ISLE OF ANGLESEY COUNTY COUNCIL	
COMMITTEE:	AUDIT COMMITTEE
DATE:	10 APRIL 2014
TITLE OF REPORT:	AUDIT COMMITTEE - REVIEW OF EFFECTIVENESS REPORT 2013/14
PURPOSE OF REPORT:	FOR INFORMATION
REPORT BY:	AUDIT MANAGER
ACTION:	NONE

1. INTRODUCTION

1.1 The terms of reference of the Audit Committee are set out in the Council's Constitution. The Committee's terms of reference include at 3.4.8.1.1 (ix) a requirement 'to prepare a report for the annual meeting of the Council on its activities for the year'.

1.2 The CIPFA Practical Guidance for Local Authorities and Police 2013 Edition provides best practice in terms of the core functions of an Audit Committee and included in that guidance is a reference to the benefits of undertaking a regular self-assessment of the effectiveness of the Committee. The guidance suggests that such self-assessment should be used to support the planning of the committee work programme and training plans and also to inform the Committee's annual report to the Council.

1.3 The Audit Committee has, therefore, over the past few years set up an Annual Workshop which includes the review of its effectiveness during the current year with a view to including the results in its annual report to the Council. These Workshops are based around best practice guidance and, this year specifically, upon the CIPFA - Self-Assessment of Good Practice and the Evaluating the Effectiveness of the Audit Committee Checklists contained within the CIPFA Practical Guidance for Local Authorities and Police 2013 Edition.

1.4 The Audit Committee terms of reference include at section 3.4.8.1.3 that 'the Committee will also advise on the Council's Policy for Prevention of Fraud and Corruption, including (i) reviewing the effectiveness of the policy. The Audit Committee has, in previous years, used best practice Counter Fraud Checklists as part of this review and did so again in 2013/14.

1.5 The review of Audit Committee effectiveness and of its Counter Fraud arrangements for 2013/14 took place on 28 January 2014 at the Oriel in Llangefni.

The workshop was attended by three Members of the Audit Committeee, including the Chair of the Committee, and by the Leader of the Council who had been invited to the workshop as part of the Committee's intention to enhance the awareness of the Committee and its work across the Council.

2. EFFECTIVENESS OF THE AUDIT COMMITTEE

2.1 CIPFA - Self-Assessment of Good Practice: The results of the Workshop's self-assessment of Audit Committee Good Practice are contained at Appendix A in the form of the completed CIPFA - Self-Assessment of Good Practice checklist.

2.2 Overall, the Audit Committee self assessment of its performance against best practice was positive with only 3 out of 20 of the specified best practice being considered not to be undertaken by the Committee and a further 8 out of 20 where it was felt that improvements could be made. The main identified areas of weakness related to:-

- Audit Committee purpose and governance –
  The workshop felt that the purpose of the Committee set out in the terms of reference could be expanded in line with CIPFA guidance in order to provide more information and improve understanding of its role in the rest of the Council;

  The workshop believed that, as it was difficult to determine if the Committee was making a difference and providing sufficient challenge in all the right areas, Audit Committee calendars of other Welsh authorities are obtained and compared and that Members of the Committee seek to attend other Council's Audit Committees and vice versa to identify any good practice elsewhere.

  The workshop concluded that there are currently no formal arrangements for holding the Committee to account for its performance and to provide assurance that it is operating satisfactorily. This was, in effect, why the self-assessment process was important. The workshop believed that the WAO had a role to play here and should be asked to provide feedback on its performance as a Committee on a regular basis.

- Functions of the Audit Committee
  The workshop believed that the terms of reference of the Committee should specifically include reviewing the obtaining of value for money and best value within the Council.

  The workshop also believed that the terms of reference should be strengthened in terms of providing assurance over the assurance framework as a whole.

