

REPORT TO	DATE OF MEETING
Governance Committee	27 th June 2012

Report template revised June 2008



SUBJECT	PORTFOLIO	AUTHOR	ITEM
Compliance with International Auditing Standards	N/A	D. Highton & C. Ware	9

SUMMARY AND LINK TO CORPORATE PRIORITIES

The purpose of this report is to enable ‘those charged with governance’ and ‘management/section 151 officer’ to provide the assurances being sought by the Audit Commission as part of their audit of the Council’s 2011/12 accounts. The specific assurances being sought by the Audit Commission are set out in the letters appended to this report.

The report links with all of the corporate priorities, in particular to be an ‘efficient, effective and exceptional Council’.

RECOMMENDATIONS

That, subject to consideration by the Committee, the Chairman of the Governance Committee and the Chief Executive (Section 151 statutory chief finance officer) be enabled to sign the assurance letters requested by the Audit Commission.

DETAILS AND REASONING

In March 2012 the Audit Commission wrote to the Chief Executive (Appendix A) and the Chair of the Governance Committee (Appendix B) requesting information to assist with their audit of the Council’s 2011/12 financial statements. Given that the assurances requested would need to rely on very similar evidence to that being gathered by Internal Audit to compile the Annual Governance Statement (AGS), and in the interests of transparency, it was agreed with the Audit Commission that responses to their letters would be provided following consideration at this meeting.

Similar requests for assurance were made in respect of the 2010/11 financial statements and therefore the information provided in this year’s responses is in effect an update of the information which was supplied last year.

Having reviewed the specific information being sought, Internal Audit is satisfied that the Council’s arrangements are such that positive assurances can be given in response to the Audit Commission. Principally, this conclusion is arrived at through the:

- comprehensive assurance and evidence gathered in compiling the AGS;
- ongoing work of the Governance Committee and Internal Audit scrutinising and challenging the Council’s arrangements;
- work of the Chief Financial Officer and the financial arrangements and controls, including financial regulations, that have been adopted; and
- work of the Monitoring Officer supported by the Legal Services team.

Further detailed information to support Internal Audit’s review and conclusions can be found in the tables at Appendices C and D.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	There are no direct financial implications arising directly from this report.		
LEGAL	The report demonstrates compliance with International Standards on Auditing (ISA (UK & I)).		
RISK	This report provides assurances that the Council has in place appropriate measures to mitigate the risk areas highlighted by the Audit Commission.		
OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

Annual Governance Statement
 Service Assurance Statements
 Evidence collated by Internal Audit to support responses

27 March 2012

Mr Mike Nuttall
Chief Executive
South Ribble Borough Council
Civic Centre
West Paddock
Leyland
Lancashire

Dear Mike

Audit of South Ribble Borough Council Financial Statements for year ending 31 March 2012
Understanding your management processes and arrangements

I have a good understanding of your management processes and arrangements and this enables me to deliver an efficient audit, reducing the time your staff need to spend responding to auditor queries.

Auditing standards require me to formally update my understanding annually. Therefore, I am writing to ask that you please provide a response to the following questions. Where your response to questions 2 and/or 3 is 'yes', please provide details.

1) What are the management processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
- identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
- communicating to employees its views on business practice and ethical behavior (for example by updating, communicating and monitoring against the Council code of conduct); and
- communicating to the Audit Committee (i.e. those charged with governance) the processes for identifying and responding to fraud or error.

2) How does management gain assurance that all relevant laws and regulations have been complied with? Have there been any instances of non-compliance during 2011-12?

3) Are there any actual or potential litigation or claims that would affect the financial statements?

4) What controls do you have in place to: identify; authorise; approve; account for; and disclose, related party transactions and relationships. For any new related parties (i.e. any not already disclosed in your year end 31.3.11 audited financial statements) please provide a list of them, explain the nature of these, and whether you have entered into any transactions with these related parties during the year to 31 March 2012.

In addition to the above questions about management processes and controls, I have included at Appendix 1, 8 questions about your views on fraud. Your responses will inform my assessment of

the risk of fraud and error within the financial statements, which in turn determines the extent of audit work I undertake.

Please provide a response by email either on behalf of management or by yourself in your capacity as the S151 officer by 30th May 2012.

