

APPENDIX 2

WCC Response to Probity Issues Annual Audit Letter 2001

Position Statement as at 26th August 2003

ISSUE	RESPONSE	PERSON RESPONSIBLE	TARGET DATE
1. A co-ordinated approach to this work is essential	The Monitoring Officer has responsibility for the work, which will be on-going. Full time officer resource (2 f.t. posts) has been allocated (1 f.t. Corporate Standards Officer, 1 f.t. Assistant). There is active involvement of Chief Exec., Chief Officers, Standards Committee, Scrutiny Committee, Internal Audit, Personnel, with co-ordination taking place through the function of the CSO post and the primary reporting line being to the Standards Committee.	Monitoring Officer Corporate Standards Officer	Built into operating procedures.
2. Commitment to strong ethical framework from the top	At Member level this commitment is expressed by the developing role of the Standards Committee and the reporting on the issues to CPG and CMT, as this project area has been identified as a Strategic Priority area for development in 2002-03. A training programme is in place for senior officers, involving the Leader of Council, District Auditor and the Monitoring Officer.	Chief Officers Standards Cttee Cabinet Monitoring Officer Corporate Standards Officer	Built into work programme.
3. Ensure whistle-blowing arrangements kept under review	Existing arrangements have proved effective. Has now been introduced as an item on Monitoring Officer's presentation on the Induction day for all new officers, along with other ethical issues.	Corporate Standards Officer	Built into work programme. Publicity campaign, both internal and

	Policy is available on the Intranet and it will be further promoted alongside the updated officer code of conduct.		external, launched December 2002. Now included in corporate induction training, starting Jan. 2003
4. Effective and well-documented controls	The authority requires documentation of critical financial systems and the identification of key controls and whether or not they are in use. Examples would be debtor and creditor systems and payroll.	County Treasurer Chief Auditor	Control matrices are in place, in use and documented.
5. Sound recruitment and disciplinary procedures	The procedures are robust. Whistle blowing and disciplinary procedures have proved effective. The authority needs to ensure that all references and appropriate police checks taken up, along with evidence of professional qualifications where relevant to the post.	Chief Personnel Officer Departmental Personnel Officers	In place and built into operating procedures.
6. Strong internal audit	District Audit has expressed satisfaction with Internal Audit but the function will essentially be kept under review and the authority will look to opportunities for continuous improvement in relation to the Audit function. Internal Audit is to submit an Annual Internal Audit report to Standards Committee.	Chief Auditor	Standards Committee receives quarterly reports on Internal Audit function, and approves annual programme of work.
7. Well managed investigations	A protocol is in use but it has not been formally adopted. The Council should establish a written protocol for investigations. Internal Audit will formalise the existing procedures and record them.	Chief Auditor	Outstanding
8. Deal firmly and swiftly with breaches	The County Treasurer is committed to taking action rapidly to deal with breaches in order to give clear messages as to expectations with regard to probity standards.	County Treasurer Chief Auditor	In place and built into operating procedures.
9. Effective use of IT	IDEA interrogation software is now in use. Present	Chief Auditor	In place and built

	applications limited, but will be extended for use in a formal framework for use as a routine audit tool. Software used to generate exceptions reports to identify potential problems. It would be helpful if the Audit Manager could identify any specific concerns.		into operating procedures.
10. Good liaison arrangements with police and other agencies	There is good liaison, both formal and informal. Internal Audit can approach the police to sound them out informally about aspects of investigations. The formal liaison will be documented in the protocol to be drafted covering the management of investigations.	Chief Auditor	Outstanding
11. Promote sound ethical context for the Council	Staff induction materials and training course content include ethical issues (whistle blowing, current staff Code of Conduct, e-mail security), as does Members' induction (Members' Code of Conduct). The context will be reinforced at the Senior Managers Conference in December 2002. A new staff Code of Conduct will be prepared to take into account the Govt Guidance which is due to be released in the near future. Reinforcement training, focussing on those officers identified as key staff are in hand, to include fraud awareness and registers of interest. This training is to be rolled out to other officers after the identified key officers are trained.	Monitoring Officer Corporate Standards Officer	Built into work programme. Whistle blowing publicity campaign launched Dec. 2002. Training in ethical conduct given to Senior Managers December 2002. Corporate Services Dept. received training January 2003. Included in corporate induction programme from January 2003.
12. Agree a formal anti-fraud and corruption policy	Internal Audit has started work on the updating of this policy and a good deal of the groundwork has been done. The groundwork now needs to be pulled together to formulate a policy to put forward to Members for approval. The policy is due to be finalised by February 2003.	Chief Auditor	Outstanding

13.	Review ethical aspects of constitution	This review is in place as part of general programme of constitutional review already being carried out by the Monitoring Officer and Standards Committee. A report is to be submitted to Standards Committee in March 2003.	Standards Cttee Monitoring Officer Corporate Standards Manager	A report on the review of the Constitution was taken to Council in July 2003. This incorporated a number of ethical issues. The Contract Regs were included in the review. The Financial Procedure Rules and the Scheme of Delegations to Officers will go to Council in October 2003. The Council awaits the publication of a new Code of Conduct for Officers from the ODPM, and will determine whether these require constitutional amendments when they are published.
14.	Review recruitment and exit interview procedures	There is now a framework in place for the conduct of exit interviews which have been widely publicised. Personnel are monitoring returns to ensure corporate implementation of the exit interview procedures. Recruitment procedures are assessed as being sound- if the Audit Manager has any specific concerns, it would be helpful if they could be notified to the Corporate Standards Officer.	Departmental Personnel Officer Corporate Standards Manager	Completed and built into operating procedures.

