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Jeff Hughes
Head of Democratic and Legal Support Services

MEETING	**:**	AUDIT COMMITTEE
VENUE	**:**	COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE	**:**	WEDNESDAY 13 MARCH 2013
TIME	**:**	7.00 PM

> **PLEASE NOTE TIME AND VENUE**

MEMBERS OF THE COMMITTEE

Councillor J Ranger (Chairman)
Councillors M Pope, J Wing, W Mortimer, R Radford and N Wilson

Substitutes

Conservative Group: Councillors D Andrews
Liberal Democrat Group: Councillor M Wood
:

(Note: Substitution arrangements must be notified by the absent Member to Democratic Services 24 hours before the meeting)

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DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:

   - must not participate in any discussion of the matter at the meeting;

   - must not participate in any vote taken on the matter at the meeting;

   - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;

   - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;

   - must leave the room while any discussion or voting takes place.

2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.

3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.

4.   It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

AGENDA

1. Asset Management - Training (Pages 7 - 16)

2. Apologies

   To receive apologies for absence.

3. Minutes (Pages 17 - 22)

   To confirm the Minutes of the meeting held on 23 January 2013

4. Chairman's Announcements

5. Declarations of Interest

   To receive any Member's Declarations of Interest and Party Whip arrangements.

6. Council's Response to Auditor's Recommendations Relating to an objection to the 2011/12 Accounts - Follow Up Actions

   To Follow

7. External Audit: Update Report (Pages 23 - 36)

8. Shared Internal Audit Service (SIAS) - Progress Report (Pages 37 - 68)

9. Internal Audit Plan 2013/14 (Pages 69 - 88)

10. Update on Implementation of 2012/13 Annual Governance Statement Action Plan (Pages 89 - 100)

11. Annual Review of Data Quality Strategy (Pages 101 - 124)

12. Risk Management Monitoring 1 October 2012 to 31 January 2013 (Pages 125 - 136)

13. <u>Anti-Fraud and Anti-Corruption Strategy and Whistleblowing Code</u> (Pages 137 - 166)

14. <u>Audit Committee Work Programme 2013/14</u> (Pages 167 - 172)

15. <u>Urgent Business</u>

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

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Asset and Estate Management Service

Audit Committee
13th March 2013

Anna Osborne

Assets & Estates Manager

Agenda Item 1

East Herts Council

Agenda

The Team

The Property Portfolio

Responsibilities of the Team

Valuation of Assets

Localism Bill

Disposal of Assets

East Herts Council

The Team & Their Role

Provide an estate management, valuation and strategic asset management service to the Council in respect of its own property ownership as well as for any other property for which the Council may have dealings.

East Herts Council

The Portfolio

In principle the authority only holds assets which are:

- **Required for operational purposes in the delivery of services or**

- **Support corporate priorities or**

- **Have strategic value and can be used to influence and promote town centre developments**

East Herts Council

Number of Assets Held by the Authority
Operational Property (PPE)

	2000	2003	2007	2012
Administrative office &Service Centre	7	5	3	3
Town Centre & Resident Car Parks	31	32	31	33
Swimming Pools & Health Centres	5	5	5	5
Cultural Facilities & Community Centres	8	8	10	9
Operational Public Conveniences	16	16	8	4
Open Space & Play Areas	N/C	N/C	N/C	N/C

East Herts Council

Number of Assets Held by the Authority
Investment Property

	2000	2003	2007	2012
Neighbour-hood Shops	29	27	23	23
Miscellaneous Commercial Assets	13	13	6	12
Industrial and Commercial Ground Leases	17	17	17	17
Miscellaneous and Community Uses	N/C	N/C	N/C	25
Surplus & Vacant Assets	7	11	10	8

East Herts Council

The Team's Responsibilities

- Asset Management Plan.
- Advice
- Estate Management Service
- Negotiate way leave, easements, licenses etc. for rights of way, light, utilities etc.
- Rationalisation of Property Portfolio
- Property valuations
- Negotiate acquisitions, disposals & leases
- Manage Asset Register
- Manage development projects

East Herts Council

Current Issues

- How do we value assets and why have some dropped significantly in value?

- How is the Localism Bill affecting use of Council assets?

- How and why do we dispose of assets?

East Herts Council

ANY QUESTIONS?

East Herts Council

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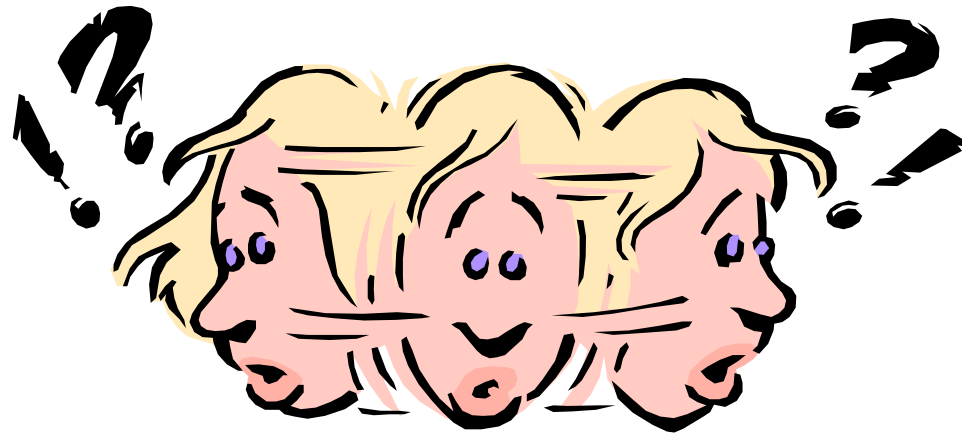
MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 23
JANUARY 2013, AT 7.00 PM

PRESENT: Councillor J Ranger (Chairman)
               Councillors W Mortimer, M Pope and J Wing.

ALSO PRESENT:

               Councillors P Ruffles.

OFFICERS IN ATTENDANCE:

Simon Chancellor	-	Head of Finance and Performance
Chris Gibson	-	Manager of Corporate Risk
Peter Mannings	-	Democratic Services Officer
George A Robertson	-	Chief Executive and Director of Customer and Community Services
Adele Taylor	-	Director of Finance and Support Services

ALSO IN ATTENDANCE:

Paul Grady	-	Grant Thornton
Helen Maneuf	-	Shared Internal Audit Service

551   **COUNCIL'S RESPONSE TO AUDITOR'S**

RECOMMENDATIONS RELATING TO AN OBJECTION TO THE 2011–2012 ACCOUNTS

The Chief Executive and Director of Customer and Community Services submitted a report informing Members of an objection received by the external auditor to the 2011/12 accounts, the external auditor's statement of reasons in response and the proposed response to the external auditor's recommendations.

The Audit Committee was advised that this report covered the recommendations that were being made by Grant Thornton.

Councillor J Wing requested that future reports from the external auditor comply with RNIB guidelines. Also, he queried whether the issue raised by the objection would be referred to the Independent Remuneration Panel.

The Chief Executive and Director of Customer and Community Services advised that his report had included a document that had not been initially intended for publication as a committee report. He also advised that the issue raised by the objection would be referred to the Independent Remuneration Panel.

Members noted the report and requested that the proposed response to the external auditor's recommendations be recommended to Council for approval.

> RECOMMENDED – that (A) the report be received: and
>
> (B) the proposed response to the external auditor's recommendations, as now submitted, be approved.

552   APOLOGY

An apology for absence was submitted on behalf of Councillor N Wilson.

553   MINUTES - 21 NOVEMBER 2012

RESOLVED – that the Minutes of the meeting held on 21 November 2012 be confirmed as a correct record and signed by the Chairman.

554   EXTERNAL AUDIT – GRANTS CLAIM CERTIFICATION WORK 2011/12

The External Auditors submitted a report detailing the arrangements for certification work undertaken by them, as an agent for the Audit Commission. A summary of the claims and returns certified for 2011/12 were detailed in the report now submitted.

Members received the report.

RESOLVED – that the report be received.

555   TREASURY MANAGEMENT STRATEGY STATEMENT 2013/14

A report was received from the Executive Member for Finance setting out the 2013/14 Treasury Strategy Statement and Annual Investment Strategy, which also included information in respect of the setting of prudential indicators.

Members were advised that the report set out the Council's policy in respect of treasury management and, in particular, the principles for managing the sophisticated and complicated cash flow arrangements for the Authority. The principal aim of the treasury management strategy was to ensure security of capital and liquidity for the Council's investments.

The Head of Finance and Performance stated that Officers worked closely with SECTOR, the Council's Treasury Management advisors in considering a range of

Investment opportunities that might enhance the returns being made by the Authority. Members advised that there was always a balance that had to be struck between risk and investment return.

The Committee Chairman commented on the current bank base rate and when this might increase from the current 0.5%. The Head of Finance and Performance stated that SECTOR's current view was that the 0.5% current rate was not expected to start increasing until quarter 1 of 2015, despite inflation currently being well above the Monetary Policy Committee's inflation target.

Members were advised that there were always fine judgements for Officers to make in terms of treasury management. Officers had to oversee a varied portfolio of risk to enhance the best available investment return for the Authority.

In respect of a query from Councillor M Pope in relation to which investment portfolios were best for the Authority, the Head of Finance and Performance explained the basis of the Investec Fund and the rationale behind the recent decision in opening a new Money Market Fund.

Members received the report.

> RESOLVED – that the 2013/14 Treasury Management Strategy Statement and Annual Investment Strategy and the prudential indicators be received.

556   SHARED INTERNAL AUDIT SERVICE – PROGRESS REPORT

The Shared Internal Audit Services (SIAS) submitted a report setting out the progress that had been made in delivering the Council's Annual Audit Plan for 2012/13 as at 28 December 2012. The report also proposed a number of amendments to the approved audit plan and sought approval for removal of implemented high priority recommendations, the detail of which was set out in the

report now submitted.

The Committee Chairman thanked the SIAS for the report. He referred in particular, to the IT related recommendations detailed in the report. The Chief Executive and Director of Customer and Community Services advised that a senior Officer from Stevenage Borough Council would be assisting East Herts Council in establishing a more resilient and reliable IT function as part of the work to progress shared ICT services.

Members noted the report and approved the recommendations detailed in the report now submitted.

> RESOLVED – that (A) the report be received;
>
> (B) the amendments to the 2012/13 Audit Plan as at 28 December 2012 be approved; and
>
> (C) the removal of the implemented high priority recommendations be approved.

557   UPDATE ON IMPLEMENTATION OF THE ANNUAL GOVERNANCE ACTION PLAN

The Director of Finance and Support Services submitted a report in relation to the 2012/13 Annual Governance Statement and the nine measures recommended to enhance East Herts Council's internal control framework during 2012/13, the detail of which was set out in Essential Reference Paper 'B'. The report also provided details of proposed actions that needed to take place prior to confirmation being given that adequate and effective controls were fully in place.

Members were referred to page 95 of the report in respect of the Shared Support Service governance arrangements. The Red, Amber and Green (RAG) status had been amended to Amber in view of management teams at East Herts Council and Stevenage Borough Council agreeing to continue to explore shared service arrangements.

The Director of Finance and Support Services stated that the testing stage was being planned in relation to East Herts Council using the same payroll system as Stevenage Borough Council. Members noted the progress made against implementing the action plan detailed in the 2012/13 Annual Governance Statement.

> RESOLVED – that the progress made against implementing the action plan detailed in the 2012/13 Annual Governance statement be noted.

558   AUDIT COMMITTEE WORK PROGRAMME

The Director of Finance and Support Services submitted a report detailing the proposed work programme for Audit Committee. Members were reminded of the Asset Management Training that had been arranged for the March 2013 meeting of the Committee.

The Manager of Corporate Risk requested that Members agree to a report being added to the work programme for the March 2013 meeting in respect of the Anti–Fraud and Anti–Corruption Strategy and Whistleblowing Code. This was supported.

> RESOLVED – that the work programme, as amended, be approved.
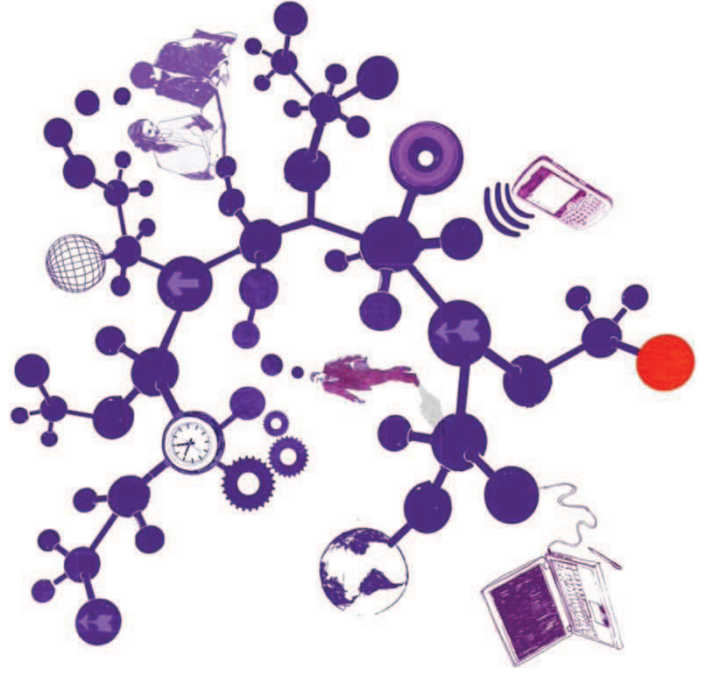
The meeting closed at 8.10 pm

Chairman   …………………………………………………

Date   …………………………………………………

Grant Thornton

Audit Committee Update
East Hertfordshire District Council

13 March 2013

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Contents

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a District Council
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications including - 'Local Government Governance Review 2012', 'The developing internal audit agenda', 'Preparing for the future' and 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Progress to March 2013

Work	Planned date	Complete?	Comments
2012-13 Accounts Audit Plan We are required to issue a detailed accounts audit plan to you setting out our proposed approach in order to give an opinion on the your 2012-13 financial statements.	Report to July Audit Committee	No	The Audit Plan will be drafted and agreed with officers at the conclusion of our Interim Audit visit. We will present the final plan to the July meeting of the Audit Committee.
Interim accounts audit Our interim fieldwork visit will include the following: • updated review of your control environment • update understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing	On-site interim audit work from w/c 11 March	No	We have agreed with the Finance Team to commence the on-site interim audit work from 11 March. This will include some early testing work, particularly around payrolls and journals. We will report on our findings through the Audit Plan which will be presented to the July meeting of the Audit Committee.
2012-13 final accounts audit Including: • audit of the 2012-13 financial statements • proposed opinion on your accounts • proposed Value for Money conclusion	On-site accounts audit work from w/c 5 August	No	We have agreed with the Finance Team to commence the on-site accounts audit work from 5 August. The planned approach will be discussed with you as part of the interim audit process. We will report our findings to the September meeting of the Audit Committee through our ISA260 report to 'Those Charged With Governance'.

Progress to March 2013

Work	Planned date	Complete?	Comments
Value for Money (VfM) conclusion The scope of our work to inform the 2012/13 VFM conclusion comprises consideration of whether you have proper arrangements in place for: • Securing financial resilience • Challenging how you secures economy, efficiency and effectiveness in your use of resources	On-going	No	Our financial resilience review will focus on: • Reviewing and updating our risk assessments agreed during our 2011/12 financial resilience review • Considering the progress made against any recommendations from the 2011/12 financial resilience review We will report our findings to the September meeting of the Audit Committee through our ISA260 report to 'Those Charged With Governance'.

Emerging issues and developments

Accounting and audit issues

Implications of the Local Government Finance Act 2012

The Local Government Finance Act 2012 has now been given Royal Assent. The Act has amendments in two areas of local government finance:

• Council tax support will now be localised and local authorities will be responsible for implementing their own council tax reduction schemes.

