



HEREFORD & WORCESTER Fire Authority

Audit & Standards Committee

AGENDA

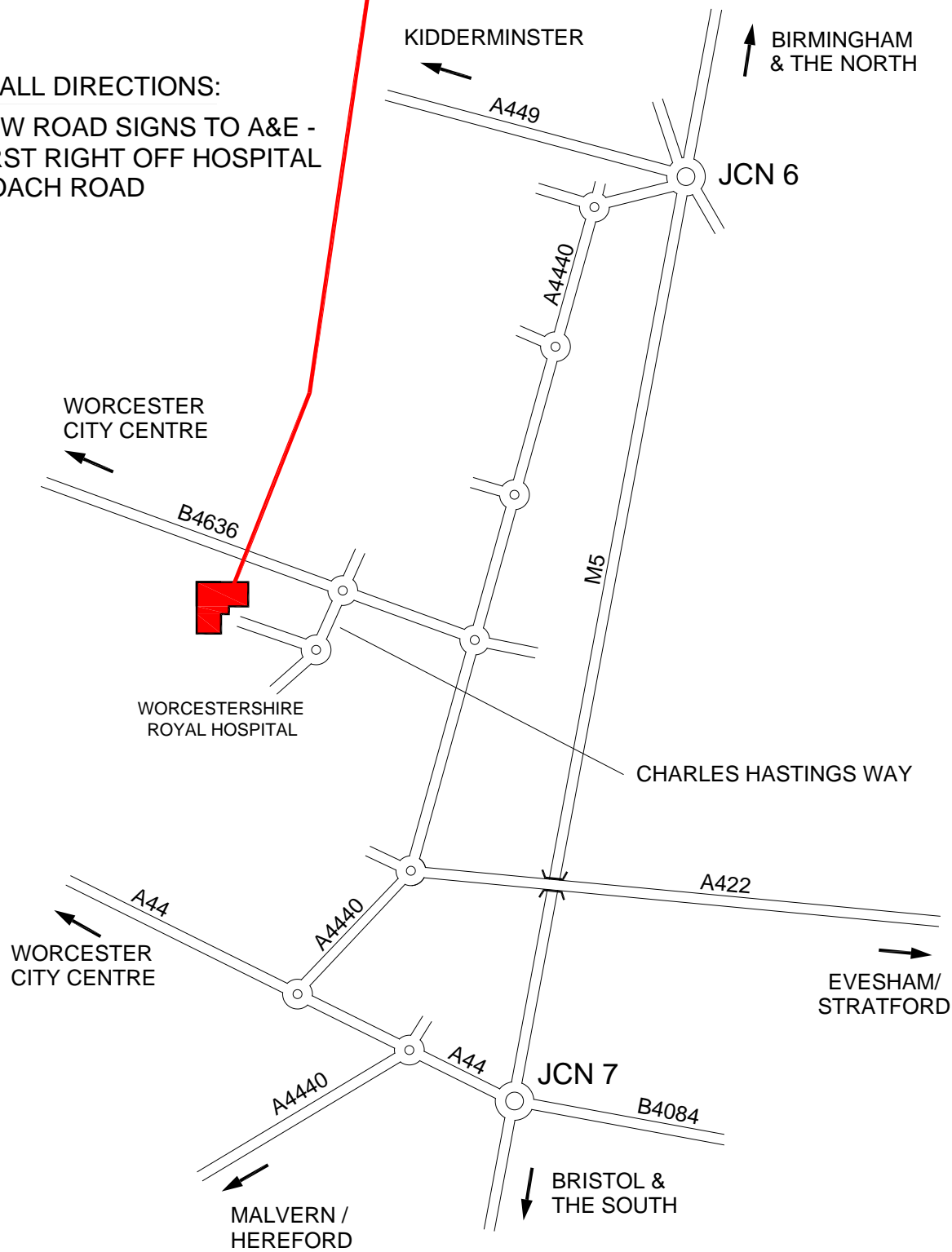
Monday 30 June 2014

**PLEASE NOTE NEW START TIME OF
11.00 am**

Conference Suites 1, 2 & 3
Headquarters
2 Kings Court
Charles Hastings Way
Worcester
WR5 1JR

HEREFORD & WORCESTER FIRE AND RESCUE SERVICE
HEADQUARTERS
2 KINGS COURT
CHARLES HASTINGS WAY
WORCESTER. WR5 1JR
TEL: 0845 12 24454

FROM ALL DIRECTIONS:
FOLLOW ROAD SIGNS TO A&E -
HQ FIRST RIGHT OFF HOSPITAL
APPROACH ROAD



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Hereford & Worcester Fire and Rescue Service 100229587 2005

ACTION ON DISCOVERING A FIRE

- 1 Break the glass at the nearest **FIRE ALARM POINT**.
(This will alert Control and other Personnel)
- 2 Tackle the fire with the appliances available – **IF SAFE TO DO SO**.
- 3 Proceed to the Assembly Point for a Roll Call –
CAR PARK OF THE OFFICE BUILDING ADJACENT TO THE CYCLE SHED TO THE LEFT OF THE ENTRANCE BARRIER TO 2 KINGS COURT.
- 4 Never re-enter the building – **GET OUT STAY OUT**.

ACTION ON HEARING THE ALARM

- 1 Proceed immediately to the Assembly Point
CAR PARK OF THE OPTIMUM BUILDING ADJACENT TO THE CYCLE SHED TO THE LEFT OF THE ENTRANCE BARRIER TO 2 KINGS COURT.
- 2 Close all doors en route. The senior person present will ensure all personnel have left the room.
- 3 Never re-enter the building – **GET OUT STAY OUT**.

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Security

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The Local Government (Access to Information) Act 1985 widened the rights of press and public to attend Local Authority meetings and to see certain documents. Your main rights are set out below:

- Automatic right to attend all Authority and Committee meetings unless the business if transacted would disclose “confidential information” or “exempt information”.
- Automatic right to inspect agenda and public reports at least five days before the date of the meeting.
- Automatic right to inspect minutes of the Authority and Committees (or summaries of business undertaken in private) for up to six years following the meeting.
- Automatic right to inspect background papers used in the preparation of public reports.
- Access, on request, to the background papers on which reports are based for a period of up to four years from the date of the meeting.
- Access to a public register stating the names and addresses and electoral divisions of members of the Authority with details of membership of Committees.
- A reasonable number of copies of agenda and reports relating to items to be considered in public must be made available to the public attending the meetings of the Authority and Committees.

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WELCOME AND GUIDE TO TODAY’S MEETING

These notes are written to assist you to follow the meeting. Decisions at the meeting will be taken by the **Councillors** who are democratically elected representatives and they will be advised by **Officers** who are paid professionals. The Fire and Rescue Authority comprises 25 Councillors and appoints committees to undertake various functions on behalf of the Authority. There are 19 Worcestershire County Councillors on the Authority and 6 Herefordshire Council Councillors.

Agenda Papers

Attached is the Agenda which is a summary of the issues to be discussed and the related reports by Officers.

Chairman

The Chairman, who is responsible for the proper conduct of the meeting, sits at the head of the table.

Officers

Accompanying the Chairman is the Chief Fire Officer and other Officers of the Fire and Rescue Authority who will advise on legal and procedural matters and record the proceedings. These include the Clerk and the Treasurer to the Authority.

The Business

The Chairman will conduct the business of the meeting. The items listed on the agenda will be discussed.

Decisions

At the end of the discussion on each item the Chairman will put any amendments or motions to the meeting and then ask the Councillors to vote. The Officers do not have a vote.

Agenda

Members:

Mrs L Duffy (Chairman), Mr G Yarranton (Vice-Chairman)
Ms P Agar, Mr S Cross, Mr P Gretton, Ms K Guthrie, Mrs A Hingley, Mr B Matthews,
Mr A Miller, Mr S Peters, Prof J Raine, Mr P Sinclair-Knipe and Mr G Vickery.

No.	Item	Pages
1.	Apologies for Absence To receive any apologies for absence.	
2.	Named Substitutes To receive details of any Member of the Authority nominated to attend the meeting in place of a Member of the Committee.	
3.	Declarations of Interests (if any) This item allows the Chairman to invite any Councillor to declare and interest in any of the items on this Agenda.	
4.	Confirmation of Minutes To confirm the minutes of the Audit and Standards Committee meeting held on 16 April 2014.	1 - 3
5.	Provisional Annual Statement of Accounts 2013/14 To present a draft of the Annual Statement of Accounts, for discussion and noting.	4 - 6 Appendix 1 as separate enclosure
6.	Member Development Programme 2014/15 To propose themes for inclusion in the Member Development Programme 2014/15.	7 - 16
7.	Review of Anti-Fraud, Bribery & Corruption Policy To review the Authority's Anti-Fraud, Bribery & Corruption Policy in accordance with our code of corporate governance to ensure that the policy remains fit for purpose.	17 - 27

8. Internal Audit Monitoring Report 2013/14	28 - 43
To provide the Committee with a progress update on the 2013/14 plan delivery.	
9. Internal Audit Annual Report 2013/14	44 - 54
To provide the Committee with:	
<ul style="list-style-type: none"> the overall results in terms of meeting Internal Audit's (IA's) objectives as set out in the internal audit plan for 2013/2014; and provide an audit opinion and commentary on the overall adequacy and effectiveness of the internal control environment. 	
10. Internal Audit Draft Audit Plan 2014/15	55 - 59
To provide the Committee with the Draft Audit Plan for 2014/15.	
11. Process for Managing Standards Complaints under the Localism Act 2011	60 - 69
To review and update the Authority's arrangements for dealing with allegations of breach of the Members' code of conduct.	



Minutes

Members Present

Mrs. L Duffy (Chairman),
Mr S Cross, Mr A Fry, Mr P Gretton, Mrs K Guthrie, Mrs A Hingley, Mr B Matthews, Mr T Miller, Mr S Peters, Prof J Raine and Mr P Sinclair-Knipe.

1. Apologies for Absence

Apologies for absence were received from Mrs P Agar and Mr M Broomfield.

2. Named Substitutes

No substitutes were appointed.

3. Declaration of Interests (if any)

No declarations of interest were made.

4. Confirmation of Minutes

RESOLVED that the minutes of the Audit and Standards Committee meeting held on 22 January 2014 be confirmed as a correct record and signed by the Chairman.

5. Strategic Risk Register

The Head of Operations Support presented a report that provided the Committee with an update on changes to the Strategic Risk Register. It was explained that the system of risk management was reviewed annually and control mechanisms were in place to manage the risks identified in the Strategic Risk Register.

Resolved that the Strategic Risk Register 2013/14 be noted, in particular the increased likelihood and reduced impact of Industrial Disputes.

6. Internal Audit Monitoring Report 2013/14

The Internal Auditor presented a report that provided the Committee with an interim progress update on the 2013/14 Internal Audit Plan delivery. The Internal Auditor thanked all Fire Authority staff for their assistance during the audits that had been undertaken during 2013/14.

Resolved that the report be noted.

7. 2013-14 Audit Plan

The External Auditor presented the External Audit Plan for the year ended 31 March 2014 which set out how the external audit and the Value for Money conclusion would be completed.

Resolved that the 2013-14 Audit Plan be noted.

8. Annual Complaints Update 2013/14

The Head of Legal Services presented a report that updated the Committee with regards to the process in place for dealing with compliments, complaints and concerns made by the public about the Service.

Resolved that:

- (i) the process for dealing with compliments, complaints and concerns made by the public about the Service be noted;***
- (ii) it be noted that during the period 1 April 2013 to 31 March 2014 a total of 30 complaints, 30 concerns and 93 compliments were received from the public; and***
- (iii) it be noted that during the period 1 April 2013 to 31 March 2014 none of the complainants appealed regarding the response provided and no complaints were sent to the Local Government Ombudsman for investigation.***

9. Annual Governance Action Plan 2013/14

The Head of Legal Services presented a report that updated the Committee on the progress of actions in relation to the Authority's Annual Governance Statement and corporate governance arrangements.

