



Leicester
City Council

MEETING OF THE AUDIT AND RISK COMMITTEE

DATE: TUESDAY, 15 APRIL 2014

TIME: 5:30 pm

**PLACE: THE OAK ROOM, GROUND FLOOR, TOWN HALL, TOWN
HALL SQUARE, LEICESTER.**

Members of the Committee

Councillor Westley (Chair)

Councillors Alfonso, Desai, Dr Chowdhury, Grant, Meghani, Dr. Moore
and Naylor

1 Non-Grouped Member Vacancy

Members of the Committee are summoned to attend the above meeting
to consider the items of business listed overleaf.

for Monitoring Officer

Officer contact: Angie Smith
Democratic Support, Democratic Services
Leicester City Council
Town Hall, Town Hall Square, Leicester LE1 9BG
Tel. 0116 454 6354
Email. Angie.Smith@Leicester.gov.uk

INFORMATION FOR MEMBERS OF THE PUBLIC

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There are certain occasions when the Council's meetings may need to discuss issues in private session. The reasons for dealing with matters in private session are set down in law.

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If there are any particular reports that you would like translating or providing on audio tape, the Democratic Services Officer can organise this for you (production times will depend upon equipment/facility availability).

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General Enquiries - if you have any queries about any of the above or the business to be discussed, please contact Angie Smith, Democratic Support on 0116 454 6354 or email Angie.Smith@leicester.gov.uk or call in at the Town Hall.

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PUBLIC SESSION

AGENDA

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members are asked to declare any interests they may have in the business on the agenda.

3. MINUTES OF THE PREVIOUS MEETING **Appendix A**

The minutes of the meeting of the Audit and Risk Committee held on 19th March 2014 are attached and the Committee is asked to confirm them as a correct record.

4. CORPORATE PROCUREMENT PLAN 2014-15 **Appendix B**

The Director of Finance submits a report to the Audit and Risk Committee which informs them of the 2014/15 Procurement Plan which includes the potential up and coming major procurement activity across the Council, including renewal of existing contracts for ongoing requirements and one-off major capital projects. The Committee is asked to note the report.

5. UPDATE ON REGULATION OF INVESTIGATORY POWERS ACT (RIPA) STATS AND PERFORMANCE REPORT FOR PERIOD 1 - 1 JANUARY 2013 TO 31 DECEMBER 2013 **Appendix C**

The Director of Information and Customer Access submits a report on the performance of the Council in authorising Regulation of Investigatory Powers Act (RIPA) applications, from 1st January 2013 to 31st December 2013. The Committee is recommended to receive the report and note its contents, and make any recommendations or comments it sees fit either to the Executive or Director of Information and Customer Access.

6. ANNUAL REVIEW OF THE COUNCIL'S ASSURANCE FRAMEWORK, LOCAL CODE OF CORPORATE GOVERNANCE AND THE AUDIT & RISK COMMITTEE'S TERMS OF REFERENCE **Appendix D**

The Director of Finance and the City Barrister & Head of Standards submit a joint report to seek the Committee's approval of updates to the assurance and corporate governance processes at the City Council and the Committee's own terms of reference.

The Committee is recommended to:

1. confirm that no changes to the Assurance Framework are needed and agree that it shall form the basis on which the Council will compile its Annual Governance Statement for 2014-15
2. confirm that no changes to the Local Code of Corporate Governance are needed
3. approve the proposed amendments to the Committee's terms of reference.

7. CORPORATE COMPENSATION POLICY [Appendix E](#)

The City Barrister and Head of Standards (as Monitoring Officer) and Policy submits a report to the Audit & Risk Committee on the proposed Corporate Compensation policy. The committee are asked to note the report and make any recommendations to Council.

8. INTERNAL AUDIT PLAN 2014 - 2015 [Appendix F](#)

The Director of Finance submits to the Audit & Risk Committee the Internal Audit Plan for the financial year 2014-15 for approval, and seeks views on priorities for Internal Audit work in the year ahead.

The Committee are asked to consider and approve the Internal Audit Plan for 2014-15 and note the emerging context and anticipated priorities for next year's audit work, and to make such comments and recommendations as they see fit.

