



Meeting Agenda

**Audit Committee
Kirkham Council Chamber
Thursday 28 February 2008, 7:00 pm**

**The doors to the Town Hall will be open to the public at
6:40pm**

AUDIT COMMITTEE

MEMBERSHIP

CHAIRMAN - Councillor John Singleton
VICE-CHAIRMAN – Councillor Keith Hyde

Councillors

John Coombes	Simon Renwick
Paul Rigby	Kathleen Harper
Paul Hayhurst	Elizabeth Oades
Louis Rigby	

Contact: Tracy Scholes, St. Annes (01253) 658521, Email:
tracys@fylde.gov.uk



CORPORATE OBJECTIVES

The Council's investment and activities are focused on achieving our five key objectives which aim to :

- Conserve, protect and enhance the quality of the Fylde natural and built environment
- Work with partners to help maintain safe communities in which individuals and businesses can thrive
- Stimulate strong economic prosperity and regeneration within a diverse and vibrant economic environment
- Improve access to good quality local housing and promote the health and wellbeing and equality of opportunity of all people in the Borough
- Ensure we are an efficient and effective council.

CORE VALUES

In striving to achieve these objectives we have adopted a number of key values which underpin everything we do :

- Provide equal access to services whether you live in town, village or countryside,
- Provide effective leadership for the community,
- Value our staff and create a 'can do' culture,
- Work effectively through partnerships,
- Strive to achieve 'more with less'.



A G E N D A

PART I - MATTERS DELEGATED TO COMMITTEE

ITEM	PAGE
1. DECLARATIONS OF INTEREST: <i>If a member requires advice on Declarations of Interest he/she is advised to contact the Legal Services Executive Manager in advance of the meeting. (For the assistance of Members an extract from the Councils Code of Conduct is attached).</i>	4
2. CONFIRMATION OF MINUTES: <i>To confirm as a correct record the minutes of the Audit Committee held on 10 January 2008. As attached at the end of the agenda.</i>	4
3. SUBSTITUTE MEMBERS: <i>Details of any substitute members notified in accordance with council procedure rule 25.3</i>	4
4. BEST VALUE PERFORMANCE PLAN: STATUTORY AUDIT REPORT 2007/08	7 – 9
5. CODE OF CORPORATE GOVERNANCE	10 – 13
6. FOLLOW UP REPORTS	14 – 17
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Personal interests

8.—(1) You have a personal interest in any business of your authority where either—

(a) it relates to or is likely to affect—

- (i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) any body—
 - (aa) exercising functions of a public nature;
 - (bb) directed to charitable purposes; or
 - (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union),

of which you are a member or in a position of general control or management;

- (i) any employment or business carried on by you;
 - (ii) any person or body who employs or has appointed you;
 - (iii) any person or body, other than a relevant authority, who has made a payment to you in respect of your election or any expenses incurred by you in carrying out your duties;
 - (iv) any person or body who has a place of business or land in your authority's area, and in whom you have a beneficial interest in a class of securities of that person or body that exceeds the nominal value of £25,000 or one hundredth of the total issued share capital (whichever is the lower);
 - (v) any contract for goods, services or works made between your authority and you or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi);
 - (vi) the interests of any person from whom you have received a gift or hospitality with an estimated value of at least £25;
 - (vii) any land in your authority's area in which you have a beneficial interest;
 - (viii) any land where the landlord is your authority and you are, or a firm in which you are a partner, a company of which you are a remunerated director, or a person or body of the description specified in paragraph (vi) is, the tenant;
 - (xi) any land in the authority's area for which you have a licence (alone or jointly with others) to occupy for 28 days or longer; or
- (b) a decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision;

(2) In sub-paragraph (1)(b), a relevant person is—

- (a) a member of your family or any person with whom you have a close association; or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph (1)(a)(i) or (ii).

Disclosure of personal interests

- 9.—(1)** Subject to sub-paragraphs (2) to (7), where you have a personal interest in any business of your authority and you attend a meeting of your authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest at the commencement of that consideration, or when the interest becomes apparent.
- (2) Where you have a personal interest in any business of your authority which relates to or is likely to affect a person described in paragraph 8(1)(a)(i) or 8(1)(a)(ii)(aa), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
- (3) Where you have a personal interest in any business of the authority of the type mentioned in paragraph 8(1)(a)(viii), you need not disclose the nature or existence of that interest to the meeting if the interest was registered more than three years before the date of the meeting.
- (4) Sub-paragraph (1) only applies where you are aware or ought reasonably to be aware of the existence of the personal interest.

- (5) Where you have a personal interest but, by virtue of paragraph 14, sensitive information relating to it is not registered in your authority's register of members' interests, you must indicate to the meeting that you have a personal interest, but need not disclose the sensitive information to the meeting.
- (6) Subject to paragraph 12(1)(b), where you have a personal interest in any business of your authority and you have made an executive decision in relation to that business, you must ensure that any written statement of that decision records the existence and nature of that interest.
- (7) In this paragraph, "executive decision" is to be construed in accordance with any regulations made by the Secretary of State under section 22 of the Local Government Act 2000(d).

Prejudicial interest generally

- 10.—**(1) Subject to sub-paragraph (2), where you have a personal interest in any business of your authority you also have a prejudicial interest in that business where the interest is one which a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest.
- (2) You do not have a prejudicial interest in any business of the authority where that business—
- (a) does not affect your financial position or the financial position of a person or body described in paragraph 8;
 - (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body described in paragraph 8; or
 - (c) relates to the functions of your authority in respect of—
 - (i) housing, where you are a tenant of your authority provided that those functions do not relate particularly to your tenancy or lease;
 - (ii) school meals or school transport and travelling expenses, where you are a parent or guardian of a child in full time education, or are a parent governor of a school, unless it relates particularly to the school which the child attends;
 - (iii) statutory sick pay under Part XI of the Social Security Contributions and Benefits Act 1992, where you are in receipt of, or are entitled to the receipt of, such pay;
 - (iv) an allowance, payment or indemnity given to members;
 - (v) any ceremonial honour given to members; and
 - (vi) setting council tax or a precept under the Local Government Finance Act 1992.

Prejudicial interests arising in relation to overview and scrutiny committees

- 11.—** You also have a prejudicial interest in any business before an overview and scrutiny committee of your authority (or of a sub-committee of such a committee) where—
- (a) that business relates to a decision made (whether implemented or not) or action taken by your authority's executive or another of your authority's committees, sub-committees, joint committees or joint sub-committees; and
 - (b) at the time the decision was made or action was taken, you were a member of the executive, committee, sub-committee, joint committee or joint sub-committee mentioned in paragraph (a) and you were present when that decision was made or action was taken.

Effect of prejudicial interests on participation

- 12.—**(1) Subject to sub-paragraph (2), where you have a prejudicial interest in any business of your authority—
- (a) you must withdraw from the room or chamber where a meeting considering the business is being held—
 - (i) in a case where sub-paragraph (2) applies, immediately after making representations, answering questions or giving evidence;
 - (ii) in any other case, whenever it becomes apparent that the business is being considered at that meeting;
 unless you have obtained a dispensation from your authority's standards committee;
 - (b) you must not exercise executive functions in relation to that business; and
 - (c) you must not seek improperly to influence a decision about that business.
- (2) Where you have a prejudicial interest in any business of your authority, you may attend a meeting (including a meeting of the overview and scrutiny committee of your authority or of a sub-committee of such a committee) but only for the purpose of making representations, answering questions or giving evidence relating to the business, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

REPORT



REPORT OF	MEETING	DATE	ITEM NO
FINANCE	AUDIT COMMITTEE	28/02/08	4

BEST VALUE PERFORMANCE PLAN STATUTORY AUDIT REPORT 2007/08

Public Item

This item is for consideration in the public part of the meeting.

Summary

The Council's external auditors are required to carry an audit of the BVPP to determine if the plan has been prepared and published in accordance with statutory requirements. This report presents their formal opinion.

Recommendation

1. The Committee receives the Statutory Audit Report on the Council's Best Value Performance Plan 2007/08.

Cabinet Portfolio

The item falls within the following Cabinet portfolio:
Finance & Efficiency (Councillor Paul Rigby)

Report

1. Under the Local Government Act 1999 the Council is obliged to prepare and publish an annual BVPP setting out the Council's assessment of its performance and showing how the objective of achieving continuous improvement has been addressed.
2. The precise form and content of the plan is set out in the Act and the Council's external auditors are required to perform an annual audit to assess whether the plan meets the statutory requirements. Where appropriate the auditors' report may contain recommendations for amending the plan to comply with legislation.

3. The Council has received an unqualified statutory audit report on the Best Value Performance Plan for 2007/08. The auditors' formal opinion is attached as an Appendix. It confirms that the BVPP has been prepared in accordance with the Local Government Act 1999 and the statutory guidance issued by the government.
4. The requirement for all English authorities to produce BVPPs will be removed with effect from 1 April 2008. Therefore the last BVPP required was the one published by the Council in June 2007.

IMPLICATIONS	
Finance	
Legal	
Community Safety	
Human Rights and Equalities	
Sustainability	
Health & Safety and Risk Management	

Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658413	18 January 2008	

List of Background Papers		
Name of document	Date	Where available for inspection
Corporate Performance Plan 2007/08	June 2007	Council office or website

Attached documents

1. Best Value Performance Plan 2007/08 – Statutory Audit Report.

Best Value Performance Plan 2007/08

Auditor's Report to Fylde Borough Council on its Best Value Performance Plan for the Financial Year 2007/08

Certificate

We certify that we have audited the Fylde Borough Council Best Value Performance Plan (BVPP) in accordance with section 7 of the Local Government Act 1999 ('the Act') and the Audit Commission's Code of Audit Practice ('the Code').

This report is made solely to the Council, in accordance with Section 7 of the Act. A copy of this report will be sent to the Audit Commission under section 7(5)(b) of the Act in relation to our recommendation to the Audit Commission under section 7(4)(e). A copy of this report will be sent to the Secretary of State under section 7(5)(c) of the Act if we include a recommendation under section 7(4)(f) that the Secretary of State should give a direction under section 15 of the Act.

Our audit work has been undertaken so that we might state to the Council, to the Audit Commission and (where necessary) to the Secretary of State those matters we are required to state to them in such an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than (i) the Council, for our audit work, for this report, or for the opinion we have formed, (ii) the Audit Commission, for our recommendation under section 7(4)(e) and (iii) the Secretary of State, for our recommendation (if positive) under section 7(4)(f) of the Act.

Respective Responsibilities of the Council and the Auditor

Under the Local Government Act 1999 (the Act) the Council is required to prepare and publish a BVPP summarising the Council's assessments of its performance and position in relation to its statutory duty to make arrangements to secure continuous improvement to the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council is responsible for the preparation of the plan and for the information and assessments set out within it. The Council is also responsible for establishing appropriate performance management and internal control systems from which the information and assessments in its plan are derived. The form and content of the best value performance plan are prescribed in section 6 of the Act and statutory guidance issued by the Government.

As the Council's auditor, we are required under section 7 of the Act to carry out an audit of the BVPP, to certify that we have done so, and:

to report whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Act and statutory guidance and, where appropriate, recommending how the plan should be amended so as to accord with statutory requirements;

to recommend:

where appropriate, procedures to be followed in relation to the plan;

whether the Audit Commission should carry out a best value inspection of the Council/Council under section 10 of the Local Government Act 1999;

whether the Secretary of State should give a direction under section 15 of the Local Government Act 1999.

Opinion

Basis of this opinion

For the purpose of forming our opinion whether the plan was prepared and published in accordance with the legislation and with regard to statutory guidance, we conducted our audit in accordance with the Code. In carrying out our audit work, we also had regard to supplementary guidance issued by the Audit Commission.

We planned and performed our work so as to obtain all the information and explanations, which we considered necessary in order to provide an opinion on whether the plan has been prepared and published in accordance with statutory requirements.

In giving our opinion we are not required to form a view on the completeness or accuracy of the information or the realism and achievability of the assessments published by the Council. Our work therefore comprised a review and assessment of the plan and, where appropriate, examination on a test basis of relevant evidence, sufficient to satisfy ourselves that the plan includes those matters prescribed in legislation and statutory guidance and that the arrangements for publishing the plan complied with the requirements of the legislation and statutory guidance.