• 50% of the non domestic rates collected locally will be retained by the local authority. Billing authorities will pay over a share to central government and proportionate shares to their precepting bodies.

In December 2012, CIPFA issued a consultation on proposed amendments to the 2013/14 Code of Practice on Local Authority Accounting in the United Kingdom for the implications of business rates retention schemes. In summary, the changes are to account for business rates in a similar way to council tax. The Comprehensive Income and Expenditure Statement will need to show amounts collectible by each authority. Debtors/creditors will be recognised when these amounts do not match the actual amounts paid by each billing authority over to preceptors and government. The Collection Fund adjustment account will be used for accounting for the differences. Top-ups and tariffs and the safety net and levy will be recognised as grant income or expenditure. Individual authorities in a pool will need to account for their share of income and expenditure debtors/creditors as stipulated in any agreement made by individual authorities in the pool.

Challenge questions:
- Do you know your key risks?
- Have officers ensured the financial impact is fed into medium term financial plans?
- Have officers undertaken modelling of future business rates growth?
- Have officers given due consideration to pooling?
- Have officers considered the possible impact on council tax collection rates if they do reduce benefit entitlement in line with the funding reduction?
- Has your Director of Finance reviewed the proposed amendments to the 2013/14 Code and assessed the potential impact?

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Emerging issues and developments

Accounting and audit issues

Provisions

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the criteria for recognising a provision is that there is:

- a current obligation as a result of a past event;
- a transfer of economic benefit is probable; and
- a reliable estimate of the liability can be made.

We wish to highlight the following matters to you for consideration where a provision may be required:

- Mutual Municipal Insurance – the Scheme of Arrangement was triggered in November 2012, therefore it is now virtually certain that there will be a transfer of economic benefit. If this liability has not been discharged by 31 March 2013, we would expect local authorities to recognise a creditor or, if the timing or amount of the payment is uncertain, a provision in their financial statements.

- Redundancy costs –the recognition point for termination benefits fall under IAS 19 'Employee Benefits'. This is generally earlier than the IAS 37 recognition criteria for restructuring which requires that a valid expectation has been raised in those affected. The requirement in IAS 19 is that the entity is 'demonstrably committed'.

Challenge question:
- Has your Director of Finance considered the need for additional provisions for the above matters?

Emerging issues and developments

Grant Thornton

'Towards a tipping point?: Summary findings from our second year of financial health checks of English local authorities '

In December 2012, Grant Thornton published 'Towards a tipping point?: Summary findings from our second year of financial health checks of English local authorities'. This financial health review considers key indicators of financial performance, financial governance, strategic financial planning and financial controls to provide a summary update on how the sector is coping with the service and financial challenges faced. The report provides a summary of the key issues, trends and good practice emerging from the review.

Challenge questions:
- Have you considered the findings of the report?
- Are there any issues that relate to your authority and what action are you going to take?

Emerging issues and developments

Local government guidance

'Auditing the Accounts 2011/12' report

In December, the Audit Commission published 'Auditing the Accounts 2011/12'. The report summarises the results of auditors' work on the financial statements of both principal and small bodies. The key finding in the report is that bodies have improved the quality and timeliness of their financial reporting in 2011/12.

Challenge questions:
- Has your Director of Finance identified the key risks for the authority in preparing the 2012/13 financial statements?
- Has your Director of Finance produced a robust and adequately resourced timetable for the production and submission of its 2012/13 financial statements?
- Has this been discussed and agreed with the External Auditors?

'Striking a balance: improving councils' decision making on reserves'

In December, the Audit Commission published 'Striking a balance: improving councils' decision making on reserves.' The report covers the findings from research undertaken by the Audit Commission on the level of reserves that councils hold and the decisions councils make on them.

The report encourages English councils to focus more attention on their reserves. It suggests that management should be providing more comprehensive information on reserves to elected members and councils should provide greater clarity on the reasons for holding reserves. The report includes questions for elected members that will help them in their decision making and scrutiny roles.

Challenge questions:
- Are your officers providing you with the right information about reserves?
- Have you considered the findings of the report and identified where actions are required?

Emerging issues and developments

Local government guidance

'Tough Times: Councils' financial health in challenging times'

In November, the Audit Commission published 'Tough times 2012: Councils' financial health in challenging times.' This is the second report it has produced looking at how councils are dealing with the issues from the Spending Review and focuses on the financial health of councils.

The report finds that councils generally delivered on their planned savings, however, auditors reported that signs of financial stress were visible.

Challenge question:
- Have you considered the findings of the report and any actions required?

'Protecting the public purse 2012'

In November, the Audit Commission published 'Protecting the public purse 2012: Fighting fraud against local government'. The report provides the results of the Audit Commission's annual survey of English local government bodies. It finds that local government bodies are targeting their investigative resources more efficiently and effectively. Local government bodies detected more than 124,000 cases of fraud in 2011/12 totalling £179m. It also reports that new frauds are emerging in areas such as business rates, Right to Buy housing discounts and schools.

The report includes a checklist for those charged with governance to use to review their counter-fraud arrangements.

Challenge questions:
- Have you considered the findings of the report?
- Are there any issues that could relate to your authority and how are these being dealt with?
- Have you reviewed your existing arrangements for tackling fraud?

If you have any fraud queries, talk to your audit manager to see how Grant Thornton could help.

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Emerging issues and developments

Local government guidance

Broadband Initiative – Rural Broadband Fund

The Government has committed to delivering superfast broadband (24Mbps) accessibility to 90% of UK premises, and a minimum of 2 mbps to the remaining 10% of premises. The Department of Culture Media and Sport (DCMS) has entered into a Framework Agreement with two Suppliers, BT and Fujitsu, for the purposes of delivering this broadband infrastructure.

Local authorities are responsible for utilising the Framework Agreement to procure superfast broadband infrastructure for their areas. DCMS has grouped local authorities in England into circa 40 regions which are undertaking call-off procurements with BT and Fujitsu on a phased basis. Local authorities are therefore at different stages of the process (i.e. pre-procurement, in procurement, or at the award stage). The first local authorities to undertake the call-off process have recently awarded contracts to BT.

There are a number of important financial and commercial issues which local authorities will need to understand, investigate and take action in order to secure and demonstrate value for money. The main issues are:

- Procurement strategy
- Grant agreements
- Financial forecasts
- Milestone payments
- Phasing of roll-out
- Demonstrating value for money

Challenge questions:
- Are you happy that officers have identified the financial and commercial issues relating to the delivery of superfast broadband?
- Can officers demonstrate value for money has been achieved?

Grant Thornton has significant experience of advising the public sector on broadband procurements of this nature. Please talk to your audit manager if you would like more information.

Grant Thornton

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East Herts District Council
Audit Committee Progress Report
13 March 2013

Recommendation

Members are recommended to:
- Note the Internal Audit Progress Report
- Approve the amendments to the Audit Plan as at 22 February 2013; and
- Agree removal of implemented high priority recommendations

Contents

1. Introduction and Background

Purpose of Report

1.1 This report details:

a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2012-13 as at 22 February 2013.
b) Proposed amendments to the approved 2012-13 Audit Plan.
c) Implementation status of previously agreed high priority audit recommendations.
d) An update on performance management information as at 22 February 2013.

Background

1.2 The 2012-13 Annual Audit Plan was approved by the Audit Committee on 14 March 2012.

1.3 The Audit Committee receives periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 23 January 2013.

1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

2.1 As at 22 February 2013, 75% of the 2012-13 Audit Plan days had been delivered. Appendix A provides a status update on each individual project within the audit plan.

2.2 The following 2012-13 reports have been finalised in the period since 28 December 2012 (cut-off date for the January 2013 Audit Committee):

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
IT Risk Diagnostics (benchmarking review)	Jan '13	Not assessed	Three recommendations (no priority assigned) for management consideration
Freedom of Information	Feb '13	Substantial	one medium two merits attention
Car Parking Contract	Feb '13	Substantial	three medium one merits attention
Payroll	Feb '13	Substantial	one medium

High Priority Recommendations

2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS's responsibility to bring to Members' attention the implementation status of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.

2.4 Many of the IT audit recommendations dating back to 2009 relate to business continuity arrangements. The status of these, including whether they remain relevant in a changing IT environment will be considered during the IT Business Continuity audit currently in progress.

Proposed Audit Plan Amendments

2.5 No deletions from the 2012-13 Annual Audit Plan are brought to this Committee for approval.

Since the last Committee, additional audits of Petty Cash and Expenses (10 days) and RIPA (10 days) have been agreed and added to the 2012-13 plan. Both are in progress.

2.6   Annual performance indicators and associated targets were approved by the SIAS Board in 2011.

2.7   As at 22 February 2013 actual performance for East Herts against the targets that can be monitored in year was as shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 22 February 2013	Actual to 22 February 2013
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	80%	75%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	65%	58%
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%
4. Number of High Priority Audit Recommendations agreed	95%	95%	100%

2.8   In addition, the performance targets listed below are annual in nature.   Performance against these targets will be reported on in the 2012-13 Head of Assurance's Annual Report:

- **5. External Auditors' Satisfaction** – the Annual Audit Letter should formally record whether or not the External

Auditors are able to rely upon the range and the quality of SIAS' work.

- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting then the plan should be prepared for the first meeting of the civic year.

- **7. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

2012-13 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Key Financial Systems								
Asset Management					15	Yes	8	Fieldwork in progress
Benefits					14	Yes	6	Fieldwork in progress
Council Tax					14	Yes	8	Fieldwork in progress
Creditors					15	Yes	13	Fieldwork complete
Debtors					12	Yes	4	Planning in progress
Main Accounting					12	Yes	11	Draft report issued
NNDR					14	Yes	7	Fieldwork in progress
Payroll	Substantial	0	1	0	12	Yes	12	Final report issued
Treasury					8	Yes	7	Draft report issued
Operational Audits								
Authorisations and Delegations	Substantial	0	0	3	8	Yes	8	Final report issued
Car Parking					0	No	0	Audit cancelled
Corporate Business Planning	Full	0	0	0	12	Yes	12	Final report issued
Data Protection					5	Yes	1	Fieldwork in progress
Debt Recovery					15	Yes	3	Planning in progress
Equalities & Diversity	Substantial	0	2	1	5	Yes	5	Final report issued
Financial Regulations Benchmarking	Not Assessed				5	Yes	5	Final report issued
Freedom of Information	Substantial	0	1	2	10	Yes	10	Final report issued

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Housing – Homelessness	Substantial	0	2	3	9	Yes	9	Final report issued
Housing - Registrations & Nominations					10	Yes	8	Fieldwork complete
Improvement Grants	Substantial	0	0	2	8	Yes	8	Final report issued
Learning and Development	Full	0	0	0	10	Yes	10	Final report issued
Licensing					1	No	1	Audit cancelled
Payments, Direct Debits & Refunds					1	Yes	1	Audit reallocated to Debtors, Creditors, Council Tax and NNDR
Performance Management	Substantial	0	0	1	10	Yes	10	Final report issued
Programme Governance					15	Yes	14	Draft report issued
Project Management	Full	0	0	0	11	Yes	11	Final report issued
Section 106	Moderate	5	2	2	18	Yes	18	Final report issued
Shared Services					0	No	0	Audit cancelled
Utilities	Moderate	0	4	1	8	Yes	8	Final report issued
Procurement								
Car Parking Contract	Substantial	0	3	1	8	Yes	8	Final report issued
Cleansing Contract	Full	0	0	1	6	Yes	6	Final report issued
Commercial Waste Management Contract	Full	0	0	1	6	Yes	6	Final report issued

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Grounds Maintenance Contract					8	Yes	5	Fieldwork in progress
Leisure Management Contract	Substantial	0	0	1	6	Yes	6	Final report issued
Counter Fraud								
Fraud Baseline Assessment					10	Yes	9	Fieldwork complete
Petty Cash and Expenses					10	Yes	2	Planning in progress
RIPA					10	Yes	1	Planning in progress
IT Audits								
IT Risk Diagnostics	Not Assessed				20	Yes - PWC	20	Final report issued
IT Business Continuity					10	Yes - PWC	2	Planning in progress
IT Service Desk					10	Yes	3	Planning in progress
IT Audit					5	N/A	4	On-going
Follow-up of High Priority IT Audit Recommendations					5	N/A	3	On-going
Contingency								
To be allocated					8	N/A	0	On-going
Follow Up Audits								
Follow up of high priority recommendations					15	N/A	8	On-going
Strategic Support								
Strategic Support					50	N/A	43	On-going
Completion of 2011-12 audits								

APPENDIX A   PROGRESS AGAINST THE 2012-13 AUDIT PLAN AS AT 22 FEBRUARY 2013

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
PWC completion work					2	N/A	2	Final reports issued
Asset Management					1	Yes	1	Audit not completed – see 2011-12 Annual Report
Grounds Maintenance	Substantial	0	0	1	2	Yes	2	Final report issued
Contract Review	Substantial	1	8	0	10	Yes	10	Final report issued
Income	Full	0	0	1	1	Yes	1	Final report issued
EHDC TOTAL					480		360	

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
1.	Follow-up of Various ICT reviews (IA Report 22/6/09)	It is recommended that options for ICT business continuity are reviewed before expensive solutions are commissioned. These should take into account the possible mid-term accommodation changes under consideration.	Progress has been made in producing a draft ICT Business Continuity Plan. It was confirmed by the Strategic ICT Manager that the ICT Business Continuity Plan has been considered by the Business Continuity Group. Draft plan	Peter Searle (now Emma Freeman / Henry Lewis) / David Frewin/ Peter Bowler	Revised to December 2011 (no date set at final report stage)	Sep 12: The Business Continuity Group has prioritised each application's recovery. Dec 12: A separate audit of IT BCP is due to be completed by PWC in Dec 12 / Jan 13. This work will also consider the status and relevance of this recommendation. Feb 13: IT BCP audit in progress.	**To be assessed during IT Business Continuity audit in Q4 – continue to monitor**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
			presented 09/02/09. Progress report is to be presented to Business Continuity Group in June.				
		A detailed timetable be prepared and issued to ensure that the Council's Business Continuity and Disaster Recovery Plan is completed and tested.	There was no evidence to confirm that a timetable has been prepared. It was, however, confirmed that a draft	Peter Searle (now David Frewin)	Mar 2012 (originally 31/03/10)	Jun 12: Meeting with DR supplier Phoenix planned for 26/06/12 for site demo and account meeting to update contract and arrange new testing dates.	**In progress – continue to monitor**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
			Business Continuity Plan had been produced but as this was still a work in progress, it had not yet been tested.			Dec 12: Above meeting was cancelled. A recovery facility now exists at the old Stortford site and this has reduced the need for an external arrangement with Phoenix. There is a need to review the contract with Phoenix also taking into account the impact of shared services with Stevenage. Feb 13: No update obtained	

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
		The Information Technology Team should approve and oversee the implementation of the Council's Information Systems Strategy.	Draft IT Strategy in programme to go to ITSG, CMT/ICT – C3W Board, Executive and full Council for approval on 3/9/09.	Peter Searle (now Emma Freeman / Henry Lewis)	Mar 2012 (originally 30/09/09)	<u>Sep 12:</u> Deferred pending decision on shared services. <u>Dec 12:</u> Draft high level strategy document exists but does not meet the needs of the Council. PWC are to provide examples of good practice to assist the Council in developing their IT Strategy (after final decision on shared services).	**In progress - continue to monitor**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
		IT management should consider the implementation of fire suppression systems in the Council's two computer rooms.	There was no evidence available to confirm that this had been implemented. This has been recognised as a risk and is to be considered by the Business Continuity Group.	David Frewin	Jun 2011 (originally 30/09/09)	Feb 13: No update obtained. Jun 12: Further discussions with Business Continuity Group have led to a decision to recommend a Fire Suppression system. Awaiting final costings. Dec 12: Fire detection in place and approval given for suppression	In progress - continue to monitor

APPENDIX B   IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
						systems. Quotations being sought. Feb 13: No update obtained	
2.	Payroll Review (IA Report 18/01/11)	A disaster recovery plan should be put in place for the Payroll/HR system, Delphi-Millennium as soon as possible and tested for effectiveness. In the interim, develop clear manual contingency arrangements should the Payroll/HR system	Agreed. This will be considered with the full move to Hertford.	David Frewin	Mar 2012	Jun 12: Payroll server now virtualized, we will fully test via the disaster recovery contract with Phoenix. However test system was created from live server clone and tested successfully. Dec 12: Agreement now in	**In progress – continue to monitor**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
		fail for any length of time.				place for Payroll service to be operated by Stevenage Borough Council (SBC). The scope of the 2012-13 Payroll audit at SBC includes a review of payroll disaster recovery plans. The outcomes of this review will be reported in the March 2013 update report. Feb 13: Contingency arrangements for the introduction of	

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
						the new payroll system in April are currently being developed.	
3.	Health & Safety (IA Report 8/6/11)	It is recommended that each Head of Service is required to complete a Health and Safety Risk assessment by July 2011.	Agreed. Reminder sent during audit in April 2011.	CMT	Revised to Apr 2012	Jun 12: Heads of service have been reminded; however these have not yet been submitted. New simplified risk assessment procedures approved by Safety Committee in February 2012. Heads of Service briefed May 2012. Risk assessments	**Action complete for core services. Position reported to DMTs – remove from list**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
						prepared and consultation with all staff commencing 30 June. Dec 12: All staff notified about new corporate risk assessments on 5th July 2012, with deadline for feedback (to line managers) by the end of that month. All Heads of Service adopted the new assessments by September 2012, and position	

APPENDIX B   IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
						reported to DMT meetings. Service specific risk assessments still need to be undertaken where necessary. All risk assessments, unless person specific, are placed on the intranet for all staff to view. Feb 13: Service specific assessments have been obtained for all core services.	