9. INTERNAL AUDIT FIRST QUARTER OPERATIONAL PLAN 2014-15 [Appendix G](#)

The Director of Finance submits a report that sets out the detailed operational audit plan for the first quarter of 2014-15.

The Audit and Risk Committee is asked to note the Internal Audit operational plan.

10. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT [Appendix H](#)

The Director of Finance submits a report to Audit and Risk Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

The Committee is recommended to receive the report and note its contents, and make any recommendations or comments it sees fit either to the Executive or Director of Finance.

11. BUSINESS CRITICAL ACTIVITIES' BUSINESS CONTINUITY PLANS - FINAL UPDATE [Appendix I](#)

The Director of Finance submits a report to advise the Audit & Risk Committee of the progress in the updating of critical business continuity plans. The Committee is asked to note the report.

12. ANY OTHER URGENT BUSINESS



Leicester
City Council

Appendix A

Minutes of the Meeting of the AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 19 MARCH 2014 at 5.00pm

P R E S E N T:

Councillor Westley – Chair
Councillor Naylor – Vice-Chair

Councillor Alfonso
Councillor Desai

Councillor Dr. Chowdhury
Councillor Meghani

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52. TRAINING SESSION PRIOR TO MAIN MEETING - PUBLIC HEALTH

Mr Rod Moore, Divisional Director of Public Health delivered a presentation on the responsibility for public health in the local authority and answered questions from Members. A copy of the presentation is attached to the minutes for information.

The Chair thanked Mr Moore for his presentation.

53. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Grant and Dr. Moore.

54. DECLARATIONS OF INTEREST

Members were asked to declare any interests they may have in the business on the agenda.

Councillor Westley declared an interest in the items of business on the agenda, as he had relatives who were Council tenants.

In accordance with the Council's Code of Conduct, the interest was not considered so significant that it was likely to prejudice Councillor Westley's judgement of the public interest. Councillor Westley was not therefore required to withdraw from the meeting during consideration and discussion on the items.

55. MINUTES OF THE PREVIOUS MEETING

RESOLVED:

that the minutes of the meeting of the Audit and Risk Committee held on 14th November 2013 be approved as a correct record.

With agreement the Chair agreed to change the order of the agenda.

56. ANNUAL REPORT - CERTIFICATION OF GRANTS AND RETURNS 2012/13

The External Auditor presented a report that summarised the work of the auditor and findings from the Certification of Grants and Returns 2012/13.

It was reported that for 2012/13 one claim (housing and council tax benefits) with a total value of £170million and three returns (pooling of housing capital receipts; national non-domestic rates; teachers pensions) with a total of £125million were certified. The Headlines outlined certification results and audit adjustments necessary to three of the Council's grants and returns as a result of certification work. It was reported that the Council had good arrangements for preparing its grants and returns and supported the External Auditor's certification work.

The overall fee for the certification of grants and returns was estimated at £83,534, though £5,328 was still subject to confirmation by the Audit Commission, and consequently the fee information presented was an estimate rather than final figure.

Consideration was given to the remainder of the report, which covered the following areas:

- Summary of certification of work outcomes;
- Fees;
- Recommendations;
- Prior year recommendations.

Members asked how prior year recommendations were being addressed. Members were informed it was not unusual for a local authority to receive a qualified Housing Benefit claim, and that significant resource in quality assurance had been made. Members were told that KPMG recognised the amount of testing asked of authorities by the DWP.

RESOLVED:

1. that the report be noted.

57. EXTERNAL AUDIT PLAN FOR 2013-14

The External Auditor presented a report that set out the detailed audit plan for the external audit of the financial statements and the approach to value for money (VFM) work for the 2013/14 financial year.

Members considered the report in detail, which covered the following areas:

- KPMG's audit approach
- Value for money audit approach
- Audit team, deliverables, timescales and fees.

The stages of KPMG's audit approach were summarised in the report as follows:

- Planning
- Control evaluation
- Substantive procedures
- Other audit work

Members were asked to note the significant risk identified with regards to the Local Government Pension Scheme triennial valuation, and the risk that if the data provided to the actuary for the valuation exercise was inaccurate then such inaccuracies could affect the actuarial figures in the accounts. As part of the audit, KPMG would need to agree the data provided to the actuary back to the systems and report from which it was derived, and test the accuracy of the data. KPMG would liaise with PwC, who were the auditors of the Leicestershire Pension Fund, on the authority's behalf.