Please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Gareth Winstanley
Audit Manager

Appendix 1

No.	Questions for management	Managements response
1	Are you aware of any instances of actual, suspected or alleged fraud, either within the Council as a whole or within your department during the period 1 April 2011 – 31 March 2012?	
2	<p>Do you suspect fraud may be occurring, either within the Council or within your department?</p> <ul style="list-style-type: none"> ➤ Have you identified any specific fraud risks within the Council your department? ➤ Do you have any concerns that there are areas within your department or Council that are at risk of fraud? ➤ Are there particular locations within the Council where fraud is more likely to occur? 	
3	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively?</p> <ul style="list-style-type: none"> ➤ If not where are the risk areas? ➤ What other controls are in place to help prevent, deter or detect fraud? 	
4	<p>How do you encourage staff to report their concerns about fraud?</p> <ul style="list-style-type: none"> ➤ What concerns about fraud are staff expected to report? 	
5	<p>From a fraud and corruption perspective, what are considered to be high risk posts within your area of responsibility?</p> <ul style="list-style-type: none"> ➤ How are the risks relating to these posts identified, assessed and managed? 	
6	<p>Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <ul style="list-style-type: none"> ➤ How do you mitigate the risks associated with fraud related to related party relationships and transactions? 	
7	<p>Are you aware of any entries made in the accounting records of the Council that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> ➤ Are there particular balances where fraud is more likely to occur? ➤ Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the Council? ➤ Could a false accounting entry escape detection? If so, how? ➤ Are there any external fraud risk factors, 	

	such as benefits payments or collection of tax revenues, which are high risk of fraud?	
8	<p>Are you aware of any organisational, or management pressure to meet financial or operating targets?</p> <ul style="list-style-type: none">➤ Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	

27 March 2012

Cllr Graham O'Hare
Chair of the Governance Committee
South Ribble Borough Council
Civic Centre
West Paddock
Leyland
Lancashire

— Dear Graham

Audit of South Ribble Borough Council Financial Statements for the year end 31 March 2012

Understanding how the Audit Committee gains assurance from management

I have a good understanding of how the Audit Committee as those charged with governance gains assurance over management processes and arrangements. This enables me to deliver an efficient audit, reducing the time your staff need to spend responding to auditor queries.

However, auditing standards require me to formally update my understanding annually. Therefore, I am writing to ask that you please provide a response to the following questions. Where your response to questions 2 to 5 is 'yes', please provide details.

1) How do you exercise oversight of management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
- identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
- communicating to employees its view on business practice and ethical behavior (for example by updating, communicating and monitoring against the Council code of conduct); and
- communicating to you the processes for identifying and responding to fraud or error.

2) How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control? Are you aware of any breaches of internal control during 2011-12?

3) How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2011-12?

4) Are you aware of any actual or potential litigation or claims that would affect the financial statements?

5) Have you carried out a preliminary assessment of the going concern assumption and if so have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern?

In addition to the above questions about how you gain assurance from management, I have included at Appendix 1, 8 questions about your views on fraud. Your responses will inform my assessment of the risk of fraud and error within the financial statements, which in turn determines the extent of audit work I undertake.

Please provide a response by 30 April 2012 and please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Gareth Winstanley
Audit Manager

Appendix 1

No.	Questions for those charged with governance.	Those charged with governance response
1	Are you aware of any instances of actual, suspected or alleged fraud during the period 1 April 2011 – 31 March 2012?	
2	<p>Do you suspect fraud may be occurring within the Council?</p> <ul style="list-style-type: none"> ➤ Have you identified any specific fraud risks within the Council? ➤ Do you have any concerns that there are areas within your Council that are at risk of fraud? ➤ Are there particular locations within the Council where fraud is more likely to occur? 	
3	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively?</p> <ul style="list-style-type: none"> ➤ If not where are the risk areas? ➤ What other controls are in place to help prevent, deter or detect fraud? 	
4	<p>How do you encourage staff to report their concerns about fraud?</p> <ul style="list-style-type: none"> ➤ What concerns about fraud are staff expected to report? 	
5	<p>From a fraud and corruption perspective, what are considered to be high risk posts within your Council?</p> <ul style="list-style-type: none"> ➤ How are the risks relating to these posts identified, assessed and managed? 	
6	<p>Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <ul style="list-style-type: none"> ➤ How do you mitigate the risks associated with fraud related to related party relationships and transactions? 	
7	<p>Are you aware of any entries made in the accounting records of the Council that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> ➤ Are there particular balances where fraud is more likely to occur? ➤ Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the Council? ➤ Could a false accounting entry escape detection? If so, how? 	
8	Are you aware of any organisational, or management pressure to meet financial or	

	<p>operating targets?</p> <ul style="list-style-type: none">➤ Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	
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27th June 2012

Gareth Winstanley
Audit Manager
Audit Commission
2nd Floor
Aspinall House
Aspinall Close
Middlebrook
Horwich
Bolton
BL6 6QQ

Dear Gareth

Audit of South Ribble Borough Council Financial Statements - Compliance with International Auditing Standards

With reference to your letter of March 2012 in respect of the above, I have now commissioned a review of the management processes that are in place within the Council which address the specific questions you raised.