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
						Despite numerous attempts to chase, some less critical service areas are still outstanding.	
4.	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Plan is reviewed annually. It is further recommended that the Business Continuity Plan is communicated to staff and made available on the intranet.	The current East Herts Council Business Continuity Plan was sufficient, but it did not take into account C3W. Recognising this, we have engaged Zurich Ins Co. to conduct a	Director of Neighbourhood Services	Sep 2011	Jun 12: Zurich Insurance is conducting a scoping workshop to take account of C3W implications. Workshops completed and revised plan to be published July 2012. Dec 12: A separate audit of	**To be assessed during IT Business Continuity audit in Q4 – continue to monitor**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
			scoping workshop 14th July. Zurich have already reviewed the Council's strategic risks. This work is being finalised before being put to CMT.			IT BCP is due to be completed by PWC in Dec 12 / Jan 13. This work will also consider the status and relevance of this recommendation. Feb 13: IT BCP audit in progress.	
	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Corporate Group (BCG) meet on a regular basis until	The outcome from the Zurich workshop will trigger this group.	Director of Neighbourhood Services	Sep 2011	Jun 12: Outcomes from the Zurich workshops fed into the BCG as workshops held.	**To be assessed during IT Business Continuity audit in Q4**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
		the Business Continuity Plan is approved, and thereafter on a six monthly basis to review the plan.				Dec 12: A separate audit of IT BCP is due to be completed by PWC in Dec 12 / Jan 13. This work will also consider the status and relevance of this recommendation. Feb 13: IT BCP audit in progress.	– continue to monitor
	Business Continuity (IA Report 7/6/11)	As per the 2011-12 Business Support ICT Service Plan it is recommended that the Disaster Recovery Plan is	The 2011/12 ICT Service Plan contains the required actions of developing an	Head of Business Support Services (now Head of IT)	Not specified	Dec 12: A separate audit of IT BCP is due to be completed by PWC in Dec 12 / Jan 13. This work will also	To be assessed during IT Business Continuity audit in Q4

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
		finalised and approved and includes a section on the ability to recovery data and a section on IT back-up. It is further recommended that the Disaster Recovery Plan is tested after it has been finalised.	ICT Business Continuity Plan by the end of Sep 11 and testing the plan by the end of Dec 11. The arrangements for data back up and recovery will be contained within the ICT Business Continuity Plan. The preparation of the ICT Business Continuity			consider the status and relevance of this recommendation. Feb 13: IT BCP audit in progress.	**– continue to monitor**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
			plan was deferred to Sep 11 due to the demands of the C3W project and changes and improved resilience that have been incorporated into the ICT infrastructure as part of the C3W programme. Testing of the ICM business continuity contract is planned to				

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
			take place in line with new business solutions by the end of March 2012.				
5.	C3W Prog (EA Report) March 2010)	The Council should consider identifying, in advance of major property transactions, the requirements for gateway reviews to ensure an independent 'sense check' at key decision points.	The Asset Management Strategy to include a statement on expected gateway review points.	Martin Shrosbree (now Anna Osbourne)	Revised to Mar 2012	Jun 12: The Asset Management Strategy includes a statement on expected gateway review points. Sep 12: No current plans for any major strategy. Feb 13:	**To be assessed during 2012-13 Asset Mgmt audit – continue to monitor**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
						No update obtained	
6.	Safes & Security (18/01/12)	Each service carries out a data security risk assessment to identify all sensitive information which needs to be locked away.		Manager of Corporate Risk	31st March 2012	Jun 12: A comprehensive review of all data protection procedures across the Council is underway. Individual service risk assessments have been completed and these are being subject to external challenge.

All staff are undertaking on- line data protection training to meet a | **In progress - continue to monitor** |

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
						required level of appreciation.	
						CMT are receiving regular updates on progress.	
						Dec 12: As part of annual business planning, Heads of Service are required to submit a data protection risk assessment with their service plans. This will identify areas of risk and mitigating actions at a service level. These plans will be	

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
						reviewed and challenged in January. Feb 13: No update obtained.	
7.	Section 106 Agreement	The Development Control Manager should identify all contributions which are more than 5 years old and where the money is unlikely to be spent for the original purpose. Meetings should then be held with the developer to discuss possible	Development Control Manager (DCM) to review older agreements where the original contribution is unlikely to be spent and consider whether any	Development Control Manager	First report to CMT by end December 2012 Then report to CMT annually on progress	Dec 12: First report now expected to go to CMT in February 2013. Feb 13: Report now expected to go to CMT on 12 March.	**In progress - continue to monitor**

APPENDIX B   IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
		changes to the original agreement.	appropriate alternatives can be negotiated given the tests in Circular 05/05. Then to report to CMT accordingly.				
	Section 106 Agreement	For the older contracts (those over 5 years old), the Heads of Service should either: a) review the legal agreement to try to identify the	DCM to undertake as part of reporting in relation to point 1 above.	Development Control Manager	End Dec 2012	Dec 12: First report now expected to go to CMT in February 2013. Feb 13: Report now expected to go to	**In progress – continue to monitor**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
		purpose of the contribution; or b) Arrange a meeting with the Development Control Manager to agree the spending of the contributions to meet the documented spending criteria.				CMT on 12 March.	
	Section 106 Agreement	Roles and responsibilities of all departments involved in the S.106 process should be documented to	Head of Planning and Building Control and Head of Communications,	Head of Planning & Building Control	March 2013	Dec 12: In progress. Feb 13: Draft note being prepared, input from all relevant	**In progress – continue to monitor (on-track in accordance with original**

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (2012/13 only)	SIAS Comment (Feb 13)
		ensure that all parts of the process are completed for each contribution received.	Engagement and Cultural Services to produce procedure note.			officers being sought. Anticipated that completed note will be prepared by the end of March 2013.	**target date)**

SIAS
Shared Internal Audit Service
Hertfordshire in Partnership

EHDC Audit Committee

Internal Audit Plan 2013-14 Report

13 March 2013

Recommendation

Members are recommended to approve the proposed EHDC Internal Audit Plan 2013-14

Contents

Appendices

1. Introduction and Background

Purpose of Report

1.1 To provide Members with the proposed EHDC Internal Audit Plan 2013-14.

Background

1.2 The EHDC Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It is designed to inform the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Head of Internal Audit annual report.

1.3 The SIAS Audit Strategy which the Committee approved in its meeting in March 2012, and which sets out the overall approach adopted to provision of internal audit, was drafted in order to fully comply with the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006. The Strategy sets out the future direction for the provision of modern and effective Internal Audit Services for the SIAS partner authorities, providing the appropriate level of support and challenge to assist them in meeting their aims and objectives.

1.4 The new United Kingdom Public Sector Internal Audit Standards (PSIAS) will apply across the whole of the public sector from 1 April 2013. The PSIAS SIAS Terms of Reference and Audit Strategy will be updated to reflect the new PSIAS and will be subsumed in an Audit Charter which will be presented to this Committee in July 2013.

1.5 The PSIAS require that the audit plan 'must incorporate or be linked to a strategic or high-level statement of how the IA service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities'. Section 2 of this report is provided in order to fulfil this requirement.

2. Audit Planning Process

<u>Planning Principles</u>

2.1 The SIAS Audit Strategy contains eight planning principles which underpin our approach to overall audit planning:

- Focus assurance effort on the most important issues, the key obligations, outcomes and objectives, critical business processes and projects, and principal risks; pitching coverage, therefore, at both the strategic and key operational aspects of the business;

- Maintain up-to-date awareness of the impact of the external and internal environment on the organisation's control arrangements;

- Use a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk;

- Take account of dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs, but recognising, in a resource constrained environment, that there will be situations when not all needs can be met;

- Identify responsibilities for auditing any services which are delivered in partnership;

- Ensure flexibility so that the plan evolves through the year in response to emerging risks and issues;

- Provide for the delivery of key commitments, such as work done in support of the External Auditor and to deliver governance and counter fraud responsibilities;

- Include provision for responding to management requests for assistance with special investigations, consultancy and other forms of advice.

<u>Approach to Planning</u>

2.2   The approach to audit planning at EHDC for 2013-14 has been characterised by:

- A Chief Financial Officers (CFO) workshop to identify and assess emerging risks and any assurance requirements for these risks. The workshop also identified potential joint reviews that could be conducted across SIAS partners;

- Preparatory work e.g. horizon scanning, risk assessing from Corporate and Divisional Risk Registers, to develop an initial list of potential auditable areas for 2013-14;

- A workshop with Directors to identify strategic auditable areas;

- Workshops with Heads of Service and one-to-one meetings if required, to identify operational auditable areas ;

- Discussions with the Chair and Vice-Chair of the Audit Committee to confirm and complement the above results;

These workshops and meetings included obtaining management's view of assessed risk. The methodology used is attached as Appendix A.

- Cross-comparative work across the 2013-14 plans developed for all partners of the SIAS;

- Preparation of a draft plan and discussion of it with the Council's Audit Champion.

2.3   The aim of this approach is to ensure that our work gives assurance on what is important and poses greatest risk, and by doing so, assists the Council in achieving its priorities and objectives.

<u>The Planning Context</u>

2.4   The following considerations have informed the planning process this year:

a) The challenging context for local government and the general governance, risk management, and internal control environment:

- Further funding reductions taking effect;
- Efficiency and transformation programmes altering the nature and structure of Councils;
- Greater transparency and scrutiny of public expenditure.

b) The challenge of giving value in this context, which means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives;

- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective;

- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as 'control risk self assessments' or 'continuous assurance' where appropriate;

- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses.

Internal Audit Plan 2013-14

2.5 The draft plan for 2013-14 is included at Appendix B and contains a high level proposed outline scope for each audit and a suggested quarter for delivery.

2.6 The table below shows the estimated allocation of the total annual number of purchased audit days for the year.

Purchased audit days	**435**
Key Financial Systems	102
Operational Audits	172
Governance	12
Procurement	27
Counter Fraud*	0
IT Audits	37
Strategic Support**	50
Follow up of High Priority Recommendations	8
SIAS Development	5
Joint Reviews	7
12-13 Projects Requiring Completion	15
Total allocated days	**435**

* Fraud risk assessment is an integral part of the core programme of audit work. In 2013/14, the annual Payroll audit will include targeted testing of expense claims.

** This covers servicing the Audit Committee, attending Audit Champion meetings, plan monitoring and audit planning for 2014-15.

2.7 A number of further audits were initially identified as possible audits for 2013-14. When risk assessed, these were not considered of sufficient priority to make the proposed plan. These will be held in reserve (see Appendix C) and considered for inclusion in the event that audits on the proposed plan are no longer relevant due to changed circumstance. Any amendments will be brought before the Audit Committee for consideration and approval.

Internal Audit Plan 2014-15

2.8 During audit planning discussions a number of potential audits were identified for 2014-15. These are included at Appendix D. These audits will be formally risk assessed for inclusion in the 2014-15 audit plan during the planning process.

3. Performance Management

<u>Update Reporting</u>

3.1 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan. Progress against the agreed plan for 2013-14 and any proposed changes will be reported to this Committee four times in the 2013-14 civic year.

3.2 The implementation of agreed high priority recommendations will be monitored by Internal Audit and progress will be reported as part of the update reporting process.

<u>Performance Indicators</u>

3.3 Annual performance indicators were approved at the SIAS Board meeting on the 7 September 2011. Details of the targets set for 2013-14 are shown in the table below. Actual performance against target will be included in the update reports to this Committee.

Performance Indicator	Performance Target
1. **Planned Days** percentage of actual billable days against planned chargeable days completed	95%
2. **Planned Projects** percentage of actual completed projects to draft report stage against planned completed projects	95%

Performance Indicator	Performance Target
3. Client Satisfaction percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%
4. Number of High Priority Audit Recommendations agreed	95%
5. External Auditor Satisfaction	Annual Audit Letter formally records that the External Auditors are able to rely upon the range and quality of SIAS' work
6. Annual Plan	Presented to the March Audit Committee, or if no March meeting then presented to the first meeting in the new financial year
7. Head of Assurance's Annual Report	Presented to the first meeting of the Audit Committee in the new financial year

RISK ASSESSMENT METHODOLOGY

Audit Desirability   **Risk Assessment**

Highly Desirable 1	Assurance activity will have a positive effect and be extremely beneficial / give high value in 13/14 with clear opportunity for joint work	**Severe A**	• Managers are most concerned about this risk. • The consequences will have a severe impact on the delivery of priorities. • Comprehensive management action is required immediately.
Desirable 2	Assurance activity will have a positive effect with minimum negative effects; work will be beneficial and give value in 13/14	**Significant B**	• Managers are concerned about this risk. • The consequences of the risk materialising would be significant, but not severe. • Some immediate action is required plus the development of an appropriate action plan.
Neither Desirable nor Undesirable 3	Assurance activity will have a neutral effect and give some limited benefit and some limited value in 13/14	**Material C**	• Managers are uneasy about this risk. • Consequences of the risk are not significant and can be managed through contingency plans. • Action plans can be developed later to address the risk.
Undesirable 4	Assurance activity will have no positive effect, and give no benefit or value in 13/14	**Manageable D**	• Managers are content to tolerate this risk. • Consequences of the risk are considered relatively unimportant. • The status of the risk should be reviewed periodically.
Highly Undesirable 5	Assurance activity will be detrimental in 13/14		

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EHC 2013-14 Annual Audit Plan (Main Plan)

Audit Title	Risk Assessment	Audit Desirability	Qtr	Proposed Assurance Areas
Key Financial Systems Audits				
Asset Management	n/a	n/a	Q4	
Benefits	n/a	n/a	Q3	
Council Tax	n/a	n/a	Q3	
Creditors - Control Risk Self Assessment (CRSA)	n/a	n/a	Q4	
Debtors - CRSA	n/a	n/a	Q4	
Main Accounting System	n/a	n/a	Q4	
NNDR	n/a	n/a	Q3	
Payroll	n/a	n/a	Q3	
Treasury Management - CRSA	n/a	n/a	Q3	
Operational Audits				
Building Control Mutual	Significant	Desirable	Q1/Q2	Critical review of approach being proposed and strength of the business case.
Community Infrastructure Levy (CIL)	Severe	Highly Desirable	Q3/Q4	Preparedness for implementation of local requirements in preparation for the introduction of CIL in 2014.