Members were also asked to note the External Auditor's approach to Value for Money conclusion and audit of the Council's financial statements.

The Chair thanked the External Auditor for the report.

RESOLVED:

1. that the report be received and noted.

58. AUDIT COMMISSION - PROTECTING THE PUBLIC PURSE 2013

The External Auditor delivered a presentation from the Audit Commission on *Protecting the Public Purse (PPP) 2013* report, and a copy is attached to the minutes for information.

Following the presentation, Members asked that subsequent figures on detected cases be brought to a future meeting. They also requested that information on fraudulent activity under the Council's Blue Badge scheme be brought to a future meeting.

The Chair recommended more training on fraud and risk be delivered to all Councillors to enable to support them in their role as Ward Councillors.

The Chair thanked the External Auditor for the presentation.

RESOLVED:

1. that the presentation be noted;
2. that a subsequent update on figures be brought to a future Audit and Risk Committee meeting.
3. that information on fraudulent activity under the Council's Blue

Badge scheme be brought to a future meeting.

59. PRIVATE SESSION

RESOLVED:

“that the press and public be excluded during consideration of the following reports in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because they involve the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it is considered that the public interest in maintaining the information as exempt outweighs the public interest in disclosing the information.”

Paragraph 3

Information relating to the financial or business affairs of any particular person (INCLUDING THE authority holding that information)

B1) INTERNAL AUDIT UPDATE REPORT – 2013-14
QUARTER 3 (OCTOBER 2013 – DECEMBER 2013)

60. INTERNAL AUDIT UPDATE REPORT 2013-14 QUARTER 3 (OCTOBER 2013 - DECEMBER 2013)

At this point Councillor Westley (Chair) left the meeting. Councillor Naylor (Vice-Chair) took the Chair for the next agenda item.

The Director of Finance submitted a report which summarised Internal Audit's work completed in the third quarter of 2013-14 (between 1 October 2013 and 31 December 2013) and was presented by the Audit Manager.

The report provided relevant information on the progress made by the Council in implementing recommendations arising from reports issued by Internal Audit, and provided more detail on those Internal Audit reports in which low assurance levels had been given and there were material concerns.

The report provided the Committee with an overview of:

- audit work planned and completed
- significant issues identified by audit work
- management progress in implementing agreed recommendations.

The Audit Manager informed the meeting that the proportion of higher assurance levels continued to increase in the third quarter. The Audit Manager outlined one particular area for concern, and this was discussed with the Audit and Risk Committee Members who were informed that the Assistant Mayor for the area and Chief Operating Officer had been fully briefed. He said Internal

Audit would be monitoring the implementation of recommendations made and would report back to the Audit and Risk Committee in due course.

The Chair thanked officers for the update and asked the Committee to note the report.

RESOLVED:

1. that the report be received.
2. that the key issues identified be noted
3. that the progress made in implementing the recommendations in one specific audit report be brought to a future meeting of the Audit and Risk Committee.

Councillor Meghani left the meeting at this point.

61. PUBLIC SESSION

62. COUNTER-FRAUD UPDATE REPORT FOR THE FIRST HALF OF 2013-14

The Director of Finance, the Director of Environmental Services and the Director of Housing presented a joint report that provided information on counter-fraud activities between 1 April 2013 and 31 December 2013. The Director of Finance presented the report.

It was reported that Internal Audit, though not directly responsible for the investigation of suspected financial irregularities, had a role in preventing fraud by recommending improvements to systems and procedures where appropriate. Responsibility for the City Council's counter-fraud work was shared by the Corporate Counter-Fraud Team, the Revenues and Benefits Investigations Team, both within Financial Services, the Trading Standards Team within Environmental Services, and the Tenancy Fraud Team within Housing Services.

The Committee was recommended to receive the report, and make any recommendations it saw fit either to the Executive or the Director of Finance, Director of Environmental Services or Director of Housing.

