demonstrate an increase in participation, and satisfaction rates are rising. Value for money is improving. It has also improved some of its weaknesses and invested in modernising facilities including some of the leisure centres. However, it has not improved a number of key weaknesses and can be slow to implement changes from external challenges. There is little evidence of improved outcomes for some aspects of the services.

37 The Council is tackling the issues raised in the report.

38 An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the Council's performance. Relationship Managers share information and seek to provide 'joined up' regulation to the Council. During the last year the Council has received the following assessments from other inspectorates.

- Ofsted [www.ofsted.gov.uk](http://www.ofsted.gov.uk):
  - 2008 Annual Performance Assessment of services for children and young people (November 2008);
  - overall effectiveness of children's services '3' - Good; and
  - capacity to improve, including the management of children's services '3' -Good.
- CSCI [www.csci.gov.uk](http://www.csci.gov.uk):
  - 2008 Annual Performance Assessment of social care services for adults (November 2008) and Annual Performance (Star) Rating for Social Services (November 2008);

## How is West Berkshire Council performing?

- service score for adults social care - '4' (excellent);
- capacity to improve - '4' (excellent); and
- overall star rating of '3 stars'.

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The audit of the accounts and value for money

# The audit of the accounts and value for money

39 KPMG as the Council's appointed auditor reported separately to the Governance and Audit Committee on the issues arising from its 2007/08 audit and have issued:

- An audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 29 September 2008: and
- a report on the Best Value Performance Plan confirming that the Plan has been audited.

## Use of Resources

40 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.

- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
- Financial management (including how the financial management is integrated with strategy to support council priorities).
- Financial standing (including the strength of the Council's financial position).
- Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
- Value for money (including an assessment of how well the Council balances the costs and quality of its services).

41 For the purposes of the CPA the Council's arrangements for use of resources were assessed in these five areas as follows.

**Table 2**

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	4 out of 4

## The audit of the accounts and value for money

Element	Assessment
<b>Overall assessment of the Audit Commission</b>	<b>3 out of 4</b>

Note: 1 – lowest, 4 = highest

### The key issues arising from the audit

- 42 Overall, the Council has demonstrated improvement in respect of its Use of Resources scores, particularly in the area of value for money where the score has increased to a 4. This reflected the Council's focus on areas of high cost and/or lower performance, and was supported by improvement in the comparative performance of the Council against its nearest neighbour group, and also in the proportion of BVPIs where the Council was in the top quartile for performance or had achieved an improvement. Some areas for further improvement remain, particularly in relation to reducing amendments required to the accounts, through early discussion of accounting treatment in areas of judgement. With the change to CAA from 2008/09, particular attention will also need to be given to linking the evidence and processes that the Council has demonstrated having in place, to its service delivery outcomes and performance achieved against targets.
- 43 Some further work is also required in respect of data quality and ensuring that a robust audit trail is retained for the calculation of all performance indicators. Some issues were identified in the 2008 data quality review with providing an audit trail, where source information as at 31 March was not retained. This led to a reservation being placed on some PIs.
- 44 Overall, an unqualified opinion on the Council's accounts was issued in line with the deadline of 30 September 2008. Some amendments were required to the accounts, as reported to the Audit and Governance Committee in our Audit Memorandum. As also reported, there are some areas where greater efficiency can be achieved both in the production of the accounts and supporting working papers, as well as the audit approach. Your appointed auditor is currently working with officers to ensure that issues are identified and addressed early in the audit process; and is maintaining an ongoing review of preparedness for the transition to IFRS.

## Looking ahead

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# Looking ahead

- 45 The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 46 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 47 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspect of each area's Local Area Agreement.

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# Closing remarks

- 48 This letter has been discussed and agreed with West Berkshire Council. A copy of the letter will be presented at the audit committee on 23rd March 2009. Copies need to be provided to all Council members.
- 49 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

**Table 3 Reports issued**

Report	Date of issue
Audit and inspection plan	March 2007
Accounts Audit Memorandum (ISA 260)	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Data Quality and Use of Resources reports	February/March 2009
Inspection Report(s) issued since last AAIL, including any revised Corporate Performance Assessment Report	Cultural Services June 2008
Annual audit and inspection letter	March 2009

- 50 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

## Availability of this letter

- 51 This letter will be published on the Audit Commission's website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk), and also on the Council's website.

**Elizabeth Hale**  
**Comprehensive Area Assessment Lead**  
**March 2009**



<b>Title of Report:</b>	<b>Use of Resources 2007-2008</b>	<b>Item 5</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	23 March 2009	

**Purpose of Report:** To notify members of the 2007-08 Use of Resources scores for West berkshire Council.

**Recommended Action:** To note the scores received.

**Reason for decision to be taken:** To inform members of the outcome of the latest assessment.

**Key background documentation:** KPMG audit work 2008.

The proposals will also help achieve the following Council Plan Outcome:  
 **CPO13 - Value for Money**  
 The proposals contained in this report will help to achieve the above Council Plan Themes and Outcomes by:

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor Laszlo Zverko - Tel 0771 2858197
<b>E-mail Address:</b>	lzverko@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	01 March 2009

Contact Officer Details	
<b>Name:</b>	Joseph Holmes
<b>Job Title:</b>	Accountancy Manager
<b>Tel. No.:</b>	01635 519474
<b>E-mail Address:</b>	jholmes@westberks.gov.uk

**Implications**

**Policy:** None  
**Financial:** None  
**Personnel:** None  
**Legal/Procurement:** None  
**Property:** None  
**Risk Management:** None  
**Equalities Impact Assessment:** None

## **Executive Summary**

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### **1. Introduction**

- 1.1 This report highlights the final Use of resources (UoR) scores that West Berkshire Council receives under the CPA (Comprehensive Area Assessment). For 2008, the Council received a level 3 overall, as it has done for the past three years.
- 1.2 This year the Council saw it's first 4 for one of the individual UoR themes, on Value for Money, as well as scoring its first 4 for a financial reporting sub-theme, and maintain a 4 in the risk management sub-theme

### **2. Proposals**

- 2.1 For the committee to note this report.

### **3. Conclusion**

- 3.1 This is the final year of the current UoR assessment, and the council has shown a consistent progress over the four years of assessment. However, the 2008-09 assessment is much more wide ranging and more difficult (see separate paper).

## Executive Report

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### 1. Introduction

- 1.1 The final assessment of the council's Use of resources (UoR) under the current inspection regime was for 2008. The assessment had changed slightly from previous years, but there were no significant amendments. The audit Commission has revised the UoR assessment for 2008-09, see separate report.
- 1.2 The UoR assessment in 2008 was split across five themes: Financial reporting, financial management, financial standing, internal control, and Value for Money. Between these five themes, there are eleven sub-theme KLoE (Key Lines of Enquiry)

### 2. Summary of scores

- 2.1 The overall score for 2008 was a level 3 as per the breakdown below, with KLoE scores in brackets:

Theme	Score
Financial Reporting	<b>3</b>
- internal reporting	2
- external reporting	4
Financial Management	<b>3</b>
- financial planning	3
- Budget monitoring	3
- Asset Management	3
Financial Standing	<b>3</b>
Internal Control	<b>3</b>
- Risk Management	4
- system of internal control	3
- governance	3
Value for Money	<b>4</b>
- Achieves good VfM	4
- Manages and improves VfM	3
<b>Overall score</b>	<b>3</b>

### 3. Summary of scores 2005-2008

3.1 Below is a summary of theme scores over the past four years of UoR assessments

	Financial reporting	Financial management	Financial standing	Internal control	Value for money
2005	2	3	3	2	2
2006	2	3	3	3	3
2007	2	3	3	3	3
2008	3	3	3	3	4

3.2 Below is a summary of scores compared to other Berkshire Councils

	Financial reporting	Financial management	Financial standing	Internal control	Value for money	Overall
Bracknell Forest	2	3	3	2	3	3
Reading	2	3	3	3	3	3
Slough	2	3	3	2	3	3
RBWM	3	3	3	3	3	3
West Berks	3	3	3	3	4	3
Wokingham	4	3	3	3	3	3

### Appendices

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Appendix A – KPMG UoR audit report

### Consultees

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**Local Stakeholders:** Not consulted

**Officers Consulted:** Andy Walker (Head of Finance), Ian Priestley (Assurance Manager)

**Trade Union:** Not consulted



INFRASTRUCTURE, GOVERNMENT  
& HEALTHCARE

# Use of Resources assessment 2007-08

**West Berkshire  
Council**

DRAFT: 02 March 2009

AUDIT

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The contacts at KPMG in connection with this report are:	
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A. Recommendations	
B. Changes to the UoR assessment	

This report is addressed to the Council and has been prepared for the sole use of the Council. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Greg McIntosh who is the engagement lead to the Council, telephone 020 7311 6430 email greg.mcintosh@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4063, email trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Team, Nicholson House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SU or by e mail to: complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421.

## Executive Summary

In this year's Use of Resources assessment the Council has performed well, achieving level 3 overall. The scores represent no overall change from 2007, though improvements have been made to scores for individual KLOEs. To ensure that the Council continually improves its performance, an action plan should be produced to implement our recommendations, the Council's planned actions. Progress against the action plan should be reported to and monitored by the Governance and Audit Committee.

### Introduction

The annual Use of Resources (UoR) assessment evaluates how the Council uses and manages its financial resources. It focuses on the importance of having sound and strategic financial management to ensure that resources are available to support priorities and improve services, and covers five themes as shown in the table below. This is the third annual assessment.

### Summary of scores

Themes	Score 2007/08	Score 2006/07
1. Financial Reporting	3	2
2. Financial management	3	3
3. Financial Standing	3	3
4. Internal Control	3	3
5. Value for Money	4	3
<b>Overall score</b>	<b>3</b>	<b>3</b>

The Council's score has been assessed as 3, which means that overall you are performing well. You have performed strongly in respect of your arrangements over one of the five themes, Value for Money, where the Council achieved a score of 4, and well in respect of your arrangements over four of the five themes, Financial Reporting, Financial Management, Financial Standing and Internal Control where the Council achieved a score of 3.

The scores for each theme and Key Line of Enquiry (KLOE) are provided in section two. Compared to the 2007 assessments, the Council has sustained its performance in relation to Financial Management, Financial Standing and Internal Control and improved its performance in relation to Financial Reporting and Value for Money.

We have provided our key findings for each theme in sections three and have raised one recommendation, summarised in Appendix A, which suggests a consolidated action plan be produced to target areas where the Council could improve its score. Given the change in the Use of Resources approach from 2008/09, we have not raised detailed recommendations as a result of this review.

## Section one

# Introduction

The annual Use of Resources (UoR) assessment evaluates how the Council manage and use their financial resources. It focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services and covers five themes:

- Financial reporting;
- Financial management;
- Financial standing;
- Internal control; and
- Value for Money

These are underpinned by eleven Key Lines of Enquiry (KLoEs) as shown in section three. Judgements have been made for each theme and each KLOE on the following scale of 1 – 4 which has been standardised and quality assured by the Audit Commission.

### Scale used for assessments and inspections

Score	Description
1	Below minimum requirements
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

The overall score for UoR assessment was reported to the Council by the Audit Commission in December 2008 (scores are still currently awaiting publication). Theme scores contribute to our conclusion under the Code of Audit Practice on the Council's arrangements to secure value for money in relation to its use of resources. This conclusion has been issued with our audit opinion on your accounts. A score of 2 or more is sufficient for an unqualified opinion on each criteria.

In forming our assessment, we followed the methodology set out in the Use of Resources Guidance for Councils for 2008. In particular, in order to support scores of 3 and above, you needed to demonstrate that relevant arrangements are 'embedded' - that is, they have been working effectively with clear demonstrable outcomes. This includes evidence that arrangements are working as expected, understood by staff, have an impact on outcomes, contribute to objectives, and improve economy, efficiency or effectiveness. For scores of 4 (performing strongly) councils must demonstrate innovation or best practice that can be shared with other authorities.

The 2008 assessment will be the final assessment under the CPA framework for single tier, county councils and district councils. The assessment for 2008/09 will be the first under the new Comprehensive Area Assessment (CAA) framework being introduced from 1 April 2009.

### Theme summaries

Key findings and conclusions for each of the five themes are summarised in section three of this report. This includes our key findings and the key areas for improvement.



## Section two

**Use of resources theme summaries**

The five theme scores, and 11 Key Lines Of Enquiry (KLOE) scores, for West Berkshire Council for both the 2007 and the 2008 assessments are shown below.

Key line of enquiry (KLOEs)	Score 2007/08	Score 2006/07
<b>1. Financial Reporting</b>	<b>3</b>	<b>2</b>
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	2	1
1.2 The Council promotes external accountability.	4	3
<b>2. Financial management</b>	<b>3</b>	<b>3</b>
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	3
2.2 The Council manages performance against budgets.	3	3
2.3 The Council manages its asset base.	3	3
<b>3. Financial Standing</b>	<b>3</b>	<b>3</b>
3.1 The Council manages its spending within the available resources.	3	3
<b>4. Internal Financial Control</b>	<b>3</b>	<b>3</b>
4.1 The Council manages its significant business risks.	4	4
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	3	3
<b>5. Value for Money</b>	<b>4</b>	<b>3</b>
5.1 The Council currently achieves good value for money.	4	3
5.2 The Council manages and improves value for money.	3	3
<b>Overall score</b>	<b>3</b>	<b>3</b>

The Council is performing strongly in the area of Value for Money and performing well in the areas of Financial Reporting, Financial Management, Financial Standing, and Internal Control. A comparison of the scores between years shows that specific improvements have been made in relation to the production of annual accounts in accordance with relevant standards and timetables (KLOE 1.1), the promotion of external accountability (KLOE 1.2) and the achievement of Value for Money (KLOE 5.1) which has resulted in an increased score for the Financial Reporting and Value for Money themes. Other KLOE scores remain unchanged from 2007, and therefore the Council has sustained its performance with regard to the other themes and KLOEs.

In the next section of the report we set out the detailed findings for each theme and KLOE.