Development Control	Manageable	Desirable	Q2	Robustness of procedures and professional judgement on planning applications against relevant legislation. Income collection. Performance standards. Building inspections and enforcement as works progress.
Emergency Planning	Manageable	Desirable	Q4	Review of how plans have been constructed and tested.
Environmental Protection	Material	Neither desirable nor undesirable	Q2	Food hygiene inspections in relation to statutory obligations
Facilities Management	Material	Desirable	Q2	Compliance with procurement regulations and insurance requirements. Availability of Council properties.
Hertford Theatre	Significant	Desirable	Q1	Financial reporting and performance against business plan. Effectiveness of arrangements in relation to the bar operation.
Homeworking project (vfm)	Manageable	Desirable	Q2	Achievement of objectives and effectiveness of new arrangements.
Licensing	Material	Desirable	Q3	Review of the effectiveness of revised licensing arrangements, including fees.
Local Development Planning	Material	Desirable	Q4	Review consultation of the consultation process scheduled for September 2013
Parking Services Enforcement	Material	Desirable	Q2	Review of back-office arrangements including issue of PCNs and collection of unpaid notices.
S106 Follow up	Material	Desirable	Q1	Assess implementation of agreed actions.
Shared Services	Significant	Highly Desirable	Q2	Proposed IT shared services business case and outcomes. Governance arrangements. Sharing of lessons learnt.
VAT	Material	Desirable	Q2	Compliance with HMRC rules and recovery of VAT.
Procurement				

Land Drainage - continuous assurance	Material	Desirable	Q2	Continuous assurance provision
Leisure Contract - Contractor Accounts and Inspections	Material	Neither Desirable nor Undesirable	Q2	How the Council manages the lack of transparency over the finances of the contractor. Profit-share calculations. Monitoring of inspection regimes and standards. Review of escalation processes for identified problems.
Recycling	tbd	tbd	tbd	tbd
Risk Management and Governance				
Corporate Governance	Material	Desirable	Q3	Review of AGS process. To include benchmarking
IT Audits				
IT Business Continuity	Material	Desirable	Q3/Q4	How IT is able to resource the IT requirements of Services in the event of an incident.
IT Data Management	Material	Desirable	Q3/Q4	Review of mechanisms for the management of data held on the Council's IT systems.
IT Strategy - controls assurance	Material	Desirable	Q1 onwards	Controls assurance work to support development of an IT strategy for the Council.
Transition to new financial system	Significant	Desirable	Q1/Q2	Controls advice during design and implementation of system upgrade.
Counter Fraud				
See Payroll audit above				Targeted review of expense claims during the annual Payroll audit.
Joint Reviews				
Comparative review of budget setting and monitoring arrangements (Joint review)	Material	Highly Desirable	Q1	Benchmarking exercise - critique current arrangements then compare against others

Herts Waste Partnership - consortium arrangements (Joint review)	Manageable	Neither desirable nor undesirable	tbd	Scope of audit under discussion with the Partnership. More detail to be provided at the Committee Meeting
New ways of working (Joint review)				
Strategic Support				
Head of Internal Audit Opinion 2012/13				
Audit Committee				
External Audit Liaison				
Client Meetings				
Plan Monitoring				
Public Sector Internal Audit Standards				
2014-15 Audit Planning				
SIAS Development				
Follow up of High Priority Recommendations				
12-13 Projects requiring completion				

EHC 2013-14 Annual Audit Plan (Reserve Audits)

Audit Title	Risk Assessment	Audit Desirability	Qtr	Proposed Assurance Areas
Operational Audits				
Land Charges	Material	Neither Desirable nor Undesirable	tbd	Income charging and collection. Maintenance of land charges register. Performance against statutory targets.
Pest Control	Material	Neither Desirable nor Undesirable	tbd	Cash handling arrangements.
Records Management inc Document Retention	Material	Desirable	Q4	
Utilities purchasing	Material	Neither Desirable nor Undesirable	tbd	How the Council monitors market prices and alternative procurement opportunities.
IT Audits				
Disposal of IT assets	Material	Desirable	Q3/Q4	Review policy and guidance for IT asset disposals. Review how the Council demonstrates that best value has been obtained.
Penetration Testing	Material	Neither Desirable nor Undesirable	Q3/Q4	Selection of current Pen testing provider. Monitoring of outcomes from penetration testing and the Council's responses.
Software Licensing	Material	Desirable	Q3/Q4	Acquisition, recording and management of software usage.

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EHC 2013-14 Annual Audit Plan (14-15 Possibles)

Audit Title	Risk Assessment	Audit Desirability	Qtr	Proposed Assurance Areas
Bishops Stortford Development	Material	Undesirable	14-15	Review consultation process and subsequent procurement activities.
Customer Service Centre	Material	Neither desirable nor undesirable	14-15	tbd
Data Protection	Material	Undesirable	14-15	tbd
Demand led budgets	Material	Desirable	14-15	How does the Council plan for increased demand for services.
Peer challenge	Significant	Undesirable	14-15	Does the Council have good processes to demonstrate improvements in the identified areas for improvement - members and community leaders
Procurement Regulations	Significant	Desirable	14-15	Compliance
Replacement of Planning and Building Control Software	Material	N/A	14-15	tbd
Safeguarding	Material	Desirable	14-15	Children and vulnerable adults are not adequately protected leading to claims against the Council.
Social Media	Material	Desirable	14-15	tbd
Website	Material	Desirable	14-15	Compliance with best practice guidance. Review the Council's response to changes in service delivery.

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EAST HERTS COUNCIL

AUDIT COMMITTEE - 13 MARCH 2013

REPORT BY DIRECTOR OF FINANCE AND SUPPORT SERVICES

UPDATE ON IMPLEMENTATION OF 2012/2013 ANNUAL
GOVERNANCE STATEMENT ACTION PLAN

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- The 2011/12 Annual Governance Statement includes nine
  measures to enhance East Herts Council's internal control
  framework during 2012/13. The Audit Committee is requested to
  consider the content of **Essential Reference Paper 'B'** that
  provides details of proposed actions that need to take place prior to
  confirmation being given that adequate and effective controls are
  fully in place.

RECOMMENDATION FOR AUDIT COMMITTEE: That:	
(A)	**The Committee reviews the progress made against implementing the action plan contained in the 2011/12 Annual Governance Statement and advises of any concerns.**

1.0   Background

1.1   The Annual Governance Statement Action Plan has identified key
       responsible officers and timescales and is monitored through
       reports to this Committee. Actions needed to address issues have
       been identified and are monitored on a R(ed), A(mber) and
       G(reen) basis.

2.0   Report

2.1   For the purposes of the Annual Governance Statement, internal
       control is being interpreted in its broadest sense covering both
       financial and managerial controls that ensure that the

implementation of East Herts Council's vision and priorities is being managed effectively.

2.2 Position statements are reflected in **Essential Reference Paper 'B'** following consultation with key responsible officers. The position statement contains a traffic light system whereby:

- "green" indicates that the planned action has been achieved,
- "amber" indicates that satisfactory progress is being made towards achieving the planned action, and
- "red" is where a planned action has not been achieved or that progress is unsatisfactory.

2.3 Position statements have been updated since the previous Audit Committee. However, there have been no changes made to any RAG status.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within Essential Reference Paper 'A'.

Background Papers
Update on Implementation of 2012/13 Annual Governance Statement Action Plan – Audit Committee 23 January 2013.

Contact Member: Councillor Tony Jackson
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Contact Officer: Adele Taylor
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Report Author: Chris Gibson
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IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives	**People** This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable. **Place** This priority focuses on the standard of the built environment and our neighbourhoods and ensuring our towns and villages are safe and clean. **Prosperity** This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic and social opportunities.
Consultation:	No public or partner consultations were required during the preparation of this report.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resource implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.

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ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2012/13

Issue	Resp. Off.	Target Date	Actions needed to achieve milestone	Current position	RAG status
Risk of failure to deliver an effective, efficient and economic IT service	Director of Finance and Support Services/ Head of ICT	March 2013	• Complete IT Healthcheck and respond to findings. • All outstanding high risk IT audit recommendations implemented. • Resilient IT business continuity arrangements in place. • Increase resilience to Bishop's Stortford exchange line. • Fire detection and monitoring arrangements in place in Wallfields old	• IT healthcheck completed and will support Interim Head of ICT's development of the IT Strategy and detailed business case for Shared Services. I • SIAS continue to monitor. • Business continuity arrangements have been designed as part of the corporate plan. Next phase is testing. • An additional line has been installed. • Fire alarm system has been installed and fire suppression	AMBER

			building.	equipment is currently out to tender.	
Hertford Theatre future governance arrangements	CMT	June 2013	• Options to be developed to consider financial and other risks during a period of transition.	• Officers to provide a status report to Community Scrutiny Committee.	AMBER
CCTV governance issues	Director of N'hood Services	March 2013	• New governance arrangements in operation.	• Consultation on the final report is about to begin with a report to the Executive in March 2013.	AMBER
Ability to maximise efficiencies making use of the Web	Head of Inf'mation, Customer and Parking Services	Dec. 2012	• Respond to Corporate Business Scrutiny Committee Task and Finish Group findings. *The Task and Finish Group is on-hold. Alternative actions are taking this issue forward*	• Web Action Plan endorsed by CMT 23 October 2012. • Heads of Service now responsible for all web content in their service areas. • Senior Management Group has been briefed on key issues to improve website. • Detailed action plan	AMBER

				and update to CMT and briefing to SMG in February 2013. • Report will be submitted to Corporate Business Scrutiny Committee in March 2013 on the action plan and progress. • Work on track for a revised home page by 31 March 2013. • Work on track for mini mobile device friendly website by 31 May 2013. • Enhanced information and self-service offer part of the Council's response to Welfare reform changes.	
Data	Head of	March	• Complete Audit and respond	• Audit concluded and	AMBER

| Protection | Inf'mation, Customer and Parking Services

CMT | 2013 | to issues arising from it. | Data Protection Action Plan agreed by CMT, including governance framework. Action Plan report to Corporate Business Scrutiny Committee in July 2013.
• Information and Data Protection Governance Report 2013/14 to Corporate Business Scrutiny Committee in March 2013.
• Data Protection Risk Management included within Service Planning Process.
• Governance training to be delivered to Corporate Business Scrutiny Committee in May 2013.
• Social Media Use Policy approved. | |

			• Undertake an annual Data Protection audit.	• Members Charter group to discuss training for Members in February 2013. • Data Protection Compliance Officer recruited to progress action plan to conclusion during 2013. • This function is devolved to services within the Service Plan process and services manage their risks on an on-going basis.	
Shared Support Services governance arrangements	CMT	March 2013	• Complete Partnership Agreement that meets the Council's governance aspirations as a non-hosting authority. • Consider data protection arrangements within Shared Support Services.	Management Teams at EHC and SBC have jointly agreed to explore: • Formal shared services for ICT, Business Improvement, Print and Design. • Informal sharing	AMBER

				arrangements for Facilities Management and Payroll. Formal shared services for Facilities Management to be explored in 2014.	
Pro-actively seek opportunities to improve performance	CMT	March 2013	• Review assets held by the Council. • Identify and take up new opportunities coming out of the Localism agenda.	• Review of assets and asset management plan and strategy 2012-2016 is currently being drafted. This is scheduled for December 2012 completion. Further initiatives will be developed following completion of asset review. • The Council has adopted procedures to deal with the Community Assets register and the Community Right to	AMBER

			• Develop networking for Members and Officers.	Bid. • The Council has a mechanism in place for identifying Member training and development needs, together with a monitoring process. This provides Members with the support needed to undertake community leadership roles.	
Consider the robustness of arrangements to cover for the absence of managers for a significant period.	Head of People, ICT and Property Services/ CMT	Dec. 2012	• Corporate Management Team to agree a Policy statement on cover arrangements in the event of significant absences.	• Recruitment and Absence Management Policies cover absence and temporary cover. CMT monitor absence and all recruitment has to be approved.	GREEN
Improve	Chief	March	• Guidance provided to	• Details of Members	AMBER

arrangements for Members to report on their service on outside bodies.	Executive	2013	Members of outside bodies on what is expected of them, with consideration given to formalising the reporting feedback procedures.	representations on outside bodies are maintained by the PA Team. A list of outside bodies is available on the Council's web site. This issue to receive further consideration.	

EAST HERTS COUNCIL

AUDIT COMMITTEE – 13 MARCH 2013

REPORT BY THE LEADER OF THE COUNCIL.

ANNUAL REVIEW OF DATA QUALITY STRATEGY

WARD(S) AFFECTED: *None specific*

Purpose/Summary of Report:

This report introduces the 2012/13 revisions to the East Herts Data Quality Strategy.

RECOMMENDATION FOR AUDIT COMMITTEE: That	
(A)	**Revisions to the strategy be noted; and**
(B)	**the tracked changes updated in the strategy, attached to the report now submitted, be agreed.**

_____

1.0   Background

1.1   East Herts is committed to delivering good data quality. The aim of the Data Quality Strategy is to continue to drive improvement in the quality of local government performance information, leading to greater confidence in the supporting data on which performance assessments and Council decisions are based.

2.0   Report

2.1   Audit Committee at its meeting on 18 January 2012 agreed to continue to receive an annual review of the Data Quality Strategy.

2.2   The Data Quality Strategy (version 11) with the amendments can be found in **Essential Reference Paper B** attached to the report now submitted**.**   In summary, non material changes have been made and in addition following benchmarking with Harrogate Borough Council and Leicestershire County Council, a section referencing the council's data sharing protocol has been added.

2.3 For ease the updated changes in the Data Quality Strategy have been tracked. The tracked changes will be integtrated into the policy following Audit Committee's approval.

2.4 To sustain our good level of data quality and sharing arrangements with partners, the Performance Team periodically meets with the Hertfordshire Performance Network (HPN) group to network and share information on effective data quality practice. These HPN meetings have contributed to producing benchmarking information for performance indicators, improving data collection strategies and strengthening partnership ties between County Council and other Hertfordshire District councils. As a result of these meetings we know that East Herts is meeting all requirements and criteria around data quality and data sharing.

3.0 <u>Implications/Consultation</u>

3.1 None

<u>Background Papers</u>

None

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<u>Report Author</u>: Karl Chui – Performance Monitoring Officer, ext 2243
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<u>Essential Reference Papers</u>

Essential Reference Paper B – Data Quality Strategy Version 11.

Contribution to the Council's Corporate Priorities/ Objectives:	**People** *This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.* **Place** *This priority focuses on the standard of the built environment and our neighbourhoods and ensuring our towns and villages are safe and clean.* **Prosperity** *This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic and social opportunities.*
Consultation:	Data Quality Strategy discussions have taken place between Directors and Heads of Service.
Legal:	There are no legal implications.
Financial:	There are no financial implications.
Human Resource:	There are no Human Resource implications.
Risk Management:	There are no Risk implications.

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Data Quality Strategy

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Data Quality Strategy

Contents

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Data Quality Strategy

1. Document Control

Document

Client	East Herts Council
Project	Performance Management
Document	Data Quality Strategy
Author	Performance ~~and Improvement Coordinator~~Monitoring Officer
Published Date	26th February 2009
Version	11~~0~~.0

Change History

Issue	Date Of Issue	Comments / Reason For Change
1.0 – 5.0	N/A	Initial Draft
6.0	23 October 2007	Final Draft
7.0	3rd February 2009	Annual amendments
8.0	26th January 2010	Annual amendments
9.0	8th March 2011	Annual amendments
10.0	13 December 2011	Annual amendments
11.0	12th February 2013	Annual amendments

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Distribution

Name	Position	Organisation
N/A	Chief Executive	East Herts Council
N/A	Directors	East Herts Council
N/A	Heads of Service	East Herts Council
N/A	Officers responsible for PI's	East Herts Council

Abbreviations Used

NIs	National Indicators
EHPI	East Herts Performance Indicators
SPI	Service Performance Indicators

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PI	Performance Indicators
OU	Organisational Units
CMT	Corporate Management Team
DMT	Department Management Team

Data Quality Strategy
2. Introduction

The purpose of this strategy is to outline the Council's approach to data quality.