Resolved that the following progress in relation to the Action Plan be noted:

- (i) an agreed approach for consultation was developed as part of***

the CRMP 2014-2020;

- (ii) procedures for the annual appraisal of the Chief Fire Officer/Chief Executive, Deputy Chief Fire Officer, Treasurer and Monitoring Officer have been approved by the Policy and Resources Committee; and***
- (iii) Governance Awareness Sessions have been undertaken with Middle Managers, Group Commanders and Station Commanders.***

10. Health and Safety Audit 2013

The Head of Operations Support presented a report that informed the Committee of the outcomes of the Health and Safety Audit undertaken in November 2013. The Audit showed that the Service demonstrated commitment to the management of health and safety and made 25 specific recommendations where further improvements could be made.

Resolved that:

- (i) the content of the Health and Safety Audit Report be noted;***
- (ii) the high level action plan to discharge the 25 recommendations from the report be noted; and***
- (iii) an update report to be brought back to the Committee in April 2015.***

The meeting concluded at 11.45 am.

Signed: _____ Date: _____

Chairman

Report of the Treasurer

5. Provisional Annual Statement of Accounts 2013/14

Purpose of report

1. To present a draft of the Annual Statement of Accounts, for discussion and noting.
-

Recommendation

It is recommended that the Treasurer bring back a further report to Committee when the accounts have been audited.

Introduction

2. The Account and Audit Regulations 2013 require that the Annual Statement of Accounts is presented for approval on completion of the Audit and before 30 September in the year of account.
3. The Audit Committee will not be asked to approve the Statement of Accounts until the Audit, which is due to commence in July, and is completed in September.
4. The Audit Regulations do, however, require that the Statement of Accounts are signed by the Treasurer by 30 June, and these signed accounts are brought before the Committee to permit wider discussion of their contents prior to the formal approval process in September.
5. As Members will be aware, the Code of Practice on Local Authority Accounting - Statement of Recommended Practice (SORP) requires that the Accounts are prepared on the basis of International Finance Reporting Standards (IFRS). This differs significantly from the statutory framework used for Council Tax and Grant purposes.
6. The principal effect of this is that the Comprehensive Income and Expenditure Statement (CIES) exhibits a significant net deficit because the Statutory Accounting arrangements which are used by the FRA in council tax setting have precedence over IFRS.
7. There are charges, e.g. depreciation, and the liability on pension schemes which are not chargeable in the statutory accounts. The Government does not recognise IFRS for grant allocations or as part of the statutory budget setting arrangements.

8. The differences between IFRS and Statutory Accounting are reconciled in the Movement in Reserves Statement and do not affect the underlying financial position.
9. The Balance Sheet shows a negative balance which arises from the identified liabilities in the Pension Schemes.
10. The FRA is, however, not required or empowered to fund these deficits immediately. The Local Government Pension Scheme (LGPS) is covered by future payments of the employer's contribution and the Firefighters' Schemes are covered by the new financing arrangements commencing from 1 April 2006 which effectively means that the liability will be met by direct government grant, as it arises.
11. The final accounts audit will be undertaken by Grant Thornton in two separate blocks, these will be from the 21 July 2014 until 31 July 2014, and then from 26 August until 4 September 2014. On publication, the Statement of Accounts will contain the approved Annual Governance Statement, which is subject to a separate approval process.
12. Subject to no matters arising from the public inspection period of 1 July 2014 to 28 July 2014, the External Auditor will be able to issue the audit opinion and the accounts will be published as soon as practical after this.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	N/A
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	N/A
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	N/A
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – Statement of Accounts 2013/14

Background papers

None

Contact Officer

Martin Reohorn, Treasurer

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Report of the Head of Legal

6. Member Development Programme 2014/15

Purpose of report

1. To propose themes for inclusion in the Member Development Programme 2014/15.
-

Recommendation

It is recommended that the Member Development Programme 2014/15 incorporates:

- ***Authority Budgets and Finances;***
- ***National Structures;***
- ***Building and Infrastructure;***
- ***Fleet and Equipment; and***
- ***Business Fire Safety.***

Introduction and Background

2. At its meeting on 13 February 2012 the Authority agreed the Member Development Strategy for 2013 to 2016 which has the following aims:
 - i) to maintain effective leadership of the Authority through on-going and continuous Member development;
 - ii) to provide Members with the support, knowledge, skills and information necessary to enable them to effectively carry out their role; and
 - iii) to ensure Members are made aware and kept up to date with developments impacting on the organisation through seminars, workshops and bulletins.
3. The Development Strategy comprises a specific programme each year that is co-ordinated by Committee & Members' Services, in conjunction with the Member Development Working Group, Group Leaders and Chief Officers.
4. The Member Development Working Group was established to involve Members in ensuring that their Development Programme remains meaningful and appropriate. The Group plays a key role in steering the Development Programme on an annual basis as part of the wider strategy for 2013-16 and puts forward proposals for consideration by the Audit & Standards Committee.

Member Development 2013/14

5. The Authority has seen a total change of 16 Members throughout 2013/14, with 13 of the new Members attending an Induction Session which provided Members with information on:
 - the legislative framework;
 - Service structure;
 - 'Our Strategy';
 - the Service area;
 - personnel and stations;
 - scope of Service activity; and
 - an overview of the Authority's finances.
6. In addition all new Members received an Induction Pack, which included essential information such as the Code of Conduct and the role and responsibilities of Authority Members. Authority Members have received training on the Code of Conduct at their constituent authorities.
7. As set out in the Member Development Strategy 2013-2016 the annual programme includes core information for all Members, with a key theme being identified for each year. The themes are linked with 'Our Strategy' (attached at Appendix 2) and for 2013/14 incorporated 'People' and 'Services', which comprised:
 - Role of the FRA Member (incorporating responsibilities around business continuity, risk management, health and safety, governance).
 - Ethical Framework (including Equality and Diversity).
 - Duty Systems (information disseminated via the Members' Bulletin).
 - Community Fire Safety (information disseminated via the Members' Bulletin).
8. In addition to the core information above, specific sessions were held regarding Authority Budgets and Community Risk Management Planning. A specific session was also held regarding the role of the Audit and Standards Committee.

Annual Members' Survey

9. As part of the process in planning the Development Programme for 2014/15, all Members were sent the annual survey in order to gain feedback on the information provided to Members during 2013/14. Only 7 out of 25 Members responded to the survey. As the response rate was very low, the results could not be used to draw any firm inference on the views of Members in general. However, the 7 Members who responded thought that the sessions and information provided in 2013/14 helped them to challenge operational and financial performance, hold officers to account and to understand more about the CRMP, Strategic Risk, Internal Control and Assurance.

Year 2 – 2014/15: Proposed themes for Member Development

Services: 'We will deliver targeted and quality services with the resources available to us'.

10. Further awareness on the work carried out regarding the way we deliver Business Fire Safety could be undertaken as part of a future Authority meeting. This would complement the information previously provided to Members.
11. The theme would help Members achieve the following responsibilities associated with their role to:
 - Ensure that the Authority delivers targeted and quality risk managed services to ensure the safety of our communities across the two counties.
 - Develop and maintain knowledge of the Authority's services, activities and other matters, which affect and impact on the local communities.

Building & Infrastructure: 'We will provide appropriate premises in the right locations that enable our staff to carry out their roles effectively'.

12. This theme would link in with current capital works that the Authority has recently invested in and would provide all Members with the opportunity to visit the new stations at Bromsgrove, Malvern and Worcester and to have regular updates regarding progress at Hereford and Evesham. The theme would provide Members with the opportunity to see the outcomes of their previous decisions and to meet frontline staff. Members would also be updated on modern methods of working at the new stations, helping consolidate information delivered at meetings, seminars and in bulletins. In addition, Members would have the opportunity to be familiarised with areas in the two counties with which they may not be as aware of on a day to day basis.
13. The theme would help Members achieve the following responsibilities associated with their role to:
 - Represent all communities in both Herefordshire and Worcestershire to the Authority and represent the Authority to all communities.
 - Develop and maintain respectful and effective relationships with employees and other Authority Members.
 - Positively promote the reputation of the Authority.
 - Ensure that the Authority delivers targeted and quality risk managed services to ensure the safety of our communities across the two counties.
 - Ensure that the Authority carries out its responsibilities as an employer effectively and maintains the highest health and safety standards for all staff.

Fleet & Equipment: 'We will provide and maintain the right fleet, tools and equipment to ensure our staff can do their jobs effectively'.

14. This theme would link in with visits to new stations and the annual major operational exercise planned for the Autumn, providing staff with an opportunity to demonstrate equipment to Members. As outlined in paragraph 10, this would consolidate information previously provided to Members and provide an opportunity to meet frontline staff.
15. The theme would help Members achieve the following responsibilities associated with their role to:
 - Develop and maintain respectful and effective relationships with employees and other Authority Members.
 - Positively promote the reputation of the Authority.
 - Ensure that the Authority delivers targeted and quality risk managed services to ensure the safety of our communities across the two counties.
 - Ensure that the Authority carries out its responsibilities as an employer effectively and maintains the highest health and safety standards for all staff.
16. In addition, Members will be offered specific sessions and information that will complement their role. Awareness raising with regards to the national structures and their impact on the Authority will build on the information provided as part of the Members' Induction. The role of bodies such as the Chief Fire Officers' Association and the Local Government Association Fire Commission and their impact on the Fire Authority will be provided.
17. The theme would help Members to develop and maintain a sound working knowledge of the Authority's duties, policies and practices by providing the wider context within which decisions of the Authority are made.
18. Members will also receive workshops on Authority finances to provide information on the Government settlement and the development of the Medium Term Financial Plan. These sessions would help Members achieve the following responsibilities associated with their role to:
 - Ensure that the Authority delivers value for money and maintains effective risk management and internal control arrangements, ensuring public funds are safeguarded and used efficiently.
 - Contribute actively to the formation and scrutiny of the Authority's strategic policies, priorities, plans, targets, budget, performance and service delivery, providing constructive challenge on behalf of the communities.

19. In addition any new Members that have not received training on the Code of Conduct at their home councils will be offered a session with the Authority's Monitoring Officer.

Conclusion

20. The Authority's Member Development Programme aims to provide Members with the support, knowledge, skills and information necessary to enable them to effectively carry out their roles. The Programme also aims to ensure Members are made aware and kept up to date with developments impacting on the organisation.
21. This report provides Members with proposed themes for inclusion in the Member Development Programme 2014/15 which forms part of the Member Development Strategy for 2013-2016.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	None. Sessions are delivered in-house
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	Proposals for Member Development accord with Our Strategy.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None
Consultation (identify any public or other consultation that has been carried out on this matter)	Members will be surveyed to ascertain their views regarding the Members' Development Programme
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	The Members' Development Programme has incorporated information on the Ethical Framework and Equality and Diversity.

Supporting Information

Appendix 1 – Member Development Strategy

Appendix 2 – Our Strategy

Background papers

Member Development Working Group Terms of Reference

Fire Authority Meeting 13 February 2012

Contact Officer

Alison Hughes, Committee & Members' Services Manager

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Member Development Strategy 2013-2016

1. Introduction

The purpose of this Strategy is to ensure that Authority Members, Officers and staff are aware of the approach to the development of Members, why it is important and the roles they play in making this happen. This document brings together the aims of Member Development and the medium term priorities of the Authority. It also details how Members will be supported to fulfil their roles and contribute to the quality of our services.

2. Authority Priorities

The Member Development Strategy strives to contribute to the delivery of the Authority's Core Purpose, which is to 'provide our communities with sustainable, high quality firefighting, rescue and preventative services'.