  The workshop felt that, in the time available at meetings, it was not possible to ensure that it fulfilled all of its functions and roles as set out in the terms of reference, especially in terms of the core function areas. Suggestion was made that consideration be given to limiting the Committee's agenda to priority issues and allowing sufficient time to review these in depth.

  The workshop considered that it could do more to work with other Committees to provide assurance on matters within its core functions. For example, work more closely with the Standards Committee in terms of ethics and receiving requests from other Committees and the Council on issues surrounding risks to the Authority. This would include how significant reports are dealt with by the Authority.

2.3 Evaluating the Effectiveness of the Audit Committee: - The Committee did not have time to fully consider and discuss the Evaluating the Effectiveness of the Audit Committee checklist at the workshop. The checklist had been previously circulated with the workshop agenda to all Members of the Audit Committee and workshop invitees.

2.4 The Audit Manager had completed a copy of the checklist to identify those areas which, in his opinion, the Committee had strengths and those areas which could be improved upon. The checklist, as completed by the Audit Manager, is at Appendix B of this report.

2.5 The results of the Audit Manager's assessment of the Committee's effectiveness identified the following areas where the Committee may consider improvements could be made in 2014/15:-

- <u>Supporting Risk Management Arrangements</u>
Although the Audit Committee has supported the establishment of a robust Risk Management framework fully embedded within the Authority, that support has yet to be effective in producing the desired outcome.

- <u>Supporting Value for Money Arrangements</u>
As identified above in this report, the review of the effectiveness of the Council's arrangements for obtaining Value for Money and best value are not currently included in the Committee's terms of reference.

- <u>Helping the Authority to implement effective arrangements for countering fraud and corruption risks</u>
The workshop identified the Council's arrangements for Countering Fraud as an area for further development in 2014/15.

- <u>Promoting Effective Public Reporting to the Council's Stakeholders</u>
The Committee does not currently have a role in promoting effective public reporting to the Authority's stakeholders. This would include Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.

3. EFFECTIVENESS ACTION PLAN

3.1 The work carried out at, and surrounding, the workshop has identified areas for improvement in terms of both meeting best practice and in the Committee continuing to develop its effectiveness.

3.2 The Committee is asked to consider the weaknesses identified and to endorse the development of an Action Plan detailing how the weaknesses are to be addressed in 2014/15, by whom and by when. Performance against the Action Plan will then be reported regularly to the Audit Committee at its meetings.

4. REVIEW OF COUNTER FRAUD ARRANGEMENTS

4.1 The workshop was able to discuss the main findings of the Internal Audit Counter Fraud Report 1906.13/14 which review was based on the Audit Commission's 'Protecting the Public Purse' Appendix 2 – checklist.

4.2 The report identified a number of areas where the Counter Fraud arrangements are currently weak. These areas are detailed in the Executive summary of the above Internal Audit report, which summary is included at Appendix C of this report for information.

4.3 The Head of Function (Resources) is undertaking a review of the Council's Counter Fraud arrangements in the light of scheduled proposals to transfer local authority Benefit Investigative Teams to the DWP under a Single Fraud Service. Some residual fraud related tasks will, however, be left with local authorities.

4.4 The Committee is asked to consider the weaknesses identified and to endorse the development of an Action Plan detailing how the weaknesses are to be addressed in 2014/15, by whom and by when. Performance against the Action Plan will then be reported regularly to the Audit Committee at its meetings.

JOHN FIDOE
AUDIT MANAGER   **3 APRIL 2014**

CIPFA - Audit Committees / Practical Guidance for Local Authorities 2013
Self-Assessment of Good Practice