The Investigations Manager, Revenue and Benefits informed the meeting that £134,000 in funding was successfully secured from the Department for Communities and Local Government (DCLG), which would be used to support the work of the Tenancy Fraud Team.

It was also reported that plans were underway to start undertaking work with Oadby and Wigston Borough Council and other social landlords within Leicestershire to identify tenancy fraud and bring about criminal proceedings.

The Chair asked if the staff had the time to take on additional work, as there would be problems if too much was taken on, and work within the city would suffer.

The Chair requested that the Director of Housing be invited to a future meeting to discuss procurement fraud in Housing Services in private session.

In response to a question, Members were informed the application for funding from Housing was granted on the proviso that work was done for Oadby and Wigston Borough Council, though the funding was not ring-fenced.

The Chair thanked Officers for the report.

RESOLVED:

1. that the report be received.
2. That the Director of Housing be invited to a future meeting in private session to discuss procurement fraud in Housing Services.

63. RISK MANAGEMENT AND INSURANCE SERVICES UPDATE REPORT INCLUDING JANUARY RISK REGISTER UPDATE

The Director of Finance submitted a report which provided the Committee with the regular update on the work of the Council's Risk Management and Insurance Services Team's activities. The Head of Internal Audit and Risk Management, presented the report.

Under Insurance and Claims it was reported the Council had lost one case resulting in an award to the claimant of £1,992 and costs of £23,000 against an original reserve of £25,000.

It was also reported the Council had accepted liability in one case and had offered £1,000 prior to a hearing. The claimants did not believe it was enough and during the court case, the judge agreed with the original offer of £1,000, and the claimant had to pay their lawyers costs of £15,000. The Council's reserve was £19,500 and £18,500 was retained within the insurance fund.

The Head of Internal Audit and Risk Management informed the meeting that plans were in place regarding the forthcoming strike of the two main teaching unions (NUT and NASUWT), and that as many schools would remain open as possible. Parents had been informed.

In response to a question, the Head of Internal Audit and Risk Management informed the meeting that claims from the Loss Reduction Fund were approved by the Operational and Strategic Management Boards, when a full breakdown on each claim was provided.

The Chair thanked the Officer for the report.

RESOLVED:

1. that the contents of the report be noted.

64. INTERNAL AUDIT - 4TH QUARTER OPERATIONAL PLAN 2013-14

The Director of Finance submitted a report which presented the detailed operational audit plan for the fourth quarter of the financial year 2013-14 and was presented by the Audit Manager. The Committee was asked to note the report.

The detailed operational plan for the fourth quarter of 2013-14 was attached to the report, and the Committee was asked to note in particular the following audit areas:

- Significant financial systems;
- IT audit;
- Schools;
- Children's Services;
- Contract audit;
- Corporate governance, including the Leicestershire Economic Action Plan 2012-2020, and including governance arrangements for Public Health;
- EMAS.

Members were informed that work would continue on the programme of contract audits looking at individual departments or service areas, plus a follow-up of the previous audit of Housing Contracts, and would be reported back to a future meeting.

The Chair thanked officers for the update and asked the Committee to note the report.

RESOLVED:

1. that the report be received, and the key issues identified be noted
2. that the progress made on the programme of contract audits, plus follow-up of the previous audit of Housing Contracts be brought to a future meeting of the Audit and Risk Committee.

65. 2014-15 AUDIT AND RISK COMMITTEE PLANNED AGENDAS AND MEETING DATES

The Head of Internal Audit and Risk Management presented a proposed schedule of meetings and their agendas for the financial year 2014-15. The Committee was recommended to note and accept the proposed plan and content, and raise any issues or questions with the Head of Internal Audit and Risk Management or the Director of Finance.

It was reported that the Annual Calendar of Meetings would be presented to Annual Council.

The Chair and Members at the meeting agreed to the schedule. The dates would be passed to the author of the Annual Calendar for inclusion.

RESOLVED:

1. that the proposed schedule of meetings be noted.

66. CLOSE OF MEETING

The meeting closed at 7.14pm.