This will be achieved by linking Member Development with the following foundations on which our core purpose is built:

- Fleet & Equipment: we will provide and maintain the right fleet, tools and equipment to ensure our staff can do their jobs effectively
- People: we will ensure we have the right people, with the right skills and training to carry out the right job at the right time
- Building & Infrastructure: we will provide appropriate premises in the right locations that enable our staff to carry out their roles effectively
- Resourcing for the Future: we will ensure that our actions now will secure our long term future
- Services: we will deliver targeted and quality services with the resources available to us
- Fire & Rescue Authority: we will engage with FRA Members in strategic matters affecting the Service

3. Member Development Aims & Objectives

The Member Development Strategy has the following 3 key aims:

- i) to maintain effective leadership of the Authority through on-going and continuous Member development;
- ii) to provide Members with the support, knowledge, skills and information necessary to enable them to effectively carry out their role, as set out below:

- to ensure that the Fire Authority provides an efficient and effective Fire and Rescue Service, taking into account the needs of all sections of the community;
 - to contribute actively to the formation and scrutiny of the Fire Authority's decisions, policies, priorities, plans, targets, budget and service delivery;
 - to ensure that the Fire Authority delivers value for money; and
 - to ensure that the Fire Authority is an equal opportunity employer that focuses on the safety of employees, and considers the needs of all sections of the community.
- iii) To ensure Members are made aware and kept up to date with developments impacting on the organisation through seminars, workshops and bulletins.

These aims will be realised through ensuring that:

- a Member Development Working Group is appointed by the Authority;
- key competencies are identified for Authority Members;
- access to training and development activities is guided by the Authority's Ethical Framework and Equality Scheme;
- this strategy derives from and contributes to the Authority's strategic objectives;
- training activities are provided in response to identified organisational, individual and statutory needs; and
- development opportunities provided by constituent authorities are incorporated in to the development programme developed by the Authority.

4. Member Development Policy

Member Induction

All newly appointed Members should attend the Induction session which will cover the basic areas of knowledge necessary, such as the key roles and responsibilities of Authority Members, the legislative framework for the fire and rescue services and the financial context. Members will be provided with training on the Code of Conduct by their constituent authorities and attendance at these sessions will be monitored.

The Induction session will be open to existing members whose experience will prove invaluable to new Members.

Member Development Programme

All Authority Members will be provided with the opportunity to put forward their training needs which will be fed in to the Member Development Programme. The programme will be compiled by the Committee & Members' Service Team, in conjunction with the Member Development Working Group, Group Leaders and the Senior Management Board. The Programme will be approved by the Audit & Standards Committee.

The programme will include core sessions for all Members, with a key theme being identified for each year. In addition, essential training for Members will be provided on the role and function of their respective Committees. Opportunities for all Members to remain up to date with developments in service delivery will also be provided.

The Programme for Authority Members will be Fire and Rescue specific and will be developed with the constituent authorities to prevent unnecessary duplication.

Opportunities to provide joint training events with other Authorities will be explored where possible.

Support

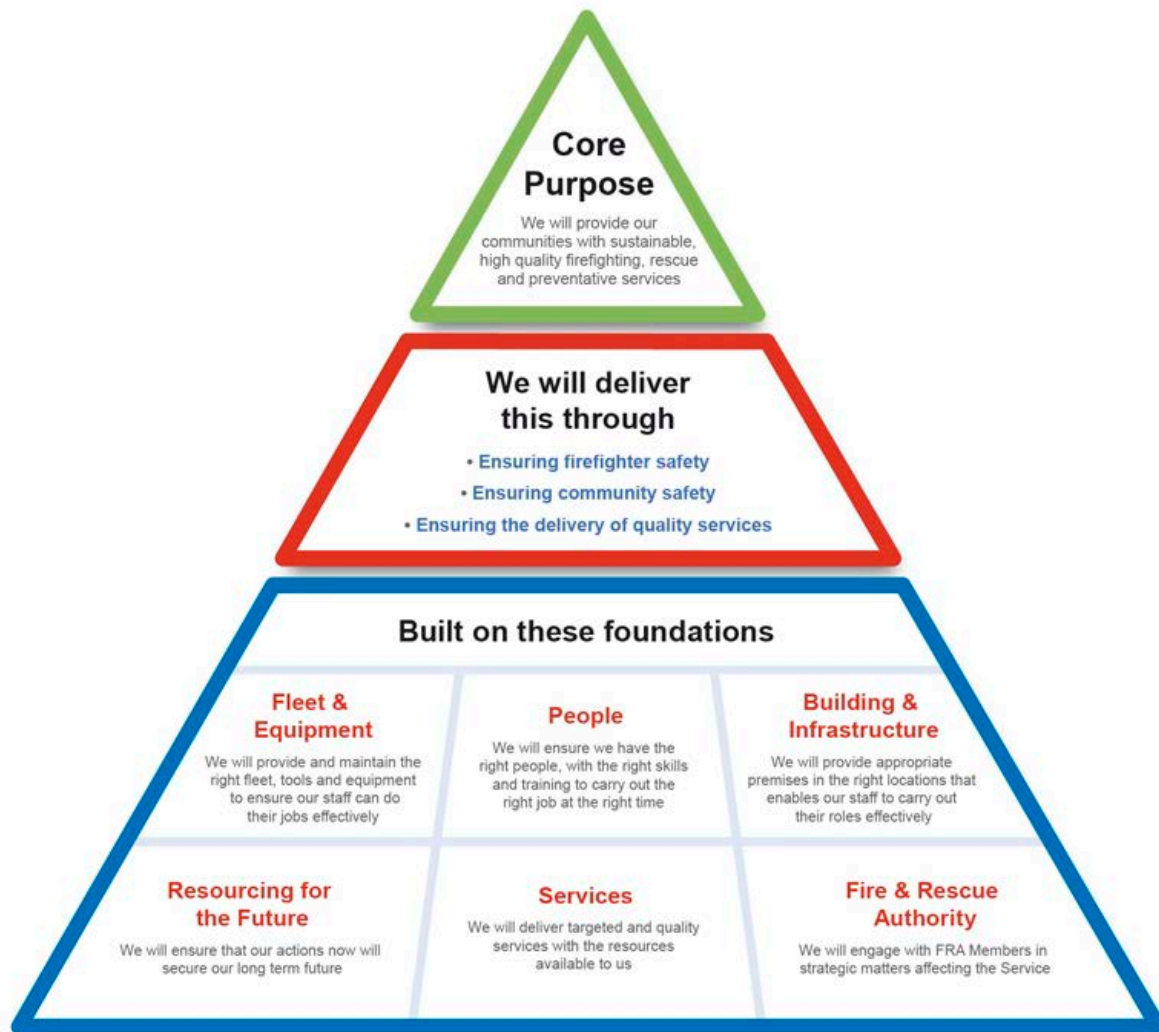
The majority of seminars and briefings will be delivered in-house. Officers with specific knowledge in key areas will be expected to provide sessions and/or demonstrations for Members. The Committee and Members' Services Team will provide information and support to Officers holding briefings and delivering training seminars.

Committee & Members' Services will also:

- support the Member Development Working Group;
- consult with Members and officers to identify key competencies for Members;
- identify learning opportunities for Members;
- co-ordinate the Member Development programme;
- liaise with constituent authorities to ensure development opportunities are complimentary; and
- analyse feedback from Members.

Review

The Member Development Programme will be evaluated annually by the Member Development Working Group through assessment of areas such as Member feedback, attendance levels and feedback from training facilitators, Group Leaders and SMB.



Report of the Treasurer

7. Review of Anti-Fraud, Bribery & Corruption Policy

Purpose of report

1. To review the Authority's Anti-Fraud, Bribery & Corruption Policy in accordance with our code of corporate governance to ensure that the policy remains fit for purpose.

Recommendation

The Treasurer recommends that the revised Anti-Fraud, Bribery & Corruption Policy be approved.

Introduction and Background

2. The Authority's Code of Corporate Governance is based on national guidance from CIPFA/Solace and endorsed by the LGA designed to ensure the highest standards of governance within local government.
3. A key element of the governance framework is to create an environment in which staff, contractors or the public understands their responsibilities and roles in preventing, identifying and investigating fraudulent or corrupt practices.
4. As part of this approach the Authority has adopted an Anti-Fraud, Bribery & Corruption policy.
5. The current policy was approved in 2005 and although a review was undertaken in 2010 this was never adopted.
6. The opportunity has been taken to simplify the policy to make it easier for staff to understand the risks and how to avoid them, as well as giving clear guidance of what to do in the event of suspicion.

Conclusion/Summary

7. The Anti-Fraud, Bribery & Corruption policy is an important element in our approach to corporate governance. We will continue to remind staff of the policy through periodic items in the service bulletin and it will continue to be drawn to the attention of Contractors when letting new contracts.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	Legal - para.4
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications)	Adhering to principles of good governance underpins delivery of 'Our Strategy'
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores)	
Consultation (identify any public or other consultation that has been carried out on this matter)	
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	

Supporting Information

Appendix 1 – Anti-Fraud, Bribery & Corruption Policy

Background papers – Code of Corporate Governance

Contact Officer

Martin Reohorn, Treasurer

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Anti-Fraud, Bribery and Corruption Policy

Introduction

1. Hereford & Worcester Fire Authority employs over 800 staff, and manages a revenue budget of over £32m per year. In administering its responsibilities, the Authority ***has a zero tolerance approach to fraud, bribery and corruption***, whether it is attempted from inside or outside the organisation. To this end, it is committed to an effective anti-fraud, bribery and corruption strategy designed to:
 - Prevent
 - Deter
 - Detect
 - Investigate
 - Seek Restitution
 - Report
2. The key objectives of this Strategy are to minimise losses through fraud, bribery and corruption, and to embed further the management of fraud risk within the culture of the organisation.
3. This Strategy is based on a series of comprehensive and inter-related procedures, designed to prevent, detect and deter fraud and to take effective action against any attempted or actual fraudulent act affecting the Authority:
 - ***Ethical Framework & Employees Code of Conduct***
 - ***Members Code of Conduct***
 - ***Contract Standing Orders***
 - ***Financial Regulations***
 - ***Anti-Money Laundering Policy***
 - ***Whistleblowing Policy***
 - ***Disciplinary Procedure***

What is Fraud, Bribery and Corruption?

4. Fraud is a crime and involves a deception which is deliberate and intended to provide a direct or indirect personal gain – for example: false expenses, exaggerated pay claims, altering accounting records, bogus invoices, forged cheques, fixing tender results, contract irregularities etc.
5. Bribery is an inducement or reward offered, promised or provided to gain personal, commercial or regulatory advantage.
6. Corruption is the deliberate misuse of position for direct or indirect personal gain such as: offering, giving, requesting or accepting a bribe or reward which influences your actions or someone else's.
7. Theft is where someone steals cash or other property belonging to someone else with no intention of returning it.

Scope

8. It is expected that all officers (permanent and temporary) and Members of the Authority will lead by example, and ensure adherence to legal requirements, rules, procedures and practices.
9. The Authority also expects that the individuals and organisations that it comes into contact with (i.e. suppliers, contractors, service providers and consultants) will act towards the Authority with integrity and without thought or actions involving fraud, bribery or corruption.

Authority

10. The responsibility for an anti-fraud, bribery and corruption culture is the joint duty of those involved in giving political direction, determining policy and management. The Audit and Standards Committee is key in recommending that sufficient authority is given to anti-fraud, bribery and corruption activity. The Authority's Senior Management Board (SMB) is responsible for ensuring a strong anti-fraud culture, and that staff accept their responsibility for preventing and detecting fraud, bribery and corruption.
11. In order for the Authority to deal effectively with suspected incidents of fraud, those responsible for investigating matters must be fully supported by all officers and Members.

Culture

12. The Authority encourages a culture of honesty and opposition to fraud, bribery and corruption. Members and officers at all levels are expected to lead by example in ensuring adherence to established rules and procedures and to ensure that all procedures and practices are legally sound and honest.
13. The Authority's employees are an important element in its stance on fraud, bribery and corruption, and they are positively encouraged to raise any concerns that they may have on these issues, where they are associated with the Authority's activity.
14. The Authority's SPI, "Confidential Reporting (Whistleblowing)", gives details about the support and safeguards that are available to those who do raise concerns.
15. Members of the public can also report concerns through the Authority's complaints procedure, external audit or the Local Government Ombudsman, or, where the conduct of Members is concerned, through the Fire Authority's Monitoring Officer.
16. The Authority participates in the National Fraud Initiative, the Audit Commission's bi-annual data matching exercise, which seeks to detect fraudulent payments from the public purse. In addition, the Authority proactively incorporates anti-fraud work into its Internal Audit plans.