Unqualified opinion

In our opinion, Fylde Borough Council has prepared and published its BVPP in all significant respects in accordance with section 6 of the Local Government Act 1999 and statutory guidance issued by the Government.

KPMG LLP

Chartered Accountants

Manchester

10 December 2007



REPORT



REPORT OF	MEETING	DATE	ITEM NO
LEGAL SERVICES	AUDIT COMMITTEE	28/02/08	5

CODE OF CORPORATE GOVERNANCE

Public Item

This item is for consideration in the public part of the meeting.

Summary

To explain the new requirement upon councils to develop and maintain a Local Code of Corporate Governance and publish an Annual Governance Statement.

Recommendation

1. That the Committee notes the requirement to develop and maintain a Local Code of Corporate Governance and approves the framework for the production of the Annual Governance Statement.

Cabinet Portfolio

The item falls within the following Cabinet portfolio:
Democracy & Governance (Councillor Sue Fazackerley)

Report

Background

1. A sound system of corporate governance not only underpins the achievement of all the Council's strategic objectives but is also key to ensuring that the Council is performing effectively, as it forms a significant element of the Comprehensive Performance Assessment (CPA) and Use of Resources assessment regimes.
2. The requirement to produce a separate Statement on Internal Control and an annual review of the Code of Corporate Governance (which was originally approved in 2003) has been updated

and there is now a statutory requirement to produce an Annual Governance Statement. SOLACE and CIPFA have updated their previous guidance and requirements for what should be included within the Code of Corporate Governance.

3. Their document entitled "Delivering Good Governance in Local Government" provides a Framework and Guidance under which councils are urged to:

- ♦ develop and maintain an up-to-date local code of governance consistent with the core principles set out in the Framework, including arrangements for ensuring its ongoing application and effectiveness;
- ♦ prepare a governance statement in order to report publicly on the extent to which the Council complies with its own code on an annual basis including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- ♦ review its existing governance arrangements against this Framework.

The Local Code - A Summary

4. The new CIPFA SOLACE Framework identifies the following 6 core principles that underpin a council's system of governance:

1. Focussing on the purpose of the authority and on outcomes for the community, including citizens and service users, and creating and implementing a vision for the local area
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of members and officers to be effective
6. Engaging with local people and other stakeholders to ensure robust local public accountability.

5. Corporate governance is therefore the product of a range of interlocking systems and processes through which an organisation manages and directs itself to determine and deliver its objectives. Although as the phrase implies this includes issues of probity, ethics and personal conduct the impact is much wider. The above principles demonstrate that governance is primarily about having effective performance management, risk management and internal control systems in place.

Annual Governance Statement

6. CIPFA SOLACE requires the Council to:

- ♦ consider the extent to which it complies with the above 6 core principles and requirements of good governance set out in the Framework;
- ♦ identify systems, processes and documentation that provide evidence of compliance;

- ♦ identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified;
 - ♦ identify the issues that have not been addressed adequately in the authority and consider how they should be addressed;
 - ♦ identify the individuals who would be responsible for undertaking the actions required and plan accordingly.
7. Under each core principle, CIPFA SOLACE identifies a series of sub-principles, which in total provide a 63-point checklist. Each year the Council is required to carry out a self-assessment against this checklist.
 8. The results of the self-assessment, including any significant non-compliance issues will be published in the Annual Governance Statement alongside the annual accounts.

Corporate Governance Group

9. A Corporate Governance Group comprising of key senior officers has been established to oversee the writing of the local Fylde Code. The Group will also take responsibility for the annual assurance process by conducting the detailed annual self-assessment against the CIPFA SOLACE checklist. In addition, the group will require Executive Managers to provide assurance statements relevant to their own areas of responsibility as part of the process.
10. The existence of this group will not affect the ultimate responsibility of the Leader and Chief Executive to sign off the annual governance statement, or the responsibility of the Audit Committee to receive it. But by ensuring that an identifiable group is leading on it, corporate governance is more effectively mainstreamed within the organisation. The membership of the group is the Chief Executive, the Monitoring Officer, Section 151 Officer and the Democratic Services Executive Manager.
11. It is envisaged that the draft local Code of Corporate Governance will be brought to the next meeting of the Audit Committee for approval.

Monitoring & Review

12. The Corporate Governance Group will review the draft Annual Governance Statement prior to signature by the Leader and Chief Executive.
13. The Audit Committee will review and approve the draft Statement prior to publication but even more importantly will retain responsibility for reviewing the adequacy and effectiveness of the Council's overall governance arrangements.

IMPLICATIONS	
Finance	The annual governance statement which forms part of the statutory accounts will be based on the code of corporate governance which will be adopted by council in due course
Legal	
Community Safety	
Human Rights and Equalities	

Sustainability	
Health & Safety and Risk Management	

Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658	Date of report	February 2008

List of Background Papers		
Name of document	Date	Where available for inspection
Delivering Good Governance in Local Government – Guidance	2007	Legal Services Business Unit
Delivering Good Governance in Local Government - Framework	2007	

REPORT



REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT COMMITTEE	28/02/08	6

FOLLOW UP REPORTS

Public Item

This item is for consideration in the public part of the meeting.

Summary

At previous meetings of the committee the Head of Internal Audit has reported on outstanding actions from follow up reviews carried out in 2006/07 and during the first half of 2007/08. This report sets out the current position.

Recommendations

1. That the Committee notes the situation with regard to follow up reviews completed in 2006/07, and further notes that the few remaining issues will either be picked up by current reviews or will become obsolete.
2. That the Committee notes the latest position with regard to follow up reviews completed to date during 2007/08 and seeks a further update in due course.

Cabinet Portfolio

The item falls within the following Cabinet portfolio:
Finance & Efficiency (Councillor Paul Rigby)

Report

Background

1. Internal Audit carries out follow-up reviews to appraise management of post audit actions and to provide assurance that agreed audit recommendations have been implemented.

2006/07 Follow Ups

2. The Internal Audit Annual Report for 2006/07 noted that the overall implementation rate had declined from 72% in 2005/06 to 63%. At its meeting in June 2007 the Audit Committee requested the Head of Internal Audit to remind managers of the outstanding high and medium priority recommendations they had agreed to implement and to provide a further report outlining the number of such recommendations still not in place. This is the third such update.
3. At the January meeting of the Committee there were six high and medium recommendations not implemented – Payroll (1High, 1Medium); Treasury Management (1 High, 2 Medium); Cash Collection (1 Medium).
4. The medium priority payroll issue has been completed, while the Cash Collection recommendation has been superseded by a more recent audit report. The issue in relation to a lack of periodic managerial checks is now reflected as in the 2007/08 Cash Collection Action Plan for with an implementation date of May 2008.
5. The high priority recommendation not addressed in relation to Treasury Management relates to inadequate internal control in the execution of investments. It has been agreed that all outstanding issues within the Treasury Management Action Plan will be addressed during the period of the current Service Level Agreement with Preston CC, which concludes at the end of March 2008.
6. In addition, the audit of Treasury Management for 2007/08 is about to commence and all the issues not addressed will be picked up during the review. Early implementation dates will be sought in every case.
7. In the case of Payroll, the remaining high priority recommendation not implemented concerns the lack of supervisory checks on payments to employees paid through the Wyre BC payroll. Gradually all staff formerly paid by Wyre are transferring to the Blackpool payroll. This process is scheduled to be completed by 31 March when this issue will no longer apply.
8. The overall annual rate of implementation for 2006/07 follow ups now stands at 77% compared to the original figure of 63%. The rate of implementation for high and medium recommendations has now increased from 64% to 91%. In both cases these are the highest levels achieved since this figure was first monitored.

2007/08 Follow Ups

9. The Table below shows the total number of agreed recommendations, high, medium and low, that were implemented by managers for reviews followed up so far in 2007/08.

Follow Up Reviews 2007/08 - Agreed Recommendations Implemented

Audit Area	R e c o m m e n d a t i o n s		
	Total Agreed	Number Implemented	% Implemented
Purchasing Cards	9	3	33%
Petty Cash & Floats	8	8	100%
BVPI Outturn Audit	11	11	100%
Annual Leave	5	5	100%
Business Rates	7	6	86%
Council Tax	7	6	86%
Housing Grants	16	16	100%
Recruitment	16	16	100%
Payroll 06/07	16	14	88%

IT Audit (Pericles System)	13	6	46%
Licensing 06/07	10	9	90%
Office Security	11	10	91%
Total	129	110	85%

10. An undertaking has now been received that the six recommendations not implemented for Purchasing Cards will be actioned by the end of the end of March 2008. The main issues outstanding relate to the development of revised procedures, a reassessment of both transaction and monthly spending limits, and the requirement for each cardholder to acknowledge receipt of their card.
11. In the case of Business Rates and Council Tax, the recommendation not implemented is the same for both systems. It concerns the reinstatement of monthly reconciliations between CTax/NNDR and main accounting. This process was scheduled to recommence by the end of January 2008 but this has not yet been achieved. However, these reconciliations are currently being worked on and a balance is expected by the end of February. It is the intention to maintain monthly reconciliations thereafter.
12. There are two issues outstanding in relation to the Payroll audit followed up in 2007/08. The first concerns the level of management checks performed, but this action needs to be redefined now that HR staff have moved to Blackpool as they no longer have a payroll function.
13. The second Payroll recommendation not implemented relates to the lack of performance targets in the delivery of the service. The recently agreed Payroll SLA with Blackpool Council indicates that performance targets will be set and monitored at the 6 monthly meeting between lead officers of the agreement. This process will commence from April 2008.
14. There are seven issues not addressed in relation to the IT Audit of the Pericles software system for revenues and housing benefits housed at Blackpool Council. The concerns focus on the SLA with Blackpool Council and relate to security procedures, lack of performance measures, over generous response times for dealing with problems, ill-defined responsibility for security and the absence of precise details of the backup and recovery arrangements. These recommendations have recently been passed to the Finance Team from Preston as part of the interim financial management arrangements.
15. Assurances have been received that the outstanding matter for Licensing will be implemented shortly. The recommendation in relation to Office Security requires an amendment to the Computer Security Policy, which will be undertaken at the next policy review.

IMPLICATIONS	
Finance	
Legal	
Community Safety	
Human Rights and Equalities	
Sustainability	
Health & Safety and Risk	

Management	
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Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658413	Date of report	February 2008

List of Background Papers		
Name of document	Date	Where available for inspection
Schedule of Outstanding Actions	Latest update	All background papers or copies can be obtained from Savile Sykes – Head of Internal Audit on 01253 658413 or e-mail saviles@fylde.gov.uk

REPORT



REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT COMMITTEE	28/02/08	7

STATEMENT ON INTERNAL CONTROL 2007/08

Public/Exempt item

This item is for consideration in the public part of the meeting.

Summary

The Audit Committee is charged with adopting the SIC and monitoring the progress in fulfilling the action plan. (This obligation will be replaced from 2008/09 with the arrangements for an Annual Governance Statement).

Recommendation/s

It is recommended that:

1. The Committee notes the latest position with regard to each of the issues currently included on the Statement on Internal Control 2007/08.

Executive Portfolio

The item falls within the following executive portfolio[s]:
Democracy & Governance ([Councillor](#) Sue Fazackerley)

Report

Background

1. The Statement on Internal Control (SIC) for the year ended 31 March 2008, together with its associated Action Plan, was adopted by the Committee at its meeting on 29 June 2007. The responsibility for keeping the SIC Action Plan under review falls to the Audit Committee.

Action Plan 2007/08

2. This first interim report reveals the progress made so far in implementing the various actions to achieve improved internal control during 2007/08 and indicates areas where agreed actions have yet to be completed.
3. The 2007/08 Action Plan included 15 actions to secure improved internal control and governance. The present position as advised by responsible managers is as follows:
 - Six actions have been completed in full – numbers 1, 3, 4, 8, 11, 12.