|	Good Practice Questions	Yes	Partly	No	Comments
	Audit Committee purpose and governance				
1	Does the Authority have a dedicated audit committee?	YES			See Constitution – TORs at 3.4.8
2	Does the audit committee report directly to the full Council? (applicable to local government only)	YES			Reporting lines to Council – some items such as TM Strategy – SoAs go from AC to Full Council Annual Report of AC. AC TOR 3.4.8.1.8 **Workshop Comments:** Would like more feedback generally on effectiveness/ performance of the Committee. More reporting to the Council would be beneficial – perhaps in the form of a Highlight report of key issues / risks raised at Audit Committee as and when appropriate.
3	Do the terms and reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?		PARTLY		TORs do not specifically mention purpose – But TORs are in line with purpose as set out by CIPFA. **Workshop Comments:** The TORs do have a brief stated purpose but this needs to be expanded to give more information on the Committee's purpose and role.
4	Is the role and purpose of the audit committee understood and accepted across the Authority?		PARTLY		TOR included in Constitution – attendance of CE, DCE, Section 151 Officer and Monitoring Officer reflect understanding. Could be more pro active in raising profile – have invited Chair of Scrutiny and Leader to Workshop as start. **Workshop Comments:** Consideration should be given to ensuring that Members are fully inducted into how the Council and its Committees operate and the role of each.
5	Does the audit committee provide support to the Authority in meeting the requirements of good governance?		PARTLY		Difficult to quantify but Governance Assurance framework action plan updates; risk management reports; Annual Governance Statement; ongoing review of internal control framework etc. **Workshop Comments:** Members agreed that it was difficult to determine if the Committee was making a difference and providing sufficient challenge in all the right areas. Suggested that Audit Committee calendars of other Welsh authorities are obtained and compared and that Member of the Committee seek to attend other Council's Audit Committees and vice versa to identify any good practice elsewhere. Chair has initiated a log of issues raised by the Committee which includes when action is due by and by whom.
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?			NO	There are no specific arrangements for this - But Scrutiny do complete a **'performance' self assessment after each meeting – Members may like to consider something similar?** Annual Workshops to review effectiveness and performance - Annual Report to Council **Workshop Comments:** Members believed that the WAO had a role to play here and should be asked to provide feedback on its performance as a Committee.

	Functions of the Audit Committee				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?				
a	• Good governance	YES			AC – TOR – 3.4.8.1.9 and generally
b	• Assurance framework			NO	Framework not specifically in AC TOR – AGS is included though and in general covers areas of framework.
c	• Internal audit	YES			AC TOR – 3.4.8.1.1
ch	• External audit	YES			AC TOR – 3.4.8.1.1
d	• Financial reporting	YES			AC TOR – 3.4.8.1.2
dd	• Risk management	YES			AC TOR – 3.4.8.1.9
e	• Value for money or best value			NO	Not specifically in AC TOR **Workshop Comments:** Reports should include reference to the fact that VFM has been taken into account and how this has been done. Managers should be able to show that they have arrangements in place to obtain VFM. Procurement was discussed in relation to VFM and in relation to ensuring that local suppliers are considered.
f	• Counter fraud and corruption	YES			AC TOR – 3.4.8.1.3
8	Is the annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given in core areas?		PARTLY		Self assessment covers a number of areas – But not all – e.g. TOR 3.4.8.1.9 (ii) –' *to ensure compliance with Statutory requirements including Health and Safety.'* Reporting of H&S has not been received – is now in calendar for 2014-15. **Workshop Comments:** Members commented on the lack of time available to the Committee to deal with all the issues in the TOR fully. Members felt that at times in a 2-3 hour meeting there was not enough time to look at in the depth required to add value. Suggestion that consideration be given to limiting the agenda to priority issues and allowing sufficient time to review these in depth.
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?		PARTLY		Reviews TM arrangements; Oversight of Annual Improvement Report and other public reports; Does not work with Standards Committee to support ethics or receive requests from other Committees or statutory officers in relation to risk. **Workshop Comments:** Members discussed issues surrounding ICT Disaster Recovery and how these are reported – including the use of ICT Audit specialists. Discussion went on to consider how significant issues reported to the Committee could be monitored to ensure that they are dealt with – e.g. issues surrounding ICT DR. Need for more accountability in relation to non-implementation of significant recommendations.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?		PARTLY		Action Plan derived from the Workshop will provide action to address areas determined as needing improvement.
11	Has the committee maintained its non-advisory role by not taking any decision-making powers that are not in line with its core purpose?	YES			Decision making is in line with TOR