These are contained in the attached table which was formally reported to and discussed by the Governance Committee on 27th June 2012. I trust that this provides you with the necessary assurances that the Council's arrangements are effective and that there are no specific concerns or issues to report.

Yours sincerely

Mike Nuttall
Chief Executive
South Ribble Borough Council
Civic Centre
West Paddock
Leyland
PR25 1DH

Issue	Management Processes and Assurances
<p>Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);</p>	<p>Review of key financial systems on an annual basis.</p> <p>Risk based Internal Audit plan.</p> <p>Assurance ratings contained within each Internal Audit report.</p>
<p>Identifying and responding to risks of fraud in the Council, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;</p>	<p>Undertaking the Annual Governance Review, including Service Assurance Statements.</p> <p>The Corporate Risk Management Framework / operation risk registers</p> <p>Governance documents including the Anti Fraud and Corruption Strategy, Fraud Response Plan, Whistle Blowing Policy direct officers and members to Internal Audit / Monitoring Officer to report suspicion of fraud / irregularity.</p> <p>National Fraud Initiative (NFI)</p> <p>Use of IDEA (data interrogation software)</p>
<p>Communicating to employees its views on business practice and ethical behavior</p>	<p>Fraud awareness sessions at Leadership Forum, cascaded at Team Briefs.</p> <p>Register of Interests / gifts and hospitality.</p> <p>Zero tolerance of fraud.</p> <p>Ongoing promotion of Council values.</p> <p>Adherence to Codes of Conduct.</p> <p>Compliance with corporate policies relating to Whistle-Blowing, Anti-Fraud & Corruption & Anti-Money Laundering, Anti Bribery Policy.</p> <p>Internal Audit also publishes “Fraud Awareness” bulletins through the intranet.</p>
<p>Communicating to the Governance Committee (i.e. those charged with governance) the processes for identifying and responding to fraud or error.</p>	<p>Compliance with corporate policies relating to Whistle-Blowing, Anti-Fraud & Corruption & Anti-Money Laundering.</p> <p>The Governance Committee approves new and revised governance policies e.g., Whistle Blowing Policy, Anti-Fraud and Corruption Strategy, Fraud Response Plan and Anti Bribery Policy.</p> <p>Updates on NFI including periodic Member Briefings</p>

<p>How does management gain assurance that all relevant laws and regulations have been complied with? Have there been any instances of non-compliance during 2011-12?</p>	<p>Role of the Monitoring Officer and team of qualified lawyers to advise officers.</p> <p>All committee reports with legal implications are reviewed by a member of the Legal Team.</p> <p>The Annual Governance Statement (AGS) and Service Assurance Statements (SAS) provide the necessary assurances.</p>
<p>Are there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>The Council is aware of a potential claim from private land search companies. As per the 2010/11 Statement of Accounts, this has been included has a contingent liability.</p>
<p>What controls do you have in place to: identify; authorise; approve; account for; and disclose, related party transactions and relationships? For any new related parties (i.e. any not already disclosed in your year end 31 March 2011 audited financial statements) please provide a list of them, explain the nature of these, and whether you have entered into any transactions with these related parties during the year to 31 March 2012.</p>	<p>All new partnerships or partnering arrangements are reported to and approved by Members.</p> <p>Partnership monitoring procedures are in place and reports are presented to management and relevant Committees.</p> <p>Riverside Home Improvement Agency is a new related party for the year end 31st March 2012 providing the management and delivery of Disabled Facilities Grants. No transactions up to 31st March 2012.</p>