The Council is committed to producing accurate, timely and relevant information. This strategy will ensure a consistent, corporate approach to data quality across the Authority by:

- Articulating a set of core principles of Data Quality and
- Standardising the Council's approach to the calculating and collating of data on a diverse range of processes.

Data Quality Strategy
3. Background

In~~From~~ 2010 the Coalition Government announced a number of changes ~~since coming into office~~ that has greatly affected how data was previously being managed. These ~~in order to reduce bureaucracy, burden and to save money. Among these changes~~ included the ~~cancellation~~ deletion of the Comprehensive Area Assessment (CAA), Use of Resources (UoR) assessment and the abolition of the Audit Commission. ~~In their place local authorities are now more accountable in taking an active role in driving forward local priorities for the area. In this context t~~The Council remains committed at having a robust approach to data quality, because it underpins not just performance management but effective decision making.

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In addition, data is used in a variety of processes between Councils and their partners and that data can potentially be passed on to other party organizations. Councils are accountable for any information they supply and it is important that good data quality is applied when handling any data when any data is shared.

The principles of good quality data are outlined below:

- Awareness
- Definitions
- Input

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- Verification
- Systems
- Output
- Presentation

Data Quality Strategy

4. Awareness

Data quality plays an important part towards contributing to the delivery of the Council's corporate priorities, ~~with the key priority being to "Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation" and specifically the objective "Ensure effective performance management is used to deliver success and continuous service improvement year on year by 2%""~~"People, Place and Prosperity".

Data quality is the responsibility of every member of staff, whether they are inputting, extracting or analysing data from any of the Council's information systems. Each member of staff should be aware of their responsibility in relation to data quality, however some officers will play a greater role in data quality than others.

Responsibility for data quality should be reflected in job descriptions and the appraisal process. ~~Line managers are encouraged to ensure where relevant, that suitable appraisal targets~~ Line managers are encouraged to ensure where relevant, that suitable appraisal targets and paragraphs in job descriptions reflecting the Council's policy are included. This should be proportionate to the level of involvement staff have.

Also staff who are responsible for data quality should be made aware that should any unauthorised tampering with data or any breaches to data quality be found, a line manager will look to remedy the case initially through the Councils HR policy.

Essential Reference Paper A details the roles and responsibilities for data quality in respect to the overall performance management framework.

Data Quality Strategy

5. Definitions

In respect to performance indicators it is the responsibility of all officers to have a clear understanding of the measures assigned to them, in terms of definition and calculation, and how lapses can either lead to errors or delayed reporting, both of which limit the Council's ability to manage performance effectively.

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A clear understanding might be defined, for example, as the knowledge of what the numerator and denominator are, and whether there are any important technical guidelines (for example, the exclusion of certain cases).

Where indicators have originated from national measures, set definitions may therefore already exist. However it is important that the service is clear on the exact definition that is being applied. This ensures that data is recorded consistently, allowing for comparison over time.

The latest guidance for all performance indicators e.g. (EHPIs and SPIs) can be found by logging on to Covalent where the definition and calculation is stored.

Performance indicators are either monitored on a monthly, quarterly or annual basis using the Council's performance management system Covalent. All targets and outturns in relation to monthly and quarterly monitoring refer to a snapshot period (with the exception of a few indicators which are cumulative), whereas the annual reporting relates to the end of year position.

Targets for indicators are set in the following way:

- **Annual Targets** – are determined as part of the Estimate and Future Target setting process e.g. annual targets for 2012/13/14 are determined based on the 2012/123 estimates. This process takes place between November – March each year, so the following year's targets are set before 1 April.
- **Monthly and Quarterly Targets** – are determined in March/April each year, once the annual target has been set. The basket of indicators to be monitored is determined by the analysis the Performance Team undertakes in relation to:

  ➢ Indicators that are off target
  ➢ Indicators where performance is declining
  ➢ Indicators that are in bottom quartile
  ➢ Indicators that are key to the organisation

Every performance indicator has a named officer who is responsible for collecting and reporting the information. This ensures that there is consistency in the application of definitions and use of systems for providing the data. In some larger services this is split between two officers (see **Essential Reference Paper A**).

Each named officer is kept up to date with any changes in definition that may occur from time to time, through Covalent and directly from the Performance Team.

Data Quality Champions:

Every service will have a nominated Data Quality Champion. The champion is required to take an active lead in promoting data quality within the organisation. The Data Quality Champion group will be led by the

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Performance Monitoring Officer responsible for producing the monthly Healthcheck reports. The Data Quality Champions will ensure that the Council is adhering to the principles of data quality. They will assist with creating an annual data quality training scheme for Officers and Members. They will support the Performance team with spot checking the data supplied by and to their service. They will also work alongside the Performance team with regards to reporting data to auditors.

Essential Reference Paper B details the roles of responsibility for data quality in respect to performance indicators on Covalent.

Although this section focuses on the importance of 'definition' in relationship to performance indicators, the good principles of 'definition' should apply to all measures of data.

Data Quality Strategy
6. Input

There must be adequate controls in relation to the input of data into service-based systems and Covalent. Data inputting is the responsibility of the relevant service department and named officer for the performance indicator/measure.

System produced figures are only as good as the data entered into that system in the first place. The aim should be 100% accuracy 100% of the time. It is important that officers have clear guidelines and procedures for using systems and are adequately trained to ensure that information is being entered consistently and correctly.

A key requirement is that data be entered on an ongoing basis, not saved up to be entered in a block at the end of a period. This reduces the error rate and the need for complex verification procedures.

Controls should also be in place to avoid double-counting. These should be designed according to the nature of the system, in particular where more than one person inputs data. A likely control will be a clear division of responsibility setting out who is responsible for what data entry.

Where a service does not have a bespoke/dedicated system to record data, data may be entered into a number of Excel workbooks. If this is the case then the service should ensure that the workbooks are linked and that the formulas to calculate performance are pre set. This not only saves officer time but decreases the chance of errors.

As Covalent is unable to integrate with service systems, the monthly, quarterly and annual data is inputted manually. Here the service, in line with the Performance team, needs to ensure that data from service systems is correct

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and consistent with Covalent. Please refer to **<u>Essential Reference Paper C</u>**
for information on the relevant service systems.

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Data Quality Strategy

7. Verification

Data verification is the responsibility of the:

- ➢ Service in terms of undertaking verification checks of their own systems and the;
- ➢ Performance Team in terms of performance indicator data and Covalent

Service responsibility:

The Council has a number of robust information systems, nevertheless even these have possibilities for errors in data entry. The frequency of verification checks for these systems needs to be aligned with the frequency for data reporting.

A simple verification process may be to review a sample of recent data against expectations, or a reconciliation of system-produced data with manual records if appropriate. Some systems may require more checks such as:

- ➢ Data cleansing, e.g. to remove duplicate records or to complete missing information
- ➢ Sample checks to eliminate reoccurrence of a specific error, e.g. checking one field of data that is pivotal for a PI against documentation, for a sample of cases
- ➢ Test run of report output, to check the integrity of the query being used to extract the data
- ➢ Spot checks, e.g. on external contractor information

Partnership responsibility:

The Council expects partners to demonstrate responsibility for the quality of data they provide. Where data is provided directly the service concerned will ensure partners (shared services/third parties) have an adequate data assurance process or sign up to an assurance process with East Herts Council. Where possible a record of source data should be kept.

Data that is provided from external sources also needs to be checked. The Council will work alongside contractors to ensure the data is correct.

A requirement to provide timely and accurate data should be made clear when entering into new contracts. Likewise, the contractor must be clear of their responsibility for data quality and how we will check their data.

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Some information/data are provided directly by external agencies e.g. crime statistics. The Council will work with these agencies constructively wherever possible to provide assurance on data quality and resolve any problems identified.

Performance Team responsibility:

Once performance indicator data has been entered on to Covalent the Performance Team is required to undertake periodic spot checks to ensure that the data has been calculated as per the performance indicator definition. In particular the spot check will look to see if the correct:

➢ Numerator and denominator have been used
➢ Calculation has been applied
➢ Data has been reported to the correct decimal place

The spot check and performance indicators involved are first identified in the annual estimates and future targets report which is presented to Corporate Management Team (CMT), Joint Scrutiny committee and then to Executive. The findings of the spot check are then reported as part of the annual outturn report and will again go through CMT, Joint/Corporate Business Scrutiny and Executive.

Data Quality Strategy
8. Systems

Each system will have a named systems administrator and they will be responsible for data quality issues relating to that system. These officers will have the following responsibilities (although this is dependent on the type of system in place, so some or all will apply, it is down to the service to determine this)

➢ Ensure users are adequately trained, if appropriate this should include a formal training programme, which is periodically evaluated and adapted to respond to changing needs.
➢ Ensure there is security for accessing and amending the data if periodic tests of the integrity of the data are undertaken.
➢ Provide information management support to users.
➢ Undertake system upgrades where necessary (accommodate amendments to performance indicator definitions)
➢ Ensure the system meets the manager's information needs
➢ Ensure the system can produce adequate audit trails
➢ Produce a set of written procedures, i.e. a user guide (also available on download from intranet)
➢ Produce a business continuity plan for the system exists to protect vital records and data
➢ A named substitute officer is nominated to deputise for the systems administrator in his/her absence.

Please refer to **Essential Reference Paper C** for information on the relevant service systems.

Data Quality Strategy
9. Output

Data should be timely and accurate. In order for performance indicator data to be acted upon quickly by both Directors and Members, a timetable for reporting monthly and quarterly performance indicator data is produced by the Performance Team, at the start of each financial year, and communicated via E-mail.

Performance data is compiled into the Corporate Healthcheck report which is produced on a monthly basis for CMT and Executive. The Corporate Healthcheck details performance and financial data. The Healthcheck is also reported to Scrutiny on a regular basis.

In summary the process entails Service Heads meeting at the beginning of each month with their Service Accountant to discuss budget issues in terms of revenue and capital overspends and underspends, delivery of efficiency targets etc. Any significant variances or concerns are then flagged up on a form, along with the latest performance management data, which is discussed at the DMT meeting later that month. It is at this meeting the Director then identifies the key budget and performance issues for the Division and the necessary action that is required to rectify the situation. This is then fed into the production of the Corporate Monthly Healthcheck Report that is reported to the Corporate Management Team and then the appropriate scrutiny committee and the Executive respectively.

This process allows CMT to focus on addressing issues relating to achieving the Council's objectives and not on the data quality. This is because DMTs approve the quality of data before it is presented to CMT by querying various information at an early stage, such as:

> ➤ Performance data note/comments interpretation
> ➤ Any missing performance data
> ➤ Process of improvement if performance data is indicating off target
> ➤ Patterns of recurring discrepancies to performance data

It is important that Heads of Service are satisfied that the data being presented to CMT and Members is accurate, as decision making is based in part on the data provided.

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Data Quality Strategy
10. Presentation

During external audits, there should be at least one other officer who is able to provide advice and information on the performance indicator in the absence of the lead officer. This is an important control to ensure that audit work proceeds smoothly.

When information is presented for external audit, a member of the Performance Team must review working papers (calculations/evidence) to confirm that the definition has been followed, also the calculations are correct and the indicator is supported by a full audit trail.

Data Quality Strategy
11. Data Sharing

Protocols for data sharing and data sharing agreements within partnerships should be defined at the start of any partnership work.

The Council's Data Sharing Protocol can be obtained from the council intranet or further information can be obtained from the .

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> ### Data Quality Strategy
> ### Essential Reference Paper A

The roles and responsibilities for data quality in respect to overall performance management framework.

		All officers responsible for inputting/extracting data from systems	Head of Service	Directors	~~Assistant~~ Performance Monitoring Officer	Corporate Planning & ~~Head of Strategic Direction (shared) &~~ Performance Manager. ~~Performance & Improvement Co-ordinator~~
Covalent Role		'Assignee' and/or 'Managed by'		Managed by	Administrator	
Responsibility		• Knowledge of relevant performance indicator definitions and guidance • Inputting accurate information on to Covalent and internal system • Ensuring up to date record keeping. • Support/assist in any external audit requirements	• Ensuring a robust control environment exists for data inputting and extracting within service area/systems • Ensuring the data contained on Covalent and internal systems is accurate and reliable • Sufficient explanations are provided explaining performance data • Relevant evidence provided to support data • Support/assist in any	• Robustly scrutinising data and responding to performance information reports E.g. Corporate Healthcheck, Estimates, Outturns and Targets	• Maintain Covalent so that roles and permissions are current • Ensure services have access to the latest performance indicator definitions and guidance • Undertake training on Performance Management Framework processes e.g. monthly and quarterly monitoring, estimate and target setting, outturn collation • Undertake training on Covalent	• Manage the Performance Management Framework • Support/assist in any external audit requirements. • Advice and support to officers to meet requirements of data quality.

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		external audit requirements		• Undertake data quality spot checks	

> **Data Quality Strategy**
> **Essential Reference Paper B**

Performance indicators are monitored on a monthly, quarterly or annual basis using the Council's performance management system Covalent. The system enables different roles to be assigned to help support the collation of data. The Ownership pane provides details on who is accountable and responsible for the performance indicator, at six different levels:

- **Responsible OUs** – the service responsible for the performance indicator.
- **Administered By** – the system administrators who have full control over the performance indicator in terms of setup, data and targets.
- **Managed By** – the most senior officer with responsibility for this performance indicator, usually a Head of Service or a Director.
- **Assigned To** – the lead officer or person with responsibility for the performance indicator, if a second officer is needed in addition to the 'Managed By' role.
- **Portfolio Owners** – the member who has responsibility for this performance indicator.
- **Also Visible To** – All the users who can see the performance indicator, though not necessarily edit it.

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| **Data Quality Strategy** |
| **Essential Reference Paper C** |

Detailed below is a list of the core systems the Council uses to manage data, in relation to its Performance Management Framework. As part of the consultation process services will be contacted about the systems they are currently using to input data and who is the registered system administrator.

Service Area	System Name	System Administrator
Financial Support Services and Performance	Radius Powersolve	Principal Accountant
	Covalent	Performance Monitoring Officer
Benefits &Revenues	Academy	Head of Benefits and Revenues
Planning & Building Control	Excel – for planned response	Building Control Manager
	FastCONTROL Building Control - site visits	Building Control Manager
	APAS in reference to Planning – back office system for Development Control	Systems Administrator
	Hummingbird – for Development Control report generation	Administration Assistant
Community Safety and Health Services	LALPAC – Licensing applications Mayrise – Anti Social Behaviour data Access – Enforcement data data provided by the Police	Head of Community Safety and Health Services
Environmental Services	Excel Mayrise	Administration Manager Waste Services Manager
	Appeals – Reports and calculations run from ICPS	
	Occupancy rate – P&D database	
	Votes are manually counted	
	Excel Saffron M3 Public Protection Groundview	

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Customer Services and New Media	Delphi	Administration Manager
	LPI 4.1 Sustainable products - Excel	
	Covalent	Customer Services Manager
~~Health and~~ Housing Services	Excel – Housing register	~~Licensing and Business Support Officer~~ ~~Business~~Housing Manager
People, ICT and ~~Organisational~~ Property Services	Delphi Business Objects Excel – PDR, sickness monitoring and establishment list	Human Resource Officer Administration Assistant
~~Planning Policy~~		~~Planning Policy Manager~~

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Data Quality Strategy

Essential Reference Paper D

This appendix details the <u>continuing</u> actions the Council needs to undertake to <u>ensure good data quality is embedded</u>.