## Section three

# Detailed findings

### Financial Reporting

KLOE 1.1: The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.		Score: 2
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ The council's accounts were prepared in accordance with statutory requirements, statutory and regulatory timetables, relevant accounting and reporting standards, and the council's agreed accounting policies.</li> <li>✓ The auditor gave an unqualified opinion in the published statements.</li> </ul>	<p>In order to achieve level 3 you need to develop:</p> <ul style="list-style-type: none"> <li>● The accuracy of the accounts submitted for audit which in 2007/08 contained a number of non-trivial errors. Although the General Fund balance has not been subject to material adjustment, the I&amp;E Net Cost of Services and Total Net Assets balances were subject to material adjustment as a result of our audit. The Council should consider the issues raised within the ISA260 report and address these.</li> <li>● The response to additional requests from the auditor to ensure that these are responded to promptly in accordance with any agreed deadlines.</li> </ul>	
KLOE 1.2: The Council promotes external accountability.		Score: 4
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ The most recent published accounts, annual audit letter, agenda, reports and minutes for meetings of council, committees and scrutiny panels are made available to the public on the council's website on a timely basis and in accessible formats appropriate to comply with duties under the equalities legislation.</li> <li>✓ The council publishes in accessible formats an annual report or similar document which includes summary accounts and an explanation of key financial information and technical terms designed to be understandable by members of the public.</li> <li>✓ The annual report or similar document includes information and analysis about the council's environmental footprint.</li> </ul>	<p>No areas for development have been identified in relation to the requirements for this KLOE.</p>	

### Financial Management

KLOE 2.1: The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic objectives.		Score: 3
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ The Council' business planning is integrated with financial planning and the corporate business plan drives the medium-term financial strategy and internal resource allocation, with changes in allocations determined in accordance with policies and priorities.</li> <li>✓ The corporate business plan projects forward at least three years and takes account of stakeholder and partner views, external drivers, capital investment plans, risk assessments, sensitivity analysis and expected developments in services</li> <li>✓ The Council's medium-term financial strategy is linked to other internal strategies/plans as appropriate, e.g. human resources, IT.</li> <li>✓ There are project appraisals, business plans and affordability tests for new policy and capital developments.</li> </ul>	<p>In order to achieve leading practice you need to develop:</p> <ul style="list-style-type: none"> <li>● The medium-term financial strategy to describe, in financial terms joint, plans agreed with partners and other stakeholders.</li> <li>● The medium-term financial strategy to model balances, resource requirements, and revenue items using different planning scenarios and links this to its risk management and financial reports.</li> <li>● The Council's monitoring arrangements to demonstrate how its financial plans and strategies have contributed to the achievement of its corporate objectives.</li> </ul>	

Section three  
**Detailed findings**

**Financial Reporting**

KLOE 2.2: The Council manages performance against these budgets.		Score: 3
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ The Council’s financial information systems have flexible reporting tools to enable specialist reports to be designed.</li> <li>✓ Informative profiled financial monitoring reports are received by all budget holders soon after the month end enabling managers to respond to issues in a timely way.</li> <li>✓ There is a regular training programme providing training on financial issues for members and relevant non-finance staff.</li> <li>✓ There is a timely reporting ‘traffic light’ system (or similar) in place to focus the Executive on key variances, and there is evidence that these are acted upon.</li> <li>✓ The Executive receives accrued financial monitoring reports at appropriate key points during the year, including significant revenue account items and balances.</li> </ul>	<p>In order to achieve leading practice you need to develop:</p> <ul style="list-style-type: none"> <li>● Arrangements to ensure that the appropriate member committee receives budget monitoring information that is accurate, relevant, understandable and consistent with underlying records, and data is as up to date as possible when reported.</li> <li>● Arrangements for the Executive to review its effectiveness and the leadership it provides with regard to financial management, and demonstrate that it is taking appropriate action to address areas of weakness.</li> </ul>	

KLOE 2.3: The Council manages its asset base.		Score: 3
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ Performance measures and benchmarking are being used to describe and evaluate how the council’s asset base contributes to the achievement of corporate and service objectives, including improvement priorities, sustainability objectives and set challenging targets for improvement.</li> <li>✓ The Council integrates the management of its asset base with others for example, third sector and local public agencies to identify opportunities for shared use of property and to deliver seamless cross-sector, cross-agency and community based services to users.</li> <li>✓ The Council challenges whether all its assets are required, are fit for purpose and provide value for money to meet current and future needs by monitoring property performance and undertaking periodic property reviews. The council rationalises or disposes of under-performing or surplus assets.</li> </ul>	<p>In order to achieve leading practice you need to develop:</p> <ul style="list-style-type: none"> <li>● The integration of asset management planning with business planning at corporate and service levels, ensuring that the role and contribution of property is explicit in business plans such as flexible working policies, ICT plans and customer access strategies.</li> <li>● The property portfolio to be used as an enabler of change. It understands the opportunity cost of its property and exploits this to deliver better value for money and benefits for the local community.</li> </ul>	

**Financial Standing**

KLOE 3.1: The Council manages its spending within the available resources.		Score: 3
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ The Council consistently maintains its spending within its overall budget and without significant unexpected overspends or under-spends.</li> <li>✓ The Council’s policy for reserves and balances is based on a thorough understanding of its needs and risks, which is properly and clearly reported to and agreed by members.</li> <li>✓ Monitoring information is available that evaluates the effectiveness of recovery actions, associated costs, and the cost of not recovering debt promptly for material categories of income.</li> </ul>	<p>In order to achieve leading practice you need to develop:</p> <ul style="list-style-type: none"> <li>● Challenging targets for a comprehensive set of financial health indicators, monitoring performance and have a good track record of achieving these targets.</li> <li>● Arrangements so that where target levels for reserves and balances are exceeded, the Council identifies and reports to members the opportunity costs of maintaining these levels and compares this to the benefits it accrues.</li> </ul>	

Section three  
**Detailed findings**

**Internal Control**

KLOE 4.1: The Council manages its significant business risks.		Score: 4
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ A senior officer and member jointly champion and take responsibility for embedding risk management throughout the council.</li> <li>✓ The Council can demonstrate that it has embedded risk management in its business processes, including strategic planning, financial planning, policy making and review, performance management and project management.</li> <li>✓ All members receive risk management awareness training appropriate to their needs and responsibilities.</li> <li>✓ The Council considers the opportunity side of risk management in the successful delivery of major innovative and challenging projects.</li> <li>✓ Reports to support strategic policy decisions, and initiation documents for all major projects, require a risk assessment including a sustainability impact appraisal.</li> </ul>	<p>No areas for development have been identified in relation to the requirements for this KLOE.</p>	
KLOE 4.2: The Council has arrangements in place to maintain a sound system of internal control.		Score: 3
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ The assurance framework is fully embedded in the council's business processes.</li> <li>✓ The Council can demonstrate corporate involvement in/ownership of the process for preparing the governance statement.</li> <li>✓ A Governance and Audit committee has been established that is independent of the Executive function, with terms of reference that are consistent with CIPFA's guidance. It provides challenge across the Council and independent assurance on the risk management framework and associated internal control environment to members and the public, and can demonstrate the impact of its work.</li> </ul>	<p>In order to achieve leading practice you need to develop:</p> <ul style="list-style-type: none"> <li>● Standing orders, standing financial instructions and scheme of delegation which make specific reference to partnerships as appropriate.</li> <li>● Governance arrangements with respect to partnerships that are subject to regular review and updating.</li> <li>● Arrangements for the council to obtain assurance on a risk basis of the viability of its significant contractors' and partners business continuity plans.</li> </ul>	
KLOE 4.3: The Council manages its asset base.		Score: 3
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ The Council can demonstrate that its members, officers and agents exhibit high standards of personal conduct.</li> <li>✓ The Council can demonstrate a strong counter fraud culture across all departments. Staff have clearly acknowledged and accepted their responsibility to prevent and detect fraud and corruption.</li> <li>✓ The risk of fraud and corruption is specifically considered in the council's overall risk management process. And successful cases of proven fraud/corruption are routinely publicised to raise awareness.</li> <li>✓ All application forms for services and benefits have an appropriate fair processing notification permitting data sharing for prevention and detection of fraud and corruption (both acting as a deterrent to fraudsters and facilitating the extension of NFI into new areas).</li> </ul>	<p>In order to achieve level 4 you need to develop:</p> <ul style="list-style-type: none"> <li>● Arrangements to ensure that the council can demonstrate its staff, and staff within contracting organisations, have confidence in the whistleblowing arrangements and feel safe to make a disclosure.</li> </ul>	

Section three

**Detailed findings**

**Value for Money**

KLOE 5.1: The Council currently achieves good value for money.		Score: 4
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ Overall, the Council has demonstrated improvement in its overall PI profile, with a higher than average number of PIs achieving top quartile performance, when compared to the Council's nearest neighbours (all unitary authorities nationally).</li> <li>✓ An analysis of PI performance against cost demonstrates consistently that the Council is high performance, albeit high cost in the services that the Council has made investment decisions, on the basis of strategic priority.</li> <li>✓ A notable practice submission was made in respect of the Council's provision of social services, where high performance is achieved against a backdrop of comparatively low cost.</li> </ul>	<p>No areas for development have been identified in relation to the requirements for this KLOE.</p>	
KLOE 5.2: The Council manages and improves value for money.		Score: 3
<p>You achieved the following requirements:</p> <ul style="list-style-type: none"> <li>✓ The Council has established a working group that focuses on value for money, and as part of this, all service areas are required to review costs against benchmarks and performance and identify areas where efficiencies or greater value for money can be achieved.</li> <li>✓ The Council has established procedures for compiling monthly and quarterly reports that cover both financial and operational performance.</li> <li>✓ The Council seeks to ensure that its procurement processes are as efficient as possible, and examples of this include joint procurement with other Berkshire unitary authorities.</li> </ul>	<ul style="list-style-type: none"> <li>● In order to achieve leading practice you need to continue to develop your TEB process (which was new in 2007/08) to challenge value for money achievements and targets in all service areas. Reporting in respect of this group should be output focused and identify the extent to which value is being achieved in relation to resources invested</li> </ul>	

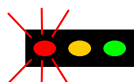
Appendices

**Appendix A: Recommendations**

This appendix summarises our recommendations. We have given each one a risk rating (as explained below) and agreed with management what action you will need to take. We will follow up progress on them as part of our 2009 UoR assessment (under the Comprehensive Area Assessment regime).

**Priority rating for performance improvement observations raised**

**Priority one:** issues that are fundamental and material to your use of resources. We believe that these issues might mean that you do not meet an objective or reduce (mitigate) a risk.



**Priority two:** issues that have an important effect on your use of resources but do not need immediate action. You may still meet an objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains.



**Priority three:** issues that would, if corrected, improve the use of resources in general but are not vital. These are generally issues of best practice that we feel would benefit you if you introduced them.



No.	Risk	Issue and recommendation	Management response	Officer and due date
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**Use of Resources Action Plan**

1 ●  
(three)

The Council should implement an action plan to address the improvement areas identified by this year's Use of Resources assessment. In doing so, the Council should prepare a comprehensive self assessment against the KLOE criteria, supported by robust evidence linking into the assessments made. This should be undertaken in the context of the changed approach to Use of Resources under CAA.

## Appendices

# Appendix B: Changes to the UoR assessment

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### Principal changes

From 2008/09 a new Use of Resources assessment is being developed, as part of the wider development of Comprehensive Area Assessments (CAA). CAA is being developed jointly by the Audit Commission and other inspectorates and will be an area based assessment consisting of a number of elements. One of the elements will be an annual UoR assessment at organisation level provided by the Audit Commission and based on the work of auditors.

Three themes are proposed:

- *Managing Money* will replace Financial Reporting, Financial Management and Financial Standing;
- *Governing the Business*; and
- *Managing other Resources*.

The approach has been redesigned to emphasise the importance of authorities achieving improved value for money outcomes for local people. Value for Money issues have therefore been embedded throughout all the themes and KLOEs to underline that the overall scored judgment is a single, annual judgment on value for money in the use of resources. Value for money will no longer therefore be a separate theme.

The changes will:

- focus on financial issues within a single scored theme, based upon best financial management practice;
- recognise that use of resources is broader than financial resources, embracing the use of natural, physical, human and technological resources; and
- deliver a proportionate approach that assesses key resource issues.

### Sustaining performance levels under the new framework

The level of performance that might be expected to score at level 3 in future, has, therefore, been raised in several respects. For example, descriptors at level 3 are more output and outcome focused than previously. This will challenge authorities to improve further, and provide an element of future proofing and continuity to the framework, reducing the amount of change needed to update the KLOE and descriptors year on year.





<b>Title of Report:</b>	<b>Use of Resources 2008-2009</b>	<b>Item 6</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	23 March 2009	

**Purpose of Report:** To inform the committee of the process for the audit Use of Resources assessment in 2008-09, and the changes to the Use of resources methodology.

**Recommended Action:** To note this report.

**Reason for decision to be taken:** The confirmation of the 2008-09 methodology.

**Key background documentation:** Audit Commission: Use of Resources methodology 2008-09.  
KPMG scores for 2007-08.

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor Laszlo Zverko - Tel 0771 2858197
<b>E-mail Address:</b>	lzverko@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	10 <sup>th</sup> March 2009

Contact Officer Details	
<b>Name:</b>	Joseph Holmes
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**Implications**

**Policy:** None  
**Financial:** None  
**Personnel:** None  
**Legal/Procurement:** None  
**Property:** None  
**Risk Management:** None  
**Equalities Impact Assessment:** None

## Executive Summary

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### 1. Introduction

- 1.1 The Audit commission have changed the Use of Resources (UoR) assessment for 2008-09. The overall number of themes and Key Lines of Enquiry (KLoE) have reduced compared to 2007-08, but the scope of the UoR assessment has widened. The guidance was issued in the Autumn of 2008, and was finalised in February 2009.
- 1.2 The main changes in the new assessment are the inclusion of data quality, a greater focus on natural resources and sustainability, more in-depth review of asset management, procurement and costing, as well as more emphasis on how we work with our stakeholders. The Audit Commission has made it clear that a score of 3 in the 2007/08 assessment will be a score of 2 in the 2008/09 assessment. An overview of the KLoE is provided at appendix A.
- 1.3 The Council currently has a score of 3 for Use of Resources. The VFM section of the Council Plan identifies that a score of level 3 should be maintained between 2007 and 2011. To ensure that this score is maintained, there needs to be effective monitoring arrangements in place to regularly review progress against each KLoE.
- 1.4 The 2008/09 assessment period began on 1<sup>st</sup> April 2008, and the external auditors (KPMG) will assess WBC against the majority of the KLoE between March and August 2009.

### 2. Proposals

- 2.1 The committee is asked to note the report.

### 3. Conclusion

- 3.1 The committee is asked to consider this report and recognise the increased strategic importance of the UoR assessment for the Council's external performance assessment.

## Executive Report

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### 1. Introduction

- 1.1 The Audit Commission has recently consulted on changes to the UoR assessment. The initial consultation document, produced in November 2007, was significantly altered as a result of consultation as the Commission widened the scope of UoR to include a mini corporate assessment, and asked for a rise in audit fees of 14%. The final UoR KLoE, announced in May 2008, has been reduced in scope compared to the initial consultation, with fees rising by only 1%.
- 1.2 The changes for the 2008-09 (appendix A) UoR are significant compared to the 2007-08 KLoE. There is more focus on the use of natural resources, sustainability, procurement and engaging stakeholders, as well as more detail on some of the existing areas.