Prevention

Staff

17. A key preventative measure in the fight against fraud, bribery and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff, in terms of their propriety and integrity. In this regard, temporary and casual staff should be treated in the same manner as permanent staff.
18. Once officers are recruited in accordance with Human Resources guidelines, they must adhere to the Authority's procedures, practices and policies. Officers who are members of professional bodies must also follow that body's Codes of Professional Conduct.
19. A Register of Officers "Gifts and Hospitality" is maintained by the Fire Authority's Committee & Member Services section.
20. Senior staff are required annually to declare any related party transactions.

Members

21. Members are subject to the Authority's Code of Conduct. Any allegations of breach of the Code are dealt with by the Fire Authority's Monitoring Officer and may, in certain instances, be referred on to its Audit & Standards Committee. Members are also required to declare their interests in accordance with the law and with the provisions of the Code of Conduct.
22. A register of interests of Members is maintained by the Fire Authority's Committee & Members Services section and is available for inspection by the public at Authority Headquarters.
23. Individual Members entries on register are also accessible on the Authority's website at the following link:
http://www.hwfire.org.uk/PDF/fire_authority/members-details/2014/FRA-members-details-april14.pdf
24. The Fire Authority also has in place a detailed Protocol on Gifts and Hospitality for Members.
25. The agenda for every meeting of the Authority includes an item on disclosable interests, at which point Members must declare if they have an interest in any business to be considered at that meeting in accordance with statutory provisions. Members must comply with the Code of Conduct regarding when they are required to leave the meeting.
26. Members are also required annually to declare any related party transactions.

Systems and Procedures

27. Financial regulations and standing orders relating to contracts and for the regulation of business are in place to ensure that Members and officers act in accordance with best practice, when dealing with the Authority's affairs.
28. The Authority has a statutory duty under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs, and ensure that one of its officers has responsibility for the administration of these affairs. The Authority's designated Chief Finance Officer is the Treasurer. In the event of the prolonged absence of the Treasurer the Head of Finance acts as the deputy section 151 officer.
29. The Authority has developed systems and procedures, which incorporate efficient and effective internal controls and which include adequate segregation of duties. The Treasurer is responsible for the operation and documentation of such systems. Their existence and appropriateness is independently reviewed and reported upon by Internal Audit.
30. Members and officers should avoid any situations where there is potential for a conflict of interest.

Investigation

31. The Authority is committed to ensuring the prevention and detection of fraud, bribery and corruption, and will endeavour to investigate all potential occurrences in a prompt and timely manner.
32. In the event that an employee is concerned about suspected unlawful conduct, they should speak in the first instance to their line manager, or, if this is not appropriate, to a senior manager.
33. Staff and Managers who suspect fraud, bribery or corruption; or who have such suspicions reported to them MUST immediately report this to the Head of Finance (or to the Treasurer or other officer listed at the end of Appendix 2 – if this would not be appropriate), who will notify the Treasurer.
34. Advice will be sought from the Chief internal Auditor and the Head of Finance may use Internal Audit to investigate the financial irregularities.
35. If the matter also involves a disciplinary investigation the Investigating officer will liaise with the Head of Finance to ensure that the two aspects of the investigation are carried out concurrently where possible.
36. The Treasurer will notify the Audit Commission of any fraud via the appointed External Auditor.
37. The Treasurer has statutory duties in relation to financial administration and stewardship on behalf of the Authority.

38. Section 114 of the Local Government Finance Act 1988 requires the Treasurer to report to the Authority, if the Authority or one of its officers:
- has made, or is about to make, a decision, which involves incurring unlawful expenditure
 - has taken, or is about to take, an unlawful action, which has resulted or would result in a loss or deficiency to the Authority
 - is about to make an unlawful entry in the Authority's accounts

Outcomes

39. There are a number of possible outcomes to a fraud investigation:
- Criminal prosecution – the Deputy Chief Fire Officer, Monitoring Officer and Treasurer, in consultation, may authorise the referral to the police for investigation, if appropriate.
 - Disciplinary action – even if fraud is not proven there may still be matters which need to be considered under the Fire Authority's disciplinary procedures.
 - Recovery through civil or criminal proceedings – the Authority will seek to recover losses subject to legal advice and where it is cost effective to do so. It will recover any loss caused by an employee through salary, pension or insurance.
 - Weakness in systems of controls – an action plan will be produced to address any system or management weaknesses and to reduce the risk of fraud and error in the future.

Conclusion

40. This Strategy demonstrates that Hereford & Worcester Fire Authority has systems and procedures in place to assist in the fight against fraud, bribery and corruption.
41. The Strategy will be brought to the attention of all employees and Members at least annually, and will be subject to review by the Treasurer and Monitoring Officer. Any changes will be brought to the Audit & Standards Committee.

Fraud Response Plan

The Fire Authority has a zero tolerance approach to fraud, bribery and corruption, whether it is attempted from inside or outside of the organisation.

- 42. *This response plan is part of the Authority's Anti Fraud , Bribery and Corruption Strategy, and gives advice and information to employees and Members about what to look for, and how to act if fraud or corruption is suspected.***

Fraud might happen in the following areas:

Invoices for services

- Claiming for services not performed***
- Claiming for a higher level of service than that performed***
- Claiming for a service that has been provided to an employee on a personal basis***

Travel and expense claims

- False journey claimed / same journey claimed twice***
- Mileage inflated***
- Excessive or inappropriate expenses claimed***
- Two employees claiming for a journey taken together***
- Altering documentation to disguise theft of cash***

Petty cash

- Reimbursement sought for receipted but inappropriate expenditure***
- Vouchers or receipts submitted but no expenditure made***

Payroll

- 'Ghost' employees introduced onto Payroll system, the salary being paid to the perpetrator***
- Hours worked overstated – misuse of flexible working or overtime systems***
- Changing employee pay rates or hours without authorization***

Ordering

- Goods ordered for personal use or from a specific supplier in return for some form of benefit***
- Goods ordered from own, relatives' or friends' businesses***
- Accepting a lower number of items than ordered, but certifying an invoice for a higher number***
- Creating / certifying false invoices for which no order has been raised***

Stocks and assets

- Using a computer, fax or telephone for running a private business or for other private purposes***
- Using a franking machine for personal mail***

Claims for damages

- Personal injury claims falsely alleged as work related or wrongly inflated***

- *Claims for damage to personal effects falsely alleged as work related or wrongly inflated*
- *Sick pay / loss of earnings / claims falsely alleged as work related or wrongly inflated.*

The following controls should be in place to prevent and detect fraud:

- *Procedures should be documented and staff trained in their use*
- *Managers should ensure compliance with those procedures*
- *Duties should be segregated between staff, to avoid a single employee being solely responsible for the initiation to the completion of a task*
- *An independent check should be made to verify calculations and documentation of employees, ie travel claims should be checked by managers*
- *Unused parts of claim forms should be crossed through, to ensure that no additions are made following approval*
- *Cash holdings should be minimised, and cash and cheques banked regularly*
- *Budget statements and any associated trends should be reviewed.*

Reporting of Financial Malpractice

If you suspect fraud, you should speak in the first instance to your line manager, or if this is not appropriate, to a senior manager.

Staff and Managers who suspect fraud, bribery or corruption; or who have such suspicions reported to them **MUST** immediately report this to the Head of Finance (or to the Treasurer or other officer listed at the end of Appendix 2 – if this would not be appropriate), who will notify the Treasurer.

Advice will be sought from the Chief Internal Auditor and the Head of Finance may use Internal Audit to investigate the financial irregularities.

If the matter also involves a disciplinary investigation the Investigating officer will liaise with the Head of Finance to ensure that the two aspects of the investigation are carried out concurrently where possible.

The Treasurer will notify the Audit Commission of any fraud via the appointed External Auditor.

The Treasurer has statutory duties in relation to financial administration and stewardship on behalf of the Authority.

Section 114 of the Local Government Finance Act 1988 requires the Treasurer to report to the Authority, if the Authority or one of its officers:

- has made, or is about to make, a decision, which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action, which has resulted or would result in a loss or deficiency to the Authority
- is about to make an unlawful entry in the Authority's accounts

Outcomes

There are a number of possible outcomes to a fraud investigation.

- Criminal prosecution – the Deputy Chief Fire Officer, Monitoring Officer and Treasurer, in consultation, may authorise the referral to the police for investigation, if appropriate.
- Disciplinary action – even if fraud is not proven there may still be matters which need to be considered under the Fire Authority's disciplinary procedures.
- Recovery through civil or criminal proceedings – the Authority will seek to recover losses subject to legal advice and where it is cost effective to do so. It will recover any loss caused by an employee through salary, pension or insurance.

Weakness in systems of controls – an action plan will be produced to address any system or management weaknesses and to reduce the risk of fraud and error in the future.

Useful Contacts :

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Deputy Monitoring Officer
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External Audit
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Report of the Internal Auditor

8. Internal Audit Monitoring Report 2013/14

Purpose of report

1. To provide the Committee with a progress update on the 2013/14 plan delivery.
-

Recommendation

The Treasurer recommends that the Committee note the completion of the 2013/14 audit plan with no issues arising.

Introduction and Background

2. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts and Audit (England) Regulations 2011. This includes considering, where appropriate, the need for controls to prevent and detect fraudulent activity. These should also be reviewed to ensure that they are effective. This duty has been delegated to the Treasurer and Internal Audit is provided by Worcestershire Internal Audit Shared Service (WIASS). Management is responsible for the system of internal control and should set in place policies and procedures to ensure that the system is functioning correctly.

Objectives of Internal Audit

3. The Public Sector Internal Audit Standards defines internal audit as: “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. WIASS is committed to conforming to the requirements of the Public Sector Internal Audit Standards.

Aims of Internal Audit

4. The objectives of WIASS are to:
 - Examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Fire Service and recommend arrangements to address weaknesses as appropriate;

- Examine, evaluate and report on procedures that the Fire Service's assets and interests are adequately protected and effectively managed;
 - Undertake independent investigations into allegations of fraud and irregularity in accordance with Fire Service's policies and procedures and relevant legislation; and
 - Advise upon the control and risk implications of new systems or other organisational changes.
5. Internal audit has worked with external audit to try and avoid duplication of effort, provide adequate coverage for the 2013/14 financial year so that an internal audit opinion can be reached and support External Audit by carrying out reviews in support of the accounts opinion work.

Audit Planning

6. To provide audit coverage for 2013/14, an audit operational programme to be delivered by WIASS was discussed and agreed with the Authority's Section 151 Officer and Treasurer, Chief Accountant as well as External Audit and this was approved at 26 September 2013 meeting. The audit programme provides a total audit provision of 111 audit days; 100 operational and 11 management days.

Audit Delivery

7. All but two audits have been finalised for the 2013/14 Audit Plan.
8. To assist the Committee to consider assurance on the areas of work undertaken, an overall assurance level is given to each audit area based on a predetermined scale. Also, the findings are prioritised into 'high', 'medium' and 'low' within audit reports.

2013/14 Audits:

Payroll and Pensions including GARTAN System (Final Report Stage)

9. The review was a full system audit concentrating on areas of the Payroll system seeking assurance with regard to only current bona fide employees of HWFRS are paid through the payroll system. Also included were amendments to payroll data, (including sickness records, new employees, leavers movers and additional payments/deductions including personal mileage declarations and overtime claims) to confirm that they were actioned only on evidence of adequate, timely and authorised information. Further areas of assurance were considered with regard to controls over the GARTAN system for example all payments are appropriately authorised, processed correctly and there is a clear audit trail, all records and documents are protected against loss or unauthorised access, and, plans are in place to address the tendering of the Payroll Service. The audit included the documents/information from the point that it is received by the Payroll Section up to and including the transfer of data to the Fire Service's financial ledger. The audit did not cover controls over the calculation

of pension payments carried out by Worcestershire County Council as the County are to provide a letter of conformity including access controls operated by a third party or any Service Level Agreement between the Fire Service and a third party.