Action	Responsibility	Timescale
Theme 1 – Governance		
<u>Periodic</u> member training on Data Quality and Covalent.	<u>Corporate Planning and</u> Performance Manager and Performance Monitoring Officer<u>, in partnership with Democratice Services</u>	~~March each year~~<u>To be determined as part of the member training plan. (annually)</u>
Data Quality Strategy reviewed annually.	<u>Corporate Planning and</u> Performance Manager and Performance Monitoring Officer	March each year

Action	Responsibility	Timescale
Theme 2 – Policies and procedures		
~~To co-ordinate the~~ <u>Continue to utilise the</u> Data Quality Champion working group to help develop the performance management framework for the Council. This will include	<u>Corporate Planning and</u> Performance Manager and Performance Monitoring Officer	Ongoing – aim to meet <u>once</u>~~at least 3 times~~ a year<u>, with periodic e-mail communications when meetings aren't necessary</u>.

looking at Covalent, Data Quality Strategy, training etc.		
Theme 3 – Systems and processes		
~~Continue to work with Covalent provider to ensure effective business continuity arrangements are in place~~Evaluate and maintain Covalent to ensure it remains relevant and fit for purpose to support the council's performance management framework. Undertake an annual review of Covalent and controls in place, reporting to ~~Performance Manager~~Head of Financial Support Services and Performance on the outcomes of review.	Corporate Planning and Performance Manager and Performance Monitoring Officer Corporate Planning and Performance Manager and Performance Monitoring Officer	Ongoing through Covalent user group meetings March each year
Theme 4 – People and Skills		
Periodic officer training on Data Quality and Covalent to take place	Corporate Planning and Performance Manager and Performance Monitoring Officer	~~March each year~~As requested.

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EAST HERTS COUNCIL

AUDIT COMMITTEE – 13 MARCH 2013

REPORT BY THE LEADER OF THE COUNCIL

RISK MANAGEMENT MONITORING REPORT (OCTOBER 2012 TO JANUARY 2013)

WARD(S) AFFECTED: ALL

_____

Purpose/Summary of Report

- This report relates to action taken to mitigate and control strategic risks in the period October 2012 to January 2013.

RECOMMENDATION FOR AUDIT COMMITTEE: That:	
(A)	**The action taken to mitigate and control strategic risks be approved.**

1.0   Background

The Strategic Risk Register was considered by Audit Committee on 21 November 2012. The register has been updated to reflect controls implemented between October 2012 and January 2013 and is attached at **Essential Reference Paper 'B'**

2.0   Report

2.1   Risk management can be defined as:
The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of their failure. (Source: The Institute of Risk Management).

2.2   Managing threats and opportunities helps to create an environment of "no surprises" and the Authority is in a stronger position to deliver services in accordance with corporate priorities. By managing opportunities, it is better positioned to provide

continuous improvement in its services and better value for money.

2.3   The following system of rating has been adopted:

Rating the potential impact if the risk was to occur using the following scores

5   Catastrophic
4   Major long term impact
3   Major short term impact
2   Moderate long term impact
1   Moderate short term impact
0   Little impact

Rating the likelihood of occurrence using the following scores

5   Highly probable (95% or more chance)
4   Very probable (70% to 95% chance)
3   Probable (30% to 70% chance)
2   Moderate (10% to 30% chance)
1   Unlikely (less than 10% chance)
0   Remote (below 1% chance in foreseeable future)

These scores are further assessed to classify whether risks are considered to be critical, caution / contingency or control.

2.4   The Strategic Risk Register, **Essential Reference Paper 'B',** has been updated to reflect controls implemented between October 2012 and January 2013.

2.5   Scoring remains unchanged.

2.6   This information was presented to the Executive on 5 March 2013 as part of the Corporate Healthcheck report and any comments received will be reported verbally.

2.7   Full progress comments can be accessed by referring to the Council's performance management system, Covalent (**www.covalentcpm.com/eastherts**). All operational risks can also be viewed.

3.0   Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

<u>Background Papers</u>
Risk Monitoring Report July to September 2012 – Audit Committee 21 November 2012.

<u>Contact Member</u>: Cllr Anthony Jackson
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anthony.jackson@eastherts.gov.uk

<u>Contact Officer</u>: Simon Drinkwater
Director of Neighbourhood Services
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<u>Report Author</u>: Graham Mully
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IMPLICATIONS/CONSULTATIONS
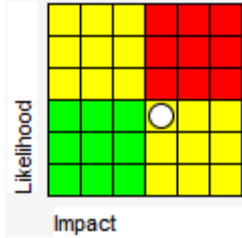
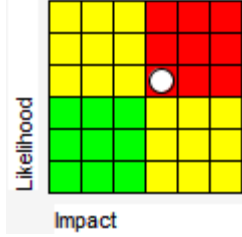|	
Contribution to the Council's Corporate Priorities/ Objectives *(delete as appropriate)*:	***People*** This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable. ***Place*** This priority focuses on the standard of the built environment and our neighbourhoods and ensuring our towns and villages are safe and clean. ***Prosperity*** This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic and social opportunities.
Consultation:	There are no specific consultation implications arising directly from this report.
Legal:	There are no specific legal implications arising directly from this report.
Financial:	There are no specific financial implications arising directly from this report.
Human Resource:	There are no specific human resource implications arising directly from this report.
Risk Management:	There are no additional risk management implications to those already contained in this report. However, it should be noted that if East Herts did not have a risk management monitoring process, the Authority would be seen to be not managing risks appropriately, which would have a significant negative impact on recommendations made by the External Auditors through the Annual Audit Letter.

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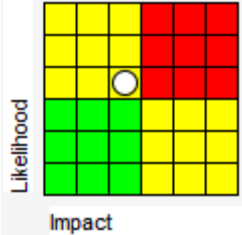# Strategic Risk Register October 2012 to January 2013

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
12 - SR1	Risk of significant reduction in funding above that planned for, in particular localisation of Council Tax Support and localisation of business rates.	There is uncertainty around future funding, both from Government and other areas such as income from commodities markets for recycled materials. There are cost pressures combined with an increased awareness and scrutiny of financial position.		3	3	Adele Taylor	October 2012 to January 2013: The local government funding settlement for 13/14 has been analysed and impacts included in the MTFP. Future funding remains uncertain.
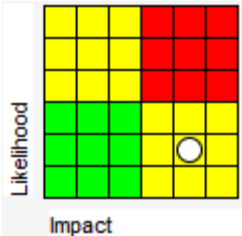
Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
12 - SR2	Risk of a loss of capacity / capability and flexibility to deliver service levels we would like.	There are challenges around workforce planning to ensure the Council is fit for the future, in terms of workforce skills, capacity and flexibility.		4	3	Adele Taylor	October 2012 to January 2013: No change in status. Following peer challenge review, work has been identified that needs to be completed around workforce planning and organisational development. Will be developed throughout 13/14

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
12 - SR3	Risk that supplier / contractor or key third sector partner fails or fails to deliver.	A number of key external and internal services are delivered through major contracts, both directly and in consortia. This is both through private sector supply chains and in conjunction with the voluntary and third sector.		3	2	George A Robertson	October 2012 to January 2013: Some issues with performance of IT systems, suppliers and business applications, but no other significant service delivery or financial concerns.

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
12 - SR4	Risk that investment and effort does not deliver benefits and returns in Shared Services	Moving more towards shared services with other public sector partners. Potential for lack of consistent political buy-in by all partners resulting in considerable effort without benefit. There is also a challenging skill set for managers due to the complexity.		3	3	Adele Taylor	October 2012 to January 2013: Detailed business case being delayed following the withdrawal of one of the three parties. Training and support will have to form part of the plan to deliver a shared service.

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
12 - SR5	There is uncertainty on overall future government policy and a number of changes required without accompanying resource.	Risk of being unable to long term strategically plan.		2	3	Simon Drinkwater	October 2012 to January 2013: Risk on target. Risks arising from changes in government policy are identified and reported to Corporate Management Team. The reduction in Council Tax benefit and the introduction of universal credit are issues which are currently being considered. Extra resources and training have been provided. Members and CMT are considering what additional resources are necessary at a corporate level. The community infrastructure levy will be considered by the District Plan Panel in February 2013. The Council has responded to the changes in planning resulting from the introduction of the new framework and other changes arising from the Localism Act.

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
12 - SR6	Risk that SMG does not implement Council policies in a coherent and consistent way.	There could be a lack of consistency and cohesion at senior management levels of implementing decisions.		4	1	Simon Drinkwater	October 2012 to January 2013: Corporate Management Team meets fortnightly. Part of the role of CMT is to ensure consistency in implementing decisions. Directors discuss the implementation of decisions with Heads of Service and other

							managers to ensure consistency of approach. Departmental Management Team meetings convey details of decisions to relevant staff. Directors are responsible for ensuring that decisions are implemented correctly. Following the Peer Challenge, the Council has prepared an action plan which it will implement. The process should improve the consistency and cohesion of decision making.

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
12 - SR7	Availability and performance of IT systems and resources impacting on service delivery.	Reduced levels of service across the Authority. Targets may not be achieved. Staff morale and reputation of Council may suffer. Influence of ITSG should reduce risks		4	4	Adele Taylor	October 2012 to January 2013: Continued monitoring of the service through ITSG. Future business case for a shared service being developed.

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
12 - SR8	Data Protection: Failure to comply with the data protection principles. The potential disclosure of personal data inappropriately.	Action may be taken by the ICO. Individuals may suffer if their personal data, particularly sensitive personal data is disclosed.		3	3	George A Robertson	October 2012 to January 2013: Data Protection risk assessments by Heads of Service to be monitored through service planning process. Concern still regarding adequacy of local understanding of risks and local service training.

						Management of historic data remains a concern. E-learning courses are now available. Planned mitigating actions: New post of Data Protection Compliance Officer created.

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EAST HERTS COUNCIL

AUDIT COMMITTEE - 13 MARCH 2013

REPORT BY DIRECTOR OF FINANCE AND SUPPORT SERVICES

ANTI-FRAUD AND ANTI-CORRUPTION STRATEGY AND DISCLOSURE (WHISTLEBLOWING) CODE

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To update existing strategies and policies in accordance with the business arrangements within the Council.

RECOMMENDATION FOR AUDIT COMMITTEE: That:	
(A)	**The revised Anti-Fraud and Anti-Corruption Strategy and Disclosure (Whistleblowing) Code be approved.**

1.0   Background

1.1   The Anti-Fraud and Anti-Corruption Strategy and Disclosure (Whistleblowing) Code was approved by Audit Committee on 2 September 2009. Annual reviews were undertaken by officers in 2010 and 2011 with minor amendments being made to both documents. The amendments were made to reflect the revised Internal Audit arrangements as the Shared Internal Audit Service (SIAS) took on auditing responsibilities from June 2011. Specific responsibility for any matters raised under the Whistleblowing Code was also transferred to SIAS.

2.0   Report

2.1   The Anti-Fraud and Anti-Corruption Strategy and Disclosure (Whistleblowing) Code have been reviewed by the Director of Finance and Support Services, the Director of Neighbourhood Services, the Manager of Corporate Risk and the Head of SIAS.

2.2 Two significant amendments have been made that are reflected in both documents:

- Previously the whistleblowing facility was made available to all members of the public. This went far beyond recommended guidelines. Whistleblowing arrangements usually only apply to all those working for a Council, suppliers and those providing services under a contract with the Council. Whistleblowing procedures provide safe and confidential avenues for these parties and their identities are protected. The Whistleblowing Code is not considered to be an appropriate avenue for contacting the Council. In order to avoid any further possible confusion, the facility for all members of the public to use the whistleblowing route has been removed. The intended route for all enquires is that they are initially handled by Customer Services, who will either answer the enquiry or put the enquirer in contact with a department/officer.

- As previously stated SIAS initially took on responsibility for taking forward matters raised under the Whistleblowing Code. This has on occasions created administration difficulties with SIAS perhaps being too far removed from the Council and requiring significant guidance before moving forward. The intention is therefore to bring whistleblowing arrangements back in-house. The Manager of Corporate Risk, in his governance role, will take on responsibility for managing any whistleblowing issues. The Risk Assurance Officer will pick up any issues in the absence of the Manager of Corporate Risk.

2.3 The Anti-Fraud and Anti-Corruption Strategy **(Essential Reference Paper 'B')** helps the Council to foster a culture of integrity, honesty and openness throughout the organisation. Fraud and corruption are not tolerated or given tacit consent, and all should be alert to any evidence of irregularities and be ready to act upon such evidence.

2.4 The Disclosure (Whistleblowing) Code **(Essential Reference Paper 'C')** encourages all those working for the Council, suppliers and those providing services under a contract with the Council to report any reasons to suspect fraud and corruption, without fear of reprisals. The code details the ways in which such information will be handled and followed up.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'.**

Background Papers
Anti-Fraud and Anti-Corruption Strategy and Disclosure (Whistleblowing) Code – Audit Committee 2 September 2009.

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Contact Officer: Adele Taylor
Director of Finance and Support Services
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Report Author: Chris Gibson
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IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives	**People** This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable. **Place** This priority focuses on the standard of the built environment and our neighbourhoods and ensuring our towns and villages are safe and clean. **Prosperity** This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic and social opportunities.
Consultation:	UNISON have been consulted and no objections have been raised to the revised policies. The Shared Internal Audit Service also support the revisions.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resource implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.

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East Herts Council

Anti-Fraud & Anti-Corruption Strategy

Policy Statement

Policy Statement No 13 (Issue No 4)
March 2013

East Herts Council encourages a culture of honesty and integrity. The Council is committed to ensuring it has a framework of internal control operating to promote the prevention and detection of any fraud and corruption, whether involving its Members or employees or others who might attempt to misuse the Council's resources or services. East Herts Council has a policy of zero tolerance of fraud and corruption.

<u>Contents</u>

1.0   Introduction

Definitions: In this document, an **irregularity** is anything unusual or unexpected that may reasonably arouse suspicion that a fraudulent or corrupt act has taken place, is on-going or is about to take place. **Fraud** is any form of deliberate deception or misrepresentation intended to gain an unlawful or unfair advantage or benefit. It may be a criminal offence. **Corruption** is the offering, giving, soliciting or acceptance of an inducement or reward that might reasonably be thought likely to influence a decision or action of any person. It too may be a criminal offence.

1.1   East Herts Council employs around 360 staff. The Council has a total annual turnover in the region of £350 million. The scale of the operation and the high level of public interest in local government demand a coherent and comprehensive strategy to deter, prevent, detect, contain and bring to justice any form of fraud or corruption.

1.2   The Council expects and requires its Members and staff at all levels to lead by example to ensure compliance with its rules, procedures and practices.

1.3   The Council also expects that individuals and organisations (e.g. suppliers and contractors) with whom it has dealings will act towards the Council with integrity and without thoughts or deeds involving fraud or corruption.

1.4   The Council will take steps to recover any losses incurred through fraud and corruption.

1.5   The Council seeks to maintain an effective Counter Fraud and Corruption Strategy in which the key elements are:

a)   Culture – the prevailing set of assumptions and values within the organisation – and the Reporting of suspicions of fraud and corruption,
b)   Actions to Prevent and Deter Fraud and Corruption,
c)   Controls to Detect and ensure Investigation of Fraud and Corruption,
d)   Alertness and vigilance reinforced by training.

2.0   Culture and Reporting

2.1 The Council aims to foster a culture of integrity, honesty and openness throughout the organisation, in which fraud and corruption are not tolerated or given tacit consent, and that all should be alert to any evidence of irregularities and be ready to act upon such evidence.