Of the remaining nine actions:

- Eight actions have seen progress being made towards the agreed action - numbers 2, 5, 6, 7, 9, 10, 13, 15.
 - Three of these actions have revised target dates – numbers 2, 5, 6.
 - Two of these actions require revised target dates – numbers 7, 15.
 - One action needs a fresh approach to achieve the required outcome – number 9.
 - One action has seen progress but relies on the completion of another – number 10.
 - One action has been substantially achieved but no further work is envisaged – number 13.
 - One action has not yet commenced but has a revised target date – number 14.
4. Progress monitoring will continue and a follow up of the all the actions included in the plan will be undertaken once the final implementation date has passed. If necessary, a further report will be prepared highlighting non-completion.
 5. The Action Plan for 2007/08 is attached as an Appendix showing the responsible officers, up-to-date target dates for completion and the current status.

<u>Implications</u>	
Finance	
Legal	
Community Safety	
Human Rights & Equalities	
Sustainability	
Health & Safety and Risk Management	

Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658413	Date of report	February 2008

List of Background Papers		
Name of document	Date	Where available for inspection
Meeting the requirements of the Accounts & Audit Regulations 2003	April 2004	All background papers or documents can be obtained from Savile Sykes – Head of Internal Audit on 01253 658413 or e-mail saviles@fylde.gov.uk

Appendix 1:
INTERNAL CONTROL & CORPORATE GOVERNANCE
ACTION PLAN 2007 - 2008

Ref	Action	Source of Assurance	Responsible Officer	Target Completion Date	Status
1	Objectives reflected in business unit service plans are not: <ul style="list-style-type: none"> communicated to staff and to all stakeholders in the most effective manner clearly matched with associated budgets 	Make all business unit service plans available on the Council's intranet and website	All Executive Managers	July 07	Completed and on intranet
		Develop a clear linkage between the budget process and the service planning process within the Service Planning methodology	Allan Oldfield	July 07	Completed as part of the review of the Service Planning template in October 2007
2	The present Code of Corporate Governance does not accurately reflect current implementation practice and organisational responsibilities	Update the Council's Code of Corporate Governance and publish it on the website	Ian Curtis	<i>August 07</i> April 08 (Revised Date)	New framework and guidance issued to all councils for the development of Code of Corporate Governance. Officer Group in place to oversee writing of the new code.
3	The Performance Management framework does not reflect the revised corporate priorities and organisational responsibilities	Update the Performance Management framework to reflect the Council's revised corporate priorities and responsibilities	Allan Oldfield	August 07	Completed and reviewed objectives / priorities put before Cabinet.
4	Executive Managers' generic job descriptions do not reflect the following management responsibilities: <ul style="list-style-type: none"> Risk Management Internal Control 	Amend the Executive Manager's generic job description to include the following management responsibilities: <ul style="list-style-type: none"> Risk Management Internal Control 	Allan Oldfield	September 07	Completed June 07
5	A regular reconciliation of the cash balance on the general ledger account to the Council's bank account was not maintained throughout the financial year	Maintain a regular reconciliation of the cash balance on the general ledger account to the Council's bank account throughout the financial year	<i>Brian White</i> Bernard Hayes	<i>September 07</i> March 08 (Revised Date)	The cash to bank reconciliation will be completed by March with a new procedure in place. It will be regularly maintained on at least a monthly basis thereafter.

Appendix 1:
INTERNAL CONTROL & CORPORATE GOVERNANCE
ACTION PLAN 2007 - 2008

Ref	Action	Source of Assurance	Responsible Officer	Target Completion Date	Status
6	Procedure notes and manuals for key systems are not routinely reviewed and updated to reflect prevailing practice and controls	Embed the process of updating and maintaining procedure notes and manuals for key systems to incorporate details of prevailing practice and internal controls	Brian White Bernard Hayes	January 08 June 08 (Revised Date)	Progress in updating financial system procedure notes in all areas except treasury management, which is currently under way in conjunction with Preston CC
			Clare Platt	January 08	Housing Grants procedure notes developed
			Allan Oldfield		HR and Payroll included as part of SLA agreements
7	Fully developed workforce and succession plans are not in place	Develop workforce and succession plans for key service areas	Allan Oldfield	March 08	Included as part of HR SLA and will be in the Development Plan for 2008/09
8	A comprehensive disaster recovery plan for IT is not in place	Develop a comprehensive disaster recovery plan for IT	Allan Oldfield	March 08	Completed with joint system back ups to Wyre, Blackpool and LCC
9	Arrangements for the central recording of complaints as agreed by members are in development	Establish and maintain a central record of complaints across the authority, to include evidence of corrective action taken in response to such complaints	Paul Norris	April 07	A central record has been set up but it has not proved possible to establish comprehensive data collection for technical reasons
10	Report to members on a regular basis with a summary of complaints received and addressed, including an analysis of the outcomes	Report to members on a regular basis with a summary of complaints received and addressed, including an analysis of the outcomes	Paul Norris	July 07	There have been two reports to members summarising details of complaints recorded and a further report is planned; but as reported to scrutiny these cannot be guaranteed as comprehensive

Appendix 1:
INTERNAL CONTROL & CORPORATE GOVERNANCE
ACTION PLAN 2007 - 2008

Ref	Action	Source of Assurance	Responsible Officer	Target Completion Date	Status
11	Arrangements whereby line managers undertake regular health & safety audits throughout the Council to identify and address potential problems have not yet commenced	Ensure arrangements are put into effect for regular health & safety audits throughout the Council to identify and address potential problems	Tracy Scholes	March 08	Rolling programme of auditing of health and safety risk assessments being undertaken by Blackpool Council in conjunction with Fylde managers
12	Service Level Agreements or contracts with external providers for managing the Council Tax, Business Rates, Housing Benefits and Payroll IT systems have not been agreed	Ensure Service Level Agreements or specific contractual commitments are in place for all services currently provided externally and in future for any subsequently outsourced services	Brian White Allan Oldfield	September 07	Completed. New SLAs in place
13	The need for ethics training for members and staff has not been fully addressed by current arrangements	Provide ethics training for both members and staff	Ian Curtis	December 07	Ethics training events for members provided and guidance for staff via intranet and website
14	Short term cash investments were placed with limited supervisory checks to monitor the validity of the decision and authorise the investment	Develop procedures to ensure sufficient segregation of duties and supervisory checks in relation to short term cash investments	<i>Brian White</i> Bernard Hayes	<i>September 07</i> March 08 (Revised Date)	This issue will be resolved during the period of the current SLA with Preston CC
15	Operational difficulties within the accountancy service resulted in: <ul style="list-style-type: none"> ♦ inability to meet the statutory timetable for closure of the accounts ♦ lack of audit assurance in relation to the new accounting IT system ♦ irregular provision of financial information to managers 	Ensure resources and arrangements within the accountancy service are appropriate to permit: <ul style="list-style-type: none"> ♦ the closure of the Council's accounts in accordance with the statutory timetable ♦ active collaboration with the audit of the main accounting IT system ♦ production of monthly management accounts 	<i>Brian White</i> Bernard Hayes	September 07	Temporary agreement with Preston City Council in place for management of the accountancy service has resulted in significant improvements. Longer term solution envisaged but not yet formalised.

REPORT



REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT COMMITTEE	28/02/08	8

WHISTLEBLOWING POLICY

Public Item

This item is for consideration in the public part of the meeting.

Summary

Following the resolution of the Audit Committee on 8 January 2008, the purpose of this report is to present to the Committee a consultative draft of the proposed revised Whistleblowing Policy.

Recommendation

1. That the Committee approve and recommend to Full Council the adoption of the revised Whistleblowing Policy set out at Appendix A to this report for further consultation.

Cabinet Portfolio

The item falls within the following Cabinet portfolio:
Democracy & Governance (Councillor Sue Fazackerley)

Report

Purpose of the Report

1. To outline the progress towards the development of a revised Whistleblowing Policy.

2. To present a draft consultation version of such a Policy, which has been prepared in accordance with the prevailing guidance and good practice.
3. To ask members to note the contents of the draft Policy and approve them for further consultation.

Background

4. The Public Interest Disclosure Act 1998 (PIDA) provides statutory protection for whistleblowers who raised concerns about malpractice in the workplace as long as they do so in good faith and otherwise comply with the requirements of PIDA.
5. In response to this legislation the Council has had a Whistleblowing Policy in place since 1999. The current Whistleblowing Policy adopted in 2003 has not been significantly revised since it was first introduced.
6. A review of the Whistleblowing Policy has been carried out against a background of:
 - ♦ the wish of members expressed at the January meeting of the Audit Committee to ensure the policy remains functional and robust;
 - ♦ the fact that the current Whistleblowing Policy has not been reviewed by members since it was approved;
 - ♦ the requirement in the Audit Commission's Indicators for Key Use of Resources as part of the Comprehensive Performance Assessment process to review the effectiveness of the whistleblowing arrangements and ensure the council's commitment to providing support to whistleblowers is demonstrated

The Whistleblowing Policy

7. The Council adopted the Audit Commission's model Whistleblowing Policy in 2003 in common with almost every other local authority. This standard has remained unaltered and forms the basis of such policies throughout local government.
7. In addition, an employee survey conducted by Internal Audit during 2007 tested knowledge of the Whistleblowing Policy. The survey concluded that employee awareness of the whistleblowing arrangements was good and that confidence in their effectiveness was high. In general, these levels were significantly above the national average.
8. Consequently, it is proposed to retain the model policy as the basis for the Council's procedures. However, some small changes and additions have been introduced to make the reporting process and outcomes from it clearer to potential whistleblowers.

IMPLICATIONS	
Finance	
Legal	
Community Safety	
Human Rights and Equalities	
Sustainability	
Health & Safety and Risk Management	

Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658	Date of report	February 2008

List of Background Papers		
Name of document	Date	Where available for inspection
♦ Whistleblowing Policy	February 2003	All background papers or documents can be obtained from Savile Sykes – Head of Internal Audit on 01253 658413 or e-mail saviles@fylde.gov.uk

Attached documents

1. Whistleblowing Policy 2008 (consultative draft).

WHISTLEBLOWING POLICY

1 Introduction

1.1 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

1.2 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we encourage employees and others with serious concerns about any aspect of the Council's work to come forward and voice those concerns without fear of reprisals. This policy document makes it clear that you can do so without the fear of victimisation, subsequent discrimination or disadvantage.

1.3 This Whistleblowing Policy is intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking a problem and before raising the matter outside the Council.

1.4 The policy applies to all employees and those contractors working for the Council on Council premises, for example, agency staff, consultants, builders, maintenance staff and cleaners. It also covers suppliers and those providing services under a contract with the Council in their own premises.

1.5 These procedures are in addition to the Council's complaints procedures and other reporting procedures that may apply in some departments. You are responsible for making service users aware of the existence of these procedures.

2 Aims and Scope of the Policy

2.1 This Whistleblowing Policy aims to:

- ♦ encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice
- ♦ provide avenues for you to raise concerns and receive feedback on any action taken
- ♦ allow you to take the matter further if you are dissatisfied with the Council's response; and
- ♦ reassure you that you will be protected from reprisals or victimisation for whistleblowing in good faith

2.2 All employees have a legal and moral responsibility to report improper acts and omissions. In some circumstances failure to raise such concerns may amount to a breach of contract or breaking the law.

2.3 There are existing procedures in place to enable you to lodge a grievance relating to your own employment. This Whistleblowing Policy is intended to cover concerns that fall outside the scope of other procedures. These may include:

- ♦ conduct that may be an offence or break the law;
- ♦ failure to comply with a legal obligation;
- ♦ miscarriage of justice
- ♦ unauthorised use of public funds;
- ♦ bribery
- ♦ possible fraud or corruption;
- ♦ health and safety risks;
- ♦ damage to the environment;
- ♦ sexual harassment or physical abuse;
- ♦ unethical conduct;
- ♦ deliberate covering up of information relating to any of the above

2.4 That concern may be about any aspect of service delivery, or the conduct of employees or members of the Council, or others acting on the Council's behalf. It may be something that:

- ♦ is unlawful; or
- ♦ makes you feel uncomfortable in terms of known standards, your experience or the standards you believe the Council subscribes to; or
- ♦ is against the Council's Standing Orders, regulations or policies; or
- ♦ falls below established standards or practice; or
- ♦ amounts to improper conduct.

3 Harassment or Victimisation

3.1 The Council is committed to good practice and high standards and wants to be supportive of employees who make the decision to report a concern. Employees who raise concerns in good faith have nothing to fear since they are fulfilling their duty to their employer and to those for whom they are providing a service.