### 2. Overview of the new UoR assessment

- 2.1 The new UoR assessment consists of three themes which feed an overall VFM conclusion: Managing finance, governing the business and managing resources. These themes broadly cover the following areas of the Council:
- (1) Managing finances – accountancy, finance policy and planning, partnerships, benefits & exchequer
  - (2) Governing the business – procurement, assurance, ICT, Research, consultation & performance, partnerships, legal & democratic services
  - (3) Managing resources – property, procurement, finance policy & planning, and (from 2009/10) HR, ICT.
- 2.2 The managing resources theme consists of three KLoE, but only the first two will be assessed in 2008/09 and the third in 2009/10. The Commission is proposing a cyclical review of the different aspects of this KLoE.
- 2.3 The new assessment sees a shift away from UoR being managed by finance and the need for a more corporate monitoring structure. The monitoring structure for UoR can be found at Appendix B.
- 2.4 The commission have made it clear that this assessment is a much harder test than before. They have stated that a score of 3 under the old assessment will be the equivalent of a 2 in the new assessment, and they expect scores for public bodies to drop accordingly.

### 3. Scoring proposals & fit with Comprehensive Area Assessment

- 3.1 The Audit Commission is currently consulting on its proposals for scoring UoR. Their proposals are very similar to the current regime (see appendix B) with scores varying from 1 (not meeting minimum requirements) to 4 (best / innovative practice). It is unlikely that this scoring methodology will change as it is used through the Audit Commission's assessments.

3.2 The main area of note is that KLoE 2.2 and KLoE 3.1 are dominant for the overall scoring of governing the business and managing resources respectively, where a score of 1.5, 2.5 or 3.5 emerges.

3.3 How UoR fits into the organisational assessment for CAA is more complex; see Appendix B. Whatever proposal is settled upon, UoR will become a much more significant aspect of the Council's performance reporting from 2009.

#### **4. Timings**

4.1 CAA scores will be published in November 2009; and the assessment period is the financial year 2008-09.

4.2 The assessment for UoR will be carried out by our external auditors, KPMG, during the winter / early spring of 2008/09, with some areas of managing finances being completed in September 2009. KPMG are assessing our self assessment to begin with, then meeting with senior officers at a workshop to look for further evidence from across the Council. The Council has produced a self-assessment against the KLoE and this will be audited during March and April 2009.

#### **Appendices**

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Appendix A – Summary of 2008-09 KLoE

Appendix B –Monitoring arrangements

#### **Consultees**

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**Local Stakeholders:** Not consulted

**Officers Consulted:** Andy Walker (Head of Finance), Ian Priestley (Assurance Manager)

**Trade Union:** Not consulted

## Appendix A – 2008/09 KLoE



### Managing finances

- KLOE 1.1 Planning for financial health
  - Training
  - Engages stakeholders
  - Integrates financial and service planning
  - Spends within resources
  
- KLOE 1.2 Understanding of costs / efficiencies
  - Understand costs (whole-life, transaction & unit costs)
  - Takes account of costs when commissioning
  - MTFS
  - Identifies & tracks efficiencies
  
- KLOE 1.3 – financial reporting
  - Financial monitoring on time & reliable
  - Uses financial & performance data
  - Clear financial reports
  - Accounts are unqualified with few errors
  - Reports are objective, understandable & balanced

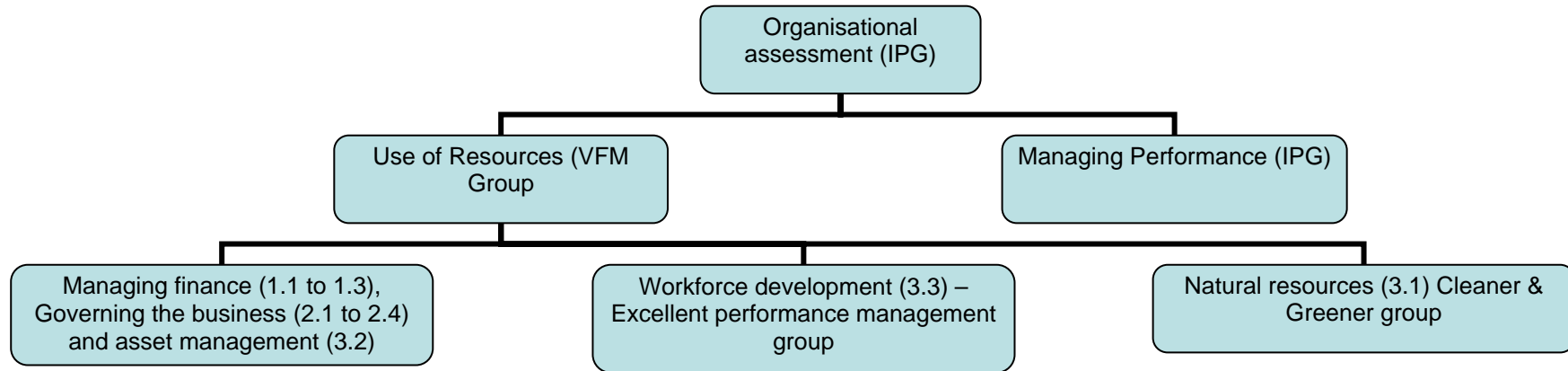
## Governing the business

- ❑ KLOE 2.1 Procurement is sustainable & offers VFM
  - Clear vision of outcomes from procurement for local people
  - Involves all stakeholders in c'ssioning i.e. staff, citizen
  - Use service redesign and ICT to improve VFM
  - Understands and influences markets
  - Evaluates procurement delivery options
  - Review competitiveness of procurement & VFM while meeting environment and social objectives
  
- ❑ KLOE 2.2 Use of Information
  - Quality data for partners
  - Information supports decision makers
  - Data is secure
  - Performance monitoring against key targets
  
- ❑ KLOE 2.3 Good governance
  - WBC promotes good governance
  - Strong ethical culture
  - Applies good governance to partnership working
  
- ❑ KLOE 2.4 – Internal control
  - Risk management
  - Strategy & arrangements to reduce F&C
  - Sound internal control for internal audit

## Managing resources

- ❑ KLOE 3.1 – Natural resources
  - Understand & can quantify our natural resources
  - Manage performance to reduce our impact on the environment
  - Manages env. Risk & works with partners
  
- ❑ KLOE 3.2 – Asset management
  - Strategic approach to asset mngt. To deliver strategic and service priorities
  - Manages asset base to ensure they are FfP & deliver VFM
  - Works with partners & community groups to maximise use of assets for local community
  
- ❑ KLOE 3.3 - Workforce development (not for 2008-09)
  - Productive & skilled workforce
  - Long term workforce planning
  - Engages & supports staff in organisational change
  - Policies support diversity & good people management

**Appendix B – proposed monitoring structure**







<b>Title of Report:</b>	<b>Scrutiny of financial statements</b>	<b>Item 7</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	23 March 2009	

**Purpose of Report:** To assist members in their understanding of local government financial statements.

**Recommended Action:** To note the report.

**Reason for decision to be taken:** To improve understanding of West Berkshire Council's financial statements and the accounting framework for local government.

**Key background documentation:** Statement of Accounts.

The proposals will also help achieve the following Council Plan Outcome:

**CPO13 - Value for Money**

The proposals contained in this report will help to achieve the above Council Plan Themes and Outcomes by:

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor Laszlo Zverko - Tel 0771 2858197
<b>E-mail Address:</b>	lzverko@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	01 March 2009

Contact Officer Details	
<b>Name:</b>	Joseph Holmes
<b>Job Title:</b>	Accountancy Manager
<b>Tel. No.:</b>	01635 519474
<b>E-mail Address:</b>	jholmes@westberks.gov.uk

### Implications

**Policy:** None  
**Financial:** none  
**Personnel:** none  
**Legal/Procurement:** none  
**Property:** none  
**Risk Management:** none  
**Equalities Impact Assessment:** none

## **Executive Summary**

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### **1. Introduction**

- 1.1 This report is intended to assist members in their scrutiny role of the Council's year end financial statements. The accounting arrangements for local government are continuously changing, and with the implementation of the IFRS (International Financial Reporting Standards) from April 2010, the complexity of accounts will increase.

### **2. Proposals**

- 2.1 To note this report

### **3. Conclusion**

- 3.1 The report and presentation are intended to help members have a clearer understanding of how WBC must account and the changes surrounding Local Government accounting.

## Executive Report

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### 1. Introduction

- 1.1 Local Government currently prepares accounts in line with CIPFA's SORP (Statement of Recommended Practice). The SORP is very different to accounting in the private sector, and other public sector organisations.
- 1.2 The presentation attached attempts to explain the key items in the primary financial statements (Income and Expenditure Account, Statement of Movements in General Fund Balance, Statement of Recognised Gains and Losses, Balance Sheet, and Cash Flow statement). The presentation also sets out why local government has arrived at the current accounting arrangements.

### 2. IFRS (International Financial Reporting Standards)

- 2.1 From April 2010, local government financial statements must be compiled in accordance with IFRS. However, Councils must produce comparative data in compliance with IFRS, which means that from 1<sup>st</sup> April 2009, local government must hold records in accordance with IFRS. The 2009/10 financial year will, in effect, be compiled in accordance with both the SORP and IFRS.
- 2.2 The implementation of IFRS will have a significant impact on local government accounts across the country. One of the most significant elements of IFRS will be the inclusion of the PFI schemes on balance sheet.

## Appendices

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Appendix A – Copy of primary financial statements

## Consultees

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### Local Stakeholders:

**Officers Consulted:** Andy Walker (Head of Finance), Ian Priestley (Assurance Manager), Lesley Flannigan (Group Accountant)

### Trade Union:

**Appendix A – Primary financial statements**

# The Income and Expenditure Account

In accordance with the Accounting Code of Practice an Income and Expenditure account has been produced. The 2008/09 Income and Expenditure account has been produced in full compliance with the Statements of Recommended Practice.

This statement collates all of the functions of the Council and summarises all of the resources the Council has generated, used or set aside in providing services during the year. The Income and Expenditure account uses the same accounting conventions as that of a large unlisted company, UK GAAP.

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**SMGFB**

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**STRGL**

2007/08 £000's		notes	2008/09 £000's
20,008	(Surplus) or Deficit for the year on the Income and Expenditure Account		
(10,789)	(Surplus) or Deficit arising on revaluation of Fixed Assets		
4,754	Actuarial (gains) and losses on pension fund assets and liabilities		
13,973			0

## Balance Sheet

2007/08 £000's		notes	£000's	2008/09 £000's
	<b>Operational Assets:</b>	18		
271,937	- Other land and Buildings			
11,837	- Plant & Equipment			
104,414	- Infrastructure Assets			
9,114	- Community Assets			
	<b>Non Operational Assets</b>			
7,520	Investment properties			
10,511	Assets under construction			
<u>415,333</u>	<b>Fixed Assets net book value</b>	19		<u>0</u>
0	Long Term Investments	20		
1,029	Long Term Debtors	21		<u>0</u>
<u>416,362</u>	<b>TOTAL LONG TERM ASSETS</b>			<u>0</u>
	<b>Current Assets</b>			
14	Stock and Work in progress	22		
17,498	Debtors	23		
1,128	Imprests			
19,732	Investments	24		
<u>38,372</u>				<u>0</u>
<u>454,734</u>				<u>0</u>
	<b>Current Liabilities</b>			
(54,269)	Creditors and receipts in advance	25		
(2,725)	Short term borrowing	26		
(14,168)	Cash and Bank overdrawn			
<u>(71,162)</u>				<u>0</u>
<u>383,572</u>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>0</u>
(1,093)	Long term Liability	27		
(22,880)	Deferred Liability	28		
(40,485)	Pension Liability			
(34,403)	Government Grants Deferred	29		
(568)	Provisions	30		
<u>(99,429)</u>				<u>0</u>
<u>284,143</u>	<b>TOTAL ASSETS LESS LIABILITIES</b>			<u>0</u>
10,452	Fixed Asset Restatement Reserve	31		
271,604	Capital Adjustment Account	32		
55	Deferred Credits	33		
1,137	Usable Capital Receipts	34		
0	Earmarked reserves	34		
(40,485)	Pension Reserve			
28,613	Revenue Reserves	35		
12,767	Fund Balances	35		
<u>284,143</u>	<b>TOTAL EQUITY</b>			<u>0</u>

## Cashflow

2007/08 £000's	notes	2008/09 £000's	2008/09 £000's
<i>Cash (Outflows):</i>			
(135,750)			
(80,161)			
(25,011)			
(14,768)			
(68,158)			
<b>(323,848)</b>		<b>0</b>	
<i>Cash Inflows:</i>			
101			
77,896			
66,463			
22,092			
3,707			
88,582			
26,658			
45,951	38		
23,989			
398			
<b>355,837</b>		<b>0</b>	
<b>31,989</b>	<b>39</b>		<b>0</b>
<b>Returns on Investments and Servicing of Finance</b>			
<i>Cash (Outflows)/Inflows</i>			
(1,489)			
1,006			
<b>(483)</b>			<b>0</b>
<b>Capital Activities</b>			
<i>Cash (Outflows)</i>			
(32,667)			
<i>Cash Inflows</i>			
1,137			
11,087			
<b>12,224</b>			<b>0</b>
<b>11,063</b>			<b>0</b>
<b>Management of Liquid Resources</b>			
(6,775)	40		
(13,629)	40		0
<b>(9,341)</b>	<b>40</b>		<b>0</b>





<b>Title of Report:</b>	<b>Internal Audit Strategy &amp; Plan 2009-12</b>	<b>Item 8</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	23 March 2009	

**Purpose of Report:** To consider the proposed work programme of Internal Audit.

**Recommended Action:** To approve the work programme of Internal Audit.

**Reason for decision to be taken:** To ensure that there is an adequate internal audit of the Council's systems and procedures so that an audit opinion can be given on the soundness of the Council's internal control framework.

**Key background documentation:**

The proposals contained in this report will help to achieve the above Council Plan Themes and Outcomes by:  
Strengthening the Internal Control Framework.

**Portfolio Member Details**

<b>Name &amp; Telephone No.:</b>	Councillor Laszlo Zverko - Tel 0771 2858197
<b>E-mail Address:</b>	lzverko@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	

**Contact Officer Details**

<b>Name:</b>	Ian Priestley
<b>Job Title:</b>	Assurance manager
<b>Tel. No.:</b>	01635 519253
<b>E-mail Address:</b>	ipriestley@westberks.gov.uk

**Implications**

- Policy:** none
- Financial:** none
- Personnel:** none
- Legal/Procurement:** none
- Property:** none
- Risk Management:** none
- Equalities Impact Assessment:** none

## **Executive Summary**

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### **1. Introduction**

- 1.1 The purpose of this report is to outline the Internal Audit Strategy and Plan for the coming year.

### **2. Proposals**

- 2.1 The Audit Plan at appendix B sets out the proposals for audit coverage for the coming year.

### **3. Conclusion**

- 3.1 The Internal Audit Strategy and Plan are designed to provide assurance on the adequacy of the internal control framework.

## Executive Report

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### 1 Introduction

1.1 The purpose of this report is to outline an Audit Strategy for the Council and to set out a programme of work for Internal Audit that will provide assurance to the Governance and Audit Committee on the operation of the Council's internal control framework and support the Committee's review of the Annual Governance Statement.