2.2 Members, all those working for East Herts Council, suppliers and those providing services under a contract with the Council are encouraged to report any reasons to suspect fraud and corruption. Especially where corruption is involved, such reporting is likely to be critically important in uncovering offences. The Council's Disclosure (Whistleblowing) Code provides for such reporting to be made without fear of reprisals. The Code also details the ways in which such information will be handled and followed up. To help in cases of personal doubt whether or how to proceed, the Code provides for advice and guidance to be available informally and in strict confidence, and, if need be, for disclosure to be made anonymously.

3.0 <u>Prevention and Deterrence</u>

3.1 The Director of Finance and Support Services, in her position as the Section 151 Officer, has an overall responsibility in law for ensuring that the Council's financial affairs are properly governed and that appropriate systems are in place to prevent and deter, so far as is practicable, any financial fraud or other misappropriation or misuse of the Council's assets and to detect any such at as early a stage as possible. The Council is also required to have an "adequate and effective" internal audit function that maintains an independent review of such systems. Each Director is responsible for ensuring that all the staff in his or her service area are aware of the Council's systems of financial control and that there is full compliance with them.

3.2 The Council's internal financial control systems are intended to provide indications of any fraudulent activity, and awareness of their existence should generally be a powerful deterrent to fraud. The Council's External Auditors will examine the Council's arrangements for the prevention, detection and investigation of fraud and corruption and will report accordingly.

3.3 Staff

   a) The Council recognises that a key preventative measure in the fight against fraud and corruption is to take steps at the recruitment stage to establish, as far as is practicable, the honesty and integrity of potential staff.

b)   Staff recruitment will be undertaken in accordance with approved recruitment check-lists held by both Human Resources and Managers. Written references and evidence of qualifications will be obtained before an offer of appointment is made. Details of any unspent convictions will be requested of all prospective employees.

c)   Awareness of this Anti-Fraud and Anti-Corruption Strategy forms part of the induction process for all new employees.

d)   Council staff are further bound by the Officers' Code of Conduct, the Council's Financial Regulations, Procurement Regulations and the National Schemes of Conditions of Service.

e)   The Council has a Disciplinary Procedure that is to be followed whenever staff are suspected of committing a fraudulent or corrupt act. The Disciplinary Procedures in no way substitute for prosecution of staff involved in fraudulent or corrupt acts.

3.4   Members

a)   Members are required to operate within:
- Government Legislation,
- National Code of Local Government Conduct,
- Local Authorities Member Interest Regulations 1992 (SI.618),
- Council Financial Regulations and Procurement Regulations, and
- The Members' Code of Conduct

b)   These documents are specifically brought to the attention of Members in the introduction pack. Members are required to provide the Governance Support Manager with specified information regarding their direct or indirect financial interests and to keep that information up to date.

3.5   Systems

a)   The Council has Financial Regulations and Procurement Regulations in place that require Members, staff and service contractors, when dealing with the Council's affairs, to act in accordance with best practice.

b) The Council has developed, and is committed to maintaining, systems and procedures that incorporate efficient and effective internal controls. The Chief Executive and Directors are responsible for the installation and maintenance of sound internal control regimes. Independent assurance over the existence, operational effectiveness and appropriateness of internal controls is provided by the Shared Internal Audit Service through delivery of the approved Annual Audit Plan and other assurance reviews as agreed from time-to-time with Management. Any variation or suspension of any internal controls requires authorisation by the Director of Finance and Support Services as Section 151 Officer.

c) The Internal Audit planning process incorporates a risk-assessment approach to planned audits, including risks arising from potential fraud and corruption, which assists in determining the areas on which to focus attention and the frequency of reviews. The risk assessment process is itself subject to continual review.

4.0 Detection and Investigation

4.1 The Council's internal control systems are intended to provide indications of any unusual patterns of activity or events that may point to potential fraudulent activity. The alertness and vigilance of Members, staff and the public to irregularities and their willingness to report any that come to their notice, are important in detection, especially of corruption.

4.2 Members of the public, organisations, and Council suppliers and contractors are encouraged to raise any concerns they have about irregularities. The Council is clear that disclosures will be more useful if they are not made anonymously. The Disclosure (Whistleblowing) Code provides that it is the duty of any recipient of such information from an outside source to pass it without delay to the Manager of Corporate Risk. The Disclosure (Whistleblowing) Code covers all those working for East Herts Council, including those employed on a temporary or voluntary basis. It also covers suppliers and those providing services under a contract with the Council. The Code gives further advice that should be heeded both by the recipient and by the person making the disclosure. It is the personal responsibility of whoever initially receives any such disclosure to pass on that advice.

4.3 Any Director, once aware of any suspected irregularity potentially involving fraud or corruption, whether in his or her own service area or elsewhere, must notify the Manager of Corporate Risk immediately. The Manager of Corporate Risk is also the officer designated in the Disclosure (Whistleblowing) Code as the recipient of any disclosures made under that Code. Unless the Manager of Corporate Risk decides, and records on the case-file, that there is an overriding justification for delay or for other action, in any case of suspected fraud or corruption, s/he shall immediately inform the Chief Executive, the Director of Finance and Support Services(Section 151 Officer), and the Director of any service area potentially implicated.

- An exception to that rule is that if benefits fraud is suspected, the matter should normally be referred immediately to the Benefits Fraud Officer.
- A second exception is that any suspicion of electoral fraud or corruption should be immediately reported direct to the Director of Neighbourhood Services, as Returning Officer. If a Member is a subject of suspicion, the Director of Neighbourhood Services, in his role as Monitoring Officer, should be notified, since any proven involvement in fraud or corruption would be a breach of the Members' Code of Conduct. Proceedings under the Members' Code shall normally commence only after the completion of investigations into any allegation of fraud and corruption, and, if court proceedings result, in the light of the court's decision.

A record shall be maintained on the case file of all decisions, including the proposed form of investigation and a timetable and any decision, by the Chief Executive, to take no further action. Copies of that record shall be provided to all officers to whom the matter has been disclosed under the provisions of this section. The person making any initial disclosure, if he or she has requested feedback, shall receive the information detailed in the Disclosure (Whistleblowing) Code.

4.4 Unless the Chief Executive decides that there should be no further action, a risk-assessment shall be undertaken by the Manager of Corporate Risk, as soon as practicable, to determine whether action is necessary to protect the system(s) potentially affected, to limit damage or to avoid prejudice to any investigation. Such action may include, for example, withdrawal of computer access, or suspension (or any lesser restriction of access to Council premises and facilities) of anyone suspected. The Head of People, ICT and Property Services will be consulted if consideration is being given to any officer's suspension, or to any lesser precautionary restrictions, pending investigation, and it will

be for the Head of People, ICT and Property Services to oversee any such suspension and restrictions.

4.5 The Director of Finance and Support Services as Section 151 Officer is responsible for allocating necessary resources to investigate any identified or suspected fraud or act of corruption.

4.6 The Manager of Corporate Risk will be responsible for the conduct of investigations unless there are specific provisions that the lead will be elsewhere (see below 4.7 & 4.8), and, as and when appropriate, will work closely with outside agencies to ensure that all matters are investigated thoroughly and reported upon. The Investigator will expect and require the full co-operation of all employees and will have ready access to all records and documents, except those protected by professional confidentiality. The progress of an investigation, reporting arrangements, and the consequent processes are detailed in the Disclosure (Whistleblowing) Code.

4.7 The Head of Revenues and Benefits will arrange for the investigation of all cases of suspected benefits fraud perpetrated by external claimants. Where Council staff are suspected of involvement in benefit frauds or there is suspected or proven collusion between benefits staff and claimants then the Head of Revenues and Benefits Services will advise the Manager of Corporate Risk in writing of the suspicion. The procedures set out above (sections 4.3 - 4.6) will then be followed.

4.8 The External Auditor has powers to investigate fraud and corruption either on his own initiative or at the request of the Council.

4.9 The Chief Executive and Directors are expected to take disciplinary action swiftly and firmly with those who attempt or commit fraudulent or corrupt acts.

4.10 The Council's policy is that the Police or whichever external agency is appropriate to the alleged offence will normally be informed without delay of any suspicions of fraud and corruption. Any decision **not** to notify the Police or other agency will be made by the Chief Executive and should be documented on the case-file.

5.0 <u>Training</u>

5.1 As part of the general policy and practice of training for the delivery of high quality services, staff involved in internal control systems shall be

appropriately trained in fraud and corruption awareness and their awareness of their responsibilities and duties regularly reinforced.

5.2 Investigation of fraud and corruption will usually be the responsibility of the Manager of Corporate Risk and the Housing Benefits Fraud Investigation Team. Staff involved in this work should therefore be properly and regularly trained.

5.3 Regular training and instruction will be given to Members and staff on relevant and potentially sensitive matters such as the declaration of interests and the constraints on offers and acceptance of gifts and hospitality.

5.4 Officers will be encouraged to participate in local and national professional groups in order to exchange information, initiatives and ideas which have fraud and corruption implications. Liaison with other Local Authorities and relevant Government Departments and Agencies will also be encouraged.

6.0 <u>Internal Audit</u>

6.1 The Council's Internal Audit service is provided by the Shared Internal Audit Service. This service operates to the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 and from 1 April 2013 complies with the Public Sector Internal Audit Standards. Where it is considered appropriate the Shared Internal Audit Service can be commissioned to provide additional support to special investigations.

7.0 <u>Conclusions</u>

7.1 The Council's systems, procedures, instructions and guidelines are designed to limit as far as is practicable acts of fraud and corruption. All such measures, including this Strategy Statement, will be kept under review, through the Director of Finance and Support Services as Section 151 Officer, the Manager of Corporate Risk and the Head of the Shared Internal Audit Service, to ensure the adoption of and conformity with evolving best practice.

7.2 This statement of practice will be subject to review on at least an annual basis.

CKG 260213

East Herts Council

Disclosure (Whistleblowing) Code

Policy Statement

Policy Statement No 15 (Issue No 4)

March 2013

Disclosure Code - Summary of Key Information

1. **Introduction**

   - The purpose is to give all those working for the Council, suppliers and those providing services under a contract with the Council the confidence to come forward and raise issues of concern without fear of reprisals.

2. **Aims and Scope**

   - To provide safe and confidential avenues for all those associated with the Council to raise concerns and receive feedback over alleged malpractice.

3. **Keeping your Identity Secure**

   - Individuals who raise concerns will not have their identity disclosed without their prior consent. It must be recognised, however, that in some circumstances it may be impracticable to keep identity secret. But any attempt, no matter by whom, to victimise someone making a disclosure will be treated as a major offence. If an allegation is made but, following investigation, is not upheld no action will be taken against the instigator providing they:

     - ➢ acted in good faith;

     - ➢ believe that information disclosed is substantially true; and

     - ➢ have not acted for personal gain.

   - If a malicious or knowingly false allegation is made, disciplinary action will be considered.

4. **How to make a Disclosure**

   - Telephone hotline answer phone number 01279 502288.

   - Email to: whistle.blower@eastherts.gov.uk

   - Written statement addressed to the Manager of Corporate Risk, East Herts Council, Wallfields, Pegs Lane, Hertford, SG13 8EQ marked 'Private & Confidential'

     - ➢ Secure contact details should be provided separate from the statement.

> ➢ Statement itself should not include any personal identifiers or be signed.

- Any other person receiving a disclosure should pass it without delay to the Manager of Corporate Risk or, in his absence, the Risk Assurance Officer.

5. How the Council handles Disclosure

- The Manager of Corporate Risk will receive the disclosure, and consider the appropriate course of action, reporting to the Chief Executive at the earliest opportunity.

- The Manager of Corporate Risk is responsible for carrying out or supervising any investigation considered necessary. He will liaise with the Director of Finance and Support Services to ensure that adequate resources can be made available.

- The Chief Executive will receive a full report of the investigation and will decide how to take the matter forward.

- Feedback will be given to the person making the disclosure at key stages during the investigation.

6. Anonymous Disclosures

- Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council. In exercising this discretion, factors to take into account include

  > ➢ the seriousness of the issue raised;

  > ➢ the credibility of the concern; and

  > ➢ the likelihood of confirming the allegation from attributable sources.

7. Review

- The Code will be subject to review on at least an annual basis.

8. Consideration of future action

- The whole document should be read before going any further.

Contents

1.0   Introduction

1.1   East Herts Council recognises that its staff are often in the best position to know when the interests of the public are being put at risk. It also recognises that staff can act as an early warning system on matters of health and safety or to help uncover fraud and mismanagement in their workplace. However, staff may feel reticent about disclosing such information because they:

- feel that they are being disloyal to their colleagues or the Council;

- fear reprisals through harassment or victimisation; or

- are unsure of the best way to proceed.

Whatever the reason, they may believe it is easier to ignore their concern which may be just a suspicion.

1.2   The Public Interest Disclosure Act 1998 (PID Act) is designed to provide protection to individuals, who make certain disclosures of information in the public interest, from detriment or dismissal. The Act provides legal protection, in defined circumstances, for 'whistle-blowers'. Full details of the Act are readily accessible on the Internet. In very simple terms, for a disclosure to be protected, it must be in the public interest and made in good faith, and, if the employer has a procedure for dealing with such allegations internally, that procedure should be followed, as a first recourse. If the employer fails to take appropriate action, the Act then provides protection against any reprisals by the employer for certain forms of disclosure outside the employing body. All public bodies are expected to have such a procedure.

1.3   The Act and this code cover all those working for East Herts Council including those employed on a temporary or voluntary basis. It also covers suppliers and those providing services under a contract with the Council

1.4   The Chief Executive writes each year to all employees, drawing attention to the need to declare any personal and financial interests. The letter also refers to the importance of reporting any suspicions of wrong-doing that might impact directly on the interests of the Council (and thus on the public the Council serves), whether the perpetrators are Council employees, Members of the Council, members of the public, or outside bodies.

2.0 Aims and Scope of the Disclosure Code

2.1 The aims of the Disclosure Code (the Code) are:

- to endorse and comply with the Government's requirement;

- to define a procedure by which any employee is able to report any instances where he or she has reason to belief that wrong-doing has occurred, is on-going, or is likely to occur, and can do so in strict confidentiality, and thus with an immediate safeguard against reprisals of any kind;

- to show how the further protection afforded by the Act will be provided in practice;

- to make the procedure (although not the full protection of the law) available to others;

- to guide anyone thinking about whether and how to make a disclosure; and

- to specify how disclosures will subsequently be handled.

2.2 Examples (but not a comprehensive list) of wrong-doing covered by the Act include:

- a criminal offence or breach of law

- damage to the environment

- the unauthorised use of public funds

- miscarriages of justice

- risks to health and safety

- fraud and corruption.

2.3 The Code extends further, to cover any wrong-doing that impacts adversely on the Council, whether one comprised in the above list (which is not comprehensive) or one of comparable seriousness, by any individual person, group or organisation either within or external to the Council.

2.4 This procedure is the default for handling disclosures if no specific mechanisms are prescribed elsewhere in the Council's Constitution. Examples of specific mechanisms include:

- most concerns about health and safety on the Council's property and in its work-places are best dealt with through the Council's Safety Committee;

- suspicions of council tax and/or benefit fraud should be reported anonymously by use of the 24 hour freephone service 0800 373 852, or by submitting an on-line fraud reporting form;

- complaints about a breach of the Members' Code of Conduct should be made to the Council's Monitoring Officer (but see also Section 2.10).

Although the Code provides for disclosures to be redirected, when necessary, into other channels, the use of the correct channel initially will save time and may avoid the Council having to seek additional information or a resubmission.

2.5 It may be that the person making the disclosure sees no need to maintain the strict confidentiality which this present Code offers. In that case, the disclosure may still be made through this procedure, but with an explicit and irrevocable renunciation of the safeguard of confidentiality. To make a disclosure openly may facilitate the subsequent investigation. The protection of the law and of the Council's own provisions (which extend further than the Act requires) will remain, although more likely to be needed and more difficult to enforce. The Council will still operate the procedure with due discretion in disclosing any personal details about the case.