	Membership and support				
12	Has an effective audit committee structure and composition of the committee been selected? This should include:-				
a	• Separation from the executive	YES			AC TOR – 3.4.8.3.2 – Executive Members not eligible to be members of AC. 3.4.8.3.5 - Chairperson not to be a Member of group on Executive.
b	An appropriate mix of knowledge and skill among the membership		PARTLY		Difficult to evaluate as the skill sets of individual members are not published anywhere. **Workshop Comments:** Members were supportive of arrangements to make available the skills sets of members so that determination of appropriate skills mix can be evaluated. This information is not available at present.
c	• A size of committee that is not unwieldy	YES			AC TOR – 3.4.8.3 Membership – eight Council Members plus two co-opted Members. **Workshop Comments:** The size of the Committee was appropriate but Members expressed concern about the level of attendance by some Members. Number of meetings was also considered along with the contents of the calendar of reporting. Members would like to review the number of meetings and the calendar.
ch	• Where independent members are used, that they have been appointed using an appropriate process.	YES			Originally by selection Sub Committee of AC – extended by vote in AC December 2013.
13	Does the chair of the committee have appropriate knowledge and skills?	YES			Chair is an experienced Chair of the AC and has attended a number of training sessions on key areas of the Committee's work.
14	Are arrangements in place to support the committee with briefings and training?	YES			This Committee has had induction training and this workshop. Specific training on TM and RM is on the Members Training programme administered by HR. **Workshop Comments:** Members considered issues of wider support including the validation of reports such as these in SS determining the cost effectiveness and comparison of in-house and outsourced provision? Who calculates these – on what basis? and who validates the calculations and conclusion? - are the right people getting the right information at the right time? Members discussed Transformation Programme Boards business cases and how far these were reviewed, measured and monitored to ensure that projects were meeting the original objectives set for them. Such monitoring would include formal post implementation reviews against original objectives.
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			NO	Not to the knowledge of the Audit Manager. **Workshop Comments:** Members referred back to comments on knowledge of skill sets at 12 b above.
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	YES			All attend each Audit Committee – **Workshop Comments:** Members believed that relations with supporting officers was satisfactory. Comment was made that officers should report in a style and wording appropriate to Members' non professional status in the some areas. Members requested pre Committee meetings with internal and external audit to identify significant issues and to provide two way feedback between auditors and Members of the Committee.

17	Is adequate secretariat and administrative support to the committee provided?	YES			Committee Clerks send out agenda and take minutes. Translation Unit attend each meeting. Agendas are sent out in advance of meetings. **Workshop Comments:** Members believed support to be adequate but that consideration should be given over the timing of the Audit Committees related to the SoAs to ensure that agendas and reports including draft SoAs went out in time to allow appropriate scrutiny by Members before the Committee meeting.
Effectiveness of the Committee					
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			NO	Not to the knowledge of the Audit Manager **Workshop Comments:** Members asked that the WAO be requested to provide such feedback. Next year would see a corporate inspection and such feedback would be timely.
19	Has the committee evaluated whether and how it is adding value to the organisation?		PARTLY		Through self assessment and annual report to Council. Not formally in the past.
20	Does the committee have an action plan to improve any areas of weakness?	YES			An action plan is produced after each Workshop and included in a report on the workshop and outcomes to the next full Audit Committee. **Workshop Comments:** Action plan to be produced from the outcome of the Workshop.