No.	Questions for management	Managements response
1	<p>Are you aware of any instances of actual, suspected or alleged fraud, either within the Council as a whole or within your department during the period 1 April 2011 – 31 March 2012?</p>	<p>Throughout the year Internal Audit has not undertaken investigations into any instances of actual, suspected or alleged fraud within the Council.</p> <p>The Benefit Enquiry Unit publicise all successful prosecutions internally and externally therefore ensuring that potential fraudsters are aware that the Council actively investigates and prosecutes fraudsters.</p>
2	<p>Do you suspect fraud may be occurring, either within the Council or within your department?</p> <ul style="list-style-type: none"> ➤ Have you identified any specific fraud risks within the Council your department? ➤ Do you have any concerns that there are areas within your department or Council that are at risk of fraud? ➤ Are there particular locations within the Council where fraud is more likely to occur? 	<p>No, we do not have any concerns and / or suspect fraud currently.</p> <p>Fraud risks are considered as part of the Council's strategic risk management arrangements. High risk areas are included within the Internal Audit risk assessment which informs the annual plan.</p> <p>Although it could occur in any area, the following are some examples of where there is significant risk of fraud and corruption occurring:</p> <ul style="list-style-type: none"> • Housing Benefits; • Housing Improvement Grants; • Contracts / Suppliers / Partnerships / Land Sales; • Payroll; • Flexi time system; • Ordering and payment of goods and services (procurement); • Electronic Procurement and Payments; • Recruitment and Selection
3	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively?</p> <ul style="list-style-type: none"> ➤ If not where are the risk areas? <ul style="list-style-type: none"> ➤ What other controls are in place to help prevent, deter or detect fraud? 	<p>The opinion of the Head of Shared Assurance Services in the 2011/12 Internal Audit Annual Report is that the Council continues to operate within a strong internal control environment.</p> <p>Internal Audit has undertaken various audits during the financial year; these have not identified any significant control weaknesses. The segregation of duties is a key area of review by Internal Audit.</p> <p>There are numerous policies in place, for example:</p> <ul style="list-style-type: none"> • Fraud Response Plan • The Anti Fraud and Corruption Strategy; • The Prosecution Policy; • The Procedures for RIPA 2000 • Whistle Blowing Policy;

		<ul style="list-style-type: none"> • The Money Laundering Policy. • Officers / Members code of conduct; • Officer appraisal reviews. <p>In addition, the Council has various other controls in place, including reconciliations of bank accounts and feeder systems, authorisation levels, budgetary controls, Financial Procedure Rules.</p> <p>The Council has various computerised information management systems in place. These range from financial systems to data management systems. All computerised systems have access controls for example; user login and passwords; and user profiles which clearly identify the user's access permissions. System controls enforce regular password changes. All systems are updated daily with clear user audit trails. Information Services complete regular reviews of all systems to determine that authorised users are adhering to council and legislative requirements.</p> <p>Annually, Directors and Senior Officers are required to complete an annual review of governance arrangements. The review provides assurance that the procedures and policies in place are working effectively.</p> <p>Internal Audit also publishes "Fraud Awareness" bulletins through the Council's intranet.</p>
4	<p>How do you encourage staff to report their concerns about fraud?</p> <ul style="list-style-type: none"> ➤ What concerns about fraud are staff expected to report? 	<p>Governance documents which include the Whistleblowing Policy, Anti-fraud & Corruption Strategy and Fraud Response Plan are published on the Intranet and are available to all staff.</p> <p>Staff have an obligation to report any suspicion of fraud or irregularity.</p>
5	<p>From a fraud and corruption perspective, what are considered to be high risk posts within your area of responsibility?</p> <ul style="list-style-type: none"> ➤ How are the risks relating to these posts identified, assessed and managed? 	<p>Such posts include Directors, Heads of Service and Senior Finance Officers.</p> <p>Controls include: appointment vetting & references, CRB checks, Code of Conduct & other policies, authorisation & signatory controls, segregation of duties and member accountability / reporting.</p>

6	<p>Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <ul style="list-style-type: none"> ➤ How do you mitigate the risks associated with fraud related to related party relationships and transactions? 	<p>We are not aware of any such transactions.</p> <p>Risk registers are in place for significant partnerships.</p> <p>Partnership monitoring procedures are in place and reports are presented to management and relevant Committees.</p>
7	<p>Are you aware of any entries made in the accounting records of the Council that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> ➤ Are there particular balances where fraud is more likely to occur? ➤ Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the Council? ➤ Could a false accounting entry escape detection? If so, how? ➤ Are there any external fraud risk factors, such as benefits payments or collection of tax revenues, which are high risk of fraud? 	<p>No</p> <p>No</p> <p>No</p> <p>No</p> <p>Areas of high risk fraud are included within Internal Audit's annual risk assessment. Housing /Council tax benefits and Council Tax / NNDR are reviewed annually by Internal Audit.</p>
8	<p>Are you aware of any organisational, or management pressure to meet financial or operating targets?</p> <ul style="list-style-type: none"> ➤ Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? 	<p>No</p> <p>No</p>