2.6 All those working for East Herts Council, suppliers and those providing services under a contract with the Council, are encouraged to raise any issue that concerns them regarding wrong-doing affecting the Council. This Code is available for their use.

2.7 This Code is not intended for use by Council employees in cases of personal grievances. The Council has a separate Grievance Procedure. Occasionally, wrong-doing, properly dealt with through the Disclosure Code, might also give rise to a personal grievance: if, for example, an employee were to be ordered to become involved in, or became the victim of, an act of wrong-doing by another employee. Or wrong-doing causing

personal grievances might be exposed by a third party and dealt with through the present Code; if, for example, there were instances of systematic or institutional bullying, harassment or racism. If there is doubt, guidance can be sought, from the charitable organisation *Public Concern at Work* (see Section 3.11), from a Union representative or, through the present procedure, from the Council: this Code provides for an initial anonymous contact to help resolve any such uncertainties.

2.8   This Code is <u>not</u> intended to deal with minor misdemeanours nor should anyone with duties that include responsibility for subordinate staff attempt to use it as a way of avoiding exercising supervision and discipline of those staff and of others who are subordinate to him or her in rank.

2.9   This Code is <u>not</u> intended to deal with wrong-doing, however serious, that does not directly impact on the Council or involve it in some way. Wrong-doing by an employee or Member, other than in the course of, or in relation to, their Council duties, cannot be investigated by the Council. Any disclosure of such wrong-doing should be made to the Police or whichever body has responsibility for acting on the matter. There are provisions, within the Council's Constitution or in law, for action to be taken to protect the Council's interests if a Member or officer were to be convicted of a criminal offence.

2.10   Any disclosure raising suspicion of wrong-doing by a Member of the Council would raise the question whether the alleged wrong-doing, if proven, would constitute a breach of the Members' Code of Conduct. At the time of any such disclosure, the person making the disclosure will be asked whether, if it were appropriate to pursue the matter through that procedure, he or she would be willing to make a signed written complaint, to be considered by the Council's Standards Committee. The alternative, unless the offence alleged is so serious as to merit immediate referral to the Police or other outside organisation or is likely to result in court proceedings, is that an officer of the Council will be designated as the complainant and will make the necessary written complaint to the Committee. That can be done only if the person making the disclosure provides sufficient evidence (a) to demonstrate to the Committee that the alleged offence, if proven, would be likely to amount to a breach of the Members' Code of Conduct and (b) to make feasible an investigation with a reasonable chance of succeeding.

3.0   Keeping your Identity Secure

3.1   The Council intends that anyone making disclosures under the provisions of this Code should have the option of keeping their identity secret. This option provides a safeguard against reprisals of any kind and by any persons.

3.2   However, there is a risk that colleagues and others may guess or be able to infer who is responsible for the disclosure. Very exceptionally, if a criminal prosecution results, giving evidence in court may be essential for a successful action. Further safeguards and protections are in place to reduce such risks. For example, it is a serious disciplinary offence for anyone for improper motives to deter, or to attempt to deter, someone from raising valid concerns or subsequently to subject him or her to any form of reprisal.

3.3   Employees who raise allegations in good faith will suffer no repercussions. This applies even if the allegations cannot be substantiated by an investigation. However, making unfounded allegations that are clearly malicious or made for personal gain may be treated as a disciplinary offence (and may give rise to an action for defamation). Persons who have themselves been active in wrong-doing should not assume that by exposing the wrong-doing they acquire immunity from disciplinary action.

3.4   The identity of the person making the disclosure will not be made known, without his or her permission, to anyone else and then only to the extent that is necessary for a successful investigation (See also Section 4.1).

3.5   While the person who made the disclosure may fortuitously be questioned as part of the investigation, so too will be any others who might have relevant information.

3.6   During the course of an interview, or in some other way, the identity of the source of the disclosure may become evident to the investigator(s). Investigators have instructions to treat any such identification in strict confidence.

3.7   Those who, in response to questioning, show themselves to have had information which should have given them reasonable cause for suspicion of the alleged wrong-doing, will suffer no adverse consequences, provided that they have at no time been involved in the wrong-doing. In

other words, for an employee to fail to volunteer a cause or potential cause for suspicion is not in itself a disciplinary offence.

3.8 The primary aim of any investigation will be to use the initial disclosure only as a starting point and to build a case that is independent of the disclosure.

3.9 Anyone who is considering making a disclosure should not attempt an investigation or make informal enquiries to confirm an initial suspicion. To do so may seriously prejudice a subsequent investigation, by, for example, alerting the wrong-doer. It may leave evidence of the identity of the person making the disclosure and increase the likelihood of being needed to give evidence in proceedings. The possibility of an innocent explanation of the suspicious circumstances should always be borne in mind. It will usually be clear, after time for reflection, whether there are or are not reasonable grounds for suspicion.

3.10 If, exceptionally and for good reason, the use of the procedures in this Code is not acceptable, a disclosure may be made, still in strict confidence, to the External Auditor. The External Auditor will decide whether to refer the matter for external investigation or to investigate it himself or to refer it to some external agency for investigation.

3.11 The Council recognises that the decision to make a disclosure will often be difficult. The implications need to be thought through carefully. The procedure, set out below (Section 4), provides for an initial anonymous telephone discussion. That is an opportunity to clarify the procedure. There is also provision for a disclosure to be made anonymously (see Section 6). Advice and guidance are available, at any stage in the process and in strict confidence, from the independent charity *Public Concern at Work* (Tel: 020 7404 6609), which also has an informative website (www.pcaw.org.uk). The charity does not pursue cases on behalf of others.

4.0 How to make a Disclosure

4.1 For those seeking the highest degree of confidentiality, there is a telephone answer phone hot-line (01279 502288) on which initial contact should be made, anonymously if desired, and uncertainties and queries raised. This answer phone is regularly monitored. Alternatively an e-mail can be addressed to whistle.blower@eastherts.gov.uk). Unless the

disclosure itself is to be made anonymously (see Section 6), a name, and means of secure communication (such as a home address, home or mobile telephone number and/or a private e-mail address) will have to be provided. Mail will be marked 'private and confidential'. Although every effort will be made to ensure confidentiality, the Council cannot accept any responsibility for breaches of confidence outside its control. A reference number will be allotted that will be used to identify the disclosure. The personal information provided will be kept secure within the Council in a database that is not on a networked computer. Unless the disclosure is very simple or action is needed as a matter of extreme urgency or there is some other good reason, a written statement will then be requested. The statement should be addressed to the Manager of Corporate Risk.

4.2   The statement must be headed with the reference number provided and should not include any personal identifiers or be signed, since it will go on the case file and be seen thereafter by several persons. Typed rather than handwritten statements will help protect the identity of the person making the statement. The statement should provide as much information as is available about what has aroused concern: for example, the dates and times when the cause(s) for suspicion came to attention; who was involved; where any documentary evidence was seen and might be found on investigation, and the identity of any other possible witnesses. Note, however, the caution, in Section 3.9, not to engage in a private investigation. The information provided must be sufficient to allow (a) an independent judgement to be made whether there are reasonable grounds for suspicion of a serious wrong-doing, and (b) the launch of at least a preliminary investigation (see Sections 5.3. & 5.4).

4.3   The discloser may be asked to supply further information. An explanation will be given as to why it is needed. For example without further information the disclosure might be judged unreasonable (in which case he or she may opt to withdraw it and no further action taken) or an investigation would be impossible (in which case no further action would be taken except to keep the disclosure on file).

4.4   An acceptable alternative, if the highest possible confidentiality is not necessary, is for the initial disclosure to be made in writing. Any contact information should be separate from the disclosure statement in an attached note, and sent, with the envelope marked 'Disclosure: in confidence' to the Manager of Corporate Risk, Wallfields, Pegs Lane, Hertford SG13 8EQ. This is the course of action that a Member or officer

of the Council should recommend if approached by someone who wishes to disclose some wrong-doing.

4.5   It is likely that from time to time allegations of wrong-doing will be made by people who are unaware of this Code. Anyone receiving such a disclosure should pass it without delay to the Manager of Corporate Risk and do no more, by way of reply, than to acknowledge its receipt and say to whom it has been passed. It will then be dealt with, so far as is practicable, in the same way as an internal disclosure by a Member or by an employee of the Council. For obvious reasons, the protection and safeguards built into the Council's internal procedures cannot be assumed to extend to such disclosures. Assurances of protection from reprisals (for example, by the person's employer or colleagues) would be meaningless and should not be given. Every reasonable effort will nonetheless be made, within the Council, to keep the matter confidential.

5.0   How the Council handles Disclosure

5.1   The Council is committed to ensuring that a disclosure will be investigated if it gives reasonable cause to suspect wrong-doing and furnishes enough evidence for an investigation to be feasible. If wrong-doing is proven, appropriate action will be taken.

5.2   As set out above, all disclosures not made direct to him will be reported without delay to the Manager of Corporate Risk. Any allegations or disclosures involving the suspicion of fraud or corruption will, as a matter of urgency, be dealt with in conformity with the Council's "Anti-Fraud and Anti-Corruption Strategy". For all other disclosures, the Manager of Corporate Risk will consider whether the matter is one affecting the Council's interests. If so, he will decide whether the Code is appropriate or whether the matter might best be dealt with through another internal procedure (in which case whichever Officer has responsibility will be involved and a decision made). Irrespective of whether the matter disclosed does or does not affect the Council's interests, if reasonable suspicions of a criminal offence are raised then the matter will be passed to the Chief Executive for a decision on further referral, with or without further internal action, to another body for investigation and action.

5.3   Having decided that a case is appropriately pursued through the Disclosure Code, the Manager of Corporate Risk will (a) decide whether there is sufficient information to justify and enable investigation and, if

need be, arrange for further information to be sought from the source of the disclosure; (b) decide whether any immediate action is required and initiate any such action; (c) decide who at this preliminary stage needs to know and inform them; (d) designate an investigating officer and, with appropriate planning and consultation, launch a preliminary investigation and report thereon at the earliest opportunity to the Chief Executive and to anyone else s/he and the Chief Executive decide needs to know.

5.4   On the basis of the preliminary investigation and advice a decision will be taken by the Chief Executive (a) that there should be a full investigation; or (b) that the matter should be referred forthwith to an appropriate external agency; or (c) that no further action is justified. That decision will be recorded on the case file.

5.5   The Manager of Corporate Risk is responsible for carrying out or supervising any full investigation and for the preparation of a report and will liaise with the Director of Finance and Support Services to ensure that an appropriate allocation of resources is made. All Members are expected to and officers are required to give their full co-operation with the carrying out of any investigation.

5.6   On the basis of a full report of the investigation and advice, the Chief Executive may decide (a) that no further action is needed; or (b) that the matter should be referred for external action; or (c) that the matter should be dealt with by internal action. That decision will be recorded on the case file. In the case of internal action involving personal culpability, the Council's Legal Manager and the Head of People, ICT and Property Services will advise whether the Council's Disciplinary Procedure should be invoked or the matter dealt with by legal action. The Director in whose area of responsibility the matter occurred will, with the Manager of Corporate Risk, assess, as a matter of urgency, whether in the light of the report of the investigation there is any need for changes to deter and prevent any recurrences, and will take any necessary steps to have appropriate changes authorised and implemented.

5.7   A person making a disclosure is entitled to have feedback if he or she so requests. There will then be an initial response within 10 working days of the request to inform him or her how it is proposed to deal with disclosure, including a provisional timetable of the investigation, and indicating whether any investigations are under way.

5.8   Further feedback will be given at key stages. The final outcome will, in any case, be communicated to the person making the disclosure provided

a contact address has been provided). If he or she is not satisfied with the outcome, the PID Act provides, in certain circumstances, for the matter to be taken further, through, for example, a Union, a Member of Parliament, or an outside regulatory agency. The Council advises that any such action should be taken only after careful consideration and, preferably, having sought disinterested guidance (see Section 3.11).

6.0   Anonymous Disclosure

6.1   The Council encourages all disclosures to have names put to them, not least because that offers some assurance that the disclosure is not malicious, and further information can be sought if necessary for a successful investigation. The Council believes the safeguards and protections listed in this Code should be sufficient to make anonymity unnecessary for anyone making a disclosure or allegation in good faith. The protections afforded by this procedure cannot be guaranteed to anonymous informants. Concerns expressed anonymously are themselves suspect, but they will be acted on if accompanied by enough objective or readily verifiable evidence to justify an investigation and to allow one to be mounted with a reasonable chance of success. Those considering anonymous disclosures should bear in mind that they will have no feedback about the progress of an investigation, and, since it will not be known that they have gone through the designated internal procedure, the protection of the Act may not extend to any external disclosures they might choose to make.

7.0   Review

7.1   This Code will be subject to review on at least an annual basis.

CKG 260213

EAST HERTS COUNCIL

AUDIT COMMITTEE - 13 MARCH 2013

REPORT BY DIRECTOR OF FINANCE & SUPPORT SERVICES

AUDIT COMMITTEE WORK PROGRAMME 2013/14

WARD(S) AFFECTED: ALL

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Purpose/Summary of Report

- This report provides a proposed Audit Committee work programme for the 2013/14 civic year for consideration.

RECOMMENDATION: That	
(A)	the proposed 2013/14 Audit Committee work programme be approved.

1.0   Background

1.1   The Audit Committee was formed on 17 May 2006 and as part of the governance arrangements its work programme is approved each civic year. The work of the Committee during this civic year has been analysed. In the light of this work and discussions with the Council's External Auditors, the programme for the next civic year has been prepared.

2.0   Report

2.1   A proposed Audit Committee work programme for the 2013/14 civic year is given at **Essential Reference Paper 'B'**.

3.0   Implications/Consultations

3.1   Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives:	*People* This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.
Consultation:	The requirements of our External Auditor Grant Thornton UK LLP and the Shared Internal Audit Service have been sought and fully accommodated.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resource implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.

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Audit Committee Work Programme 2013/14 Civic Year

Committee Date	Agenda Items
10 July 2013	• External Audit- Interim and Audit Approach Report • Draft Statement of Accounts 2012-2013. • Shared Internal Audit Service Annual Assurance Statement Report 2012/13. • Shared Internal Audit Service Audit Charter. • Shared Internal Audit Service- Progress Report. • Annual Shared Internal Audit Service Board Report 2012-2013. • Update on Implementation of Annual Governance Statement Action Plan. • Draft 2012/13 Annual Governance Statement. • Risk Management monitoring report 1 February 2013 to 30 April 2013. • Audit Committee Work Programme.
18 Sept 2013	• Statement of Accounts 2012-2013 • External Audit Annual Report to those charged with Governance (ISA 260 Report). • External Audit report- Review of the Council's Arrangements for Securing Financial Resilience. • Treasury Management Strategy Statement – 2012/13 outturn and 2013/14 mid-year review. • 2012/13 Annual Governance Statement. • Shared Internal Audit Service- Progress Report. • Risk Management monitoring report 1 May 2013 to 30June 2013. • Audit Committee Work Programme.
20 Nov 2013	• External Audit report- 2012/13 Annual Audit Letter. • Council response to 2012/13 Annual Audit Letter. • External Audit report- Planned Audit Fee for 2013/14. • Update on Implementation of Annual Governance Statement Action Plan. • Risk Management monitoring report 1 July 2013 to 30 September 2013. • Audit Committee Work Programme.
22 Jan 2014	• External Audit- Grants Claim Certification Work 2012- 2013. • Treasury Management Strategy Statement 2014/15. • Shared Internal Audit Service- Progress Report. • Update on Implementation of Annual Governance Statement Action Plan. • Audit Committee Work Programme.
19 March 2014	• External Audit Update report. • Shared Internal Audit Service- Progress Report. • Internal Audit Plan 2014/15. • Update on Implementation of Annual Governance Statement Action Plan. • Annual Review of Data Quality Strategy. • Risk Management monitoring report 1 October 2013 to 31January 2014. • Audit Committee Draft Work Programme 2014/15 Civic Year.

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