10. The review found there is a sound system of control in place but some of the expected controls are not in place or are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system. The audit found that starters and leavers are only actioned upon proper authorisation, and lump sum pension payments had been paid correctly in line with notification from Worcestershire County Council. In relation to the tendering of the Payroll system to be implemented by 1st April 2015 there is a project plan in place including timeframes and required officers. However, there are still two recommendations outstanding from the 2011/12 audit in relation to the reconciliation of the Human Resources database to the Payroll Database and procedures for the obtaining an assurance in relation to the accuracy of pension calculations which are currently undertaken by Worcestershire County Council. Internal Audit understands that the current project set up to tender the provision of Payroll Services from 1st April 2015 will include checking the accuracy of the databases. In addition testing of the GARTAN log sheets held at the Fire Stations to printouts from the GARTAN system identified that the log sheets were not always fully completed. There were no high priority recommendations reported.

Final Report issued: 2nd April 2014
Assurance: Moderate

Corporate Governance (Final Report Stage)

11. The review was a limited scope audit concentrating on the External Audit recommendations made in 2011/12 regarding identified weaknesses in the Governance arrangements within the organisation with regard to a Monitoring Officer role. The audit was seeking assurance that all recommendations made by External Audit in their Governance Report 2011/12 have been suitable addressed, the role of the Service Monitoring Officer is in accordance with legislative requirements and embedded well within the organisation and has delivered, progressed and proved itself since inception. The audit did not cover the Annual Governance Assurance Statement process or the integrity of the information used to compile this statement. The review found the Monitoring Officer has contributed to significant improvements in governance arrangements within the organisation including a full review of the Constitution and committee structures. Committee terms of reference have been redefined and the Monitoring Officer now attends all committee meetings to provide advice and guidance on due process. In addition he attends and plays an active role at Senior Management Board and other group meetings. Various policies have since been reviewed such as the authority's "Whistle blowing" policy and "Pecuniary Interests" policy/register. A Members' Development Strategy 2013 -2016 is now in place and a full training plan administered for all new and current members. Contract documentation has been reviewed and the authority now has a secure deeds room based on site to ensure all

important documentation is kept centrally, secure and available for reference when required.

12. In summary Internal Audit concluded, from the work it has undertaken, that the Monitoring Officer in accordance with legislation plays an active scrutiny role within the organisation and encourages a supportive and open culture of challenge and improvement. He is involved and monitors key decision making and actively encourages an “open door” policy as he is on site which has greatly improved the process. Officers are encouraged to seek advice when needed.

Final Report issued: 1st May 2014

Assurance: N/a ~ Critical Review

Urban Search and Rescue (USAR) (Draft Report Stage)

13. The review was a full system audit concentrating on areas in USAR to ensure a robust process is in place so that the Service responds to the findings of the National Resilience Assurance audit report in a timely and effective manner, budgets are profiled correctly and effective budgetary control arrangements are in place and all expenditure is appropriate, relevant and authorised by the relevant budget holder or designated officer. The review did not include an inventory check of the donated assets belonging to HWFRS USAR service.
14. The review found there is a sound system of control however some of the expected controls are not in place or not working effectively. There is effective budget monitoring in place however some issues have been identified regarding coding of expenditure and budget profiling against nominal codes. However this was already a concern with the current budget holder, North District Commander, who is already looking at addressing these.
15. A review has also been undertaken by Internal Audit of actions taken to date in response to the National Resilience Assurance Team audit report which measured the authorities USAR service against national standards. As a whole the audit report gave assurance for USAR capability reporting only two non- conformities and some suggestions for ‘Opportunities for Improvement’. The main non conformity was lack of “Line Access and Casualty Extrication (LACE)” trained personnel in comparison to national standards. Following the recent merger of USAR and the Droitwich Fire Station, a new structure has been put in place which will provide additional resilience and a training programme is well underway which will result in the sufficient “LACE” trained personnel. There were no high priority recommendations reported.

Draft Report issued: 19th May 2014

Draft Assurance: Significant

ICT (Final Report Stage)

16. The review was a full system audit concentrating on areas of the ICT system including controls around network security, network user accounts, including authorisation for starters, leavers and generic access, electronic back-ups, and, corporate and departmental business continuity plans. The audit did not major

on the corporate disaster recovery plan apart from requirements related to the control areas.

17. The review found there is a sound system of control in place for the management of data back-ups and management of network security. Some issues were found in other control areas including arrangements for ICT business continuity within the organisation and the monitoring of redundant network accounts. Further action also needs to be taken so that the Information Security Policy, which identifies the necessary practices and responsibilities for ensuring the integrity of the H&WFRS network and systems, is reviewed and approved for use in a regular and timely manner in order to maintain the applicability of the document in the current work environment.
18. The organisation does not currently have a connection to the Public Services Network, which is used by public sector organisations for the secure transmission of confidential information. However, all work now undertaken by the ICT service is done in compliance with these requirements to enable future connectivity to this service with minimal changes to the network once a formal decision to do so is agreed by the senior management team. This also relates to the development of new software applications and reviewing the use of employee owned equipment, such as smart phones and personal computers, to ensure that any issues which may affect compliance have been fully identified and addressed.

Final Report issued: 19th March 2014

Assurance: Moderate

Capital Project (Draft Report Stage)

19. The review was a full system audit concentrating on the control objectives of the Capital Programme system. The review did not include a review of the Authorities Asset Register as this was covered in a separate audit earlier in this financial year.
20. The review assessed whether the Authorities Capital Programme and Asset Management Plan had formerly been approved and both demonstrated the long term strategic aims of the business and whether all major and minor capital project/spend is procured in accordance with the Authorities Standing Orders relating to contracts taking into consideration EU Directives where appropriate. The review also included whether relevant approval has been granted upon awarding the contract/works prior to commencement of works, major and minor capital projects work/build is monitored throughout the terms of each contract and all work is signed off where necessary before expenditure is appropriately authorised, procedures for recording decisions and actions taken in relation to major and minor capital projects are clearly recorded in order to provide a clear audit trail, any lessons learnt are clearly documented and utilised moving forward and there are proper monitoring and reporting processes in place to ensure consistency and transparency along with effective budgetary control.

21. The audit found there is effective budgetary control monitoring of the Capital Programme in place and that the authority has identified, via the Asset Management Strategy, the longer term requirement/needs of the organisation in relation to property/accommodation. All minor and major property related projects examined had been procured in accordance with the authority's Contract Standing Orders with quotations and tenders obtained where necessary. However, it was found that there are control weaknesses in relation to the tender opening procedures. All major and minor works are monitored throughout the term of the project but some minor project files were lacking evidence of quality assurance checks on work undertaken; this is not to say though the work had not been inspected at the time and completed to a satisfactory standard. Improvements are required in relation to record keeping, however, it is recognised that a pragmatic approach will be required with available resource.

Draft Report issued: 7th April 2014
Draft Assurance: Moderate

22. Summaries of the finalised audits relating to 2013/14 are listed below:

Audit	Assurance Level
2013/2014	
Payroll and Pensions	Moderate
Corporate Governance	N/a ~ Critical Review
Urban Search and Rescue (USAR)	Significant (D)
ICT	Moderate
Capital Project	Moderate (D)

23. All of the audits indicated above are currently at final or draft report stage awaiting management response.
24. As the audits are finalised update reports will be brought before Committee along with an extract of any 'high' priority recommendations. Finalised reports will be provided in their entirety to the Chairperson of the Committee for perusal on request.
25. Appendix 1 provides the Committee with a breakdown of 2013/14 internal audit plan delivery to date.
26. Appendix 2 provides the Committee with a breakdown of the 'high' priority recommendations that have been reported in respect of audits where the audit has been completed and final report issued. Also included are the definitions used to decide audit recommendation priority and overall assurance.

Conclusion/Summary

27. Operational progress against the Internal Audit Plan for 2013/14 has been steady and culminated in the completion of the plan in full with all audits undertaken.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	There are financial issues that require consideration as there is a contract in place but not fully detailed in this report.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None There are legal issues e.g. contractual and procurement that require consideration but are not fully detailed in this report as they are contained within the contract.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Yes, whole report.
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A – no policy change is recommended
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – 2013/14 Internal Audit Plan delivery summary

Appendix 2 – ‘High’ priority recommendations for completed audits including definitions

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FIRE AND RESCUE SERVICE

Audit Plan for 2013/14

Service Area	System	Anticipated Days	Preferred Timing and Current Position	Days Delivered Against Plan
Main Systems				
Accountancy and Finance Systems	Payroll & Pensions incl. GARTAN system	13	(Final Report issued)	13
	Creditors	8	(Final Report issued)	8
	Debtors	5	(Final Report issued)	5
	Main Ledger & Budgetary Control	8	(Final Report issued)	8
	Capital Programme	9	(Draft Report issued)	8
Corporate Governance	IT Audit	10	(Final Report issued)	10
	Risk Management (Health Check)	3	(Final Report issued)	3
	Corporate Governance	8	(Final Report issued)	8
System/ Management Arrangements	Community Safety	8	(Final Report issued)	8
	Urban Search & Rescue (USAR)	8	(Draft Report issued)	8
	Operational Logistics	12	(Final Report Issued)	12

Service Area	System	Anticipated Days	Preferred Timing and Current Position	Days Delivered Against Plan
General	Follow Ups	7	Delivered	7
	Advice & Guidance	1	Delivered	1
	Audit Committee & Management Reporting	11	Delivered	11
Total Contracted Days		111		110

Note:

GAD has not been included ~ conformity to be provided by Worcestershire County Council.

Asset Management 2012/2013 was undertaken in September 2013 per agreement with Treasurer and s151 Officer, (days owing from 2012-13 Audit Plan used; Final Report issued).

Audit Reports 2013/14

Definition of Audit Opinion Levels of Assurance (for information)

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

Definition of Priority of Recommendations

Priority	Definition
H	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
M	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
L	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

'High' Priority Recommendations reported

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit Area: ICT					
Final Report issued: 20th May 2014					
1	High	<p>There has been no ICT capital expenditure budget for Business Continuity during the past two financial periods, i.e. since 2011/12.</p> <p>The back-up infrastructure at the Droitwich Fire Station fall-back site has not been updated in line with upgrades to the main server site at Fire Service HQ in Worcester, leading to a disparity in the overall server specifications.</p>	A lack of capital expenditure for business continuity purposes potentially leading to reduced network functionality in a wide scale event, resulting in reputational damage and a delay in returning business critical functions.	There should be consideration for reviewing the server room facilities and the network capacity at the Droitwich Fire Station back-up site to identify and understand the possible implications of any potential risks to service provision.	<p>The issue is not only funding but resourcing. Too many corporate projects absorbing ICT staffing. Funding/Priorities need to be defined by Senior Management Board.</p> <p>Responsible Manager:</p> <p>Head of Asset Management/ Director of Finance</p>

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit Area: ICT					
Final Report issued: 20th May 2014					
		<p>The Droitwich site has very little capacity to expand and enhance the back-up functionality. There is a single air conditioning unit within this room, with no back-up unit available should this malfunction.</p> <p>The back-up server room was secure at the time of the audit, however the room key held at the station was not stored in a location which would limit access to</p>		<p>Potential capacity issues for service critical functions should be identified using a controlled test to ensure continuity of service.</p> <p>Security and facility arrangements for the server room at the back-up site should be</p>	<p>Implementation date: 2014/15 budget</p> <p>Minimal expenditure has been allocated to Droitwich infrastructure due to medium/long term uncertainty of site future.</p> <p>Responsible Manager: Head of Asset Management/ Director of Finance</p> <p>Key at Droitwich is now held by reception and managed.</p> <p>A request to property has</p>

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit Area: ICT					
Final Report issued: 20th May 2014					
		<p>essential staff only.</p> <p>There have been no business continuity exercises during the financial period to formally test the capacity of the back-up servers in a controlled manner.</p>	Lack of security controls over the back-up site may result in theft or loss of critical data, resulting in reputational and financial loss to the Service.	reviewed to ensure access is limited to essential and authorised staff only and should there be a failure to key equipment e.g. air conditioning unit, a clear action plan exists.	<p>been made for Droitwich server room door to be changed from a standard lock to a swipe card system with the same access as the server rooms at SHQ.</p> <p>Responsible Manager:</p> <p>Head of ICT/ Head of Asset Management</p> <p>Implementation date:</p> <p>April 2014</p> <p>Testing of Business Continuity can only be done where impact on normal business can be minimised and the resources are available to safely test. Additional resources will be required to achieve both.</p> <p>Restoration of backups</p>

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit Area: ICT					
Final Report issued: 20 th May 2014					
					was tested second week in March when files were restored to Fire Control EISEC service (Enhanced Information Service for Emergency Calls).
end					

Report of Internal Auditor

9. Internal Audit Annual Report 2013/14

Purpose of Report

1. To provide the Committee with:
 - the overall results in terms of meeting Internal Audit's (IA's) objectives as set out in the internal audit plan for 2013/2014; and
 - provide an audit opinion and commentary on the overall adequacy and effectiveness of the internal control environment.
-

Recommendation

The Treasurer recommends that the Committee note the audit plan delivered in 2013/14 has provided an assurance level of “moderate” or above for all relevant audits.