Summary of Results by Area

Area Considered	Yes	Partly	No	Total
Audit Committee purpose and governance	2	3	1	6
Functions of the Audit Committee	1	4	0	5
Membership and support	5	0	1	6
Effectiveness of the Committee	1	1	1	3
	9	**8**	**3**	**20**
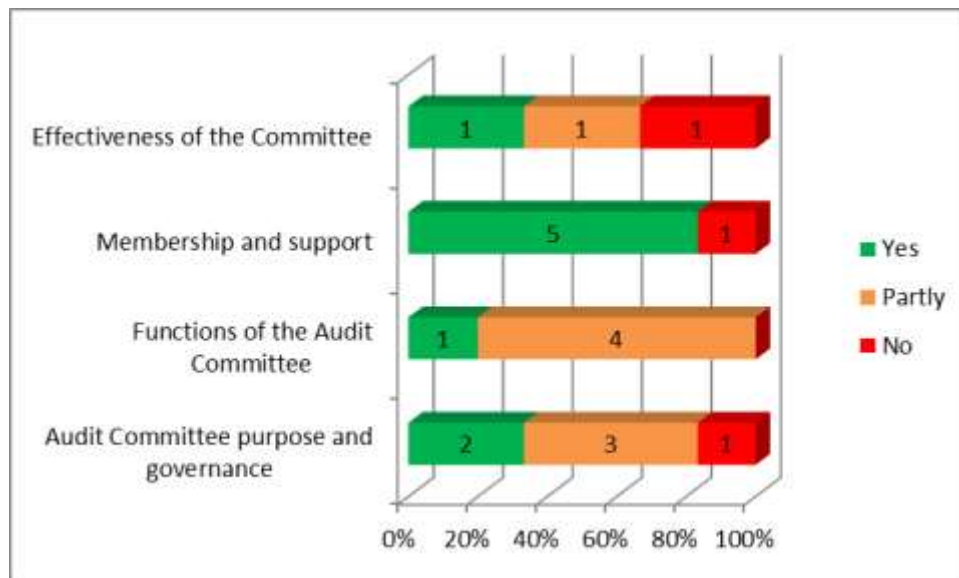
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Evaluating the Effectiveness of the Audit Committee

	Areas where the Audit Committee can add value by supporting improvement	Examples of how the Audit Committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5-1
1	Promoting the principles of good governance and their application to decision making.	Providing robust review of the AGS and the assurances underpinning it. Working with key members/governors to improve their understanding of the AGS and their contribution to it. Supporting reviews/audits of governance arrangements. Participating in self-assessments of governance arrangements. Working with partner adult committees to review governance arrangements in partnerships.	· Review of AGS; · Support for governance reviews throughout year from IA and WAO etc. · Involved in review of AGS – becoming involved in supporting the governance assurance framework; · Self assessment workshops including governance. **Suggested Areas for Improvement:** · Partnership arrangements – IA report 2013 - need to produce a Partnership framework - Committee could champion this.	3
2	Contributing to the development of an effective control environment	Monitoring the implementation of recommendations from auditors. Encouraging ownership of the internal control framework by appropriate managers. Raising sufficient concerns over controls with appropriate senior managers.	· Monitor implementation rate of IA reviews in Audit Manager's Progress Report; · Call in Managers to explain control weaknesses in Red reports; **Suggested Areas for Improvement:** · Extend recommendation tracking to all reports – need to support a central register of recommendations, actions and implementation.	4
3	Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risk.	Reviewing risk management arrangements and their effectiveness, e.g. risk management benchmarking. Monitoring improvements. Holding risk owners to account for major/strategic risks.	· The Audit Committee has continued to challenge the time taken to fully implement risk management into the Council. · The Committee has supported the establishment – But that support has not been effective in producing the desired result. **Suggested Areas for Improvement:** · The Committee should continue to challenge officers as to why this process has not been fully embedded.	1