1.2 The report covers the following points:

- Audit objectives and outcomes
- How audit work is planned to ensure significant local and national issues are addressed.
- Basis for the opinion of the head of audit on the internal control framework
- Methods of providing and resourcing of the service.

### 2 Audit Objectives and Outcomes

2.1 The objectives for Internal Audit are set out in the Audit Charter which forms an appendix to the Terms of Reference of the Governance and Audit Committee. This is summarised in the definition of Internal Audit, taken from the CIPFA Code of Practice for Internal Audit 2006. The full charter is attached at **appendix A**

*Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources*

2.2 In plain English, Internal Audit is there to help Services deliver the Council Plan by identifying and helping to mitigate weaknesses in service delivery systems and procedures.

2.3 The main outcomes from the work of Internal Audit are:

- Audit reports produced at the conclusion of each audit, for the relevant Head of Service and Director.
- Monitoring reports on progress with implementation of agreed audit recommendations
- Quarterly reports for Management Board and Governance and Audit Committee on the outcomes of Internal Audit work
- An annual assurance report for the Governance and Audit Committee.

### 3 Audit Planning

3.1 The work programme for Internal Audit for the period 2009-12 is attached at **appendix B**. The plan analyses the different areas of Council activity that Internal Audit feel require auditing. The Plan is laid out by, Corporate Audits, then by Head of Service and for each audit covers:

- The key risks that the audit will cover
- The level of risk associated with the subject, as assessed by Internal Audit
- The type of audit
- An initial estimate of the number of days that will be required to complete the audit, and the year in which the audit is planned
- The month that the audit is planned to be carried out (for main financial systems only as these need to be audited every year)
- The business owner, ie Head of Service
- The Group Auditor who will be responsible for the work.

3.2 The process of putting the plan together is extensive in terms of the documents and people who are consulted. The following identifies the key drivers:

- The Council Plan. This is reviewed to ensure that audit resources are used to support the delivery of Council objectives.
- The Council's risk registers, particularly the Strategic Risk Register. This is used to highlight areas where assurance is required for controls that are in place to significantly reduce levels of risk to the Council.
- New emerging issues / risks eg Governance arrangements of the many partnerships the Council now works with, changes to the Use of Resources methodology.
- Results of previous audit, inspection and scrutiny work, by internal teams and external agencies, is considered.
- The views of stakeholders, Heads of Service, Corporate Board, Management Board are considered.
- Plans are discussed with the external auditor to ensure that there is no unnecessary duplication of effort.

3.3 The work programme is based on levels of risk. The risk registers are used to inform the level of risk where appropriate and this is supplemented by an audit view of risk. This takes account of:

- Results of risk self assessments (Strategic and Operational Risk Registers);
- Complexity/scale of system and processes / volume and value of transactions;
- Fraud and corruption - eg the risk of fraud or corruption occurring;
- Inherent risk - eg degree of change/instability/confidentiality of information;
- Internal Audit knowledge of the control environment based on previous audit work.

3.4 The full plan identified by the above needs assessment will not be completed. The plan has been colour coded to highlight those audits that will be carried out, Green, those that will not be carried out because of managed vacancy and maternity leave, yellow, and those that will not because of limits to the establishment, Red. See paragraph 5 for more detail.

## **4 Audit approach and opinion**

4.1 The work of Internal Audit forms the basis of the opinion given by the head of audit on the Council's internal control framework. The work of Internal Audit is regulated by the CIPFA Code of Practice for Local Government. This sets out the standards and methods that should be applied in doing the work. At an operational level

Internal Audit have a procedure manual that explains in detail how work is delivered. In addition a Audit Protocol is published to all Heads of Service setting out how the service operates. A copy of this is at **Appendix C**

- 4.2 There are a number key elements to the process that ensure the output from audit is fit for purpose.
- Consultation takes place at various stages of each audit with the service under review (Terms of reference, rough and formal draft and final reports and action plans are all discussed and agreed with the service under review)
  - Audits are followed up to ensure that agreed actions are implemented. (Method and approach to follow up work varies depending on the nature of the issues identified in the original audit)
  - Summary reports are produced so that Directors and Heads of Service are up to date with progress of audit work
  - All audit work is reviewed by a Group Auditor before being released. (The review process is ongoing during the course of each audit)
  - An annual review of the system of Internal Audit is now carried out by the Governance and Audit Committee.
  - The head of audit carries out quality reviews of audit files on a sample basis
- 4.3 The work produced by Internal Audit is designed to identify and remedy weaknesses in the internal control framework. Weaknesses that are identified are categorised according to their severity (fundamental, significant, moderate and minor).
- 4.4 Taken together, the above provides a sound basis for the head of audit to provide an annual opinion of the internal control framework of the Council.

## **5 Service provision and resourcing**

- 5.1 The service was wholly outsourced through the Amey partnership from 2002 – 05. It is now provided in house.
- 5.2 The service does have problems attracting and retaining suitably qualified staff. In order to attempt to improve retention the service was restructured during 2007 and two posts of Senior Auditor replaced two existing posts.
- 5.3 The initial needs assessment for the audit plan that was prepared by Internal Audit indicated that audit work beyond that deliverable by the existing audit establishment was required. Details of the audits that will not be done because of limits to the establishment are noted in Red in Appendix B. However, it is the opinion of the head of audit that West Berkshire Council's Internal Audit service is resourced adequately (at establishment) in comparison with other Berkshire Council's. The Cipfa Code of Practice requires that this information be brought to the attention of the Governance and Audit Committee.
- 5.4 The revised audit plan, ie excluding those audits referred to in 5.3 and highlighted in red, is deliverable with a full complement. However, one Senior Auditor post remains vacant due to the need to deliver managed vacancy savings. In addition we expect one of our Auditors to be on maternity leave for most of the year. Clearly this will have a major impact on the work the service is able to deliver. The audits that

will not be carried out because of these vacancies have been highlighted in yellow. The audits highlighted in green should be completed.

- 5.5 The impact of the planned vacancies is manageable in terms of levels of risk to the Council for a single year. However, this is not sustainable in the medium term and will compromise the assurance that Internal Audit delivers.

## **Appendices**

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Appendix A – Audit Terms of Reference  
Appendix B – Audit Plan  
Appendix C – Audit Protocol

## **Consultees**

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**Local Stakeholders:** Not consulted  
**Officers Consulted:** Not consulted  
**Trade Union:** Not consulted

## Appendix A

### AUDIT CHARTER

#### 1 Definition and Purpose of Internal Audit

##### 1.1 The CIPFA Code of Practice for Internal Audit in Local Government (2006) defined Internal Audit

Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment' as a contribution to the proper, economic, efficient and effective use of resources.

##### 1.2 Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2006, which state in respect of Internal Audit:

##### 1.3 'A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper internal audit practices.'

##### 1.4 The existence of an Internal Audit function does in no way diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in an efficient, secure and well ordered manner within the Authority.

#### 2 Responsibility & Objectives

##### 2.1 As an independent appraisal function within the Authority, the objectives of Internal Audit are:

- To review, appraise and report on the adequacy of internal controls as a contribution to the economic, efficient and effective use of resources.
  - Ascertain the extent of compliance with procedures, policies, regulations and legislation.
  - Provide reassurance to management that their agreed policies are being carried out effectively
  - Facilitate good practice in managing risks
  - Recommend improvements in control, performance and productivity in achieving corporate objectives.
  - Review the value for money processes, best value arrangements, systems and units within the Authority.
  - Work in partnership with External Audit
  - Identify fraud as a consequence of its reviews and deter crime.
-

### **3 Scope and Accountability**

- 3.1 Internal Audit as a function will remain independent of the Authority's operational activities, and its auditors will undertake no operational duties. This will allow auditors to perform duties in a manner which facilitates impartial and effective professional judgements and recommendations.
- 3.2 The scope of Internal Audit allows for unrestricted coverage of the Authority's activities and access to all staff, records and assets deemed necessary in the course of the audit.
- 3.3 Accountability for the response to advice and recommendations made by Internal Audit lies with the management of the Authority. Management can accept and implement advice and recommendations provided or formally reject it. Internal Audit is not responsible for the implementation of recommendations or advice provided.
- 3.4 Internal Audit sits within the Finance Service and supports the statutory functions of the Head of Finance. However, Internal Audit is also accountable to the Governance and Audit Committee for the delivery of assurance in relation to the Council's system of internal control

### **4 Reporting**

- 4.1 All audit assignments will be the subject of a formal report written by the appropriate auditor. The report will include an 'opinion' on the adequacy of controls in the area that has been audited.
- 4.2 Every Internal Audit report issued, is subject to a follow up in order to ascertain whether actions stated by management in response to the audit report have been implemented. Internal Audit will determine if progress made in response to recommendations stated in the issued audit report is satisfactory, or if a further follow up is required.
- 4.3 Internal Audit will prepare quarterly reports for the Governance and Audit Committee and give an opinion on the Council's internal control framework.
- 4.4 Internal Audit will bring to the attention of the Governance and Audit Committee any serious matters of concern that may arise in the course of audit work

### **5 Resources**

- 5.1 Internal Audit will prepare an Audit Strategy each year that sets out the aims and objectives of the service.
- 5.2 A detailed risk based plan of work will be prepared for approval by the Governance and Audit Committee, including the resources required to carry out the work. This will set out the key areas / risks that are to be subject to audit. It will also identify any gap between the assessment of need for audit work and the resources available to carry that work out.



	Key risks to be covered	Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
<b>Corporate Audits</b>											
	Income collection - spot checks	a) Theft/Fraud	Medium	AFW	2007-08	18	20	20	20	60	
F	NFI Investigation work	a) payroll fraud b) Low score on the U of R	High	AFW	2007-08	30	60	20	20	100	
	Timelord	a) Project Governance may be weak b) budget may be inadequate c) Cost control an dmonitoring may be weak	High	SR	not audited		20			20	
	BSF	a) Project Governance may be weak b) budget may be inadequate c) Cost control an dmonitoring may be weak	High	SR	not audited		20			20	
	Budgetary Control	a) Budget build may be inaccurate b) Data may be inaccurate c) Budget monitoring may be late / inaccurate	High	SR			20			20	
	Data Quality	Performance indicators	High	SR	not audited		20	20	20	60	
	Use of Consultants	a) Fined by the Inland Revenue b) Inappropriate people being appointed c) Insufficient budget available to meet the consultants	Medium	SR	2007-08			15		15	
	Partnership Development	a) Governance arrangements weak	High	SR	2007-08	0	25			25	
	Governance arrangements	a) Illegal Decisions b) Poor decision making structures c) Ineffective rules of procedure d) Constitution not up to date e) Codes of Conduct ineffective	High	SR	2002-03	0	30			30	
					48	215	75	60	350		

Key risks to be covered		Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
Head of Finance (JG)											
Insurance	a) Inappropriate assessment of uninsured losses b) inaccurate claims record for management information	Low	SR	2002-03			15		15		Head of Finance
Governance / Risk Management	a) Non compliance with CPA requirements b) Ineffective framework for SIC reporting	High	SR	2007-08				15	15		Head of Finance
Health and Safety	a) Non compliance with H&S Legislation - legal action/penalties	Medium	SR	2005-06		15			15		Head of Finance
Webrisk	a) Poor use of information	Medium	SR	2008-09	15				0		Head of Finance
Contract letting	a) Non-compliance with Contract rules of Procedure b) Non compliance with EU legislation c) Corruption	Medium	ACW	2004-05				15	15		Head of Finance
Contract monitoring	a) Non-compliance with Contract rules of Procedure b) Contract spec not met c) Contract costs exceeded	Medium	SR	2007-08			20		20		Head of Finance
F	General Ledger (managed audit)	a) Inaccurate information for management decisions b) Budgets exceeded c) Qualified accounts	High	KFS	2008-09	10	10	10	30	August	Head of Finance
F	Fixed Asset Register (managed audit)	a) Non compliance with accounting standards b) Qualified Accounts	High	KFS	2008-09	10	10	10	30	April/May	Head of Finance
	Budget Monitoring	a) Inaccurate Information b) poor decision making	High	SR	2007-08		20		20		Head of Finance
	Capital planning / programme	a) Ineffective project management - budgets exceeded/deadlines exceeded/outcome does not meet client needs	High	SR	2004-05		20		20		Head of Finance
	MTFS	a) Council's financial targets are not realised b) Budget pressures c) Increases in Council Tax	High	SR	2006-07			15	15		Head of Finance
F	Treasury Management (managed audit)	a) Inappropriate cashflow decisions - income not maximised b) Legislation/Internal polices not complied with	Low	KFS	2008-09	10	10	10	30	September	Head of Finance
F	Bank Reconciliation	a) Inappropriate transactions processed through the bank b) Inaccurate year end accounts c) Qualified opinion from External Auditors	Medium	OR	2005-06		10		10		Head of Finance
	VAT	a) Non compliance with Customs and Excise requirements - financial penalties	Medium	OR	2003-04		15		15		Head of Finance
<b>Total</b>					<b>45</b>	<b>60</b>	<b>115</b>	<b>75</b>	<b>250</b>		

**Internal Audit Work Programme - 2008-11**

Reports submitted to Governance & Audit Cttee on 23 March 2009

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Key risks to be covered

Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
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Head of HR (JG)

Recruitment (process)	a) Delays in appointing staff - disruption to service delivery b) Non compliance with employment legislation C) CRB failure	High	SR	2008-09	20			0	HR
Absence Management	a) Council's sickness policy not being adhered to b) Inaccurate information for performance management	High	SR	2008-09	15			0	HR
Code of Conduct / HR Policies & Procedures	a) Staff not being managed consistently/to the Council's standards required standards b) New managers not being aware of the required standards and related procedures	Medium	SR	2007-08		15		15	HR
Establishment Control	a) Inaccurate information b) Poor cost control c) Poor resource	High	SR	2007-08	20	20		40	HR
Corporate Training	a) failure to develop staff /inform staff of corporate policies and procedures	Medium	SR	2003-04	15			15	HR
<b>Total</b>					35	35	0	70	

Key risks to be covered

Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
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Head of Legal and Electoral Services (SC)

Registrars Service	a) Ineffective budgetary control, b) Insufficient control of income, c) Insufficient control of assets, d) Inappropriate expenditure	Low	OR	2005-06		10		10		Legal
Legal Services	a) Ineffective budgetary control	High	OR	2003-04	10			10		Legal
Child Care Lawyers	a) Incorrect submission of charges by WB, b) Ineffective communication with Children's' services, c) Cases wrongly undertaken by WB, d) Reading costs in WB figures	Medium	OR	2004-05		10		10		Legal
Electoral Services	a) Non compliance with legislation, b) Inappropriate entries on register, c) Incorrect payments/expenditure/charges	Low	OR	2005-06		10		10		Legal
Land Charges	a) Non compliance with legislation b) Income collection not effective	Low	OR	2007-08				0		Legal
<b>total</b>					<b>0</b>	<b>10</b>	<b>30</b>	<b>0</b>	<b>40</b>	