Introduction and Background

2. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts and Audit (England) Regulations 2011. This includes considering, where appropriate, the need for controls to prevent and detect fraudulent activity. These should also be reviewed to ensure that they are effective. This duty has been delegated to the Treasurer, and, Internal Audit was provided by Worcestershire Internal Audit Shared Service (WIASS). Management is responsible for the system of internal control and should set in place policies and procedures to ensure that the system is functioning correctly. The Authority is required to publish an Annual Governance Statement by the 30th September. During 2013/14 the provision for the Internal Audit function was the second full year of the three year contract of Internal Audit provision by WIASS.

Objectives of Internal Audit

3. The Chartered Institute of Public Finance and Accounts (CIPFA) Code of Practice for Internal Audit in Local Government in the United Kingdom defines internal audit as: “an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resource”.

Internal Audit

Aims of Internal Audit

4. The objectives of WIASS are to:
 - Examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Fire Service and recommend arrangements to address weaknesses as appropriate;
 - Examine, evaluate and report on arrangements to ensure compliance with legislation and the Fire Service's objectives, policies and procedures;
 - Examine, evaluate and report on procedures that the Fire Service's assets and interests are adequately protected and effectively managed;
 - Undertake independent investigations into allegations of fraud and irregularity in accordance with Fire Service's policies and procedures and relevant legislation and
 - Advise upon the control and risk implications of new systems or other organisational changes.
5. WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards 2013.
6. We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we seek to place reliance on such work thus reducing the internal audit coverage as required.
7. To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan was shared with the external auditors for information.

Summary of the prime features

2013/2014 Key Internal Audit planned Inputs for WIASS

8. A summary of the position is provided at Appendix 1

2013/2014 Key Internal Audit planned Outputs for WIASS

9. During 2013/14 Internal Audit was required to:
 - complete 11 systems audits (including Health Check audits) of which 4 must suitably assist the External Auditor reach their "opinion".

- provide sufficient audit resources for other operational areas which assist the Fire Service maintaining/improving its control systems and risk management processes or implementing / reinforcing its oversight of such systems, i.e.: -provide an on-going consultancy to managers on internal control, for example where system changes are being made;
 - meet Internal Audit's external work requirements; and
 - achieve a benchmark of delivery for 2013/2014 of all audits as agreed in the operational programme as agreed at the 26th September 2013 Committee with an additional deferred 2012/13 audit.
10. The majority of audits, on completion, are assigned an assurance using a predefined definition and all reported recommendations are given a priority. The audit assurance and recommendation priority is agreed with Management before the final report is published. An example of the assurance and priority definitions is provided at Appendix 2 for information.

Productive Work

11. During 2013/2014 there were 110 productive audit days delivered by WIASS. As can be seen in Appendix 1 the annual budget for systems work for WIASS was 111 audit days. WIASS has achieved what was required according to the 2013/2014 audit plan and completed all audits to draft or final report stage. One day has been carried forward (but will not feature in the 2014/15 plan) in order to finalise the two audits currently at draft report stage awaiting management response. The appendix shows for each report the overall assurance as well and providing the overall assurance analysis. Appendix 2 provides an explanation of assurance categorisation.
12. Consultancy, advice and guidance are demand led activities and can fluctuate from year to year but have been contained within the agreed budget.
13. Follow up in respect of audits which were provided to the Fire and Rescue Service as part of the year 1 delivery from WIASS were included as part of the 2013/14 audit programme and have been undertaken during the past twelve months.
14. Internal audit has worked with external audit to try and avoid duplication of effort, provide adequate coverage for the 2013/14 financial year so that an internal audit opinion can be reached, and, support External Audit by carrying out reviews in support of the accounts opinion work.

Work of interest to the External Auditor

15. The results of the work that we performed on four systems audits during 2013/14 was of direct interest to External Audit. Audit reports are passed to the external auditor on request for their information and for them to inform their opinion.

16. Dialogue continues with the External Auditor to ensure that the IA work will continue to provide the assurance they seek at an acceptable standard.

Quality Measures – internal

17. Managers are asked to provide feedback on systems audits as the audit progresses. Comments have been received from a number of Managers who have expressed their appreciation of the audit approach and the fact that it has added value to their service. An analysis of those returns is undertaken during the year to ensure that the audit programme continues to add value. No formal questionnaires have been issued to date as feedback has been immediately forthcoming from the appropriate Managers. The Treasurer, Chief Accountant and External Audit have also confirmed a high satisfaction with the audit product.
18. Worcestershire Internal Audit Shared Service Internal Audit activity is organisationally independent. Internal Audit reports to the Treasurer but has a direct and unrestricted access to senior management and the Audit Committee.
19. Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit manual and Charter which has been updated to reflect the requirements of the standards.
20. The Client Officer Group (i.e. management board) meet on a regular basis and consider the performance of the Shared Service including progress against the Service Plan and promote continuous improvement.
21. To further assist the Committee with their assurance of the overall delivery the Worcestershire Internal Audit Shared Service conforms to the Public Sector Internal Audit Standards.
22. Appendix 3 provides the audit opinion and commentary which provides further assurance to the Committee.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	There are financial issues that require consideration as there is a contract in place but not fully detailed in this report.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None There are legal issues e.g. contractual and procurement that require consideration but are not fully detailed in this report as they are contained within the contract.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Yes, whole report.
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A – no policy change is recommended
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – 2013/14 Internal Audit Plan performance 2013/14

Appendix 2 – Definition of Audit Opinion Levels of Assurance

Appendix 3 – Audit Opinion and Commentary for 2013/14

Contact Officer

Andy Bromage

Service Manager - Worcestershire Internal Audit Shared Service

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**Worcestershire Internal Audit Shared Service
Audit Plan Performance for 2013/14**

Service Area	System	Audit Days	Final report Issued	Assurance
Main Systems				
Accountancy and Finance Systems	Payroll & Pensions incl. GARTAN system	13	2 nd April 2014	Moderate
	Creditors	8	24 th December 2013	Significant
	Debtors	5	24 th December 2013	Significant
	Main Ledger & Budgetary Control	8	24 th December 2013	Significant
	Capital Programme	9 *(8 delivered)	7 th April 2014 (D)	Moderate(D)
Corporate Governance	IT Audit	10	20 th May 2014	Moderate
	Risk Management (Health Check)	3	30 th October 2013	Significant
	Corporate Governance	8	1 st May 2014	N/a
System/ Management Arrangements	Community Safety	8	16 th January 2014	Significant
	Urban Search & Rescue (USAR)	8	19 th May 2014 (D)	Significant (D)
	Operational Logistics	12	6 th December 2013	Moderate
General	Follow Ups	7	2013/14	Delivered
	Advice & Guidance	1	2013/14	Delivered
	Audit Committee & Management Reporting	11	2014/14	Delivered
Total Contracted Days		111		
Productive days delivered 2013/14		110		

*1 day will be delivered as part of the finalisation of the two audits during 2014/15 but will not be shown in the 2014/15 plan.

(D) denotes draft report issue and draft assurance applied. Work is continuing with management to finalise the reports.

Notes:

Summary of 2013/14 Audit Assurance Levels

2013/14	Number of Fire and Rescue Service Audits	Assurance	Overall % (rounded)
From 11 audits	0	Full	Nil
	5	Significant	46
	3	Moderate	27
	0	Limited	0
	0	No	0
	2	To be finalised i.e. remain as draft	18
	1	N/a	9

Note:

Asset Management, Annual Report, Follow Up, Advice, Audit Committee Support and management reporting areas are not included in the above figures.

Overall Conclusion:

- 73%(rounded)of the finalised audits undertaken for 2013/14 which have been allocated an assurance returned a level of 'moderate' or above. This figure does not include the 'critical friend' audit i.e. 'N/a' or the 2 draft reports to be finalised.
- Managers and the Treasurer are satisfied with the audit process and service delivery from the feedback received.

Audit Reports 2013/14

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

Definition of Priority of Recommendations

Priority	Definition
H	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
M	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
L	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

Audit Opinion and Commentary for 2013/14**Hereford and Worcester Fire and Rescue Service
Commentary and Audit Opinion 2013/14**

Internal Audit: Hereford and Worcester Fire and Rescue Service's responsibility for maintaining an adequate and effective internal audit function is set out in Regulation 6 of the Accounts and Audit (England) Regulations 2011.

The Internal Audit is provided by the Worcestershire Internal Audit Shared Service (WIASS) function which was set up as a shared service in 2010/11, and hosted by Worcester City for 5 district councils. 2013/14 was the second full year of audit function delivery for the Fire and Rescue Service since it was transferred from Worcestershire County Council. The shared service operates in accordance with, and conforms to, the Public Sector Internal Audit Standards 2013. It objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Fire and Rescue Service objectives and contributes to the proper, economic and effective use of resources.

The Internal Audit Plan was agreed with External Audit, the Treasurer and s151 Officer and was approved by the Audit Committee on the 26th September 2013. It included:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion'
- other corporate systems for example governance and risk management.

Based on the audits performed by WIASS in accordance with the approved audit plan the Worcester Internal Audit Shared Service Service Manager concludes that the Hereford and Worcester Fire and Rescue Service governance framework arrangements during 2013/2014 have not always provided full assurance but outstanding issues were being addressed as part of the process of continuous improvement.

It should be noted that as part of the risk based approach WIASS delivered all the audits expected with the addition of the 2012/13 Asset Management audit. It was agreed with the Chief Accountant and the Treasurer that this would be deferred to September 2013.

In relation to the eleven reviews that have been undertaken all have been completed and discussed with management with reports issued either in draft or finalised form. Risk management was re-launched during 2012-13 with the formulation of a Corporate Risk Register and training. Regular reporting to the Audit Committee has taken place during 2013/14. Work continues to ensure that it becomes fully embedded throughout the organisation.

The majority of the completed audits have been allocated an audit assurance of either moderate or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified.

WASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance based on the audits performed in accordance with the approved plan and the scoping therein.

The WASS Service Manager has concluded that the internal control arrangements during 2013/14 effectively managed the principal risks identified in the audit plan and can be reasonably relied upon to ensure that the Fire and Rescue Service corporate objectives have been met. None of the work WASS has carried out in support of the 2013/14 plan identified any fundamental weaknesses in the areas WASS audited leading to either a limited or no assurance outcome.

Andy Bromage
Worcestershire Internal Audit Shared Services Manager
May 2014

Report of the Internal Auditor

10. Internal Audit Draft Audit Plan 2014/15

Purpose of report

1. To provide the Committee with the Draft Audit Plan for 2014/15.
-

Recommendation

The Treasurer recommends that the 2014/15 draft Internal Audit Plan is approved.

Introduction and Background

2. The Authority is responsible for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts and Audit (England) Regulations 2011. This includes considering, where appropriate, the need for controls to prevent and detect fraudulent activity. These should also be reviewed to ensure that they are effective. This duty has been delegated to the Treasurer, and, Internal Audit is provided by Worcestershire Internal Audit Shared Service (WIASS). Management is responsible for the system of internal control and should set in place policies and procedures to ensure that the system is functioning correctly.