27th June 2012

Gareth Winstanley
Audit Manager
Audit Commission
2nd Floor
Aspinall House
Aspinall Close
Middlebrook
Horwich
Bolton
BL6 6QQ

Dear Gareth

Audit of South Ribble Borough Council Financial Statements - Compliance with International Auditing Standards

Further to your letter of March 2012 in respect of the above, please find attached a table providing you with the necessary information that you seek in relation to the specific issues you raised to assist with planning for the 2011/12 financial statements audit.

The Governance Committee's role is to work with and challenge officers and to provide independent scrutiny of the adequacy of the control environment, the Council's financial and non-financial performance and to oversee the financial reporting process.

The attachment was formally reported to and discussed by the Governance Committee on 27th June 2012 and I trust that this provides you with the necessary assurances that the Council's arrangements are effective and that there are no specific concerns or issues to report.

Yours sincerely

Councillor G O'Hare
Chair of the Governance Committee
South Ribble Borough Council
Civic Centre
West Paddock
Leyland
PR25 1DH

Issue	How the Governance Committee demonstrates that it secures the relevant assurances
<p>How the Governance Committee exercises oversight of management's processes in relation to:</p> <ul style="list-style-type: none"> • Undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud or error. • Identifying & responding to risks of fraud in the Council, including specific risks of fraud which management have identified or that have been brought to its attention or classes of transactions, account balances or disclosure for which a risk of fraud is likely to exist. • Communicating to employees its views on business practice & ethical behaviour • Communicating to the Governance Committee the process for identifying and responding to fraud or error. 	<p>Receipt of the Internal Audit Annual Report including an audit opinion from the Head of Shared Assurance</p> <p>Review of key financial systems on an annual basis</p> <p>Receipt of Annual Governance Statement</p> <p>Promotion of core values</p> <p>Publicity of Codes of Conduct</p> <p>Whistle-Blowing, Anti-Fraud & Corruption, Fraud Response, Anti-Money Laundering and Anti-Bribery policies in place.</p> <p>New and revised governance policies are approved by the Governance Committee.</p> <p>Co-ordination of the National Fraud Initiative (NFI) by Internal Audit and the results of investigations contained within the Internal Audit progress and annual reports.</p>
<p>How the Governance Committee oversees management processes to identify and respond to the risk of fraud and possible breaches of internal control</p> <p>Is the Governance Committee aware of any breaches of internal control during 2011-12?</p>	<p>Corporate policies relating to governance, e.g. Whistle-Blowing, Anti-Fraud & Corruption Strategy and Anti-Money Laundering.</p> <p>Internal Audit present progress reports throughout the year on the work undertaken in respect of the Internal Audit Annual Plan. Breaches of internal control would be identified within these reports.</p>
<p>How does the Governance Committee gain assurance that all relevant laws and regulations have been complied with. Is the Governance Committee aware of any instances of non-compliance during 2011-12?</p>	<p>Key areas of Internal Audit reviews include compliance with statutory requirements and relevant laws.</p> <p>Role of the Monitoring Officer</p> <p>Team of qualified lawyers to advise officers</p> <p>All committee reports cleared by Legal Services</p> <p>The Annual Governance Statement (AGS) and Service Assurance Statements (SAS)</p> <p>Internal Audit presents progress reports to Governance Committee quarterly in which any instances of non compliance would be identified.</p>

<p>Is the Governance Committee aware of any actual or potential litigation or claims that would affect the financial statements?</p>	<p>The Council is aware of potential claims from private land search companies. As per the 2010/11 Statement of Accounts, this has been included as a contingent liability.</p>
<p>Has the Governance Committee carried out a preliminary assessment of the going concern assumption and if so, have you identified any events which may cast significant doubt on the Council's ability to continue as a going concern?</p>	<p>No, the Governance Committee has not carried out a preliminary assessment of the going concern assumption, however it does not have any doubts due to the following:</p> <p>The Council sets a legal and balanced budget.</p> <p>The level of un-committed reserves.</p> <p>The Governance Committee also considers the statutory financial statements and receives in year monitoring reports.</p>

