

Committee : **AUDIT COMMITTEE**

Date : **12 JANUARY 2006**

Title : **AUDIT COMMISSION REVIEW OF ETHICAL GOVERNANCE AND GOOD CONDUCT**

REPORT OF THE COMPLIANCE & RISK MANAGER

SUMMARY/PURPOSE

1. This report introduces a review undertaken by the Audit Commission which assesses the Council's performance in ethical governance and conduct. The Committee has a leading role in scrutinising the Council's governance and conduct arrangements.

BACKGROUND

2. The Audit Commission's report is self-explanatory and is attached as an appendix to this report. It would appear that the Council's anti-fraud and anti-corruption arrangements are satisfactory, but that there is room for improvement. In particular, there is a need to improve awareness and understanding of the Council's policies and rules in relation to fraud and corruption. The Council has a range of policies and guides, designed to combat these threats, including:
 - Financial Regulations
 - Contract Standing Orders
 - Code of Conduct (members and staff)
 - Guidance on Gifts and Hospitality
 - Guidance on Registering Interests
 - Anti Fraud & Corruption Policy
3. Clearly managers who were consulted, and the Audit Commission believe that more needs to be done to inform and train staff in relation to these requirements. The Action Plan (see Appendix 2) which accompanies the report has this as a common theme throughout.

OUTCOME OF CONSULTATIONS

4. Those officers who are responsible for implementing the report's recommendations have been consulted as a way of agreeing what needs to be achieved. The report itself used consultation with managers (via workshops) as a way of identifying issues that needed addressing.

FINANCIAL IMPLICATIONS

5. There are no significant financial implications with implementing the reports recommendations.

LEGAL IMPLICATIONS

6. There are no significant legal implications of the report. Clearly an improved culture will assist in protecting the Council from irregular and corrupt behaviour.

OPTIONS

- i. To accept the findings of the report and its recommendations
- ii. To modify the Council's response to the report.

RECOMMENDATIONS

7. The Audit Committee is asked to endorse the recommendations of the Audit Commission's report and the Council's response to it.

BACKGROUND PAPERS

8. Ethical governance and good conduct workshop – summary report. The Audit Commission

ADDITIONAL INFORMATION

9. None.

APPENDICES ATTACHED

10. [Appendix 1 Ethical governance and good conduct workshop – summary report. The Audit Commission](#)
11. Appendix 2 Ethical governance and good conduct – Action Plan

Contact Point : Bob Streets, Compliance & Risk Manager, ☎ 823622
email to: bob.streets@iow.gov.uk

BOB STREETS
Compliance and Risk Manager

Isle of Wight Council Ethical governance and good conduct workshops- Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
<i>Good Conduct and Counter fraud</i>						
R1	The Council's Anti-fraud and corruption strategy should be up-dated and re-launched at all levels across the Council and arrangements introduced to ensure that, in the future, it remains a current and accessible document	3	Ged Richardson , Chief Internal Auditor	Yes	A revised version has been drafted and consultation has taken place with the Statutory Officers. The results of the consultation need to be taken into account in producing and disseminating the final version of the strategy.	31 January 2006
R2	Greater exposure needs to be given to proactive counter-fraud and corruption work within the organisation, for example publication of the results of the National Fraud Initiative and other preventative or investigative work	3	Ged Richardson , Chief Internal Auditor	Yes	The Audit Committee will now routinely receive reports on irregularity investigations including outcomes from the National Fraud Initiative. These reports will be public which will raise the profile of anti- fraud work.	Immediate and ongoing

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	R3 Policies and procedures for staff disclosures should be reviewed with a particular emphasis on the provision of practical guidance to staff on how to report concerns about fraud and corruption or unethical practices.	3	Max Burton, Head of H R			
	R4 The Council's staff induction programme should be reviewed to ensure that the coverage embraces staff conduct and behaviour and provides an introduction to the Council's regulatory framework	3	Claire Shand, H R Manager, Organisational Effectiveness	In Part	<p>The corporate induction event has recently been reviewed to ensure that new staff receive key information about the Council's vision, priorities and expectations. There continues to be a dedicated session delivered by one of the Assistant Chief Executives that covers internal and external governance matters and which specifically refers to matters of conduct and regulatory framework; ethical practice; reference to policies and procedures as well as sources of advice and support.</p> <p>The workplace induction pack for use with new starters is due to be re-launched after its revision by the corporate training champions group to ensure that essential aspects of workplace procedures and</p>	Jan 06

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					practices are fully embedded in service delivery. This will now be further reviewed to ensure that the regulatory framework is made sufficiently explicit as an essential component of learning during induction.	
	R5 The Council's Whistleblowers' Charter should be updated and formally re-launched	3	Max Burton, Head of H R			
	R6 The Council's handling of disciplinary action should be reviewed to establish whether comments about the effectiveness of its procedures are perception or reality	2	Max Burton, Head of H R			
	R7 A training programme should be developed for middle management and other staff in the use of the Council's Standing Orders and Financial Regulations	3	Bob Streets, Compliance & Risk Manager	Yes	A programme of short awareness training sessions is in development and needs to be delivered to all relevant staff. The plan is that when staff have been identified as appropriate, attendance will be compulsory and monitored.	31 March 2006

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	R8 Action should be taken to promoting public confidence in the integrity of the Council's arrangements and undertakings through the publication of an outward facing statement on the Council's values.	2	John Lawson, Assistant Chief Executive	Yes	Statement of values scheduled for development in the Aim High delivery plan by end January 2006.	January 2006
	R9 The Council's ethical values should be communicated to its partners and contractors and assurances explicitly obtained regarding their adoption and enforcement	2	John Lawson, Assistant Chief Executive	Yes	Will require additional actions added to ethical audit action plan.	June 2006