Key risks to be covered

Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
-----------------	------------	-------------------	---------------------	------------------	------------------	--------------------	--------------------------	----------------	----------------

Head of Policy and Communication (SC)

LAA/PSA2	a) Targets not achieved b) Governance framework not in place c) ineffective communication between parties	High	SR	2008-09	20			20		Policy and Communication
Service Planning/targets and delivery	Service Delivery / intervention / CPA	Medium	SR	Not audited	20		15	35		Policy and Communication
Performance Management	Legal obligations / service delivery / Performance indicators (EPMG)	High	SR	Not audited	20			20		Policy and Communication
Grants (inc Economic Development)	Recession / Downturn in economy	Low	SR	2006-07			15	15		Policy and Communication
Members expenses	a) Inappropriate payments, b) Over payments on budgets, c) Non compliance with legislation/policies	Medium	OR	2002-03	15			15		Policy and Communication
Complaints / Code of Conduct	a) Ineffective polices and processes in place, b) Non compliance with policies/processes	Medium	SR	Not audited				0		Policy and Communication
Data Protection / Freedom of Information	a) Non compliance with legislation b) No Standard approach for dealing with requests c) Adequate records not maintained of requests/responses	High	SR	2006-07		20		20		Policy and Communication
Scrutiny	a) Ineffective Scrutiny	Medium	SR	Not audited				0		Policy and Communication
Intranet/Internet/Communication/Publications		Medium	SR	Not audited	15			15		Policy and Communication
<b>total</b>					<b>0</b>	<b>90</b>	<b>20</b>	<b>30</b>	<b>140</b>	

Key risks to be covered			Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
Head of Benefits and Exchequer (JG)												
F	Payroll / PAYE (managed Audit)	a) Ghost employees set up b) Inaccurate payments made c) Inaccurate deductions made	High	KFS	2007-08	30	15	15		30	October	Benefits and Exchequer
F	Accounts Payable (managed audit)	a) Inappropriate/fraudulent payments b) budgets exceeded	High	KFS	2007-08	15	15	10	10	35	November	Benefits and Exchequer
F	Accounts Receivable (managed audit)	a) Council's cashflow affected b) Income not maximised	High	KFS	2007-08	10	15	10	10	35	November	Benefits and Exchequer
	Car Loans & Car Leasing	a) Inaccurate payroll deductions b) Non compliance with Inland Revenue requirements	Low	OR	pre 2001		15			15		Benefits and Exchequer
	Travel and Subsistence	a) Fraudulent claims b) Inaccurate payments c) New system	High	AFW	2002-03					0		Benefits and Exchequer
	Cash Office	a) Inaccurate processing of income - affecting cash flow decisions b) Fraud/theft c) Accounts could be qualified	Medium	AFW	2006-07					0		Benefits and Exchequer
F	National Non-domestic Rates (managed audit)	a) Non compliance with legislation b) Inaccurate calculation of contribution to pool c) Qualified accounts	High	KFS	2007-08	15	15	10	10	35	June	Benefits and Exchequer
F	Housing Benefits (managed audit)	a) Non compliance with legislation b) Inaccurate/inappropriate payments made c) Accounts qualified	High	KFS	2007-08	20	15	10	10	35	May	Benefits and Exchequer
F	Council Tax (managed audit)	a) Non compliance with legislation b) Income collection not maximised c) Accounts qualified	High	KFS	2007-08	20	15	10	10	35	August	Benefits and Exchequer
<b>Total</b>						<b>110</b>	<b>105</b>	<b>65</b>	<b>50</b>	<b>220</b>		

Key risks to be covered

Risk Assessment

Audit Type

Date last audited

2008-09 Days Actual

2009-10 Days Est

2010-11 Days Est

2011-2012 Days Est

TOTAL Days 2009-2012 Est

Fieldwork Date

Business Owner

Head of Property (SC)

Commercial Rents	a) Non compliance with legislation, b) Loss of income/increased void periods, c) Misappropriation of leases	High	OR	2008-09	20			20	20	Property
Asset management	b) Non compliance with legislation, b) Mis mgt of asset portfolio	Medium	SR	2005-06			15		15	Property
Building Maintenance	a) Ineffective maintenance programme, b) Non compliance with legislation (internal, EU tendering policies)	High	OR	2008-09	20			20	20	Property
Facilities Management	a) Poorly maintained facilities, compromised H&S, b) Theft of stock items, c) Ineffective out of hours service	Medium	OR	2003-04				20	20	Property
Project Management	a) Failure to deliver major projects on budget, timely manner, to meet need of clients, b) Non compliance with legislation	High	SR	not audited		15			15	Property
Clean and Green agenda	a) Failure to deliver change b) failure to deliver cost savings	Medium	SR	not audited				15	15	
<b>total</b>					<b>40</b>	<b>15</b>	<b>50</b>	<b>40</b>	<b>105</b>	

Key risks to be covered

Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
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Head of I.T. (JG)

I.T. Strategy	a) Does not meet changing needs of the organisation b) Progress not measured/monitored - objectives not achieved	High	SR	2007-08		15		15		ICT
Software licenses	a) Non compliance with legislation (software licenses)	Low	OR	2003-04				0		ICT
Change control Management	a) Inappropriate changes b) Changes do not meet the needs of	Medium	OR	2005-06		15		15		ICT
Project Management (IT investment)	a) Systems do not meet business/user needs b) Escalation of costs/time to implement	High	SR	2006-07			20	20		ICT
Post Implementation Reviews (IT investment)	a) Systems do not meet business/user needs b) Escalation of costs/time to resolve system issues	High	SR	2004-05				0		ICT
Ensure continuous service	a) Contingency plan not in place/not effective - service delivery affected	High	SR	2002-03		15		15		ICT
Ensure systems security	a) Unauthorised access to data - data could be amended/destroyed/sensitive data made public	High	SR	2008-09	20		20	20		ICT
Manage problems and incidents (help desk)	a) Interruptions to service delivery b) Staff performance adversely affected	High	OR	2004-05		15		15		ICT
Manage data (File controls)	a) Inaccurate/lost data	Medium	OR	2004-05		10		10		ICT
EDI	a) Inaccurate/inappropriate electronic transactions	Medium	OR	Not audited		15		15		ICT
Print Unit	a) Inefficient operations b) Delivery targets not met	Low	OR	Pre 2001		15		15		ICT
Business Continuity Planning	a)Flu / fire / flood / terrorism / service delivery	High	SR	2007-08			20	20		ICT
I.T. Asset Management	a) Loss of I.T assets - increased cost on replacement equipment	Medium	OR	2007-08			15	15		ICT
<b>total</b>					<b>20</b>	<b>30</b>	<b>70</b>	<b>75</b>	<b>175</b>	



Key risks to be covered

Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
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Head of Community Care (JG)

Agency Staff	a) Inappropriate people could be appointed - risk to client b) Budgets could be exceeded c) Standards of service required not met	Medium	OR	2004-05		15			15	Community Care
Assessment of Needs/Purchase of Care - (MH/LD)	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium	OR	2004-05 or 2008-09	15		20		20	Community Care
Assessment/Purchase of Care - Respite	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium	OR	Not audited			15		15	Community Care
Day centres (3)	Establishment reviews - key risks - budgetary control/appropriateness of expenditure	Low	OR	2006-07					0	Community Care
Carers grant	a) Budgetary control b) effectiveness of arrangement not monitored	Low		Not audited		15			15	Community Care
Direct Payments	a) Non compliance with legislation b) Inaccurate payments c) Inappropriate use of bank account d) Clients needs not met	High	OR	2004-05		20			20	Community Care
<b>total</b>					15	50	15	20	85	

Key risks to be covered	Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
<b>Head of Older Peoples Services (JG)</b>										
Residential Homes - Elderly (4)	Establishment review - key risks - budgetary control/appropriateness of expenditure	Low	OR	2006-07			6	6		Older People
Assessment of needs/Purchase of care - Home Care	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium	OR	2006-07		20		20		Older People
Assessment of needs/Purchase of care - Respite	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium	OR	Not audited		10		10		Older People
Day care centres (5)	Establishment reviews - key risks - budgetary	Low	OR	2005-06			3	3		Older People
Assessment/Purchase of Care - Residential	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium	OR	2001-02		15		15		Older People
Intermediate Care - Pooled budget	a) Ineffective governance/communication between parties b) Effectiveness of arrangement not monitored - objectives not achieved/budgets exceeded	Medium	OR	2007-08			15	15		Older People
O/T - Equipment - pooled budget	a) Ineffective governance/communication between parties b) Effectiveness of arrangement not monitored - objectives not achieved/budgets exceeded	Medium	OR	Not audited				0		Older People
Carers grant	a) Budgetary control b) effectiveness of arrangement not monitored	Medium	OR	Not audited		15		15		Older People
Self Assessment	a) Legislation is not adhered to b) Inappropriate care packages c) Budgets could be overspent	Medium	ADV	2008-09	15			15		Older People
Demography	a) Poor medium term planning b) budgeet pressures c) service cuts	High	OR	Not audited		15		15		Older People
Age concern joint project	Non compliance with grant conditions re audit coverage	Low	OR	Not audited				0		Older People
<b>total</b>					<b>0</b>	<b>15</b>	<b>75</b>	<b>24</b>	<b>114</b>	

Key risks to be covered

Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
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Head of Housing and Performance (JG)

Fairer Charging Policy	a) Non compliance with legislation/Council's policy b) Inaccurate charges calculated c) Ineffective income collection/recovery procedures	High	OR	2008-09		10		10	Housing and Performance
Residents Property (Receivership)	a) Misappropriation of client property b) Inaccurate records of level/type of property held c) Non compliance with legislation	Medium	OR	2007-08	15			15	Housing and Performance
Residents Property - Appointeeship	a) Misappropriation of client property b) Inaccurate records of level/type of property held c) Non compliance with legislation	Medium	OR	2001-02		10		10	Housing and Performance
Contract Management (Care)	a) Care provision not formalised/not monitored - escalation of costs/ care standards not met b) Service unaware of number/value of contracts	Medium	OR	2001-02	20		20	40	Housing and Performance
Common Housing Register / Advice	a) Legislation is not adhered to b) Register not appropriately administered	Medium	OR	Not audited	15			15	Housing and Performance
Homelessness	a) Legislation not adhered to b) Accommodation is not obtained promptly/cost effectively	Low	OR	2001-02			15	15	Housing and Performance
Renovation Grants/Disabled Facility Grants	a) Grants not awarded in accordance with legislation/Council procedures b) Records not up-to-date/accurate	Medium	OR	2006-07		15		15	Housing and Performance
Housing Strategy	a) Strategy not in accordance with legislation b) Ineffective monitoring of progress - objectives not met	Low	OR	Not audited			15	15	Housing and Performance
Supporting People	a) Non-compliance with legislation b) Client needs not met/monitored c) Adherence to contract standard not reviewed/monitored	Medium	OR	2004-05	15			15	Housing and Performance
RAISE	a) poor application controls b)poor interface with agresso c)inappropriate authorisation of payments	High	OR	Not audited		20		20	Housing and Performance

<b>Total</b>					<b>0</b>	<b>65</b>	<b>55</b>	<b>50</b>	<b>150</b>	
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Key risks to be covered		Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
Head of Cultural Services (JG)											
Leisure Centre Management	a) Non compliance with legislation, b) Ineffective contract monitoring and management	High	ADV	2003-04		20			20		Cultural Services
Museums (1)	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low	OR	2004-05					0		Cultural Services
Archaeology	a) Non compliance with legislation and government guidelines, b) Ineffective communication between services	Low	OR	2003-04					0		Cultural Services
Tourist Information Centre	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low	OR	2004-05					0		Cultural Services
Libraries Internet use	a) Inappropriate websites accessed - reputational damage/Council could be fined/complaints made from public	Low	OR	2005-06					0		Cultural Services
Libraries Purchasing/stock control	a) Budgets overspent b) Inaccurate financial information for management decisions c) Stock may be misappropriated d) Purchasing arrangements are not cost effective	Medium	OR	2008-09	20				0		Cultural Services
Libraries Income	a) Loss of stock is not reimbursed, resulting in additional expenditure b) Income collection not maximised	Medium	OR	2001-02			20		20		Cultural Services
Shaw House	a) Facilities' use/income opportunities are not being maximised b) The facilities do not offer value for money c) Costs are not being effectively controlled	High	OR	2008-09	20				0		Cultural Services
Archive				2007-08					0		Cultural Services
<b>total</b>					<b>40</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>40</b>		Cultural Services

Key risks to be covered

Risk Assessment

Audit Type

Date last audited

2008-09 Days Actual

2009-10 Days Est

2010-11 Days Est

2011-2012 Days Est

TOTAL Days 2009-2012 Est

Fieldwork Date

Business Owner

Head of Countryside and Waste (JG)

Nature Discovery Centre	Establishment review - key risks - income not maximised/expenditure not being effectively managed	Low	OR	2005-06				6	6	Countryside and Waste
Grounds Maintenance Con.	a) Contract specification is not met b) Inappropriate/inaccurate payments could be made	Low	OR	2002-03		15			15	Countryside and Waste
Waste Management and disposal PFI	a) Poor waste minimisation b) Low levels of Recycling	High	SR	Not audited		25	25	25	75	Countryside and Waste
Service requests for intervention	a) Non compliance with Legislation b) Customer complaints	Low	OR	2002-03				10	10	Countryside and Waste
Health and Safety	a) Non compliance with Legislation b) Service targets not achieved	Low	OR	2002-03				10	10	Countryside and Waste
Food Safety and Standards	a) Non compliance with Legislation b) Service targets not achieved	Low		2002-03						Countryside and Environment
Civil Contingencies	a) Contingency arrangements not in place/not effective - impact on ability to provide services b) Lack of compliance with legislation	High	SR	2003-04		15			15	Countryside and Waste
Licensing Reform Income	a) Non compliance with Legislation b) Ineffective income collection	High	OR	2005-06				15	15	Countryside and Waste
Taxi licensing	a) Inappropriate granting of licenses b) Ineffective income collection	Medium	OR	pre 2001	15			15	15	Countryside and Waste
<b>total</b>					15	55	25	81	161	

Key risks to be covered

Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
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Head of Highways and Transport (SC)