15. Review status of implementation of audit recommendations	This work is ongoing in respect of Ethical Conduct. The Monitoring Officer and Corporate Standards Officer are to ensure that a rolling programme of review is implemented, and that there is reporting on a regular basis to Standards Committee and DA regarding progress.	Monitoring Officer Corporate Standards Officer	Built into operating procedures and work programme.
16. Compile a log of significant contracts and the arrangements for their supervision. Arrange for ongoing monitoring	A full time Procurements Officer has been appointed. A Register of contracts has been completed. It is possible to arrange a programme of work on monitoring in conjunction with DA in next financial year. In the meantime, a list of officers who let contracts has been compiled and their training will cover interest issues. New contract regulations are being drafted, and these will include conditions for individual officers letting contracts.	Procurements Officer	Contract log completed. Arrangements for monitoring built into operating procedures.
17. Compile a log of partnerships and potential partnerships and consider accountability dimensions.	This will be progressed in the context of further work on the Procurement Strategy.	Procurements Officer	Completed
18. Promote standards of public life, training for staff in ethical conduct, fraud awareness, registers of interest and Codes of Conduct	All of these areas are ongoing and being actively promoted throughout the organisation by means of improved staff induction, focussed training, internal publicity, and leadership from the Chief Executive and Leader of the Council.	Chief Officers Monitoring Officer Corporate Standards Officer	In place and built into work programme and operating procedures. See 11 above.
19. Review internal audit staffing, training and focus on fraud and corruption	Internal Audit staffing levels have been brought up to strength. Staff have all just completed annual appraisals (Sept 2002) which will be used to inform individual and departmental training plans. Fraud and corruption forms an integral part of the section's work, although Internal Audit does fulfil a number of other critical audit	County Treasurer Chief Auditor	Completed

	functions. There are a range of tests which are carried out by Internal Audit, some of which are geared towards the identification of fraud. The District Auditor has expressed satisfaction with Internal Audit but the function will be kept under review.		
20. Review MO role and support	This review has been completed. As a consequence, 2 f.t. officers have been appointed to support the MO function(see 1. above re Co-ordinated Response).	Director of Corporate Services Monitoring Officer	Completed
21. Promote the adoption of a risk management process	Risk management is now formally included in role of Internal Audit manager. The Risk Register has been completed. A Corporate Risk Management Group has been established, and risk identification and management has been incorporated into the service planning process. Risk workshops have been run for key service managers and departmental risk “champions”. Risk management embedded into service planning processes.	County Treasurer Chief Auditor	Built into operating procedures.
22. Identify staff on contract conditions and their responsibilities and oversight	Staff on contract terms are subject to the same recruitment and induction procedures as permanent officers. They are also required to subscribe to the standards of ethics and probity that are expected from all Council staff, whether on permanent or temporary contracts of employment. Line managers are aware of which staff are on temporary contracts.	Line Managers	Completed
23. Identify procurement and financial roles and promote separation of duties	This area of work is an element of the good practice aspects of the Procurement Strategy.	Procurement Unit Treasury	Built into operating procedures and staffing responsibilities.
24. Review fidelity insurance	Fidelity insurance is in place and it is reviewed regularly at renewal.	Insurance Manager	Completed
25. Review participation and	WCC participates in the NFI – staff are informed by	Chief Auditor	Completed for 2002.

outcomes from National Fraud Initiative	means of payslips that key data is used for detection of potential fraud (DPA requirement). Outcomes are reviewed – any action will be taken in line with investigation protocols.		All investigations arising from 2002 NFI completed. Next NFI due 2004.
26. Take stock of IT security	A framework for IT Security is in place, administered by the IT Security Team. There is a robust security policy. The District Auditor has reviewed network security and reported in October 2002..There has also been a review of the Data Protection Act. The .results of both Audits have been very encouraging and reflect a high standard approach. There are significant improvements on Audits carried out three years ago. The IT Infrastructure Review has been reported to Cabinet and includes actions that will improve overall IT Security.	Internal Audit IT Security	Completed
27. Keep access controls alive and relevant	Access controls apply to access to servers and access to applications. Access is subject to regular review. Improvements are controlled through use of change control procedures.	IT Manager	Built into operating procedures.
28. Obtain risk analysis	Risk Register completed. See Risk Management response re development of Strategy. Further development of risk management to be undertaken by Council and Internal Audit staff in the next 12 months.	Internal Audit	Completed
29. Consider property disposals and acquisitions	The Council has robust procedures and checks in place in relation to property disposals and acquisitions and they will continue to be monitored to ensure that they are effective. Capital Asset Planning provides a framework for disposals and the Council's Capital Asset Planning has been commended by the Government.	Property and Rural Estates Manager	Built into operating procedures.

30. Ensure sound procedures of dealing with breaches and monitor their implementation	Procedures outlined above. Implementation is monitored by means of reports on progress made to Standards Committee	Monitoring Officer Chief Auditor Corporate Standards Officer Standards Committee	In place and on-going
31. Ensure sufficient fraud and corruption audit including computer assisted audit techniques	Computer assisted audit techniques have been implemented within the audit programme.	Chief Auditor	Completed
32. Consider relevant aspects of the Pension Fund	There is a documented Strategy to address the financial health of the Pension Fund. A transparent process is promoted by the role of the Special Committee that includes external representation. Decisions are otherwise taken appropriately by the appointed managers.	County Treasurer	Built into operating procedures.
33. Monitor fraud reports	Ongoing. Internal Audit is on the circulation list for warning bulletins, which are monitored by IA and circulated to relevant officers.	Chief Auditor	Built into operating procedures.