Public Health

Audit and Risk Committee

19 March 2014

Rod Moore Divisional Director of Public Health
Leicester City Council

Description of Key Services

The purpose of public health in the local authority is, as part of a wider system, to

- improve the health of the population
- ensure that the health of the population is protected, and to
- support improvements in health and care services

Responsibilities

- The Health and Social Care Act (2012) lays out specific responsibilities of the Local Authority with regard to public health and the Director of Public Health (DPH).
- Some responsibilities are mandatory either as a mandate of the Secretary of State for Health or as part of a universal system
- Other responsibilities are to be applied in relation to local need following assessment
- Prevention of ill health is important for the population and quality of life and will also drive future reductions in adult social care as well as NHS care.
- Public health is a vital part of the work of the Health and Wellbeing Board and the implementation of the Health and Wellbeing Strategy.

Mandatory services

- Commissioning sexual health services (open access contraceptive services, treatment of sexually transmitted infection, HIV prevention and identification but not HIV treatment, Terminations of Pregnancy and GP contraceptive services).
- Health protection (duty on DPH to ensure plans in place to protect health of population) including community infection prevention and control and the local authority role in dealing with health protection incidents, outbreaks and emergencies.
- Public Health advice, analysis and support to NHS commissioners (CCG's)
- Implementing the National Child Measurement Programme
- Commissioning NHS health checks for 40-74 year olds
- Joint Strategic Needs Assessment
- Pharmaceutical Needs Assessment

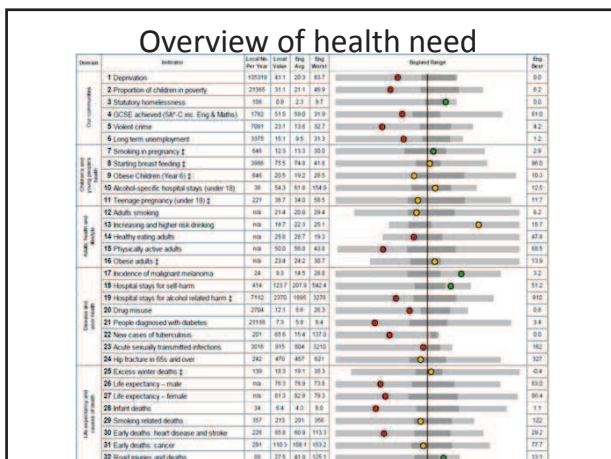
Other commissioning responsibilities

- tobacco control and smoking cessation services
- alcohol and drug misuse services
- Public health services for children and young people aged 5-19 (including Healthy Child Programme 5-19) and from 2015/16 all public health services for children and young people 0-19 years.
- interventions to tackle obesity, such as community lifestyle and weight management services
- locally-led nutrition initiatives
- increasing levels of physical activity in the local population
- public mental health services
- dental public health services
- accidental injury prevention
- population level interventions to reduce and prevent birth defects
- behavioural and lifestyle campaigns to prevent cancer and long-term conditions (e.g. diabetes, chronic obstructive pulmonary disease)
- local initiatives on workplace health
- local initiatives to reduce excess deaths as a result of seasonal mortality
- public health aspects of promotion of community safety, violence prevention and response
- public health aspects of local initiatives to tackle social exclusion
- local initiatives that reduce public health impacts of environmental risks.

Additional responsibilities

- Community acquired infection prevention and control
- Clinical Governance
- Oral health epidemiology and oral health promotion

Overview of health need



Progress

- **CVD mortality:** CVD mortality: Premature mortality (under 75s) rate in Leicester is significantly worse than the England rate but has shown a steady improvement over the past 12 years from 153 per 100,000 in 1998-2000 to 78 in 2010-12
- **Teenage pregnancy:** Leicester rates have reduced by 49% between 1998 (64.6 conceptions per 1,000 15-17 year old females) and 2012 (32.9 per 1,000) where nationally rates have reduced by 41% for the same period. TP for Leicester is significantly higher than the national rate (27.7 per 1,000)
- **Breast feeding:** Rates at 6-8 weeks in Leicester are better than the national rate and have shown an improvement from 53% in 2009/10 to 55% in 2012/13 cw England 44.7% to 47.2%
- **Childhood immunisations:** % of under 2 and under 5 year olds vaccinated in Leicester has also improved over the past few years and is higher than the national rate in DTP, MenC, MMR, Hib/MenC and PCV
- **Smoking prevalence:** Levels of smoking prevalence are falling nationally and the Leicester Lifestyle Survey suggests rates are falling locally too.
- **Alcohol-related hospital admissions:** Rates are significantly worse in Leicester (2,038 per 100,000) than nationally (1,951 per 100,000) in 2012/13 but have shown an improvement over the past few years in narrowing the gap between Leicester and national rates