Structural Maintenance / Engineering	a) Non compliance with legislation, b) Ineffective maintenance programme	Medium	OR	Not audited			15	15	Highways and Transport	
Traffic Management	a) Projects/schemes targets not met, b) Non compliance with internal policies, plans	Medium	OR	Not audited			15	15	Highways and Transport	
Highway Term Contract	a) Non compliance with H&S legislation, b) Ineffective contract monitoring, c) Non compliance with policies	High	OR	2004-05			20	20	Highways and Transport	
Home to School Transport / CRB checks	a) Employment of inappropriate individuals, b) Misallocation of free transport, c) contracts for transport	High	OR	2007-08?	15			0	Highways and Transport	
Electrical (including Street Lighting)		Low	OR	Not audited				0	Highways and Transport	
Street Naming/numbering	a) Income not maximised, b) Misappropriation of funds	Low	OR	2004-05			10	10	Highways and Transport	
Concessionary Fares / Bus Passes	a) Fraud/theft, b) Non compliance with regulations	High	OR	2004-05			15	15	Highways and Transport	
Car Parks	a) Non compliance with legislation, b) Loss of income c) Fraud/theft	High	OR	2007-08			20	20	Highways and Transport	
Fleet Management	a) Use of vehicles b) contracts for non fleet transport	High	OR	2007-08	10		20	20	Highways and Transport	
<b>total</b>					<b>25</b>	<b>70</b>	<b>45</b>	<b>0</b>	<b>115</b>	

Key risks to be covered

		Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
Head of Planning and Trading Standards (JG)											
Enforcement	a) Planning Legislation is not adhered to information is not up-to-date/accurate	Low	OR	2004-05			15		15		Planning and Trading Standards
Development Control	a) Planning Legislation is not adhered to not met c) Corruption d) Income is not maximised	High	AFW	2006-07			20		20		Planning and Trading Standards
Developer contributions	a) Planning Legislation is not adhered to not maximised	High	AFW	2007-08				20	20		Planning and Trading Standards
Building Control (ISO 9000 Accreditation)	a) Planning legislation is not adhered to	Medium	OR	2002-03		20	15		35		Planning and Trading Standards
Transport Strategy	a) Government requirements are not met b) Ineffective monitoring/measurement of targets - objectives not achieved	Low	SR	2007-08					0		Planning and Trading Standards
Purchase/Disposal of samples	a) Inappropriate expenditure incurred b) Non compliance with disposal procedures	Low	OR	2002-03		15			15		Planning and Trading Standards
Service requests for intervention	a) Non compliance with Legislation b) Customer complaints	Low	OR	2002-03				15	15		Planning and Trading Standards
ISO 9000 (TS)	a) Non compliance with quality standard defined procedures	Low	ADV	Not audited				15	15		Planning and Trading Standards
<b>total</b>					<b>0</b>	<b>35</b>	<b>50</b>	<b>50</b>	<b>135</b>		

Key risks to be covered		Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
Head of Education (SC)											
Education Psychologist Service	a) Non compliance with legislation, b) Inappropriate/insufficient assessments of need undertaken/produced.	Medium	OR	Not audited			10		10		Education
Secondary Schools (10)	Review of key risks - budgetary control, income collection, control of assets, school governance		S		0	64	16		80		Education
Primary Schools (68)	Review of key risks - budgetary control, income collection, control of assets, school governance		S	Ongoing	190	93	130	120	343		Education
Nursery Schools (2)	Review key risks: Compliance with legislation, accurate completion of grant claims		S			0	10	6	16		Education
Special Schools (2)	Review key risks: Compliance with legislation, budgetary control, control of assets,		S		0	0	16	0	16		Education
Formula funding / DSG	a) Non compliance with legislation, b) Ineffective budget builds	High	OR	Not audited		15			15		Education
PLASC (80 schools)	a) Submission of incorrect returns, b) Inaccurate funding	High	S					10	10		Education
Student Loans/ Grants	a) Non compliance with legislation, b) Incorrect assessment of entitlement, c) overpayments	Low	OR	Not audited			15		15		Education
Special Needs Recoupment	a) Incorrect payments/collections, b) Entitlements not identified/obtained, c) Non compliance with legislation/standards	Low	OR	Not audited				15	15		Education
School admissions policy	a) Non compliance with legislation, b) Unsuitable school offers, c) Invalid admissions data	Medium	OR	Not audited		10			10		Education
Home to School Transport Entitlement	a) Employment of inappropriate individuals, b) Misallocation of free transport,	Low	OR	2008-09	15				0		Education
School Meals Contract	Review of schools not in the contract a) Non compliance with legislation, b) Not meeting service user requirements, c) Contract not effectively monitored	Medium	OR	2007-08	5	15		15	30		Education
Child Protection in Schools	a) Non compliance with legislation, b) Schools are not adequately supported/trained by WBC	High	OR	2008-09	15				0		Education
Central Administration - Childcare Grant	a) Non compliance with legislation b) Inappropriate payments and awards, c) Insufficient documentary evidence	Medium	OR	2004-06				10	10		Education
Nursery Provision - central review	Review key risks: Compliance with legislation, accurate completion of grant claims	High	OR	2007-08		10			10		Education
Extended Schools / After Schools Clubs	a) Non compliance with government targets/legislation, b) Misuse of grant funds, c) Activities are not effectively monitored	Medium	OR	2007-08	15		15		15		Education
Special Needs Assessment & Stat	a) Non compliance with legislation, b) Incorrect assessments,	High	OR	Not audited		10			10		Education
Home Tuition	a) Non compliance with legislation/standards, b) Service does not meet requirements of users.	Low	OR	Not audited			10		10		Education



	Key risks to be covered	Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
Resource Units (7)	Review key risks: Compliance with legislation, budgetary control, control of assets,	High	OR	Not audited			10		10		Education
Adult Education	a) Non compliance with legislation, b) Non achievement of targets and standards, c) Overspends on budgets	Low	OR	Not audited			10		10		Education
Alternative Curriculum	Review of the Porch, Badgers Hill and Brideway PRU's	Low	OR				10		10		
Reintegration Service	Review of the Key, The Oaks and Kingfisher PRU's	Low	OR					10			
Facilities grant	a) Non compliance wqith legislation/guidance, b) Inaccurate/inappropriate claims/payments.	Medium	OR	2008-09	10		10		10		Education
<b>total</b>					<b>250</b>	<b>217</b>	<b>262</b>	<b>186</b>	<b>655</b>		

Key risks to be covered		Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
<b>Head of Children's Services (SC)</b>											
Castlegate	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low	OR	Not audited		5			5		Children's
Assessment of Need/Review process	a) Non compliance with legislation/standards, b) Inaccurate assessments, monitoring of assessments and referrals	Medium	OR	2005-06		20			20		Children's
Family Support Service(to include respite purchase)	a) Non compliance with legislation, b) Inappropriate packages, c) Overspends on budgets	Medium	OR	Not audited		15			15		Children's
Purchasing Care - Residential	a) Non compliance with legislation, b) Inappropriate packages, c) Overspends on budgets	High	OR	2008-09	15			15	15		Children's
Assessment & collection of contributions	a) Non compliance with legislation, b) Incorrect assessments, c) Overspends on budgets	Medium	OR	2002-03			15		15		Children's
Foster Care	a) Non compliance with legislation/standards, b) Unsuitable placements, c) Incorrect payments	Medium	OR	2007-08	10			10	10		Children's
Foster Care Recruitment	a) Non compliance with legislation, b) Ineffective training/strategies in place, c) Inappropriate people recruited, d) Insufficient staffing	Low	OR	Not audited		20			20		Children's
Adoption - Recruitment, Assessment, Training	a) Non compliance with legislation, b) Ineffective training/strategies in place, c) Inappropriate people recruited, d) Insufficient staffing	Low	OR	Not audited			20		20		Children's
Payment of Carers	a) Non compliance with legislation, b) Incorrect payments, c) Overspends on budget	Medium	OR	2007-08			10		10		Children's
Unaccompanied Children - Asylum	a) Non compliance with legislation, b) Asylum seekers/care leavers are not adequately supported, c) Inadequate financial controls re payment of allowances/fraud.	Medium	OR	2004-05			15		15		Children's
Agency Staff	a) Non compliance with legislation, b) Inappropriate people	Medium	OR	2008-09	10			10	10		Children's
York House - Family Resource Team	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	LOW	OR	2004-05			5		5		Children's
Pooled budget Child & Adolescent mental health (section RAISE)	a) Effectiveness of arrangements & monitoring, b) Achievement of targets and objectives, c) Ineffective communication between parties	Low	OR	Not audited			15		15		Children's
	a) poor application controls b)poor interface with agresso c)inappropriate authorisation of payments	High	OR	Not audited		15			15		Children's
Youth Services (6)	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Medium	OR	2007-08	5	5			5		Children's
Area Teams (2 teams)	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low	OR				5		5		Children's
Adventure Dolphin & Outdoor Youth Activity	Review of key risks: Budgetary control, control of assets & cash, appropriate expenditure.	Low	OR	2008-09	5				0		Children's
Offsite Activities	a) Non compliance with legislation, b) Non achievement of council targets/standards, c) Inappropriate activities undertaken	Medium	OR	2005-06			15		15		Children's
<b>total</b>					<b>45</b>	<b>80</b>	<b>100</b>	<b>35</b>	<b>215</b>		

Key risks to be covered

Risk Assessment	Audit Type	Date last audited	2008-09 Days Actual	2009-10 Days Est	2010-11 Days Est	2011-2012 Days Est	TOTAL Days 2009-2012 Est	Fieldwork Date	Business Owner
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Other Chargeable work (non service specific)

Preparation of the audit plan			10	10	10	10	30		
Monitoring the audit plan			20	12	12	12	36		
Governance and Audit Committee updates			8	8	8	8	24		
Annual Governance Statement			10	10	10	10	30		
Audit Follow-ups			110	100	100	100	300		
Audit Advice			45	20	20	20	60		
School advice			16	20	20	20	60		
External Professional Liaison			2	5	5	5	15		
<b>Total</b>			<b>221</b>	<b>185</b>	<b>185</b>	<b>185</b>	<b>555</b>		
<b>Contingencies</b>			<b>220</b>	<b>100</b>	<b>135</b>	<b>135</b>	<b>455</b>		
Total			220	100	135	135	455		

Audit Type - key
SR Strategic Risk
KFS Key Financial System
AFW Anti Fraud Work
ACW Anti Corruption Work
VFM Value for Money
OR Operational Risk
Sch Schools
ADV Advisory Audit

Planned Audit Days total

1,129 1,452 1,427 1,096 4,040

Total Red Days - Audits that we will not do due to limits on the Establishment	75
Total Amber Days - Audits that we will not do due to managed vacancy and maternity leave	260
Total Green Days - Audits that we will do	1,117



**INTERNAL AUDIT REPORTING PROTOCOL****Appendix C****1 Purpose and Scope**

- 1.1 This document outlines the way internal audit will initiate, and report on work for the Council. This protocol relates only to Council Services, a separate protocol exists for Schools.
- 1.2 In terms of this protocol there are three types of audit work that will involve different approaches to reporting. These are:
  - Routine planned audits to provide assurance
  - Advisory work carried out at the request of the client
  - **Unannounced audits – to check cash accounting on site.**
- 1.3 A set of tables are attached at appendix A which summarise the key elements of this protocol for each of the above.

**2 Initiating work**

- 2.1 The following highlights the key stages for commencing Internal Audits
- 2.2 Terms of reference will be issued for all audits, apart from establishments and unannounced audits that will set out the scope of the work to be carried out and confirm the reporting arrangements.
- 2.3 In the case of Establishments a formal memo will be issued to outline the key areas that will be covered by the work.
- 2.4 **In the case of unannounced audits the Head of Service will be informed that the audit has been carried out immediately after the conclusion of the visit. (These audits are expected to take no more than half a day.)**

**3 Reporting the results of Internal Audit work**

- 3.1 The reporting process planned work has three key stages :-  
  
Rough Draft Report (Memo in the case of unannounced cash audits);  
Draft Report / Memo;  
Final Report / Memo.
- 3.2 The rough draft will be issued to the Service Manager to check the factual accuracy, and to obtain their initial observations.
- 3.3 The formal draft will be issued once the Service Manager is satisfied with the accuracy of the report. The circulation of the formal draft report will ensure that all relevant people have had an opportunity to comment on the content of the report, prior to it being finalised.
- 3.4 We request comments/observations from all recipients, however, we treat the relevant Head of Service/Unit Manager as the main client, and as such we require the Head of Service to agree to the details, and comment on the

**INTERNAL AUDIT REPORTING PROTOCOL**

**Appendix C**

recommendations, of the report before it is finalised. Where a recommendation is not agreed, we require the Client’s reasoning for this, and this detail is included in the action plan (attached to the report) for future reference.

- 3.5 Where, during an audit, a serious problem is discovered which requires immediate attention, it may be necessary to issue an interim report. The relevant Group Auditor will contact the Head of Service to discuss any such issues prior to an interim report being issued.
- 3.6 Internal Audit reports will normally be issued within 3 weeks of the completion of the work. The Terms of Reference for the audit should give an indication of the timescales for reporting.

**3 Follow Up of Audit Recommendations**

- 3.1 A follow up process is required in order to be able to give management/members assurance that the agreed action plans have been implemented. A follow will normally be carried out for all audits where recommendations have been made
- 3.2 A follow-up review is carried out roughly six months after the audit report was finalised. The exception to this is where an annual review is required to be undertaken in accordance with KPMG’s requirements (usually the key financial systems in Benefits and Exchequer and Finance). The follow-up then forms part of the following year’s review.

**4 Timescales for receipt of Client Responses to Audit Requests for information/Responses to Audit Reports**

- 4.1 This protocol sets out the timeframes by which we require a response from the Client, together with the processes to be followed where these timeframes are not met.

**Suggestion of Timeframe protocol:-**

	<b>Timeframe For Receipt of Response</b>	<b>Action where no response is received</b>
<b>Rough Draft Report</b>	Within 3 weeks of receipt (or notification of when a response will be received)	<b>Stage 1</b> - Reminder issued to the Line Manager (Head of Service copied in) specifying a response is required within two weeks otherwise the Corporate Director is to be informed.
	Within two weeks of stage 1	<b>Stage 2</b> - Corporate Director informed of lack of a response (Copied to the Line Manager and Head of Service) specifying a response is required

INTERNAL AUDIT REPORTING PROTOCOL

Appendix C

		within two weeks otherwise this will be reported to the Corporate Board
	<b>Timeframe For Receipt of Response</b>	<b>Action where no response is received</b>
<b>Draft Report</b>	Within 3 weeks of receipt (or notification of when a response will be received)	Stage two of the Rough draft will apply

4.2 These timeframes, together with action to be taken where no response is received will be incorporated into the standard letters/memos we issue with each report.

4.3 The relevant Group Auditor will use his/her judgement on each case to take into account any extenuating circumstances, and will notify the Head of Finance where there are issues with non-compliance that needs to be reported to Corporate Board. The Head of Finance will raise the matter with the relevant Director.

**5 Reporting to the Governance and Audit Committee**

The Assurance Manager will provide the Committee, on a quarterly basis with the following:-

5.1 A schedule listing each finalised audit, highlighting the overall opinion. A summary of the key issues will be produced for all **weak or very weak** opinions. Written comment from Internal Audit will be provided to the Committee and a written response / comment / update will be sought from the Head of Service.

