

WELLAND INTERNAL AUDIT CONSORTIUM

Harborough District Council



Date: 31 December 2011

COUNTER FRAUD GENERAL ARRANGEMENTS

REF: H/CFGA2012

EXECUTIVE SUMMARY

Introduction

The Council's counter-fraud and anti-corruption arrangements represent a critical element in its corporate governance framework. Those arrangements should define standards of behaviour required of all of the Council's stakeholders; promote ownership and understanding of the responsibilities vested in individual stakeholders; and provide channels and mechanisms through which those responsibilities can be discharged reliably, effectively and consistently. While it is for the Council to develop arrangements that best respond to local circumstances, those arrangements must recognise specific statutory requirements and take account of good practice guidance from the Audit Commission and other agencies.

The audit of the Council's corporate counter-fraud arrangements were commissioned on the basis that the Consortium would apply the findings of the audit to update the Counter Fraud Strategy and supporting documents. This reflects the Consortium's role in the production of the current Strategy.

Overview

The Council's existing Counter Fraud Strategy is supported by a Fraud Response Plan, which is in line with current best practice, and a Whistleblowing Policy. These documents were formally adopted in 2009 and remain broadly fit for purpose although, following restructurings some tasks and responsibilities are no longer clearly associated with appropriate current managers.

The Council has adopted Codes of Conduct for Members and for employees: these are supported by Registers of Gifts, Hospitality and Interests. These Registers are held and maintained by appropriate senior managers and there is evidence that Members and employees have a consistent and appropriate understanding of their responsibilities to make Declarations. There is also evidence that the Whistleblowing Policy is operating as intended.

The Council has put in place appropriate arrangements to manage and mitigate risks of contract and recruitment fraud.

The audit identified some issues which need to be addressed:

- The requirement for an annual review of the Strategy has not been recognised. As a result there are a number of out of date references in the document. More significantly, the Action Points, contained in the document, have not been delivered.
- With the exception of the Member induction process, there are no formal arrangements to promote and maintain awareness of the Strategy and the responsibilities that Members and employees have to manage and mitigate the Council's exposure to risks of fraud or corruption

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- Arrangements to share information with partners and external stakeholders have yet to be developed.

These issues are addressed through the recommendations in the report or will be addressed through revisions to the Strategy. As a result of these findings, the overall assurance rating is given below.

As some risks have been identified and some recommendations made, the assurance rating following this audit is

Sound
Range 55 - 75
Assessed score 65

Scope

The audit involved:

- The documentation and evaluation of the strategies and policies established to mitigate the risks associated with fraud or corruption (with reference to statutory requirements and best practice guidance);
- The assessment of the effectiveness of the Council's arrangements;
- The evaluation of the clarity with which individuals' and posts' roles and responsibilities are defined within strategies and policies and the effectiveness of the communication of roles and responsibilities to all relevant stakeholders;
- The development of evidence of the extent to which stakeholders have taken ownership of the roles and responsibilities allocated to them by strategies and policies; and
- An assessment of the impact of strategies and policies based on the identification and response to instances of suspected fraud or corruption since the start of the financial year 2010/11

The recommendations are listed on the action plan, followed by the detailed report.

Acknowledgements

The help and co-operation of the Head of Legal and Democratic Services was much appreciated by the Auditor.

Natasha Bailey
Internal Auditor

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ACTION PLAN

RECOMMENDATION	Section number	Priority	Officer Responsible	Agreed Action and completion date
The Head of Legal & Democratic Services ensure that administrative arrangements are in place to ensure that the Governance and Audit Committee receives, by 30th September each year, a report covering: progress in delivering the current Counter-Fraud Strategy; and scope for further enhancements to the counter-fraud framework.	01.02.01	1 – High	H of Legal & Dem Services	The Head of Legal & Democratic Services agreed to review and update the Strategy and report to those charged with governance in accordance with the recommendation. 30/09/2012
Human Resources Manager makes provision for the Employee Code of Conduct and all relevant counter-fraud arrangements, such as requirement to enter Declarations in Register of Interests and Gifts & Hospitality to be covered in the induction process.	01.05.02	3 - Low	H of Corporate & Development Services	The Human Resources Manager agreed to include reference to the counter fraud arrangements in the induction process. 31/3/2012
Head of Legal & Democratic Services put in place appropriate arrangements to ensure that all employees are advised of the Whistleblowing Policy, the issues that it covers and the way in which they might properly make use of it.	01.13.01	2 - Medium	H of Legal & Dem Services	The Head of Legal & Democratic Services agreed to send an email reminder to all staff. The Policy is available on the intranet. Completed 30/12/11
The Head of Legal & Democratic Services make provision for a formal evaluation of the Council's corporate risks of fraud or corruption which can be included in future versions of the Counter Fraud Strategy.	06.01.01	3 - Medium	H of Legal & Dem Services	The Head of Legal & Democratic Services agreed to complete a risk score matrix with the assistance of the Internal Audit Manager. 31/03/2012

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NOTES:

Action Plan Grade Classification:	H-High, M-Medium, L-Low	Order of Priority of Implementation. Please note that it will normally be expected that all recommendations will be implemented within 6 months.
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The range of Assurance ratings is as follows:

Audit Opinion:	Explanation:
GOOD	Minor risks have been identified.
SOUND	Some risks have been identified and some recommendations made.
MARGINAL	A number of risks have been identified and changes should be made.
UNSATISFACTORY*	Unacceptable risks have been identified and changes must be made.
UNSOUND*	Major risks exist and fundamental improvements are required.

A rating of "Unsatisfactory" or "Unsound" requires immediate management attention and arrangements will be made for a further review to be carried out at a later (agreed) date.