Ring-fenced public health grant

- Announced January 2013
 - 2013/14 £19,995k
 - 2014/15 £21,994k
 - The ring-fence has been extended to 2015/16
 - Further years to be announced
 - Council is required to report spend by type of expenditure
 - Nationally published public health outcomes framework
- Formal accountability rests with the Chief Executive of the local authority, but DH expects day-to-day responsibility for the grant to be delegated to the Director of Public Health (DH Dec 2011).

Commissioning arrangements for Public Health

- Commissioning is now entirely within the processes and procedures of the City Council.
- The transferred commissioned activity is subject to a two year programme of review and re-procurement which reflect mandatory requirements, City Council priorities and partnership priorities as set out in the Leicester Health and Wellbeing Strategy, [Closing the Gap](#).
- Decisions on policy and direction of commissioning are taken by the Executive with advice and options developed by the Director of Public Health.



Key areas of progress

- Agreement and mobilisation of Oral Health Strategy with key partners and funding secured for four years.
- Development, procurement and implementation of Integrated Sexual Health services for the city.
- High take up rates for NHS Health Checks.
- Breast Feeding - achievement of stage 2 UNESCO Baby Friendly Initiative.
- Support to CCG on “core offer”.
- Delivery of programme of needs assessments (JSNA)

Summary

- Successful transition with some changes still to be worked through.
- Health of the population remains poor despite good progress on some short term indicators.
- Some new responsibilities require new funding.
- Some development needed in line with population need and to meet Health and Wellbeing Strategy agreed April 2013.
- Commissioning within the processes of the council.
- Progress made in key areas since April 2013

Protecting the Public Purse Fraud Briefing 2013 Leicester City Council





Agenda

- Introduction and purpose of your Fraud Briefing
- *Protecting the Public Purse (PPP) 2013* report – national picture
- Interpreting fraud detection results
- The local picture
- Questions?



And do not forget

- Checklist for those charged with governance (*Appendix 2 of PPP 2013*)
- Questions councillors may want to ask/consider (*Appendix 3 of PPP 2013*)



Introduction


- Fraud costs local government in England over £2 billion per year (*source: National Fraud Authority*)
- Fraud is never a victimless crime
- Councillors have an important role in the fight against fraud

Purpose of Fraud Briefing at your council

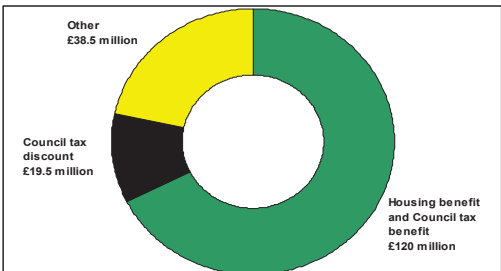
- Opportunity for councillors to consider fraud detection performance, compared to similar local authorities
- Reviews current counter fraud strategy and priorities
- Discuss local and national fraud risks
- Reflect local priorities in a proportionate response to those risks

Your council is compared with the metropolitan districts and unitary authorities of the west midlands, east midlands and east of England regions




National Picture 2012/13

Total cases detected 107,000, with a value of £178 million (excluding social housing fraud)



Category	Value (£ million)
Housing benefit and Council tax benefit	120
Other	38.5
Council tax discount	19.5


Nationally, the number of detected frauds has fallen by 14% since 2011/12 and the value by less than 1%