Objectives of Internal Audit

3. The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom defines internal audit as: “an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness to achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic and effective use of resource”. WIASS is committed to satisfying/achieving the requirement of the CIPFA Code of Practice for Internal Audit and conforms to the Public Sector Internal Audit Standards.

Aims of Internal Audit

4. The objectives of WIASS are to:
 - Examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Fire Service and recommend arrangements to address weaknesses as appropriate;

- Examine, evaluate and report on arrangements to ensure compliance with legislation and the Fire Service's objectives, policies and procedures;
 - Examine, evaluate and report on procedures that the Fire Service's assets and interests are adequately protected and effectively managed;
 - Undertake independent investigations into allegations of fraud and irregularity in accordance with Fire Service's policies and procedures and relevant legislation; and,
 - Advise upon the control and risk implications of new systems or other organisational changes.
5. Internal audit has worked with external audit to avoid duplication of effort, provide adequate coverage for the 2014/15 financial year so that an internal audit opinion can be reached, and, support External Audit by carrying out reviews in support of the accounts opinion work.

Audit Planning

6. To provide audit coverage for 2014/15 an audit operational programme to be delivered by WIASS was discussed and agreed with the Treasurer as well as External Audit. The audit programme provides a total audit provision of 111 audit days; 99 operational and 12 management days. As the audits are completed update reports will be brought before Committee along with an extract of the 'high' priority recommendations. Full reports will be provided to the Chairperson of the Committee for perusal.
7. The Internal Audit Plan for 2014/15, which is included at Appendix 1, is a risk based plan which takes into account the adequacy of the Council's risk management, performance management and other assurance processes. It has been based upon the risk priorities per the corporate risk register as well as upon an independent risk assessment of the audit universe by Internal Audit. The Internal Audit Plan for 2014/15 has been agreed with the Fire and Rescue Service Section 151 Officer and Treasurer and Chief Accountant.
8. Appendix 1 provides the Committee with a breakdown of draft 2014/15 internal audit plan. For information Appendix 2 shows the audit coverage and assurances from the previous 2 years' Audit Plan.

Conclusion/Summary

9. Operational progress against the Internal Audit Plan for 2014/15 will be closely monitored by the Service Manager of the Worcestershire Internal Audit Shared Service and will be reported to the Audit Committee on a quarterly basis and, for information, also included will be the 'high' priority recommendations.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	There are financial issues that require consideration as there is a contract in place but not fully detailed in this report.
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None There are legal issues e.g. contractual and procurement that require consideration but are not fully detailed in this report as they are contained within the contract.
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	Yes, whole report.
Consultation (identify any public or other consultation that has been carried out on this matter)	N/A – no policy change is recommended
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – 2014/15 Draft Internal Audit Plan

Appendix 2 – Audit coverage and assurances from the previous 2 years' Audit Plan

Contact Officer

Contact Officer
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Service Manager - Worcestershire Internal Audit Shared Service
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Appendix 1

FIRE & RESCUE SERVICE Draft Internal Audit Plan for 2014/15

Service Area	System	Anticipated Days	Preferred Timing
Main Systems			
Accountancy and Finance Systems	Payroll & Pensions incl. GARTAN system	13	Q3/4
	Creditors	8	Q3/4
	Debtors	5	Q3/4
	Main Ledger & Budgetary Control (and Training Budget)	8	Q3/4
Corporate Governance	IT Audit	10	Q4
	Risk Management (Health Check)	5	Q2
	Corporate Governance (Document Retention Services)	8	Q2
System/ Management Arrangements	Transformational Planning	10	Q1
	Building Maintenance	7	Q3/4
	Communications and Media	9	Q1
	Equality and Diversity	9	Q2
General	Follow Ups	7	2014/15
	Advice & Guidance	1	2014/15
	Audit Committee & Management Reporting	11	2014/15
Total Contracted Days		111	

Note:

GAD has been not included ~ conformity to be provided by Worcestershire County Council.

Appendix 2

	2012/13	2013/14	2014/15
Accountancy & Finance Systems			
Payroll & Pensions	15 Moderate	13 Moderate	13
Creditors	10 Significant	8 Significant	8
Debtors/Income System	6 Significant	5 Significant	5
Main Ledger & Budgetary Control	8 Significant	8 Significant	8
GAD Data	4 n/a		
Members Allowances	4 Full		
Petty Cash	1		
Computer Audit (Stock Control)	8 Moderate		
Asset Management	8		
Capital Programme		9 Moderate	
Corporate Governance			
IT Audit		10 Moderate	10
Risk Management Arrangements	8 Significant		
Risk Management (Health Check)		3 Significant	5
Business Continuity	8 Significant		
Corporate Governance	8 Significant	8 n/a	8
System/Management Arrangements			
Procurement/Contracts	8 Moderate		
Community Safety		8 Significant	
Urban Search and Rescue		8 Significant	
Operational Logistics		12 Moderate	
Building Maintenance			7
Communications & Media			9
Equality & Diversity			9
Transformational Planning			10
General			
Follow ups	3	7	7
Advice & Guidance	1	1	1
Audit Committee & Management Reporting	11	11	11
	111	111	111

Report of Head of Legal Services

11. Process for Managing Standards Complaints under the Localism Act 2011

Purpose of report

1. To review and update the Authority's arrangements for dealing with allegations of breach of the Members' code of conduct.
-

Recommendation

It is recommended that the arrangements set out at Appendix 1 for Process for Managing Standards Complaints under the Localism Act 2011 be adopted.

Introduction and Background

2. The Authority has previously adopted a code of conduct for Members in accordance with the requirements of the Localism Act 2011. The Act also requires that we have arrangements in place for making decisions in respect of any allegations of breaches of that code.
3. The present set of arrangements were adopted in 2012 shortly after the Act came into force but following review, it has been found that these are not as clear as they could be and that there are better examples of best practice elsewhere. It is therefore proposed that the Authority adopt revised arrangements as set out in Appendix 1 and which modelled on those adopted by Worcestershire County Council.

Conclusion/Summary

4. The revised arrangements will provide greater clarity on the roles and responsibilities when dealing with any allegations of breaches of the code of conduct.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	None
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	The Authority has a duty to promote and maintain high standards of conduct by members. This helps underpin an effective Fire Authority which is one of the foundations of 'Our Strategy'
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None
Consultation (identify any public or other consultation that has been carried out on this matter)	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	Not applicable

Supporting Information

Appendix 1 – Revised arrangements for Assessment, Investigation and Hearing of Complaints

Background papers – Existing arrangements as published in the Authority's Constitution

Contact Officer

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Process for Managing Standards Complaints under the Localism Act 2011

1. Introduction and Summary

- 1.1. This procedure applies in respect of alleged failures by Members to comply with the Authority's Code of Conduct for Members.
- 1.2. Formal written complaints are to be sent to the Monitoring Officer, who may consult with the Chairman of Audit & Standards Committee and/or an appointed Independent Person, and who will consider them and decide to:
 - take no action on the allegation or
 - refer it to an Investigator for investigation or
 - take some other action short of an investigation.

1.3. Interpretation

"The Committee" refers to the Authority's Audit & Standards Committee.

"Independent Person" shall have the meaning assigned to it by section 28 of the Localism Act 2011 as appointed by the Monitoring Officer in respect of a particular case.

"Investigator" means the person appointed by the Monitoring Officer to undertake an investigation (which may include the Monitoring Officer) and his or her representative.

"The Matter" is the subject matter of the Investigator's report.

"Member" means the member who is the subject of the allegation being considered, and includes his or her representative unless otherwise stated or implied.

2. ASSESSMENT AND INVESTIGATION PROCEDURE

Publication of address to which written allegations are to be sent

- 2.1. The Monitoring Officer shall publish details on the Authority's website of the address to which written allegations that a Member has failed to comply with the Code of Conduct shall be sent and take reasonable steps to keep the information up to date.

Filtering action by Monitoring Officer on receipt of written allegation

- 2.2. Upon receipt by him/her of a written allegation with sufficient detail (including name and address of the complainant) that a Member has failed to comply with the Code of Conduct, the Monitoring Officer may at his/her discretion consult with the Chairman of Audit & Standards Committee and/or an appointed Independent Person. The Monitoring Officer shall generally inform the Member concerned and in any event shall determine:-
 - 2.2.1. to take no further action on it, and give written notice of that decision and the reasons for it to the complainant and the member;
 - 2.2.2. to refer the allegation for formal investigation; or
 - 2.2.3. take some other action short of formal investigation, which may include providing advice and guidance, and/or arranging training, mediation or conciliation.

- 2.3. The Monitoring Officer shall notify the outcome of this filtering decision to the complainant, Member and Chairman of the Committee unless the exception in paragraph 2.5.2 (below) applies.

Appointment of Investigator

- 2.4. Upon a determination by the Monitoring Officer to refer the allegation for investigation, he/she will appoint an Investigator who will investigate the allegation and report to the Committee. The Investigator may be an officer of the Authority, an officer of another local authority, or an external person.

Notification of appointment of Investigator

- 2.5. Except where he/she considers that it would be contrary to the public interest or would prejudice the ability of the Investigator to investigate the allegation, the Monitoring Officer will notify in writing the Member against whom the allegation is made, and the Chairman of the Committee:
- 2.5.1. that the allegation has been referred by him/her for investigation and determination by the Committee;
 - 2.5.2. the identity of the person making the allegation (unless the Monitoring Officer agrees that identification of the complainant might prejudice the investigation, put the complainant at risk, or anonymity is in the public interest);
 - 2.5.3. the conduct which is the subject of the allegation;
 - 2.5.4. the section(s) of the Code of Conduct which appear to him to be relevant to the allegation;
 - 2.5.5. the procedure which will be followed in respect of the allegation, and
 - 2.5.6. the identity of the Investigator.
- 2.6. At the same time as notifying the Member, the Monitoring Officer will notify the person who made the allegation in writing of the matters set out in paragraphs 2.5.1 and 2.5.3 to 2.5.6 above.

Procedure for Investigation

- 2.7. Unless otherwise directed by the Monitoring Officer, the Investigator shall determine the procedure to be followed for the investigation of the allegation. The Member or the Monitoring Officer may seek the views of an Independent Person at any point in the process.

The Draft Report

- 2.8. When the Investigator is satisfied that he/she has sufficient information, or has obtained as much information as is likely to be reasonably capable of being obtained, he/she shall prepare a draft report setting out:
- 2.8.1. the details of the allegation;
 - 2.8.2. the relevant provisions of statute and of the Code of Conduct;
 - 2.8.3. the Member's initial response to notification of the allegation (if any);
 - 2.8.4. the relevant information, advice and explanations which he/she has obtained in the course of the investigation;
 - 2.8.5. a list of any documents relevant to the matter;
 - 2.8.6. a list of those persons whom he/she has interviewed and those organisations from whom he/she has sought information;

- 2.8.7. a note of any person or organisation who has failed to co-operate with the investigation and the manner in which they have failed to co-operate;
 - 2.8.8. a statement of his/her draft findings of fact;
 - 2.8.9. his/her conclusion as to whether the Member has or has not failed to comply with the Code of Conduct, and
 - 2.8.10. any recommendations the Investigator is minded to make to any authority concerned for reviewing or reconsidering any decision which is the subject of failure to comply with the Code of Conduct, for rectifying any deficiency in the Authority's decision-making procedures or for preventing or deterring any failure to comply with the Code of Conduct or to remedy the position of any person who may have suffered detriment or injustice as a result of the failure.
- 2.9. The draft report should also state that the report does not necessarily represent the Investigator's final finding, and that the Investigator will present a final report to the Committee once he/she has considered any comments received on the draft report.
 - 2.10. The Investigator shall then send a copy of his/her draft report in confidence to the Member and the person making the allegation, and request that they send any comments to him/her within 14 days.
 - 2.11. The Investigator may send a copy of, or relevant extracts from his/her draft report in confidence to any person on whose evidence he/she has relied in compiling the draft report, and request that they send any comments to him/her within 14 days.