3.2 The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate bullying, harassment or victimisation, including informal pressure, and will take appropriate action to protect you when you raise a concern in good faith.

3.3 You must report any retaliation, which could include but is not limited to:

- ♦ frequent and undesirable changes in work assigned;
- ♦ unsubstantiated disciplinary action
- ♦ unjust denial of promotion or transfer
- ♦ physical and verbal abuse
- ♦ deliberate exclusion and isolation

3.4 This does not mean that if you are already the subject of a disciplinary investigation for alleged malpractice or redundancy procedures, that those procedures will be halted as a result of your whistleblowing.

4 Confidentiality

4.1 The Council will do its best to protect your identity when you raise a concern and do not want your name to be disclosed. It must be appreciated that the investigation process may reveal the source of the information and a statement by you may be

required as part of the evidence, particularly if the Police or External Auditors become involved. In order to take effective action, the Council will need proper evidence which may be required to withstand examination in Courts or Tribunals.

4.2 If it does become necessary to reveal your identity, you will be advised before this action is taken. If there is an unauthorised disclosure of your identity without your prior knowledge, disciplinary action may be taken against the person breaching the confidentiality arrangements.

5 Anonymous Allegations

5.1 This policy encourages you to put your name to your allegation. Concerns expressed anonymously are much less powerful, but they will be considered at the discretion of the Chief Executive.

5.2 In exercising the discretion, the factors taken into account would include:

- ♦ the seriousness of the issues raised
- ♦ the credibility of the concern; and
- ♦ the likelihood of confirming the allegation from attributable sources.

6 Untrue Allegations

6.1 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however, you make frivolous, malicious or vexatious allegations, that is for no other purpose than to cause trouble or annoyance or without good reason to discredit the Council, any member or officer, an investigation will take place to determine whether disciplinary action is taken.

7 How To Raise A Concern

7.1 As a first step, you should normally raise concerns with your immediate line manager or supervisor. In most cases the matter will be dealt with at that stage. You may wish to consider discussing your concern with a colleague in some circumstances, as it can be easier to raise concerns if there is more than one witness.

7.2 If you feel unable to raise the matter with your line manager, or if your line manager does not take appropriate action to resolve the issue, you should approach a more senior manager or your executive manager. However, this depends on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice.

7.3 For example, if you believe that a senior manager is involved, you should approach the:

- ♦ Chief Executive;
- ♦ Section 151 Officer;
- ♦ Monitoring Officer; or
- ♦ Head of Internal Audit.

7.4 Managers have a responsibility to ensure that concerns are taken seriously and must ensure that the action necessary to resolve a concern is taken promptly. Employees should be kept advised of progress. A whistleblower has the status of a witness not a complainant.

7.5 Concerns are better raised in writing. You are invited to set out the background and history of the concern, giving names, dates and places where possible, and the reasons why you are particularly concerned about the situation. If you do not feel able to put your concern in writing, you can telephone or meet the appropriate officer.

7.6 The earlier you express the concern, the easier it is to take action.

7.7 Although you are not expected to prove the truth of an allegation, you will need to demonstrate to the person contacted that there are sufficient grounds for your concern.

7.8 Advice and guidance on how matters of concern may be pursued can be obtained from:

A local Trade Union official

Phil Woodward - Chief Executive on extension 8500

E-mail: philw@fylde

Bernard Hayes – Finance Manager on extension 8566

E-mail: pearlk@fylde.gov.uk

Ian Curtis - Legal Services Manager on extension 8506

E-mail: ianc@fylde.gov.uk

Savile Sykes – Head of Internal Audit on extension 8413

E-mail: saviles@fylde.gov.uk

Dean Francis – Senior Auditor on extension 8416

E-mail: deanf@fylde.gov.uk

Catherine Wilson – Head of Human Resources on extension 318031

E-mail: catherine.wilson@blackpool.gov.uk

7.9 You may invite a companion, who may be from your trade union or professional association, or a friend or a legal representative to raise a matter on your behalf. You may also have such a companion to represent you at any meeting that is held relating to your concern.

8 How The Council Will Respond

8.1 The Council will respond to your concerns. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.

8.2 The action taken by the Council will depend on the nature of the concern. The Council could decide that the matters raised might:

- ♦ be investigated internally by management and/or internal audit through the disciplinary process

- ♦ be investigated under another procedure
- ♦ be reported to the Council's Standards Committee
- ♦ be referred to the Police
- ♦ be referred to the external Auditor
- ♦ form the subject of an independent inquiry

8.3 In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principle, which the Council will have in mind, is the public interest. Concerns or allegations, which fall within the scope of specific procedures (for example racial discrimination issues), will normally be referred for consideration under those procedures.

8.4 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.

8.5 Within ten working days of a concern being received, your immediate manager, the Chief Executive or relevant officer, depending upon whom you have approached and the circumstances of the case, will write to you:

- ♦ acknowledging that the concern has been received
- ♦ indicating how it is proposed to deal with the matter if possible at such an early stage
- ♦ giving an estimate of how long it will take to provide a final response if possible at such an early stage
- ♦ telling you whether any initial enquiries have been made, and
- ♦ telling you whether further investigations will take place, and if not, why not.

8.6 The amount of contact between the officers considering the issues and you, will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from you.

8.7 When any meeting is arranged, off-site if you so wish, you have the right to be accompanied by your chosen companion. This may be a trade union representative or work colleague but cannot be someone involved in the area of work to which the concern relates.

8.8 The Council will do what it lawfully can to minimise any difficulties that you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Council will advise you about the procedure. The Council cannot provide legal representation for you. Where appropriate, counselling may be provided by the Personnel Officer.

8.9 The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, you will receive information about the outcomes of any investigations. However, this will not include details of any disciplinary action, which will remain confidential to the individual concerned.

9 How The Matter Can Be Taken Further

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

- ♦ Audit Commission Whistleblower's Hotline 0845 052 2646
- ♦ the Police 0845 1 25 35 45
- ♦ the independent charity Public Concern at Work 020 7404 6609
- ♦ UNISON whistleblowing hotline 0800 597 9750

9.2 Some of these organisations can give you free confidential advice about how to raise a concern about serious malpractice at work. For example, Public Concern At Work will give practical advice to those who have a concern but may be unsure whether to report the matter or remain silent.

9.3 It is stressed that this list is not exhaustive and you are free to contact any organisation that you feel will be able to deal properly with your concerns.

9.4 This may include:

- ♦ your local Councillor
- ♦ your solicitor
- ♦ other relevant professional/regulatory bodies.

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

9.6 It will be safe to raise a concern with any of the above provided that:

- ♦ you make the disclosure in good faith
- ♦ you reasonably believe that the information disclosed, and any allegation contained in it, are substantially true
- ♦ you do not make the disclosure for the purposes of personal gain.

9.7 If you make allegations that you have no grounds to believe are true, or maliciously or for personal gain then you could face defamation proceedings or a prosecution for wasting police time. If you decide to address your concerns by going to the press or the media then you may face defamation proceedings if your allegations are unfounded.

10 Responsible Officer

10.1 The Legal Services Manager (as Monitoring Officer) has overall responsibility for the maintenance and operation of this policy. That officer maintains a record of concerns raised and the outcomes and will report as necessary to the Council.

11 The Law

11.1 This policy has been written to take account of the Public Interest Disclosure Act 1998, which protects workers making disclosures about certain matters of concern, where those disclosures are made in accordance with the Act's provisions. The Act is incorporated into the Employment Rights Act 1996, which already protects employees who take action over, or raise concerns about, health and safety at work.

REPORT



REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT COMMITTEE	28/02/08	9

ANTI-FRAUD & CORRUPTION POLICY AND STRATEGY

Public Item

This item is for consideration in the public part of the meeting.

Summary

Following the resolution of the Audit Committee on 8 January 2008, the purpose of this report is to present to the Committee a consultative draft of the proposed revised Anti-Fraud & Corruption Policy and Strategy.

Recommendation

1. **That the Committee approve the new Anti-Fraud & Corruption Policy and Strategy set out at Appendix A and B to this report for further consultation.**

Cabinet Portfolio

The item falls within the following Cabinet portfolio:
Finance & Efficiency (Councillor Paul Rigby)

Report

Purpose of the Report

1. To outline the progress towards the development of a revised Anti-Fraud & Corruption Policy and Strategy.
2. To present a draft consultation version of such a Policy and Strategy, which has been prepared in accordance with the prevailing guidance and good practice.

3. To ask members to note the contents of both the draft Policy and Strategy and approve them for further consultation.

Background

4. The existing anti-fraud & corruption framework has been developed and amended over a number of years but now it is now timely to refresh and restate the Council's overall approach. Consequently the new policy and strategy replace the current Anti-Fraud & Corruption Policy and the associated Fraud Response Plan, both adopted in 2003.
5. The review of the Anti-Fraud & Corruption Policy and Strategy has been carried out against a background of:
 - ♦ the wish of members expressed at the January meeting of the Audit Committee to ensure the policy remains functional and robust;
 - ♦ the fact that the current policy and strategy have not been reviewed by members since they were approved;
 - ♦ the requirement in the Audit Commission's Indicators for Key Use of Resources as part of the Comprehensive Performance Assessment process to demonstrate a strong counter fraud culture;
6. The time frame for the review since the last meeting of the Committee was too short to permit the process for the adoption of new policies to take its full course. The intention now is to consult with the unions and obtain the approval of Management Team for the draft Policy and Strategy before seeking members' formal approval of the final version at a future meeting.

Purpose of the Anti-Fraud & Corruption Policy

6. The Anti-Fraud & Corruption Policy defines the meaning of fraud and corruption and establishes the Council's culture and stance against it. It sets out the Council's guiding counter-fraud principles and the standards of behaviour expected from members, managers and employees.
7. The draft Policy covers all allegations of fraud and corruption committed against the Council whether they are perpetrated by elected members, officers, contractors or members of the general public
8. The proposed Anti-Fraud & Corruption Policy is attached as Appendix A.

Purpose of the Anti-Fraud & Corruption Strategy

9. The Anti-Fraud & Corruption Strategy makes clear the Council's determination to ensure that serious concerns raised are properly addressed. It sets out the Council's approach towards the prevention, notification and investigation of fraud and corruption and summarises the responsibilities of members, managers and officers.
10. The draft Strategy provides specific advice and guidance to officers who undertake or have an interest in investigations. It clarifies the roles and responsibilities of all interested parties, including the Chief Executive, Monitoring Officer, Section 151

Officer, other Executive Directors, the Human Resources Manager and external agencies including the Police.

11. The proposed Anti-Fraud & Corruption Strategy is attached as Appendix B.

IMPLICATIONS	
Finance	
Legal	
Community Safety	
Human Rights and Equalities	
Sustainability	
Health & Safety and Risk Management	

Report Author	Tel	Date	Doc ID
Savile Sykes	(01253) 658413	Date of report	February 2008

List of Background Papers		
Name of document	Date	Where available for inspection
<ul style="list-style-type: none"> ♦ Anti-Fraud & Corruption Policy ♦ Fraud Response Plan 	February 2003	All background papers or documents can be obtained from Savile Sykes – Head of Internal Audit on 01253 658413 or e-mail saviles@fylde.gov.uk

Attached documents

1. Anti-Fraud & Corruption Policy 2008 (consultative draft).
2. Anti-Fraud & Corruption Strategy 2008 (consultative draft).

ANTI-FRAUD & CORRUPTION POLICY

Policy Statement

The Council will not tolerate fraud, corruption or abuse of position for personal gain, and is committed to securing effective methods of prevention, detection and investigation. The Council will promote an environment that actively encourages the highest principles of honesty and integrity.

1 Introduction

1.1 The Council is determined to maintain its reputation as an Authority which will not tolerate fraud, corruption or abuse of position for personal gain, wherever it may be found in any area of Council activity.

1.2 The purpose of this Policy is to set out for both elected members and employees the main principles for countering fraud and corruption.

1.3 The Policy statement includes:

- definition of fraud and corruption;
- scope of the policy;
- culture and stance against fraud and corruption;
- standards of behaviour;
- how to raise concerns and report malpractice;
- corporate framework;
- responsible officer.