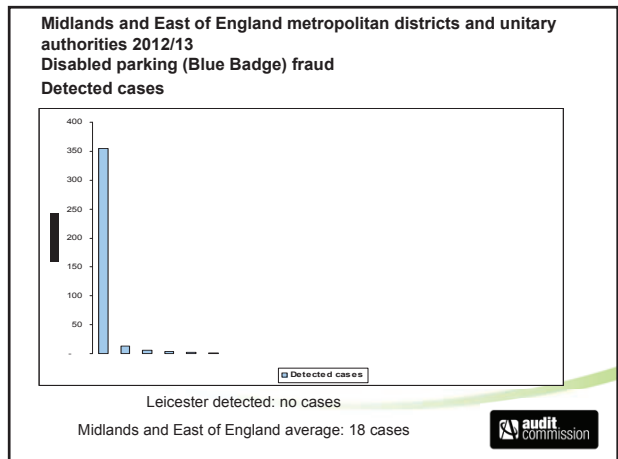
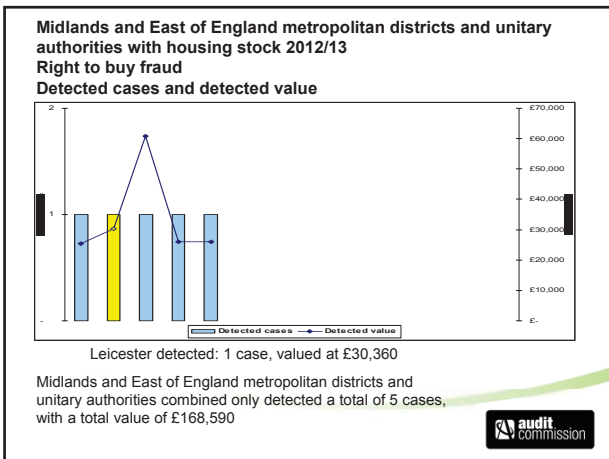
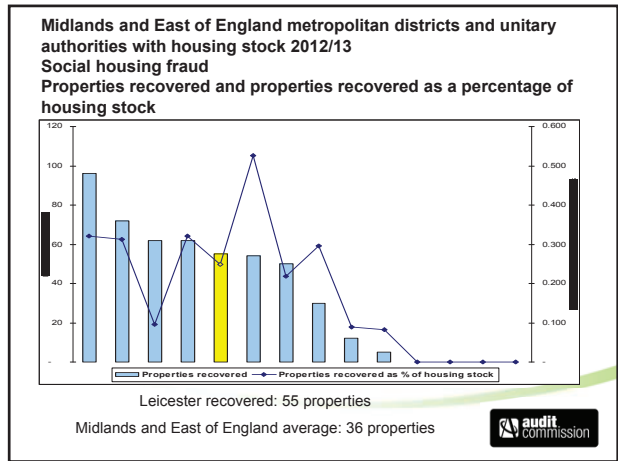
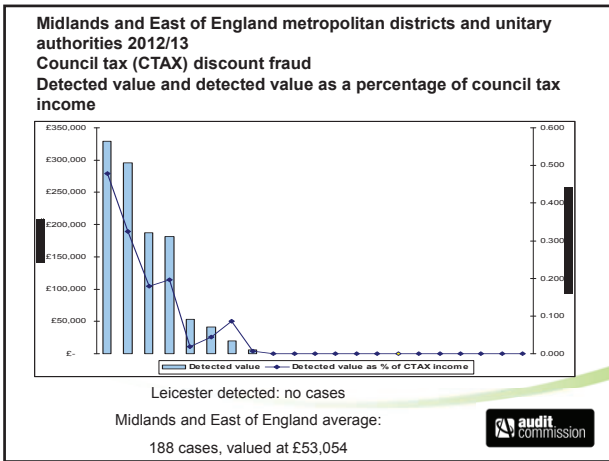
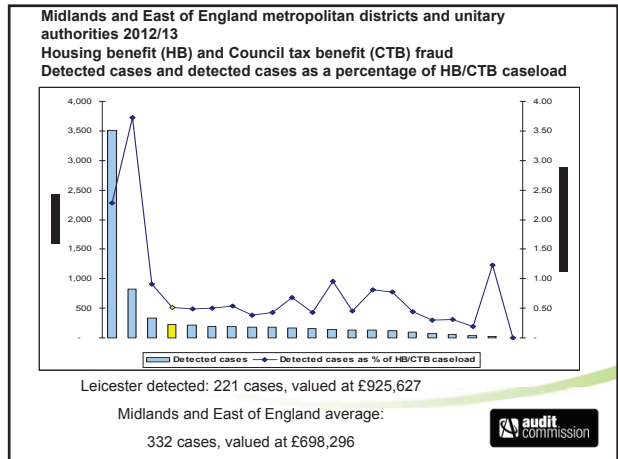
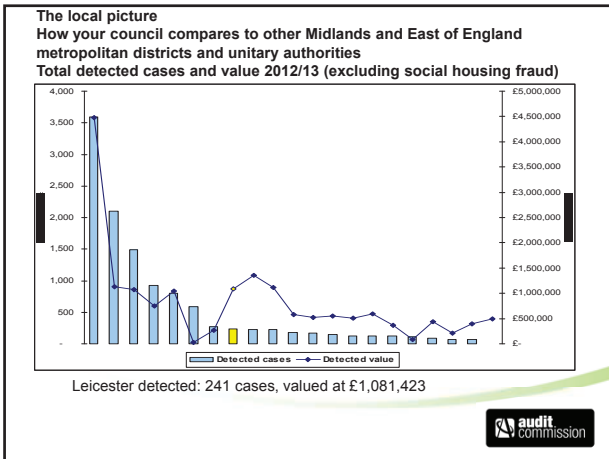