No.	Questions for those charged with governance.	Those charged with governance response
1	Are you aware of any instances of actual, suspected or alleged fraud during the period 1 April 2011 – 31 March 2012?	<p>Throughout the year Internal Audit has not undertaken any investigations into any instances of actual, suspected or alleged fraud within the Council.</p> <p>The Benefit Enquiry Unit publicise all successful prosecutions internally and externally therefore ensuring that potential fraudsters are aware that the Council actively investigates and prosecutes fraudsters.</p>
2	<p>Do you suspect fraud may be occurring within the Council?</p> <ul style="list-style-type: none"> ➤ Have you identified any specific fraud risks within the Council? ➤ Do you have any concerns that there are areas within your Council that are at risk of fraud? ➤ Are there particular locations within the Council where fraud is more likely to occur? 	<p>No, we do not have any concerns and / or suspect fraud currently.</p> <p>Fraud risks are considered as part of the Council's strategic risk management arrangements. High risk areas are included within the Internal Audit risk assessment which informs the annual plan.</p> <p>Although it could occur in any area, the following are some examples of where there is significant risk of fraud and corruption occurring:</p> <ul style="list-style-type: none"> ● Housing Benefits; ● Housing Improvement Grants; ● Contracts / Suppliers / Partnerships / Land Sales; ● Payroll; ● Flexi time system; ● Ordering and payment of goods and services (procurement); ● Electronic Procurement and Payments; ● Recruitment and Selection
3	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively?</p> <ul style="list-style-type: none"> ➤ If not where are the risk areas? ➤ What other controls are in place to help prevent, deter or detect fraud? 	<p>The opinion of the Head of Shared Assurance in the 2011/12 Annual Internal Audit Report is that the Council continues to operate within a strong internal control environment.</p> <p>Internal Audit has undertaken various audits during the financial year. These have not identified any significant control weaknesses. The segregation of duties is a key area of review by Internal Audit.</p> <p>There are numerous policies in place, for example:</p> <ul style="list-style-type: none"> ● Fraud Response Plan ● The Anti Fraud and Corruption Strategy; ● The Prosecution Policy; ● The Procedures for RIPA 2000

		<ul style="list-style-type: none"> • Whistle Blowing Policy; • The Money Laundering Policy. • Officers / Members code of conduct; • Officer appraisal reviews. <p>Annually Directors and Senior Officers are required to complete an annual review of governance arrangements. The review provides assurance that the procedures and policies in place are working effectively.</p> <p>Internal Audit also publishes "Fraud Awareness" bulletins through the council's officers' and members' intranet.</p>
4	<p>How do you encourage staff to report their concerns about fraud?</p> <ul style="list-style-type: none"> ➤ What concerns about fraud are staff expected to report? 	<p>Governance documents which include the Whistleblowing Policy, Anti-fraud & Corruption Strategy and Fraud Response Plan are approved by Governance Committee prior to being published on the Intranet. They are available to all staff.</p> <p>Staff have an obligation to report any suspicion of fraud or irregularity</p>
5	<p>From a fraud and corruption perspective, what are considered to be high risk posts within your Council?</p> <ul style="list-style-type: none"> ➤ How are the risks relating to these posts identified, assessed and managed? 	<p>Such posts include Directors, Heads of Service and Senior Finance Officers.</p> <p>Controls include: vetting of application details and references; CRB checks; Code of Conduct & other policies, authorisation & signatory controls, segregation of duties and member accountability / reporting.</p>
6	<p>Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <ul style="list-style-type: none"> ➤ How do you mitigate the risks associated with fraud related to related party relationships and transactions? 	<p>We are not aware of any such transactions;</p> <p>Risk registers are in place for significant partnerships;</p> <p>Partnership monitoring procedures are in place and reports presented to management and relevant Committees.</p>
7	<p>Are you aware of any entries made in the accounting records of the Council that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> ➤ Are there particular balances where fraud is more likely to occur? ➤ Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the Council? ➤ Could a false accounting entry escape detection? If so, how? 	<p>No</p> <p>No</p> <p>No</p> <p>No</p>

8	<p>Are you aware of any organisational, or management pressure to meet financial or operating targets?</p> <ul style="list-style-type: none">➤ Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?	No No
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