1.4 Both elected members and officers should play a key role in counter-fraud initiatives. This includes providing a corporate framework within which counter-fraud arrangements will flourish, and the promotion of an anti-fraud culture across the whole of the Council. This should provide a sound defence against internal and external abuse of public funds.

2 Definitions

2.1 The relevant definitions are as follows;

- ♦ Fraud is the “intentional distortion of financial statements or other records by persons internal or external to the organisation, which is carried out to conceal the misappropriation of assets or otherwise for gain.”
- ♦ Corruption is the “offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person.

2.2 This policy also covers the failure to disclose an interest in order to gain financial or other pecuniary gain.

3 Scope

3.1 This policy is directed against fraud and corruption whether it is attempted or perpetrated against the Council from outside or from within its own structure or workforce.

3.2 The policy applies to elected members, co-opted members of committees, and all employees of the Council, whether full time, part time, temporary or casual. It also applies to individuals working for the Council on a voluntary or unpaid basis.

3.3 The Council also expects that all individuals and organisations it deals with, including suppliers, contractors and service providers, will act with integrity and without thought or actions involving fraud or corruption. Wherever relevant, the Council will include appropriate clauses in its contracts about the consequences of fraudulent and corrupt acts. Evidence of such acts will most likely to lead to a termination of the particular contract and may lead to prosecution.

3.4 Although this policy specifically relates to fraud and corruption, it equally applies to all financial malpractice. This includes a wide range of irregularities and criminal acts, including theft of property; false accounting; obtaining pecuniary advantage by deception; bribery; computer abuse and computer crime.

3.5 The Anti-Fraud & Corruption Policy is commended to the Council's Partner organisations, with the expectation that it will be applied either wholly or as the basis for their own local version.

4 Culture and Stance against Fraud & Corruption

4.1 The culture of the Council is one of openness, probity and accountability in all its affairs. It is determined to maintain a resolute stance in opposition to fraud and corruption. This determination applies whether fraud is attempted against the Council from outside or from within its own workforce

4.2 Both members and employees at all levels play an important role in creating and sustaining this culture. The Council expects that they will lead by example in ensuring adherence to legal requirements, standing orders, contract procedure rules, financial regulations, codes of conduct, procedures and practices.

4.3 As part of this culture the Council positively encourages members, employees and those outside the authority who are providing, using or paying for public services, to raise concerns regarding fraud and corruption. The Council will provide clear routes by which concerns can be raised.

4.4 The Council also has in place two Committees whose monitoring roles are relevant:

- ♦ The Standards Committee, which sets and monitors standards of member conduct.
- ♦ The Audit Committee, which ensures that adequate arrangements are established and operating to deal with situations of suspected or actual wrongdoing, fraud and corruption.

4.5 Senior management will deal firmly with those who defraud the Council, or who are corrupt. The Council, including members and senior management, will be robust in dealing with financial malpractice.

4.6 When fraud or corruption has occurred because of a breakdown in the authority's systems or procedures, managers will ensure that appropriate improvements in systems of control are implemented to prevent a reoccurrence.

4.7 The Council acknowledges the high degree of external scrutiny of its affairs by a variety of bodies such as the Audit Commission, inspection bodies, the Local Government Ombudsman and HM Revenue & Customs. The importance of these bodies in highlighting any areas where improvements can be made is recognised.

5 Standards of Behaviour

5.1 The Council supports the seven principles of public life proposed by the Nolan Committee on Standards in Public Life. These principles are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

5.02 The Council expects holders of public office and its employees to:

- uphold the law, and act on all occasions to preserve public confidence in the Council;
- assist the Council to act as far as possible in the interests of the whole community it serves;
- take decisions solely in pursuit of the Council's official functions and in the public interest, disregarding private and personal interest;
- avoid any financial or other obligation to outside persons or organisations that might influence them or be perceived to influence them in carrying out their duties;
- record all gifts and hospitality received in connection with Council business, and to refuse gifts and hospitality that might appear to influence them, or where to accept might bring discredit upon the Council;
- make public appointments, award contracts, and confer other benefits on merit in accordance with Council policy and guidelines;
- be as open as possible about all the decisions and actions they take;
- be accountable to the public and accept reasonable public scrutiny, only restricting information when the wider public interest *clearly* demands;
- ensure that confidential material, including information about individuals, is handled responsibly and in accordance with Council policy and guidelines;
- use and apply Council resources prudently and in accordance with the law
- declare any private interest that is relevant or may be perceived as relevant to their public duties;
- take positive steps to resolve any possible conflicts of interest in a way that maintains public confidence;
- treat members and employees in a way that engenders mutual respect at all times;
- promote these standards of behaviour by leadership and example.

6 Raising Concerns

6.1 Members and employees are an important element in the Council's stance against fraud and corruption, and they are positively encouraged and expected to

raise any concerns that they may have on these issues where they are associated with the Council's activity.

6.2 Members raising concerns should contact the Chief Executive, the Monitoring Officer or the Section 151 Officer.

6.3 Employees will often be the first to see or suspect something, which may be fraudulent or corrupt. They should normally raise concerns through their immediate manager, however it is recognised that they may feel inhibited in certain circumstances. In this case, employees should contact the Chief Executive, the Finance Executive Manager, or alternatively Internal Audit.

6.4 The Council's 'Whistleblowing' policy gives further details on how to raise concerns in confidence. It also details the support and safeguards that are available to those who raise concerns.

6.5 There is, of course, a need to ensure that any investigation process is not misused, therefore, any internal abuse, such as raising malicious or vexatious allegations, may be dealt with as a disciplinary matter.

6.6 The Council encourages members of the public who suspect fraud, corruption or other financial malpractice to contact the Chief Executive or Internal Audit in the first instance.

6.7 The Council accepts that those people who do raise concerns are entitled to be assured that the matter has been properly addressed. Therefore, subject to legal constraints, they will receive information about the outcome of any investigation.

6.8 The Council has an Anti-Fraud and Corruption Strategy to ensure that a consistent approach is applied to any investigation following discovery or notification of an irregularity. This strategy sets out the Council's procedures for undertaking investigations in relation to fraud, corruption and financial malpractice.

7 Corporate Framework

7.1 This Policy forms an important part of the Council's approach to dealing with fraud and corruption by setting the scope, culture and standards of the Council, as part of the corporate framework.

7.2 The corporate framework requires a whole range of high level component parts if it is to contribute to the Council having an effective counter-fraud strategy. A range of documents have been issued to reinforce this, including:

- ♦ Anti-Fraud & Corruption Policy;
- ♦ Anti-Fraud & Corruption Strategy
- ♦ Codes of Conduct for members and employees;
- ♦ Whistleblowing Policy;
- ♦ Sanctions Policy;
- ♦ Contract Procedures and Financial Regulations;
- ♦ Disciplinary Procedure;
- ♦ Recruitment Policy.

7.3 Within the overall corporate framework there are a number of key people and measures that can help in the prevention of fraud and corruption, and these are:

- Members of the Council;
- Employees of the Council;
- Managers and Supervisors;
- Internal Auditors;
- External Auditors;
- Benefit Review Unit;
- Sound internal control systems, procedures and reliable records;
- Effective induction and training;
- Combining with others to prevent and combat fraud.

7.4 The Council's policies, systems, instructions and guidelines, together with the roles and responsibilities of key personnel, are designed to limit acts of fraud and corruption. All such elements in the corporate framework will be kept under review to ensure that they keep pace with developments in anti-fraud and corruption techniques and advice.

8 Responsible Officer

8.1 Section 151 of the Local Government Act 1972 and Section 4 of The Accounts and Audit Regulations 1996, designate the 'Responsible Financial Officer' as liable for ensuring that the Council has control systems and measures in place to enable the prevention and detection of inaccuracies and fraud. This Policy helps towards discharging part of this responsibility.

8.2 Accordingly the section 151 officer will take overall responsibility for the maintenance and operation of this Policy, and report as necessary to the Council.

8.3 The Council considers that the policy is fundamental to maintaining public confidence in the administration of its financial affairs. To this end the anti-fraud and corruption policy will be continuously monitored and, if necessary, updated on an annual basis.

8.4 The Council authorises the amendment and enhancement of the policy in line with the basic principles and standards expressed. Any general revision of the whole policy will be subject to the approval of the Council.

ANTI-FRAUD & CORRUPTION STRATEGY

GENERAL PROVISIONS

1. CORPORATE GOVERNANCE

1.1 The Council has, and is continuing to develop a corporate governance framework that seeks to manage risk in order to minimise the incidence of fraud, corruption, and other adverse events within the Authority. Much of the corporate governance framework is actually incorporated within the Constitution of the Council and includes all the following elements:

- ♦ Standards Committee
- ♦ Overview & Scrutiny Committees
- ♦ Regulatory Committees
- ♦ Standing Orders
- ♦ Financial Regulations
- ♦ Contract Procedure Rules
- ♦ Access to Information Procedure Rules
- ♦ Budget & Policy Framework Procedure Rules
- ♦ Executive Procedure Rules
- ♦ Members & Officers Codes of Conduct
- ♦ Protocol on Member / Officer Relations
- ♦ Members Allowances Scheme

1.2 In addition to the above constitutional provisions, the Council has the following policies and procedures in place:

- ♦ Risk Management Framework
- ♦ Disciplinary Procedure
- ♦ Monitoring Officer Arrangements
- ♦ Registers of Interests
- ♦ Registers of Hospitality, Gifts & Entertainment
- ♦ IT Security Policy
- ♦ Local Code of Conduct in Planning Matters
- ♦ Housing Benefit and Council Tax Benefit Sanction & Prosecution Policy
- ♦ Anti Money Laundering Arrangements
- ♦ Data Protection & Freedom of Information Policies and Procedures

2. CONTENTS OF THE STRATEGY

2.1 Inevitably however, breaches of the law, policy or formal procedure do occur. This Strategy has therefore been produced to establish the Council's determination to ensure that serious concerns are properly raised and addressed in full compliance with the Public Interest Disclosure Act 1998.

2.2 The Strategy establishes the Council's specific approach towards the prevention, detection, notification and investigation of fraud and corruption and summarises the responsibilities of members, managers and officers in this respect.

2.3 The Strategy covers all allegations of fraud or corruption committed against the Council whether they are perpetrated by members, officers, agency staff, partners, contractors or the general public (benefit fraud)

2.4 The Strategy gives specific advice and guidance to officers of the Council who undertake or have an interest in investigations. It aims to clarify the roles and responsibilities of all interested parties, including the Chief Executive, Monitoring Officer, Section 151 Officer, Executive Directors, Head of Human Resources and external agencies including the Police. In particular, the Strategy seeks to direct and co-ordinate investigations under the direction of:

- ♦ Finance Executive Manager (in accordance with Financial Regulations)
- ♦ Head of Human Resources (under the Council's Disciplinary Procedure)
- ♦ Monitoring Officer (in accordance with the Local Government Act 2000).

3. OTHER CORPORATE PROCEDURES

3.1 This Strategy supplements the Council's Whistle Blowing Policy, which encourages officers, members and contractors to disclose any matter which gives them cause for concern and provides guidance on how such matters should be reported. The Strategy is also intended to supplement the Council's Financial Regulations and Disciplinary Procedure, each of which already provide a degree of advice on the conduct of investigations

3.2 Financial Regulations state that (Executive Managers) shall notify the Head of Internal Audit immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the authority's property or resources. Pending investigation and reporting the Executive Manager should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

3.3 Disciplinary Procedure. Whenever an alleged irregularity occurs, this Strategy should always be read in conjunction with the Council's Disciplinary Procedure.

3.4 In general, irregularities that do not involve fraud, a breach of Financial Regulations or do not have a direct financial basis will not normally be investigated by the Internal Audit Team (for example breaches of the Council's policies on leave and sickness absence). These will normally be pursued directly by the respective Executive Manager under the Disciplinary Procedure.

3.5 Where an irregularity does involve fraud or has a financial basis an Internal Audit investigation will normally be undertaken. The Internal Audit investigation and report is used as the basis of (or in support of) the management / disciplinary case, which remains the responsibility of the Executive Manager under the arrangements laid down in the Disciplinary Procedure.