The Final Report

- 2.12. After the expiry of the relevant periods set out in paragraph 2.10 (or such extended period as the Investigator may allow), the Investigator shall reconsider and amend as appropriate his/her draft report in the light of any comments received, and produce and send to the Monitoring Officer his final report. The final report should state that the report represents the Investigator's final findings to be presented to the Committee, and should have appended to it copies of any relevant documents which the Investigator has relied on in reaching his/her conclusions, such as background documents or notes of telephone conversations, letters, and notes of interviews with witnesses;
- 2.13. The Monitoring Officer shall then send a copy of the final report to the Member, advising that:
 - 2.13.1. where the final report concludes that there has not been a failure to comply with the Code of Conduct, he/she will refer the report to the Committee for consideration; or
 - 2.13.2. where the final report concludes that there has been a failure by the Member to comply with the Code of Conduct, he/she will refer the report to a Hearings Sub-Committee for a formal hearing.
- 2.14. The Monitoring Officer shall ensure that, when the agenda for the Committee is sent out to members of the Committee, including the final report, the agenda and the report are also sent to the person who made the complaint, together with a note explaining the circumstances under which the Committee may conduct a hearing into the allegations, and the procedure for these events.

Consideration meetings

- 2.15. Where the Committee considers the report in accordance with paragraph 2.13.1 it shall (having first consulted the Independent Person or, in the event that more than one Independent Person has been appointed by the Authority, an Independent Person) make one of the following findings:
 - 2.15.1. that it accepts the Investigator's finding that the Member has not failed to comply with the Code of Conduct as set out in the allegation; or
 - 2.15.2. that the matter should be considered at a Hearings Sub-Committee conducted in accordance with this procedure.
- 2.16. Where the Committee finds as set out in paragraph 2.15.1 above (no failure to comply with the Code of Conduct) the Monitoring Officer shall, as soon as practicable thereafter, send a written notice of that finding and the reasons on which it was based, together with a copy of the Investigator's report to the Member and the complainant.

Full hearings

- 2.17. Where the Committee finds as set out in paragraph 2.15.2 above (that the matter should be considered at a Hearings Sub-Committee) or the Investigator's report contains a finding as set out in 2.13.2 that the Member did fail to comply with the Code of Conduct, the Monitoring Officer shall arrange for the Matter to be considered at such a hearing in accordance with this procedure.

3. HEARINGS PROCEDURE

Date of Hearing

- 3.1. The proper officer will arrange a convenient time and date for the Hearings Sub-Committee to meet and determine the Matter. Apart from exceptionally complex cases, it is anticipated that a hearing will be dealt with on a single day, or if necessary on consecutive days. Wherever possible, the hearing should take place within 3 months of receipt of the Investigation report by the Monitoring Officer.
- 3.2. At least five clear working days before the hearing, the Member and Investigator shall be notified of the date, time and place of meeting.
- 3.3. At least five clear working days before the hearing, the Monitoring Officer will send to each member of the Hearings Sub-Committee, the Member, and the Investigator:
 - 3.3.1. the agenda for the meeting set up to determine the Matter; and
 - 3.3.2. a copy of the Investigation report
- 3.4. The documentation sent out must be held by the recipients as confidential information until such time (if any) as the report is made available to the press and public or the Committee agrees that the press and public should not be excluded from the meeting at which the allegations are heard.

Representation

- 3.5. The Member may be represented or accompanied during the hearing by a solicitor or barrister or (as long as the Hearings Sub-Committee or its Chairman has given prior consent) by another person.

- 3.6. The Member may make representations (orally or in writing) or present evidence in accordance with this procedure either personally or through his or her representative. The Hearings Sub-Committee will not normally permit the Member and his or her representative to both make representations, although the Member may present evidence him or herself whether or not represented.

Legal Advice

- 3.7. The Hearings Sub-Committee may take legal or procedural advice at any time during the hearing or its deliberations. The substance of any such advice should generally be shared with the Member and/or his/her representative and the Investigator if they are present.

Introductions at the hearing

- 3.8. The Chairman will introduce each of the members of the Hearings Sub-Committee, and shall also introduce any of the officers present. The Member, his or her representative, and the Investigator shall introduce themselves.

Procedural Issues

3.9. Disclosure of interests

- 3.9.1. The Chairman shall ask members of the Hearings Sub-Committee to disclose the existence and nature of any interests which they have in the Matter which they are required to disclose under the terms of the Code of Conduct.

3.10. Procedure

- 3.10.1. The Chairman will explain the procedure which the Hearings Sub-Committee intends to follow and resolve any issues or disagreements over how the hearing will be run.

3.11. Quorum

- 3.11.1. At least three members of the Hearings Sub-Committee must be present for the duration of the hearing, including one co-opted independent, non-councillor member.
- 3.11.2. The Chairman will satisfy him/herself that the Sub-Committee is quorate before proceeding.

3.12. Absences

- 3.12.1. If the Member is not present, then the Hearings Sub-Committee shall consider whether or not to proceed. If the Sub-Committee is not satisfied that there is sufficient reason for the Member's absence, it may either proceed to consider the Matter and make a determination in the absence of the Member, or adjourn the hearing to another time or date. If the Sub-Committee is satisfied there is sufficient reason, it shall adjourn the hearing to another date unless the Member has indicated that the hearing should proceed in his or her absence.
- 3.12.2. Should the Member's representative not be present, then the Sub-Committee may proceed or adjourn as it considers appropriate in the circumstances of the case.
- 3.12.3. The Hearings Sub-Committee should ensure wherever possible that the hearing is held within three months from the date when the Monitoring Officer received the Investigation report from the Investigator.

3.13. Exclusion of Press and Public

- 3.13.1. Hearings should normally be held in public unless there are proper reasons to exclude the press and public from all or any part of the hearing in accordance with the Authority's Access to Information Rules. The Chairman will ask the parties present for their views and take any appropriate advice and the Hearings Sub-Committee will then decide whether to exclude the press and public from all or any part of the hearing. The Sub-Committee may reconsider this issue at any point in the hearing.

Hearing the Matter

- 3.14. The Hearings Sub-Committee will consider whether the Member failed to comply with the Code of Conduct as set out in the Investigator's report. The Sub-Committee will adopt as far as reasonably practicable an inquisitorial approach to the hearing rather than permit an adversarial or hostile approach to develop.

Presenting the Investigator's Report

- 3.15. The Investigator, if present, will be asked to present his or her Investigation report, paying particular regard to any points in dispute identified by the Member and why the Investigator considered that the Member had failed to comply with the Code of Conduct.
- 3.16. Should the Investigator not be present, the Hearings Sub-Committee will consider whether it is appropriate in all circumstances to proceed with the hearing.
- 3.17. The Investigator may, with the consent of the Chairman, call such witnesses as he/she considers necessary.
- 3.18. No cross-examination of the Investigator or any witness shall be permitted, but at the conclusion of the Investigator's presentation of his or her report and at the conclusion of the evidence of any witness, the Chairman may permit the Member or his or her representative to ask appropriate questions through the Chairman in order to query evidence or conclusions.

The Member's Reply

- 3.19. The Member (or his or her representative) will then be invited to make representations on the Matter.
- 3.20. The Member may, with the consent of the Chairman, call such witnesses as he/she considers necessary.
- 3.21. No cross-examination of the Member or witness shall be permitted, but at the conclusion of the Member's presentation of his or her representations and at the conclusion of the evidence of any witness, the Chairman may permit the Investigator to ask appropriate questions through the Chairman in order to query evidence or conclusions.

Evidence

- 3.22. The Hearings Sub-Committee retains the discretion not to hear any evidence if it is not satisfied that the likely evidence will assist the Sub-Committee's determination of the Matter.
- 3.23. The Hearings Sub-Committee may at any time seek or accept additional evidence or comment from the Investigator, the Member, or any other person. The Sub-Committee may at any time arrange for the attendance of such witnesses as it considers appropriate and if necessary may adjourn the hearing to allow this to happen. Members of the Sub-Committee may ask questions of any persons present

at any point in the proceedings. The Sub-Committee is entitled to rely upon hearsay evidence but will give such weight to it as is appropriate.

Determination of the Matter

- 3.24. At the conclusion of the Member's reply and any questions, the Chairman may ask the Investigator and/or Member if they wish to make any brief concluding remarks. The Chairman will check that members of the Hearings Sub-Committee are satisfied that they have sufficient information to enable them to determine whether there has been a failure to comply with the Code of Conduct as set out in the Investigator's report. If not, then each member of the Sub-Committee may ask such questions to gather sufficient information.
- 3.25. Unless the Member has accepted there was a failure to comply with the Code of Conduct as set out in the Investigator's report, the Hearings Sub-Committee shall retire to determine in private whether or not there was such a failure on the balance of probabilities. The Sub-Committee will seek the views of the Independent Person before making its determination.

Decision

- 3.26. Having made its determination, the Hearings Sub-Committee shall return and the Chairman will state the Sub-Committee's principal findings on matters in dispute and its decision on whether there has been a failure to comply with the Code.

No failure to comply with the Code of Conduct

- 3.27. If the Hearings Sub-Committee decides that the Member has not failed to comply with the Code of Conduct as set out in the Investigation Report, the hearing of the Matter is concluded. The Sub-Committee may then proceed to consider whether it should make any recommendations to the Authority or members with a view to promoting high standards of conduct.

Failure to comply with the Code of Conduct

- 3.28. If the Hearings Sub-Committee decides that the Member has failed to comply with the Code of Conduct, the Sub-Committee must decide either that:
 - 3.28.1. no action needs to be taken in respect of the Matter; or
 - 3.28.2. a sanction be imposed.
- 3.29. Before deciding whether to impose a sanction, the Hearings Sub-Committee will consider any representations from firstly the Investigator and then the Member, together with any officer advice and the views of the Independent Person as to:
 - 3.29.1. whether or not the Sub-Committee should impose any sanction; and
 - 3.29.2. what form any sanction should take.
- 3.30. Members of the Hearings Sub-Committee may ask questions of the Investigator and Member or any other relevant person and take any necessary advice to make sure they have sufficient information in order to make an informed decision.
- 3.31. The Hearings Sub-Committee shall then retire to determine in private whether to impose one or more sanctions and, if so, what and when it will take effect. It may also consider whether it should make any recommendations to the Authority or members with a view to promoting high standards of conduct.

- 3.32. The Hearings Sub-Committee will then return, and, as far as is practicable, the Chairman will announce the Sub-Committee's decision to the parties on the day and provide a short written confirmation. The Sub-Committee will issue a formal written decision together with supporting reasons as soon as practicable after the end of the hearing and in any event within three working days.

4. APPEALS

- 4.1. If the Hearings Sub-Committee finds the member has breached the Code, the Member may appeal against that finding by serving notice upon the Monitoring Officer within 14 days of the decision, giving reasons for the appeal.
- 4.2. An Appeals Sub-Committee will then be convened to hear the appeal by way of review of the decision not by way of re-hearing and the Member and Monitoring Officer and any Investigating Officer shall be entitled to attend such appeal hearing and make representations. The views of an Independent Person will be sought before the appeals sub-committee determines the appeal. The appeals sub-committee may set it aside the original decision if it considers it to be unreasonable and substitute its own decision on the Matter, but its decision will be a final determination of the Matter.

5. SANCTIONS

- 5.1. Where the Member has failed to comply with the Code of Conduct, the sanctions available to the Committee, Hearings Sub-Committee or Appeals Sub-Committee (as the case may be) shall be the following (or any combination of the following):
- to report its findings to the Authority for information;
 - to censure the Member or recommend that the Authority censure the Member;
 - to accept any agreement by the Member to apologise or to recommend to the Member's Group Leader that he/she facilitates an apology from the Member;
 - to recommend to the Member's Group Leader (or in the case of ungrouped Members to the Authority or Committees) that the Member be removed from any or all of the Authority's Committees or Sub-Committees;
 - Instructing the Monitoring Officer to arrange training for the Member;
 - Withdrawing facilities provided to the Member by the Authority such as computer, website and/or email facilities and internet access; and
 - Excluding the Member from the Authority's offices or other premises with the exception of meeting rooms as necessary for attending Fire Authority meetings, Committee and Sub-Committee meetings.

Revised

June 2014