5.2 A schedule listing each follow-up that has been carried out, highlighting opinion on progress made:-

**Fully implemented** - no further action required;

**Satisfactory progress** - key weaknesses addressed, only minor issues outstanding (standard letter/memo will request confirmation when the issues have been addressed);

**Unsatisfactory progress** – Where deadlines in the action plan have not been met and key weaknesses remain outstanding then details of the follow up will be provided to the Governance and Audit Committee and the Head of Service will be expected to attend the Committee. A written comment will be provided by Internal Audit to the Committee and written comments will also be sought from the Head of Service.

**Circulation of Audit Documents to Clients**

**Appendix A**

**1 Audit Reviews to provide Assurance**

<b>Client</b>	<b>Terms of reference</b>	<b>Rough Draft Report</b>	<b>Formal Draft Report</b>	<b>Final Report</b>	<b>Follow-up details</b>
S151 Officer (Head of Finance)	All cases		Where there are fundamental weaknesses in the service	All cases	All cases
Service / Unit Manager	All cases	All cases	All cases	All cases	All cases
Head of Service	All cases	Only where serious issues relating to the service, i.e. lots of fundamental weaknesses or issues of concern relating to the service manager. Such issues would normally be raised before the report is written	All cases	All cases	All cases
Corporate Director	All cases		Where there are fundamental weaknesses in the service	All cases (except for schools)	All cases
Chief Executive			Only where serious issues relating to the service, i.e. lots of fundamental weaknesses or issues of concern relating to the service manager. Such issues would normally be raised before the report is written.	Any report with fundamental weaknesses	Any report with fundamental weaknesses



**Circulation of Audit Documents to Clients**

**Appendix A**

Client	Terms of reference	Rough Draft Report	Formal Draft Report	Final Report	Follow-up details
			<p><b>The Assurance Manager will decide on the necessity to issue a report at this level.</b></p>		
<p>Relevant Portfolio Member and the Portfolio Member for Finance (in all cases)</p>				<p>Any report that has an overall opinion of weak / very weak and / or there are any weaknesses. (including schools)</p>	<p>All Cases</p>
<p>Assurance Manager</p>	<p>All cases</p>		<p>Relevant Group Auditor will decide on the necessity to issue a report at this level where there are serious issues relating to the service, i.e. lots of fundamental weaknesses or issues of concern relating to the service manager. Such issues would normally be raised before the report is written.</p>	<p>All cases</p>	<p>All Cases</p>

**Circulation of Audit Documents to Clients**

**Appendix A**

**2 Advisory/VFM Reviews**

(The approach will be agreed with the Client prior to commencing a review, and to be noted in the terms of reference to provide clarity of how the findings are to be reported). Advisory reviews may arise from the need for advice on key controls in systems where the Service concerned is already aware that improvement is needed or where the systems are being changed by the service area, (eg a new ICT system is being implemented).

<b>Client</b>	<b>Terms of Reference</b>	<b>Rough Draft Report</b>	<b>Formal Draft Report</b>	<b>Final Report</b>
Line Manager	All cases	All cases	All cases	All cases
Head of Service	All cases		All cases	All cases
Corporate Director	All cases			All cases
Assurance Manager	All cases		Relevant Group Auditor will decide on the necessity to issue a report at this level where there are serious issues relating to the service, i.e. lots of fundamental weaknesses or issues of concern relating to the service manager. Such issues would normally be raised before the report is written.	All cases

Further escalation of the advisory / VFM reviews reporting to the Chief Executive and the relevant portfolio Member will depend upon the significance of issues / number of weaknesses identified and will be determined by the relevant Group Auditor. Due to the nature of the work an overall opinion will not be given for an advisory/VFM review. However, these reviews will follow the standard follow process for follow-ups (progress categorisation/circulation of findings).

## Circulation of Audit Documents to Clients

## Appendix A

## 3 Unannounced Audits

<u>Client</u>	<u>Terms of Reference</u>	<u>Rough Draft Memo</u>	<u>Formal Draft Memo</u>	<u>Final Memo</u>
Line Manager / Headteacher	None issued	All cases	All cases	All cases
Head of Service	None issued		All cases	All cases
Corporate Director	None issued			All cases
Relevant Portfolio Holder and Finance Portfolio Holder	None issues			All cases
Assurance Manager	None issued		All Cases	All cases



<b>Title of Report:</b>	<b>Internal Audit - Quarter 3 report</b>	<b>Item 9</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	25 March 2009	

**Purpose of Report:** To update the Committee on the outcomes of internal audit work over the third quarter.

**Recommended Action:** Review the outcomes of individual audits to ensure that the Committee is satisfied with the progress made in implementing agreed recommendations and seeks explanations from the relevant Head of Service where progress is unsatisfactory.

**Reason for decision to be taken:**

**Key background documentation:** Internal Audit Reports

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor Laszlo Zverko - Tel 0771 2858197
<b>E-mail Address:</b>	lzverko@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	

Contact Officer Details	
<b>Name:</b>	Ian Priestley
<b>Job Title:</b>	Assurance Manager
<b>Tel. No.:</b>	01635 519253
<b>E-mail Address:</b>	ipriestley@westberks.gov.uk

**Implications**

**Policy:** None  
**Financial:** None  
**Personnel:** None  
**Legal:** None  
**Property:** None  
**Risk Management:** None  
**Equalities Impact Assessment:** None

## **Executive Summary**

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### **1. Introduction**

- 1.1 The report outlines the results of the work of Internal Audit over the third quarter of 2008-09.

### **2. Proposals**

- 2.1 Consider results of audits where the opinion is weak or very weak, and note the comments / update provided by the relevant Head of Service
- 2.2 Consider results of follow up audits where progress is felt to be unsatisfactory, and note the comments / update provided by the relevant Head of Service

### **3. Conclusion**

- 3.1 No fundamental weaknesses were identified.

## Executive Report

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### 1. Introduction

1.1 The purpose of this report is to outline the key issues arising from the work of Internal Audit over the third quarter of 2008-09.

1.2 The report highlights the following:

- any reports finalised in the last quarter where the overall opinion was weak or very weak.
- any follow up work with an unsatisfactory opinion.
- any wider audit issues that may affect Internal Audit or the Council
- the current position re resourcing of internal audit and the implications for completion of the annual audit plan.

1.3 A number of appendices are attached and provide more detail. These are

- A listing of audit work that is presently underway (Appendix A)
- A listing of audits completed in the last quarter (ie Final report issued). The overall opinion is given with the number and severity of weaknesses identified. (Appendix B)
- A listing of follow up work that is in progress (Appendix C)
- A listing of follow up work completed in the last quarter, together with an opinion and a note of the number of recommendations that remain outstanding. (Appendix D)
- Where we feel that unsatisfactory progress has been made with implementation of recommendations a copy of the memo to the Head of Service expressing our concerns and the action plan is attached for your information. (Appendix E). (None in this quarter).

**2 Reports where the overall opinion was weak/very weak (completed audits/those where there are problems agreeing the findings).**

2.1 Appendix B notes two audits that are rated as weak. We have set out the concerns we have raised at the time of the audit with the Heads of Service

	<p><b>Legal and Electoral Services - Land Charges</b></p> <p><b>Internal Audit opinion – 22/10/2008</b></p>
	<p>The main areas which require improvement relate to the income collection processes, the need to establish processes for monitoring progress of applications and maintaining the integrity and security of the register.</p> <p>To put our audit opinion into context, the Land Charges Section has had a significant turnover of staff over the last year. The inability to recruit experienced staff has resulted in a much depleted experience/knowledge base within the Section. Also, it has not been possible to recruit to the Land Charges Manager post, and as a result the decision was taken to use an internal Legal resource to cover the vacancy on a part-time basis. However, Legal &amp; Electoral Services has recently re-run the employee attitude survey in conjunction with H.R, and as part of the appraisal arrangements the Interim Land Charges Manager has been tasked with assessing salaries by means of job evaluation within West Berkshire and externally by comparison with other Local Land Charges authorities.</p> <p>The Section intends to implement a new electronic Land Charges system (Total Land Charges System) that should meet a number of the control weaknesses identified in this report. However, we were informed that the project was put on hold due to the lack of staff resources in the Section to be able to facilitate its implementation. At the time of drafting this report we were informed that the project has been re-initiated and it is intended to have the system implemented by the end of 2008.</p>

	<p><b>Head of Service update / comments</b></p> <p><b>Sarah Foster – Acting Head of Legal and Electoral Services 22.1.09</b></p>
	<p>The management of the introduction of TLC (Land Charges database) has been placed elsewhere and there are restructure proposals which will address the weaknesses identified in your report.</p>



	<p><b>Finance Service - Webrisk</b></p> <p><b>Internal Audit opinion – As at 22/12/2008</b></p>
	<p>Webrisk is used across the Council, and users / representatives have been set up so each service area / establishment can report any reportable incidents / accidents as required. However, we found weaknesses in the following areas, there is no formal training programme in place for Webrisk users. There is guidance available, however this is quite high level and are not comprehensive. There are no processes in place to check the accuracy/promptness of data input onto Webrisk which considering the significant number of users (approximately 250) we consider such processes need to be established.</p> <p>Webrisk is predominantly used for reporting Health and Safety incidents and has been set up so it alerts the Health and Safety Team of any serious incident / accident that has been logged. Such incidents are then followed up by the Health and Safety Team. Webrisk is a sophisticated risk management information system, however not all modules are used / fully utilised and there are no processes in place to carry out trend analysis/incident management to assist in future insurance / risk management decision making and be pro-active in reducing risk/costs.</p>

	<p><b>Head of Service update / comments</b></p> <p><b>Head of Finance – Andy Walker 30.01.09</b></p>
	<p>The Webrisk system is a key Corporate System in terms of managing Health and Safety risk. The main issue in terms of responding to the audit conclusions is that the staff support for the system is minimal. The Insurance Assistant manages the system as a small part of her considerable duties. As a consequence of limited resources the system has not been developed to its full potential. Without additional staffing resource the full potential of the system will not be realised. Having said that the system does manage the main risks relating to H&amp;S effectively and it is currently being upgraded to improve RIDDOR reporting.</p> <p>The majority of the issues raised in the audit report are relatively minor issues and all efforts will be made to resolve these in line with the agreed action plan</p>

**3 Follow up work given an unsatisfactory opinion (copies attached)**

3.1 There were no follow up audits that were unsatisfactory in this quarter.

**4 Current issues affecting Internal Audit**

4.1 Schools – Financial Management Standard for Schools update

4.1.1 Work is continuing in reviewing Primary Schools. The process was revised with effect from April 2008. Now an audit is carried out to identify any weaknesses and gaps in procedures at each school. Then assistance from Accountancy (via a

former Secondary Bursar) is provided to implement any required actions. The FMSiS follows once the school and Accountancy are happy that the required actions have been implemented. This process seems to be having a positive impact on schools. However, the resource required to fully audit the schools is proving to be very significant and way beyond the level of risk involved. Further changes to the process are being considered in an effort to reduce the burden of the FMSiS on the Internal Audit section and also on schools.

- 4.1.2 The FMSiS process is highlighting a range of weaknesses in the Governance and Financial arrangements of a high proportion of the Council's primary schools. The additional assistance that has been put in place to support these schools is of critical importance in helping to deliver and maintain improvements in the primary sector. This support is being funded through DSG on a temporary basis until Feb 2010. Given the benefits of the support this support should be put in place permanently.
- 4.1.3 In the case of Secondary Schools, these will be assessed again in the next year and a briefing has been given to the Secondary Heads and a follow up briefing was held in January for Secondary Bursars.

## **5 Staffing issues**

- 5.1 Internal Audit now has one vacancy at Senior Auditor level. This post is responsible for leading the FMSiS work, and as the recruitment panel have refused permission to recruit this is having an impact on the delivery of the FMSiS.
- 5.2 By the end of the third quarter 62% of the audit plan had been completed. With a projection for the year end of 83%.

## **Appendices**

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Appendix A – Current Audits  
Appendix B – Completed Audits  
Appendix C – Current follow ups  
Appendix D – Completed follow ups

## **Consultees**

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**Local Stakeholders:** Not consulted  
**Officers Consulted:** Not consulted  
**Trade Union:** Not consulted

**Internal Audit Quarterly Report – List of work commenced  
3<sup>rd</sup> Quarter 2008/9**

**Appendix A**

<b>Directorate/Service</b>	<b>Audit Title</b>	<b>Current Position of Work</b>	<b>Audit Plan/Year</b>
<b>Chief Executive</b>			
Finance	Fixed Asset Register	Report being drafted	2008/9
Finance	Treasury Management	Report being drafted	2008/9
Human Resources	Recruitment	Draft report issued	2008/9
Benefits and Exchequer	Accounts Payable	Draft report issued	2008/9
Benefits and Exchequer	Accounts Receivable	Report being drafted	2008/9
Benefits and Exchequer	Payroll/Travel expenses	Testing	2008/9
Benefits and Exchequer	NNDR	Report being drafted	2008/9
Human Resources	Absence Management	To recommence in Feb (put on hold earlier in the year as processes were just being established.	2008/9
I.C.T.	I.T. Security	Report being drafted	2008/9
Corporate	National Fraud Initiative	Data matches to be reinvestigated after receipt of the data mid February	2008/9
Benefits & Exchequer/Human Resources	Payroll and Establishment	Draft report issued	2007/8
Property Services	Building Maintenance	Testing	2008/9
Property Services	Commercial Rents	Planning	2008/9

**Internal Audit Quarterly Report – List of work commenced  
3<sup>rd</sup> Quarter 2008/9**

**Appendix A**

**Children & Young People**

Education	Facilities Grant	Draft report issued	2008/9
Education	Home to School Transport	Draft report issued	2008/9
Education	Extended Schools	Planning	2008/9
Children’s Services	Child Protection	Draft report issued	2008/9
Children’s Services	Purchasing Care Residential	Drafting report	2008/9
Children’s Services	Agency Staff	Testing	2008/9
Children’s Services	Foster Care	Planning	2008/9
Children’s Services	Adventure Dolphin	Draft report issued	2008/9

**Community Services**

Community Care and Wellbeing	Assessment of Need/Purchase of Care	TOR issued	2008/9
Older People’s Services	Self Assessment	TOR issued (awaiting response from service’s SMT on content)	2008/9
Cultural Services	Libraries Purchasing	Report being drafted	2008/9
Cultural Services	Shaw House	Background work	2008/9
Housing and Performance	Contract Management/Supporting People	Background work	2008/9

**Internal Audit Quarterly Report – List of work commenced  
3<sup>rd</sup> Quarter 2008/9**

**Appendix A**

<b>Environment</b>			
Highways and Transport	Car Parks	Testing	2007/8
Highways and Transport	Fleet Management	Planning	2008/9

**Internal Audit Quarterly Report – List of work commenced  
3<sup>rd</sup> Quarter 2008/9**

**Appendix A**

**Advisory Reviews/Other Work**

**Advisory Review/Other Work in progress**

Directorate/Service	Audit Title	Current position of work
Housing and Performance	Data Security – providing advice to service on control framework required in order to comply with Data Protection issues	Ongoing

## Internal audit quarterly report - List of completed audits

## Appendix B

(3<sup>rd</sup> Quarter 2008/9)

Directorate/Service	Audit Title	Date finalised	Overall Opinion	Agreed Recommendations (no.s per category of weakness and total)				
				Total	Fundamental	Significant	Moderate	Minor
<b>Chief Executive</b>								
Finance	Contract Letting	24/11/2008	Satisfactory	16			4	12
Finance	General Ledger	31/10/2008	Well Controlled	7			4	3
Finance	Budgetary Control	31/10/2008	Well Controlled	3			1	2
I.C.T.	I.T. Strategy	08/12/2008	Well Controlled	4			2	2
Finance	Webrisk	22/12/2008	Weak	14		1	7	6
Legal Services	Land Charges	22/10/2008	Weak	21		2	4	15
Finance	Central Administration of Imprest Accounts/Petty Cash	30/09/2008	N/A	5 (Not categorised)				

<b>Community Services</b>								
Cultural Services	Archive Service	03/11/2008	N/A Internal Audit acting as 'a critical friend' to the service's own review.	8				

<b>Environment</b>								
Countryside and Environment	Taxi Licensing	31/12/2008	Satisfactory	19		1	5	13

\* Advisory review

**NOTE**

The overall opinion is derived from the number/significance of recommendations together with using professional judgement. The Auditor's judgement takes into account the depth of coverage of the review (which could result in more issues being identified) together with the size/complexity of the system being reviewed.