4. LEGAL COMPLIANCE

4.1 The drafting of this Strategy also reflects the need to ensure conformity with the following legal developments:

4.2 Regulation of Investigatory Powers Act (RIPA) 2000. Any investigations that involve directed surveillance or the use of covert intelligence sources must be undertaken in accordance with RIPA. RIPA was introduced in parallel with the

Human Rights Act, which (inter alia) sought to ensure rights to privacy and a fair trial. RIPA makes lawful certain actions by public authorities (Schedule 1) provided that they are properly authorised. In particular, RIPA requires that in each case authority must be given by prescribed persons using designated forms. The use of directed surveillance and covert intelligence sources is not restricted to Internal Audit investigations but extends to benefit fraud investigations, noise nuisance, planning, anti social behaviour and other areas.

4.3 Local Government Act 2000 (Part III). Under this Act, any allegation made against members of the Council should be referred to the Monitoring Officer for investigation and referral to the Standards Committee and Standards Board for England. This in turn may lead to investigation by an external Ethical Standards Officer. Any such allegations that are brought to the attention of the Finance Executive Manager or Head of Human Resources should be referred directly to the Monitoring Officer.

FRAUD PREVENTION

5. THE ROLE OF MEMBERS

5.1 As elected representatives, all Members of the Council have a duty to the citizens of Fylde to protect the assets of the Council from all forms of abuse. This is done through the formal adoption of the Anti-Fraud & Corruption Policy and by compliance with the national Code of Conduct for Members.

5.2 In addition the Accounts and Audit Regulations 2003 require every local authority to "maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices". Members have a duty to provide sufficient resources to ensure that the system of internal audit is "adequate" and "effective".

6. THE ROLE OF THE STATUTORY OFFICERS

6.1 The Council's Monitoring Officer has a statutory responsibility to advise the Council on the legality of its decisions and to ensure that the Council's actions do not give rise to illegality or maladministration. The Monitoring Officer also encourages the promotion and maintenance of high standards of conduct within the council, particularly through the provision of support to the Standards Committee.

6.2 Section 151 of the Local Government Act 1972 places a statutory responsibility on the Council to appoint one of its officers as 'Section 151 Officer' to ensure the proper administration of the Council's financial affairs. The Finance Executive Manager has been so designated. To this end, the Finance Executive Manager will advise all members and staff regarding financial propriety, probity and budgetary issues. The Section 151 Officer role is very much supported by the work undertaken by Internal Audit.

7. THE ROLE OF MANAGEMENT

7.1 Management at all levels are responsible for ensuring that their staff are aware of the authority's Constitution, Financial Regulations, Standing Orders, Codes of Conduct (including the related policies, protocols, codes and procedures) and that

the requirements of each are being met in their everyday business activities. They are also responsible for ensuring that appropriate procedures are in place to safeguard the resources for which they are responsible.

7.2 Managers are also expected to create an environment in which their staff feel able to approach them with any concerns they may have about suspected irregularities and adhere to the Whistleblowing Policy when applicable.

7.3 It is vital that managers are alert to potential problems in their work areas and that adequate and effective safeguards are in place to prevent financial irregularities. However, Executive Managers and their managers should also satisfy themselves that checks are in place at the appropriate levels, so that in the event of a breach any irregularity would be picked up promptly, so minimising any loss to the authority. Internal Audit can provide advice and assistance in this area.

7.4 Special arrangements may apply where employees are responsible for cash handling or are in charge of systems that generate payments. Executive Managers and their managers should ensure that adequate and appropriate training is provided for staff and that supervisory checks are carried out from time to time to ensure that proper procedures are being followed.

7.5 The references and qualifications of all proposed new employees should be thoroughly checked prior to a position being offered to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency staff.

8. THE ROLE OF EMPLOYEES

8.1 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. They may be required to disclose information about their personal circumstances in accordance with the authority's Constitution.

8.2 Employees are expected to be alert to the possibility that fraud and corruption may exist in the workplace and are under a duty to share with management any concerns they may have. Employees are protected under the Whistleblowing Policy, where required, regarding any concerns they raise in good faith.

9. THE ROLE OF INTERNAL AUDIT

9.1 The Internal Audit Team plays a preventative role in trying to ensure that systems and procedures are in place to prevent and deter fraud. The Team investigates cases of suspected financial irregularity and carries out fraud searching exercises to establish whether irregularities have occurred and to recommend changes in procedures to prevent further losses to the authority. The Internal Audit Team provides advice and assistance to all Executive Managers.

9.2 The responsibility for the detection of financial irregularities rests solely and exclusively with management. Internal Audit will advise and assist management in fulfilling their responsibility for preventing irregularities and will investigate cases where irregularities are thought to have taken place. There may be circumstances of course, where auditors detect fraud as a result of the work that they are undertaking or as a result of specific fraud searching exercises.

10. THE ROLE OF THE BENEFIT REVIEW UNIT

10.1 The Benefit Review Unit plays a major role in the deterrence of benefit fraud, for example through the application of the Council's Sanction & Prosecution Policy.

10.2 A further objective is the detection of fraud, by investigating allegations of Housing Benefit and Council Tax Benefit fraud. Both pro-active (specific fraud searching exercises) and reactive investigations (upon receipt of a referral) are carried out.

11. THE ROLE OF EXTERNAL AUDIT

11.1 Independent external audit is an essential safeguard of the stewardship of public money. This role is delivered through carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems and arrangements for preventing and detecting fraud and corruption. It is not the external auditor's function to prevent fraud and irregularity, but the integrity of public funds is at all times a matter of general concern.

11.2 External auditors are always alert to the possibility of fraud and irregularity and will act without due delay if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Council's arrangements in respect of preventing and detecting fraud and irregularities and arrangements designed to limit the opportunity for corrupt practices.

12. ROLE OF PARTNERS, CONTRACTORS AND SUPPLIERS

12.1 All organisations associated with the Council are expected to take a proactive role in ensuring the occurrence of fraud and corruption is minimised regarding any dealings with the Council. The standards expected are often set out through legal agreements, which specify the requirements of the Council, when setting up partnerships and other contractual arrangements. In the interests of good working relationships and continued dealings with the Council, all associated organisations have a duty to be vigilant regarding the possibility of fraud, irregularity and corruption with a view to reporting any suspicions in accordance with the principles stemming from the Council's own policies, procedures and standards.

13. ROLE OF THE PUBLIC

13.1 Whilst this strategy is primarily aimed at those within or directly associated with the Council, the public has a role to play in that they should be honest in their dealings with the Council and inform appropriate members and/or officers of the Council if they feel that fraud and / or corruption may have occurred.

14. DETERRENCE

14.1 Fraud and corruption are serious offences against the authority and employees may face disciplinary action and/or prosecution, benefit claimants may be subject to a sanction or prosecution, if there is sufficient evidence that they have been involved

in these activities. This is designed to deter others from committing offences against the authority.

14.2 There are also other specific ways in which the Council seeks to deter potential wrongdoers from committing or attempting fraudulent or corrupt acts. These include:

- ♦ Publicising that the Council is firmly against fraud and corruption at appropriate opportunities and will take stern action against perpetrators (e.g. dismissal of employees, prosecution of offenders, termination of contracts etc).
- ♦ Acting robustly and decisively when fraud and / or corruption are suspected and, if proven, being committed to viewing cases seriously and taking action as appropriate bearing in mind all relevant factors of each case.
- ♦ Always seeking to maximise recoveries for the Council, through agreement, repayment, court action, penalties, insurance, superannuation benefits etc.
- ♦ Referring appropriate investigative cases to the Police if there is sufficient evidence that criminal offences above a nominal level are likely to have occurred.
- ♦ Where appropriate, publicising the results stemming from investigations into suspected cases of fraud and corruption as a deterrent to potential fraudsters.

15. NATIONAL FRAUD INITIATIVE (NFI)

15.1 The National Fraud Initiative (NFI) exercise is organised by the Audit Commission and is usually carried out every 2 years. The Council actively takes part in the initiative as it forms part of a continuous attempt to identify fraud, particularly fraudulent benefit claims. NFI is about matching information contained within the Council's computer systems against information contained within other organisations' systems, for example, payroll, student awards and pensions, the main aims being to identify fraudulent benefit claims, and to detect cases of sub-letting or dual tenancies.

15.2 At Fylde, NFI is co-ordinated jointly by the Internal Audit Team and the Benefit Review Unit. The key tasks are:

- ♦ ensuring that data is submitted to the Audit Commission on time in the required format;
- ♦ performing an initial review of the results;
- ♦ liaising with other participating organisations;
- ♦ passing any suspected fraudulent cases to the appropriate officers for investigation.

16. HOUSING BENEFIT MATCHING SERVICE (HBMS)

16.1 This data matching exercise is organised by DWP and is carried out monthly. The Council actively takes part in the initiative as it forms part of a continuous attempt to identify benefit fraud. HBMS involves matching information contained within the Council's Benefits system against data of other benefits.

17. NATIONAL ANTI-FRAUD NETWORK (NAFN)

17.1 Membership of the National Anti-Fraud Network (NAFN) is available to all local authorities in England & Wales and exists to provide individual councils with a variety of fraud intelligence and information sharing services. NAFN also has links with a variety of external agencies that supply information in order to prevent and detect

fraud. These include the Credit Industry Fraud Avoidance System (CIFAS), the Police, Immigration Service, Contributions Agency, the University & Colleges Admissions Service (UCAS) and some utility companies.

17.2 NAFN is organised into 5 regional areas, Fylde belonging to the Northern Region. The Council's key contacts for the NAFN are the Benefits Enquiry Unit, due to the nature of the investigations they undertake.

18. NATIONAL BENEFIT FRAUD HOTLINE

18.1 The National Benefit Fraud Hotline 0800 328 6340 is publicised extensively, including through the Council web site to encourage members of the public to report potential fraudsters, anonymously or otherwise.

REPORTING ALLEGATIONS AND WHISTLEBLOWING

19. NORMAL REPORTING LINES

19.1 Irregularities regarding the general public, officers, or members may come to light in a variety of circumstances. These include:

- ♦ Data-matching (National Fraud Initiative)
- ♦ The results of routine Internal Audit work;
- ♦ Complaints by members of the public or other third parties (e.g. DWP);
- ♦ Whistle-blowing by members of staff;
- ♦ Normal benefit assessment process;
- ♦ Specific fraud searching exercises by both the Internal Audit Team and Benefit Enquiry Unit;
- ♦ Benefit fraud hotline.

19.2 Any member of staff who discovers circumstances that may involve an irregularity should normally report the matter to their line manager. Thereafter, line managers should immediately inform their Executive Manager.

19.3 If the suspected irregularity is in respect of financial transactions or in any matter affecting property, cash, stores, remuneration, allowances, purchases or contracts, Executive Managers should report the matter to the Head of Internal Audit (in accordance with the Council's Financial Regulations). The Head of Internal Audit will in turn inform the Finance Executive Manager who should advise the Chief Executive of all significant cases.

19.4 If the suspected irregularity is in respect of benefit fraud by a member of the public the matter should be reported to the Benefits Review Unit. If it relates to an Officer it should be reported to the Finance Executive Manager, but if it involves a Member the matter should be passed to the Monitoring Officer.

19.5 In other instances Executive Managers should consult the Head of Human Resources as to whether the Disciplinary Procedure should be invoked.

19.6 Executive Managers are responsible for managing the discipline of employees in their respective business units and in most circumstances they will act as the disciplining officer for the purposes of the Disciplinary Procedure (although this may

be delegated to other senior officers). Executive Managers should nominate another officer to carry out an investigation – the “Investigating Officer”. The Investigating Officer will usually be a manager within the relevant business unit with the power to suspend the suspected employee/s if necessary.

19.7 In order to ensure independence in this process it may be necessary (for example in smaller Business units) for the Executive Manager to appoint an Investigating Officer from another business unit to act as the Investigating Officer. The Council will arrange training for all those who may be required to perform either of these roles.

19.8 The Investigating Officer will be advised by the Internal Audit Team. This may involve Internal Audit undertaking much of the investigation work and providing the Investigating Officer with evidence for a formal report.

19.9 In all cases, no one having any part to play in reaching a decision about any matter raised through the reported suspicion will take any part in the conduct of the investigation.