4	Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	Specifying its assurance needs, identifying gaps or overlaps in assurance. Seeking to streamline assurance gathering and reporting. Review the effectiveness of assurance providers, e.g. internal audit, risk management, external audit.	· The Committee has begun to include the review of the governance assurance framework on its calendar and has supported its development; · Production of governance assurance framework aims to streamline process. **Suggested Areas for Improvement:** · Consider ways in which the effectiveness of internal and external audit, risk management and governance assurance providers can be reviewed and measured – perhaps self assessment along the lines of that of the Audit Committee.	4
5	Support the quality of the internal audit activity, particularly by underpinning its organisational independence.	Reviewing the audit charter and functional reporting arrangements. Assessing the effectiveness of internal audit arrangements and supporting improvements.	· The Committee reviews the Internal Audit Charter and Protocol which includes its independence; · Receive progress report from IA on a regular basis; · Approve the IA Plan each year including a review of the resources necessary to implement the Operational Internal Audit Plan. **Suggested Areas for Improvement:** · As above – could consider ways in which the effectiveness of internal audit, risk can be reviewed and measured. Requirement for IA to do so every five years in PSIAS.	4
6	Aiding the achievement of the Authority's goals and objectives through helping to ensure appropriate governance, risk, and control and assurance arrangements.	Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place. Reviewing the effectiveness of performance management arrangements.	· The Committee does aid in these respects by its work and support during the year. **Suggested Areas for Improvement:** · The Committee does not review major projects and programmes; · The Committee does not review performance arrangements.	3
7	Supporting the development of robust arrangements for ensuring value for money.	Ensuring that assurance on the value for money arrangement is included in the assurances received by the Audit Committee. Considering how performance in value for money is evaluated as part of the AGS.	**Suggested Areas for Improvement:** · The VFM conclusion covers a number of elements of efficiency, effectiveness and economy and is much more far reaching than VFM issues. · VFM is not currently included in the TOR of the Audit Committee. · The specific criteria for the conclusion on VFM are: · Securing financial resilience (AC review of MTFP); · Challenging how it secures economy, efficiency and effectiveness.	1

| 8 | Helping the Authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks. | Reviewing arrangements against the standard set out in CIPFA's *Managing the Risk of Fraud* (Red Book 2).
Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.
Assessing the effectiveness of the ethical governance arrangements for both staff and governors. | · The Audit Committee has included the review of the Council's Counter Fraud arrangements in its annual Workshops.
· The Committee receives an Annual Fraud Report detailing the results of the work undertaken during the year by the Benefits Investigation Team and Internal Audit.
Suggested Areas for Improvement:
· Fraud risks and mitigation are not currently reported to the Committee;
· The Committee does not review the Council's ethical governance arrangements for both staff and Members. | 2 |
| 9 | Promoting effective public reporting to the Authority's stakeholders and local community and measures to provide transparency and accountability. | Improving how the Authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain Welsh/English.
Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency. | **Suggested Areas for Improvement:**
· The Committee does not currently have a role in promoting effective public reporting to the Authority's stakeholders. | 0 |

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Evaluating the Effectiveness of the Audit Committee

	Assessment Key
5	Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the Committee is actively and effectively supporting improvement across some aspects of this area.
3	The Committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the Committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the Audit Committee has supported improvements in this area.

<u>**Extract from Internal Audit Report - Counter Fraud -1906.13/14**</u>

1. **EXECUTIVE SUMMARY**

   1.1 **INTRODUCTION**

   An audit of the Council's counter fraud Arrangements was undertaken to ascertain and record the processes currently in place and to identify gaps in the current counter fraud framework.

   The Council has a dedicated Housing Benefits Investigative Team within Revenues and Benefits which itself sits within the Resources Function of the Council. The Investigative Team consists of three staff, an Acting Fraud Manager, a Benefit Fraud Investigator and a Fraud Collator.

   The Council's Internal Audit Team also resides with the Resources Function and along with its roles in relation to governance, risk management and internal control also has responsibility for the receipt and investigation of referrals relating to fraud committed by Council employees or fraud committed against the Council.