**Internal Audit Quarterly Report – List of Follow up work commenced  
(3<sup>rd</sup> Quarter 2008/9)**

**Appendix C**

<b>Directorate/Service</b>	<b>Audit title</b>
<b>Chief Executive</b>	
Finance	Treasury Management
Benefits and Exchequer	NNDR
Benefits and Exchequer	Cash Office
<b>Children and Young People</b>	
<b>Community Services</b>	
Housing and Performance	Social Work Fund Administration
Housing and Performance	Four Corners Gypsy Site
<b>Environment</b>	
Planning and Trading Standards	Planning Obligations



**Internal audit quarterly report - List of completed Follow-ups**

**Appendix D**

**(3<sup>rd</sup> Quarter 2008/9)**

Directorate/Service	Audit Title	Date finalised	Overall Opinion of Report	Opinion – Implementation progress	No. of Agreed Recommendations	Recommendations not fully implemented (no.s per category and total)				
						Total	Fundamental	Significant	Moderate	Minor
<b>Chief Executive</b>										
Finance	General Ledger	31/10/08	Well Controlled/Very well controlled	Satisfactory (covering 2005/6 and 2006/7)	9	5			1	4
Finance	MTFS	22/12/08	Well controlled	Satisfactory	6	5			3	2



<b>Title of Report:</b>	<b>Anti Fraud and Corruption Strategy 2009-10</b>	<b>Item 10</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	23 March 2009	

**Purpose of Report:** To outline an Anti Fraud and Corruption Strategy for the coming year 2009-10.

**Recommended Action:** Review the Draft Strategy and consider recommending to the Executive its adoption by the Council.

**Reason for decision to be taken:** To minimise the risk of and incidence of fraud and corruption.

**Key background documentation:**

The proposals contained in this report will help to achieve the above Council Plan Themes and Outcomes by:  
Minimising the incidence of losses to the Council due to fraud and corruption.

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor Laszlo Zverko - Tel 0771 2858197
<b>E-mail Address:</b>	lzverko@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	

Contact Officer Details	
<b>Name:</b>	Ian Priestley
<b>Job Title:</b>	Assurance Manager
<b>Tel. No.:</b>	01635 519253
<b>E-mail Address:</b>	ipriestley@westberks.gov.uk

### **Implications**

**Policy:**

**Financial:**

**Personnel:**

**Legal/Procurement:**

**Property:**

**Risk Management:**

**Equalities Impact Assessment:**

## **Executive Summary**

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### **1. Introduction**

- 1.1 The purpose of this report is to put in place a new overarching Strategy to combat the incidence of fraud and corruption.

### **2. Proposals**

- 2.1 The report proposes a new Strategy that draws on existing policies and procedures and also on the latest best practice.

### **3. Conclusion**

- 3.1 The Strategy contains an action plan setting out a number of issues that need to be addressed over the next 12 months to bring the Council's existing arrangements – which are already very effective – in line with best practice.
- 3.2 The report has been prepared for the Committee to consider and includes a recommendation that the Strategy be signed off, and owned by the Executive.

## Executive Report

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### 1. Introduction

- 1.1 The Council's Anti-fraud and Corruption Strategy forms part of the governance arrangements of the Council. Its purpose is to minimise the risk of fraud occurring. By minimising the losses through fraud it ensures that the scarce resources available are used for the purposes they were intended for i.e. to support the delivery of the Council's objectives as set out in the Council Plan.
- 1.2 The Council maintains high standards of probity and has a good reputation for protecting the public purse. Sound systems of public accountability are vital to effective management and in maintaining public confidence. The Council is committed to protecting the public funds entrusted to it. Although the Council has good policies and procedures they can be ignored, and fraud can happen. The minimisation of losses to fraud and corruption is essential to ensure that resources are used for their intended purpose to provide services to the citizens of West Berkshire.
- 1.3 The public is entitled to expect the Council to conduct its affairs with integrity, honesty and openness, and to demand the highest standards of conduct from those working for it. This Anti-Fraud and Corruption Strategy outlines the Council's commitment to creating an anti-fraud culture, and maintaining high ethical standards in its administration of public funds.
- 1.4 The Strategy is based on best practice set out in the CIPFA Anti Fraud Guide and is designed to sit above a number of related policies and procedures. The Strategy is designed to prevent, detect and deter fraud and to take effective action against any attempted or actual fraudulent act affecting the Council. The Strategy also satisfies the legislative requirements to have effective arrangements for tackling fraud, and conforms with professional guidance laid down in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government.
- 1.5 The Strategy is designed to link with the Council's objectives set out in the Council Plan. The Council has an ambitious programme of objectives that require significant resources to support them. Fraud and Corruption inevitably takes resources away from these objectives. By putting in effective measures to prevent fraud the Council can minimise losses and minimise the cost of investigating cases of fraud and corruption.
- 1.6 The Strategy is designed to sit above a number of existing Council policies and procedures to ensure that these are compatible and work together to minimise the risk of fraud and corruption occurring. These include:
- The Anti Fraud and Corruption Policy
  - The Whistleblowing Policy (Confidential Reporting Code)
  - Anti Money Laundering Policy
  - Staff Code of Conduct

- Disciplinary Code
- Contract and Financial Rules of Procedure
- Recruitment Procedures
- Risk Strategy
- Internal Audit Strategy
- Housing Benefits Anti Fraud Strategy.

1.7 The Strategy sets out an action plan covering:

- targets against which the Council can measure the success of the Anti Fraud and Corruption measures that we are taking.
- training in relation to Fraud and Corruption to relevant staff. The aim of this training is to ensure that staff understand the key procedures that protect the Council from Fraud and Corruption, such as Contract and Financial Rules of Procedure, that they are better equipped to be able to identify actual or potential fraud and corruption and of how to react where they suspect fraud and corruption may be occurring.
- the resourcing of anti fraud work and ensures that the staff charged with conducting anti fraud work have the support they need
- Annual revision of the Strategy and Action Plan

## 2 Recommendation

- 2.1 The Strategy has been brought to the Governance and Audit Committee for review. The Committee are invited to recommend to the Executive the adoption of the Strategy by the Council.

## Appendices

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Appendix A – Draft Anti Fraud and Corruption Strategy 2009-10

Appendix B – Draft Anti Fraud Action Plan 2009-10

## Consultees

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**Local Stakeholders:** Not consulted

**Officers Consulted:** Not consulted

**Trade Union:** Not consulted



**DRAFT**

**West Berkshire Council**

**Anti Fraud and Corruption Strategy**

**March 2009**

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**WEST BERKSHIRE COUNCIL – DRAFT ANTI FRAUD AND CORRUPTION STRATEGY 2009**


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**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 Strategy, however, will not compromise the Council's Equal Opportunities Policy or the requirements of the Human Rights Act 1998.

1.2 This Strategy embodies best practice, as outlined the CIPFA Anti Fraud Guide, and contains 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 six areas as below:-

Culture	Section 2
Prevention	Section 3
Deterrence	Section 4
Detection and Investigation	Section 5
Training	Section 6
Monitoring and Review	Section 7

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 Standards Board for England, HM Revenue and Customs. These bodies are important in highlighting any areas where improvements can be made.

1.4 The Strategy links closely with the Council's strategic objectives set out in the Council Plan. The Council Plan sets out a range of ambitious objectives that need significant resources to deliver them. Losses due to fraud and corruption will inevitably divert resources away from these objectives. Consequently the Council takes a zero tolerance approach to tackling fraud and corruption.

1.5 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

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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 Acts 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 (Whistleblowing), 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
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- 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. The Standards Committee specifically excluded investigation of anonymous complaints against Members.
- 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.
- 2.8 A key aim of this Strategy is to work towards reducing the losses to the Council caused by Fraud and Corruption.

### **3. PREVENTION**

#### **3.1 Policies and Procedures**

- 3.1.1 The Council maintains a range of related policies and procedures that are designed to minimise the risk of Fraud and Corruption occurring. This Strategy is designed to ensure that all of these policies and procedures are compatible and effective. These include:
- The Whistleblowing Policy (Confidential Reporting Code)
  - Anti Money Laundering Policy
  - Staff Code of Conduct
  - Disciplinary Code
  - Contract and Financial Rules of Procedure
  - Recruitment Procedures
  - Risk Strategy
  - Internal Audit Strategy
  - Housing Benefits Anti Fraud Strategy.

#### **ELECTED MEMBERS**

#### **3.2 The Role of Elected Members**

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- 3.2.1 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.
- 3.2.2 This is done through the Anti-Fraud and Corruption Strategy, compliance with the adopted Code of Conduct for Members, the Council's Constitution, including Financial and Contract Rules of Procedure, and relevant legislation.
- 3.2.3 Elected Members sign and confirm 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 and assists in their application of the Code when they are acting as Members of the Council.
- 3.2.4 The Executive will own the Anti Fraud and Corruption Strategy and ensure that it is refreshed annually.
- 3.2.5 The Governance and Audit Committee will monitor and review the implementation of the Strategy.
- 3.2.6 The Standards Committee is responsible for enforcing and dealing with complaints against Councillors insofar as they relate to breaches of the Code of Conduct.

**EMPLOYEES****3.3 The Role of the s151 officer**

- 3.3.1 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”.*
- 3.3.2 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 it's 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 it's dealings; and
  - The recognition of the fiduciary responsibility owed to local tax payers.
- 3.3.3 Under these statutory responsibilities the Head of Finance contributes to the anti-fraud and corruption framework of the Council.
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**3.4 The Role of Managers**

- 3.4.1 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 within the Constitution through the induction process.
- 3.4.2 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.
- 3.4.3 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 cash management system. Managers must ensure that relevant training is provided for all employees.
- 3.4.4 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.

**3.5 Responsibilities of Employees**

- 3.5.1 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.
- 3.5.2 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.
- 3.5.3 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.
- 3.5.4 Concerns must be raised, in the first instance, directly with the Line Manager/Head teacher or if necessary, anonymously (letter, telephone) and via other routes, by the Council's Confidential Reporting Code (Whistleblowing) , eg: -
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- 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

**3.6 Conflicts of Interest**

3.6.1 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.

**3.7 Official Guidance**

3.7.1 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.

**3.8 Role of Internal Audit**

3.8.1 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

3.8.2 Internal Audit will normally take the lead in investigating any non Housing Benefit cases of fraud and corruption. The Internal Audit Strategy sets out a

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proactive approach to reducing the risk of Fraud and Corruption. The Assurance Manager acts as the “Head of Internal Audit” and has access to the necessary records and staff to be able to deal with any investigations.

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

### **3.9 The Role of the Benefits Investigation Team**

3.9.1 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.

### **3.10 The Role of the External Auditor**

3.10.1 Independent external audit is an essential safeguard of the stewardship of public money. This is currently carried out by the KPMG 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.

3.10.2 Where External Audit is required to undertake an investigation they will operate within legislation and their codes of conduct.

### **3.11 Co-operation with Others**

3.11.1 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
- Department of Work and Pensions
- Government Departments
- National Anti-Fraud Network

### **3.12 The Role of the Public**

3.12.1 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.

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**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 Benefits & Exchequer 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 Standards Committee which may in serious cases refer the matter to the Standards Board for England which has more extensive sanctions. 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.
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**5 DETECTION AND INVESTIGATION**

- 5.1 Internal Audit plays an important role in the detection of fraud and corruption. Included in their audit 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 (Whistleblowing) 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 or their 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 Standards Committee for initial assessment 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 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
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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 MONITORING THE STRATEGY**

- 7.1 The Council needs to set targets so that the success of the strategy can be monitored. Best practice suggests that the Council should be able to make accurate assessments of the losses being suffered by the Council. This will allow informed decisions to be made about the level of resources that should be invested in anti fraud measures.
- 7.2 The Strategy will be refreshed annually. The success of the Strategy will be monitored by the Governance and Audit Committee.

## **8. CONCLUSION**

- 8.1 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.
  - 8.2 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.
  - 8.3 The Council will maintain a continuous review of all these systems and procedures through Internal Audit.
  - 8.4 This policy statement will be reviewed on a regular basis, with a maximum of two years between each review.
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**Draft Anti Fraud and Corruption Strategy – Action Plan**

**Appendix B**

	Recommendation	Lead	Support	Deadline for delivery
	<b>Governance</b>			
1	The Executive should own the Strategy in conjunction with the Corporate Board, and ensure that it is updated annually	Leader of the Council	Chief Executive	March 2010
2	The Governance and Audit Committee will review the implementation and success of the Strategy	Chair of G&A	Assurance Manager	June 2010
	<b>Measuring F&amp;C</b>			
3	The Council will develop data to allow accurate estimates of the level of fraud and corruption	Head of Benefits and Exchequer & Head of Finance	Senior Investigations Officer Assurance Manager	March 2010
4	The Council will maintain data on the levels of fraud detected to enable informed decisions about the levels of investment needed to counter fraud	Head of Benefits and Exchequer & Head of Finance	Senior Investigations Officer Assurance Manager	March 2010
	<b>Training and Awareness</b>			
5	The Council will publicise annually measures taken to deal with Fraud and Corruption	Head of Finance	Assurance Manager	March 2010
6	The Council will provide training to all Senior Managers in relation to key policies eg Financial Rules of Procedure Contract Rules of Procedure General Fraud awareness	Head of Finance	Contracts Manager Assurance Manager	March 2010
7	The Council will review its arrangements for publicising the results of fraud and corruption work. Including levels of recovery and prosecution	Head of Benefits and Exchequer	Senior Investigations Manager	March 2010