20. ALLEGATIONS AGAINST SENIOR OFFICERS AND MEMBERS

20.1 It may become necessary to investigate allegations made against senior officers or members. In these cases, if the alleged irregularity involves:

- ♦ A line manager, the responsible Executive Manager should be notified directly.
- ♦ An Executive Manager, the Chief Executive should be notified directly.
- ♦ The Chief Executive, the incident should be reported in the first instance to the Finance Executive Manager, who should inform the Leader of the Council.
- ♦ An elected member, the incident should be reported to the Monitoring Officer who should in turn inform the Chief Executive and Leader of the Council. The Monitoring Officer should then inform the Chair of the Standards Committee.
- ♦ The Leader of the Council, the Monitoring Officer should inform the Chief Executive and the Chair of the Standards Committee directly.

20.2 The officers designated below shall perform the functions of disciplining officer and Investigating Officer in the cases of alleged irregularities involving line managers or Executive Managers.

Officer Suspected	Disciplining Officer	Investigating Officer
Line Manager	Executive Manager of the service concerned	Executive Manager for another service
Executive Manager	Chief Executive	Deputy Chief Executive

20.3 In respect of alleged irregularities involving the Chief Executive, the allegation shall be considered by an independent person and then in accordance with his/her terms and conditions of employment.

20.4 In respect of alleged irregularities involving an elected member, including the Leader of the Council, the matter shall be dealt with in accordance with the procedures for the time being specified by legislation or official guidance.

INTERNAL INVESTIGATIONS PROCEDURE

21. THE PROCEDURE IN OUTLINE

21.1 The Council's Internal Investigations Procedure largely covers investigations into officers and members of the authority. It is however acknowledged that various forms of investigation are undertaken in other areas of Council business, for example housing and council tax benefits, health & safety, planning, environmental services, and corporate complaints. The procedure is designed to support and supplement the separate arrangements that already exist in these areas.

22. INVESTIGATION – OFFICERS

22.1 Investigations are necessary in order to:

- ♦ Find out the facts before taking any form of action;
- ♦ Apply appropriate sanctions;
- ♦ Eliminate innocent people from unjustified suspicion;
- ♦ Improve systems, procedures and controls;
- ♦ Recover losses;
- ♦ Prevent and deter.

22.2 The first stage of any potential investigation is to establish whether the matter under consideration actually constitutes an irregularity (and if so who should investigate). Any irregularity which involves the use of deception to obtain an unjust or illegal financial advantage may be classed as a fraud.

22.3 Irregularities fall within the following broad categories:

- ♦ **Theft** – the dishonest taking of property belonging to another, with the intention of permanently depriving the owner of its possession. This may also involve the use of deception.
- ♦ **Fraud** – the Fraud Act 2006 introduced a general offence of “fraud” which may be committed in three ways: by making a false representation, by failing to disclose information or by an abuse of position. In each case it is not necessary to prove that an individual has actually gained from their action simply that there was an intention to gain from their behaviour, cause loss or expose the Council to the risk of loss.
- ♦ **Bribery and corruption** – involves the offering and acceptance of a reward, for performing an act, or for failing to perform an act, which leads to gain for the person offering the inducement. This could occur in connection with contracts, consultancy engagements, purchasing and appointment of staff.
- ♦ **False accounting** – falsification, fraudulent amendment or destruction of documents in order to distort the true nature of a transaction.
- ♦ Failure to observe or breaches of:
 - **external regulations** for example Health and Safety Regulations

- **Constitution of the Council** including Standing Orders, Financial Regulations and Codes of Conduct
- **Council policies and procedures** especially personnel policies and procedures relating to recruitment & selection, annual leave and sickness absence
- **departmental procedures**
- **management instructions**

22.4 Whilst the potential for irregularity is present across the full spectrum of activity in any local authority, certain areas are, by their very nature accepted as being of higher risk than others. These areas include:

- ♦ Cash Handling;
- ♦ Tendering & Award of Contracts;
- ♦ Appointing External Consultants;
- ♦ Appointing Staff;
- ♦ The External, Pecuniary Interests of Members / Officers;
- ♦ Gifts & Hospitality;
- ♦ Claims for Allowances and Expenses;
- ♦ Awarding Licences / Planning Consent / Land Valuations, etc;
- ♦ Purchasing.

22.5 The following paragraphs explain the procedures to be followed in Internal Audit investigations, however, the principles apply equally to other investigations, including those under the direction of the Head of Human Resources / Disciplinary Procedure.

22.6 Where allegations are reported to the Head of Internal Audit, the Internal Audit Team will undertake a brief initial assessment of the circumstances and will recommend whether to:

- ♦ Take no further action;
- ♦ Refer the matter to the Executive Manager;
- ♦ Consult with the Head of Human Resources;
- ♦ Initiate a Preliminary Investigation;
- ♦ Other (e.g. some combination of the above).

22.7 If the initial assessment highlights matters of a minor nature, Executive Managers may be asked to investigate them within their own business units with ongoing advice and assistance from Internal Audit as necessary. In these instances, Internal Audit should be kept advised as to progress.

22.8 If the initial assessment highlights more serious matters that Internal Audit considers should not be dealt with exclusively by the Executive Manager, Internal Audit will support the designated Investigating Officer in the conduct of the investigation as necessary.

22.9 The investigation will normally be carried out by a team comprised of the Investigating Officer together with one or more Internal Auditors, and where appropriate a member of Human Resources or other relevant officers. In any event the Head of Human Resources would normally be consulted regarding potential disciplinary proceedings.

22.10 The appropriate Executive Manager would normally be informed of an investigation unless the allegation either directly involved or may implicate the said Executive Manager, or where the Executive Manager might be a material witness.

22.11 The preliminary investigation must be carried out with the utmost confidentiality and as much relevant information as possible should be gathered before alerting or approaching suspected parties.

22.12 The Investigating Officer should not necessarily restrict their enquiries solely to the specific allegation(s) made. The premise to be followed is that if a person is alleged to have committed an offence in one sphere of their activities, they may well have committed offences in any other area of their responsibilities where the opportunity arose. Therefore the full extent of possible irregularity should be determined.

23. INVESTIGATION – MEMBERS

23.1 The procedure shall be that specified for the time being by the Standards Board for England and in any regulations made under the Local Government Act 2000.

24. RECORD KEEPING / EVIDENCE / CONFIDENTIALITY

24.1 When the Head of Internal Audit is notified of a suspected fraud, an entry will be made into the Special Investigation Register. All entries into the Register will be sequentially referenced, so there is a continuous record of all entries. The Register will only be available to the:

- ♦ Chief Executive;
- ♦ Deputy Chief Executive;
- ♦ Monitoring Officer;
- ♦ Section 151 Officer;
- ♦ Internal Audit;
- ♦ External Auditor;
- ♦ Chairman and Members of the Audit Committee

24.2 When the preliminary investigation work is performed a file should be opened and updated on an ongoing basis as the matter is progressed, incorporating the details / results of the enquiries carried out, including all meetings, interviews and telephone discussions. The file should also contain any records, papers, workings or other forms of documentary evidence that may later form the basis of any report that is deemed necessary.

24.3 All files or other evidence relating to the investigation should be removed to a secure place and in such a way as to ensure confidentiality. On occasions, it may be appropriate to remove documents, etc. in a way that does not raise the suspicions of the person under investigation if the alleged perpetrator is to be allowed to continue working. In any event, documentary evidence should be collected as soon as possible, since the onset of an investigation may result in its destruction.

24.4 Great care must be taken to record detailed, complete and accurate information of the matters reported and results of the investigation. Wherever possible, the original (or prime) documents should be obtained as evidence in preference to copies.

24.5 Information held on a computer system may be used as evidence in any subsequent disciplinary or criminal proceedings and should be extracted in printout

form, including as part of the printed data, the date and time of its production. The computer printout should be endorsed by a person who was, at the time of its production, responsible for the operation of the computer installation from which it was generated.

24.6 Extreme caution must be taken where it is necessary to obtain evidence stored on a PC. No attempt should be made to turn the PC on as this will automatically overwrite chronological and other data files that may be vital in proving the case. Advice must be sought from ICT staff.

24.7 Full security of investigatory records (both manual and computerised) must be maintained at all times. The Chief Executive may authorise disclosure of investigation reports and associated documentation to third parties solely for the purposes of obtaining legal, employment, medical, financial, technical, or other professional advice whatsoever in relation to the case.

24.8 In general terms, all those engaged in investigation work should maintain secrecy and confidentiality throughout. This is because:

- ♦ Allegations / suspicions of fraud may turn out to be unfounded and if secrecy and confidentiality have been maintained this will prevent considerable embarrassment to both the accused officer and the authority.
- ♦ Investigations are of immediate interest to employees, members of the public and the media. Careless talk can generate rumours which quickly obtain wide circulation
- ♦ Where fraud had occurred, breaches of confidentiality could alert the suspect and result in them having an opportunity to cover their tracks or destroy material evidence or otherwise frustrate the investigative process.

25. POLICE INVOLVEMENT

25.1 The police are expert at investigating fraud and referring cases to the Crown Prosecution Service for criminal proceedings. They can also advise on the likely outcome of any intended prosecution. The Finance Executive Manager will have sole responsibility for requesting police involvement after consultation with the Chief Executive.

25.2 Any such request for police involvement will normally follow a report by the Investigating Officer to management indicating that there is a potential criminal case.

25.3 Where an irregularity is reported to the Police and the suspected perpetrator(s) are known, he/she/they should normally be suspended from duty in order to facilitate the forthcoming investigation.

25.4 If the Police decide that a formal investigation is necessary, the Investigating Team and all other employees will co-operate fully with any subsequent requests or recommendations. All contact with the police following their initial involvement will usually be through the Investigating Officer.

25.5 The Council will normally defer inquiries of their own into matters other than the protection of Council property, until the Police enquiries are complete. The Council will then review the matter in the light of the outcome of the Police enquiries.

25.6 The fact that a Police investigation has not resulted in prosecution should not necessarily prevent the internal investigation proceeding. It should be recognised that the standard of evidence required for a disciplinary offence is on the “balance of probabilities” and is less than that required for a criminal offence which has to be proved “beyond reasonable doubt”.

26. SURVEILLANCE

26.1 Any investigations that involve directed surveillance or the use of covert intelligence sources must be undertaken in accordance with the Regulation of Investigatory Powers Act 2000 and Council procedures. The use of directed surveillance and covert intelligence sources is not restricted to Internal Audit investigations but extends to benefit fraud, noise nuisance, planning, anti social behaviour and other areas.

26.2 The key provisions of RIPA are:

- ♦ Surveillance must be appropriate for the advancement of the investigation.
- ♦ An application for authorisation for directed surveillance must be made in writing.
- ♦ Authorisation must be given in advance by prescribed persons, formally nominated by the authority for this purpose.
- ♦ Authorisations must be given in writing using designated forms and can only be given on one of the grounds specified in the Act as “for the purposes of preventing or detecting crime or of preventing disorder”.
- ♦ Where urgent authorisation is requested, it may be given orally by the authorised officer. A written record of the urgent authorisation must be made.
- ♦ Authorised officers have overall responsibility for the management of the investigation and are personally liable for the authorisations that they give.
- ♦ Applications should contain sufficient detail to enable the authorised officer(s) to make an objective assessment. The reasons for granting / not granting authorisation should be noted on the application.
- ♦ The authorised activity must be reasonable, proportionate and necessary.
- ♦ A central record must be maintained of ongoing and completed surveillance operations.
- ♦ Authorisations are valid for a period of 3 months only. Designated renewal forms must be completed / authorised if the surveillance is to continue. The authorising officer must question the validity of any surveillance lasting more than 3 months.
- ♦ Once surveillance ceases to be necessary, designated cancellation forms should be completed / authorised.

26.3 The Authority’s formally agreed list of prescribed persons is as follows:

- ♦ Chief Executive
- ♦ Executive Managers (in connection with business unit activities)
- ♦ Benefits Manager (in connection with council tax benefit and housing benefit)

26.4 The Monitoring Officer has an overall responsibility to oversee the operation of the system of giving authorisations. The Monitoring officer should also be consulted for advice whenever it is unclear whether RIPA applies to a given situation.

26.5 Copies of the forms issued by the above prescribed persons must be passed to the Monitoring Officer to be retained in a central control register as they may be required as evidence at some future date.