   The Council has a Policy for the Prevention of Fraud and Corruption which is part of the Council's Constitution. The Policy at paragraph 5.6.5.2 states that: *'The Section 151 Officer has responsibility for co-ordinating the Council's activities to counter fraud and corruption and, together with the Head of Function Legal and Administration, will advise the Council, the Executive and the Council's Committees on policies, strategies and procedures to support this policy.'*

   In terms of work load In 2012/13, the Benefits Investigative Team received a total of 616 referrals of possible Benefit fraud relating to Housing/Council Tax benefit and 532 cases which were considered as suitable for investigation. Of the 532 cases, 39 resulted in some form of formal sanction. A total of £236,555 worth of overpaid benefit was identified as "fraud and error" by the Counter Fraud Section during this period.

   The Internal Audit Team received a total of 11 referrals relating to allegations of fraud or other wrong doing during the same period. The investigation of these allegations found evidence of weak internal control in some instances and found positive evidence of irregularity and/or fraud taking place in two of the investigations.

   This review took the form of a self-assessment of Council's practice and procedure against the best practice contained in the Audit Commission's 'Protecting the Public Purse' Appendix 2 - checklist for those responsible for governance. This checklist was used as there is no equivalent available as yet from the Welsh Government.

   The audit was designed to assess the controls in place to manage the following objectives and risks:-

Objective:	Counter Fraud arrangements are in line with best practice, policy and regulation in order to effectively prevent, detect and deal appropriately with fraud and irregularity.
Risk:	Counter Fraud arrangements are not in line with best practice, policy and regulation and / or fail to prevent, detect and deal appropriately with fraud and irregularity.

   1.2 **CONCLUSION**

   The review has identified some areas where current procedures and practices do not comply fully with the requirements of the relevant best practice from the Audit Commission's Protecting the Public Purse Appendix 2 "checklist for those responsible for governance."

   Consideration is required as to the benefits and dis benefits of amending the Council's counter fraud arrangements more in line with best practice and the risks of not doing so.

1.3 SCOPE OF THE REVIEW

The objective of our audit was to evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.

Limitations to the scope of the audit:-

- The review involved the self-assessment of the Council's current counter fraud arrangements against the best practice set out in the Audit Commission's 'Protecting the Public Purse' - Appendix 2 - "checklist for those responsible for governance";
- The review was based upon discussions with management responsible for the areas covered by the checklist. No formal audit testing of arrangements was undertaken as part of this review, which aimed to ascertain and record the arrangements in place;
- The work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist. We will not confirm the appropriateness or other wise of payments made.

1.4 FINDINGS SUMMARY

The following table highlights the number of areas in which gaps have been identified in the Council's current arrangements against the best practice contained in 'Protecting the Public Purse.'

	Number	Percentage
Total number of processes / procedures in best practice:	27	
Number self -assessed as in **fully** place:	15	56%
Number self-assessed as **not fully** in place:	12	44%

The findings show that the Council is currently only fully complying with approximately half of the processes expected of an Authority which is abiding by best practice in the area of counter fraud.

The Findings at Section 3 list the areas of non compliance and provide a categorisation as to how significant an omission from best practice we perceive these areas to be. Areas where we have assessed that the Council is fully compliant with best practice have been shaded out.

The significant issues identified from this review are:-

- The Authority does not raise awareness or provide adequate training on potential fraud risks with new staff, existing staff, elected Members or contractors;
- The Authority has not reassessed fraud risks since the change in the financial climate, reallocated staff or amended counter-fraud action plan as a result;
- The Council's Procurement Framework has been assessed as not fit for purpose and is in need of review and updating;
- Contract letting procedures have not been reviewed since investigations by the Office of Fair Trading into cartels;
- Insufficient action is being taken to ensure that the Authority only awards discounts and allowances to those who are eligible (Council Tax);
- The Authority does not make full use of internal and private data matching when tackling Housing and Council Tax benefit fraud;
- Appropriate and proportionate defences against emerging fraud risks within business rates and schools have not been introduced.