26.6 The following standard forms are in use within the authority:

- ♦ RIP1 – Application for Directed Surveillance
- ♦ RIP2 – Renewal Form
- ♦ RIP3 – Review Form
- ♦ RIP4 – Cancellation Form

26.7 Comprehensive information regarding the use of RIPA forms is contained in the Procedural Guidance Notes for staff available on the intranet

27. INVESTIGATORY INTERVIEWS – OFFICERS

27.1 During the course of an investigation it is often necessary to question the employee under suspicion in order to establish facts. Under the Council's Disciplinary Procedure, such investigatory interviews are normally conducted by the nominated "Investigating Officer", but s/he may be assisted by a member of the Internal Audit Team if Internal Audit is involved in the investigation.

27.2 All interviews must be arranged with prior notice under the terms of the Council's Disciplinary Procedure and must be attended by:

- ♦ the Investigating Officer
- ♦ a representative of Internal Audit, normally a member of the Investigating Team
- ♦ a representative of Human Resources, normally a member of the Investigating Team

27.3 The employee may also be accompanied at the investigatory interview but a failure on the part of the interviewee to obtain suitable accompaniment after the standard period of notice does not provide sufficient reason for the interview not to proceed.

27.4 Interviews should be held in a private, neutral space at a reasonable time of day. Prior to the interview, the interviewing officers will obtain all relevant facts pertinent to the investigation and prepare a structured set of interview notes, setting out the information required and questions to be asked.

27.5 It should be made clear at the outset what the purpose of the investigatory interview is and that the interviewee's representative may not answer questions on his / her behalf.

27.6 A record of the questions asked and detailed records of the responses received must be made. Recording equipment should be used to ensure accuracy and for the avoidance of disputes. Care should be taken in framing the questions and no action that could be construed as duress by the interviewee must take place.

27.7 If the alleged irregularity is of a criminal nature and there is the possibility of criminal charges being laid against an individual, suspect employees should not be interviewed before formal consideration of whether to request police involvement. In most cases, it is preferable for the Police to conduct such interviews.

27.8 If it is the intention to question a person suspected of committing a criminal offence, that person must be formally cautioned before further questioning takes place.

27.9 Interviewees should be provided with two copies of the interview transcript, which they should be asked to sign and date (including any suggested corrections or amendments) and return one copy to Investigating Officer.

28. INVESTIGATORY INTERVIEWS – MEMBERS

28.1 These will be carried out in accordance with regulations (if any) made under Section 66 of the Local Government Act 2000. If no such regulations are in force, the matter will be dealt with in accordance with any provisions specified by the Standards Board for England.

29. INVESTIGATORY INTERVIEWS – BENEFIT CLAIMANTS

29.1 If a benefit fraud allegation is substantiated and is potentially a prosecution case the interviews will be carried out formally under caution in accordance with PACE.

29.2 If a claimant is also in receipt of other benefits the DWP's Benefit Fraud Investigation Service will be contacted to invite them to be involved in the investigatory interview.

30. SUSPENSION

30.1 At the outset or during the course of an investigation it may become necessary to consider suspending the alleged perpetrator(s) from carrying out their normal duties. Under the Council's Disciplinary Procedure, depending on the circumstances of the case the employee may be:

- ♦ Required to remain in their own post on restricted duties.
- ♦ Required to work in any other position within the Council.
- ♦ Suspended from all duties and required to remain away from work.

30.2 The Disciplinary Procedure contains guidance on the circumstances under which suspension is appropriate and the process that must be followed.

30.3 A key concern for the Investigating Officer is to protect the integrity of any unsecured evidence and to prevent any influence the suspect(s) might bring to bear on associates. If this is considered to be a material threat, the Investigating Officer should recommend suspension to the Executive Manager / Senior Officer concerned (in consultation with the Head of Human Resources).

30.4 Where the suspension requires an employee to remain away from work, the manager should (with possible assistance from Custodians or other appropriate officers):

- ♦ Escort the employee to his / her workstation.
- ♦ Allow the employee to remove any personal possessions.
- ♦ Ensure that nothing material to the investigation is removed (e.g. diaries).
- ♦ Require the employee to hand over any keys, identity cards, passes, Council purchasing cards, trade cards, Council laptop, mobile phone etc.
- ♦ Escort the employee from the premises.

31. INVESTIGATION REPORTING - OFFICERS

31.1 At the end of the preliminary investigation, the Investigating Officer must decide whether there is a case to be answered and, therefore, if it should proceed to a disciplinary hearing. If it is to proceed, s/he must produce a written Preliminary Investigation Report in conjunction with Human Resources.

31.2 If any or all of the investigation is undertaken by the Internal Audit Team, a representative of Internal Audit will also assist with the Preliminary Investigation Report.

31.3 The Preliminary Investigation Report should contain:

- ♦ Background to the case
- ♦ Full details of the investigation process followed;
- ♦ A summary of the evidence obtained;
- ♦ The potential nature of the offences (if any) committed;
- ♦ Recommendations as to Police referral (where appropriate);
- ♦ Recommendation as to the requirement for a disciplinary hearing

31.4 All reports should be factual, impartial and, unless absolutely necessary contain no opinion.

31.5 With regard to whistle blowing considerations under the Public Interest Disclosure Act, in certain circumstances the names of witnesses may be deleted in a report and provided in a separate covering sheet. However although protection is guaranteed to witnesses, they cannot (other than in exceptional circumstances) be guaranteed anonymity as they may be required to give oral evidence at a future hearing, appeal, tribunal or in court.

31.6 The investigation may also reveal weaknesses in systems, procedures or internal control that need to be rectified for the future. At an appropriate stage, a separate Internal Audit Report will be issued to the relevant Executive Manager detailing such weaknesses together with corresponding recommendations for corrective action.

32. INVESTIGATION REPORTING - MEMBERS

32.1 These will be carried out in accordance with regulations (if any) made under Section 66 of the Local Government Act 2000. If no such regulations are in force, the matter will be dealt with in accordance with any provisions specified by the Standards Board for England.

33. INVESTIGATION REPORTING – BENEFIT CLAIMANTS

33.1 At the conclusion of the benefit fraud investigation a report will be produced, this will be passed to the Housing Benefit Manager for the calculation of the overpayment and claim of subsidy, and to the Benefit Fraud Manager to review the case.

34. HEARINGS & APPEALS – OFFICERS

34.1 The Council's detailed rules on disciplinary hearings and appeals are contained in the Disciplinary Procedure. Where an investigation has been undertaken (partially or wholly) by the Internal Audit Team, Internal Audit may provide the following services:

- ♦ Advising management on how they might approach a disciplinary case that is based on the results of an Audit or joint Audit / management investigation.
- ♦ Advising management on how to formulate disciplinary charges.
- ♦ Advising management on how to put together a disciplinary package of evidence.
- ♦ Attending the disciplinary interview (and possible appeals) as a witness.

34.2 Internal Audit only provides evidence to a disciplinary hearing and has no other influence on the Disciplinary Panel's decision.

34.3 Where the investigation is into matters of a potentially criminal nature, the Police would normally have been informed at an earlier stage. However, in certain circumstances it may have been decided to proceed with the internal investigation before contacting the Police. Under these circumstances the Investigating Officer should inform the Finance Executive Manager / Head of Human Resources once it becomes clear that a criminal offence has been committed. They would in turn review the issue of Police referral.

34.4 In any event, after the internal investigation is completed and if the matter proceeds to a Disciplinary hearing, the disciplining officer should ensure that the Finance Executive Manager / Head of Human Resources are informed of any potentially criminal offence. The issue of Police referral is a matter for the Finance Executive Manager and/or Head of Human Resources to decide (in conjunction with the Chief Executive).

34.5 It should also be borne in mind that where actual losses have occurred, if an insurance claim is to be pursued the matter must first be reported to the Police and a crime number obtained. This number needs to be inserted on actual claim form.

35. HEARINGS & APPEALS – MEMBERS

35.1 These will be carried out in accordance with regulations (if any) made under Section 66 of the Local Government Act 2000. If no such regulations are in force, the matter will be dealt with in accordance with any provisions specified by the Standards Board for England.

36. HEARINGS & APPEALS – BENEFIT CLAIMANTS

36.1 These will be undertaken in accordance with the Housing / Council Tax Benefit Sanction & Prosecution Policy.

37. LOSS RECOVERY

37.1 Where actual losses have occurred it may be possible to recover them (wholly or in part) via an insurance claim, in which case the Police must first be contacted for a crime number for insertion on the actual claim form.

37.2 The Council's policy for recovering uninsured losses from the perpetrators of fraud is to do so in all cases where, having considered all the available evidence the Legal Executive Manager takes the view that recovery action through the Courts is likely to succeed and also where the Chief Executive considers that such recovery action should be taken.

37.3 Directions in respect of the recovery of overpaid benefits will proceed in accordance with the Council's Sanction and Prosecution Policy for Housing Benefit and Council Tax Benefits.

38. REPORTING TO MEMBERS

38.1 On the completion of a special investigation and the conclusion of any associated disciplinary action, a report shall be submitted to the Audit Committee if either of the following applies:

- ♦ a disciplinary penalty is imposed under the Disciplinary Procedure
- ♦ a criminal prosecution occurs

38.2 The report will normally be prepared by Internal Audit and should contain:

- ♦ a brief description of the incident,
- ♦ the means of perpetrating the fraud;
- ♦ the actions taken to prevent a recurrence, with a follow up report on whether the actions have been taken;
- ♦ any measures needed by management to strengthen future responses to fraud.

38.3 Under no circumstances should the identity of the employee concerned be referred to in any such report, nor should the description of the incident facilitate identification.

39. REVIEW

39.1 The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption and is determined to ensure that these arrangements keep pace with any future developments, in both prevention and detection techniques, regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.

39.2 To this end, the Council will maintain a continuous overview of such arrangements, including this Strategy, through the roles of the Monitoring Officer and Finance Executive Manager.

Audit Committee



Date	Thursday 10 January 2008
Venue	Town Hall, Lytham St Annes
Committee members	John Coombes, Simon Renwick, Paul Rigby, Keith Hyde, John Singleton, Kathleen Harper, Elizabeth Oades and Louis Rigby
Other Councillors	
Officers	Phillip Woodward, Brian White, Savile Sykes and Tracy Scholes
Others	Audit Commission

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.

Councillor Fabian Wilson declared a personal interest in the part of the Interim Internal Audit Report relating to special investigations.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 27 September 2007 as a correct record for signature by the chairman subject to the minutes correctly reflecting the attendance of Councillor Paul Rigby at the previous meeting.

3. Substitute members

There were no substitutions reported.

4. Follow Up Reports 2007-08 (Update)

Savile Sykes (Head of Internal Audit) presented the updates on the follow up reports. At its meeting in September 2007 the committee considered the Internal Audit Interim report for first half of 2007/08. The Head of Internal Audit requested to update members on the follow up reviews completed in the current year and to obtain revised target dates for outstanding actions, in particular for the Purchase Card audit.

RESOLVED - To note the latest position with regard to follow up reviews completed to date during 2007/08.

5. Follow Up Reports 2006/07 (Update 2)

Savile Sykes (Head of Internal Audit) presented the updates on the follow up reports. At its meeting in June 2007 the committee considered the Internal Audit Annual Report for

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2006/07. The Head of Internal Audit was requested to remind managers of the recommendations they had agreed to implement and to provide a further report outlining the number of recommendations still outstanding.

RESOLVED - To note the latest position with regard to each of the agreed Internal Audit recommendations not implemented by management during 2006/07.

6. Special Investigation (Update)

Savile Sykes (Head of Internal Audit) reported that at its meeting in September 2007 the committee considered the Internal Audit Interim Report for first half of 2007/08. The Head of Internal Audit was requested to report back on a particular case outlining the findings of the disciplinary hearing and drawing the attention of the Audit Committee to any supplementary control measures that needed to be addressed as a result of the investigation.

RESOLVED: To note the position with regard to special investigation under consideration.

7. Audit Plan 2007-08 Amendment

Savile Sykes (Head of Internal Audit) presented a report that outlined factors affecting the achievement of the plan and set out a number of amendments that reflected the current situation.

RESOLVED: To note the latest position with regard to the Internal Audit Plan and the amendments to it.

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