Interpreting fraud detection results

- Contextual and comparative information needed to interpret results
- Detected fraud is indicative, not definitive, of counter fraud performance (Prevention and deterrence should not be overlooked)
- No fraud detected does not mean no fraud committed (Fraud will always be attempted and even with the best prevention measures some will succeed)
- Councils who look for fraud, and look in the right way, will find fraud (There is no such thing as a small fraud, just a fraud that has been detected early)

Your council is highlighted in yellow in the graphs that follow





Leicester City Council Other frauds

- Procurement: no cases
(Ave per Midlands and East of England Met & UA: 5 cases, valued at £963)
- Insurance: 1 case, valued at £500
(Total Midlands and East of England Met & UA: 3 cases reported, valued at £53,500)
- Social care: no cases
(Total Midlands and East of England Met & UA: 5 cases, valued at £140,874)
- Economic & Third sector: 1 case, valued at £34,730
(Total Midlands and East of England Met & UA: 1 case, valued at £34,730)
- Internal fraud: 8 cases, valued at £99,611
(Ave per Midlands and East of England Met & UA: 6 cases valued at £17,791)

*Correctly recording fraud levels is a central element in assessing fraud risk
It is best practice to record the financial value of each detected case*



Any questions?



Executive Decision Report

CORPORATE PROCUREMENT PLAN 2014/15

Decision to be taken by: **City Mayor**
Decision to be taken on: **20 March 2014**
Lead director: **Alison Greenhill**



City Mayor

Useful information

- Ward(s) affected: **All**
- Report author: **Neil Bayliss**
- Author contact details: **Tel: 37 4021 Email: neil.bayliss@leicester.gov.uk**
- Report version number: **004**
- Date of report: 20th March 2014

1. Summary

- 1.1 The purpose of this report is to obtain approval to the 2014/15 Procurement Plan and to inform the City Mayor and Executive of the potential up and coming major procurement activity across the Council, which includes renewal of existing contracts for ongoing requirements (e.g. maintenance and service provision contracts) and one-off major capital projects.

2. Recommendations

- 2.1 The Executive is recommended to:
- i) Approve the attached Procurement Plan and delegate the letting of contracts to Divisional Directors subject to consultation with Assistant City Mayors where appropriate;
 - ii) Approve the delegation of individual contract awards for Large Contracts in 2014/2015 to Divisional Directors in consultation with the Head of Procurement and relevant Executive Members where appropriate.

3. Supporting information

- 3.1 The Corporate Procurement Plan serves two principal purposes:
- a) To inform potential suppliers of major future market activity, including meeting the statutory requirement to publish planned procurement over the EU thresholds; and
 - b) To provide the Executive and other readers with an overview of significant procurement activity and to enable links and efficiencies to be achieved.
- 3.2 The Plan is based on information from Directors and from reviewing the database of existing contracts approaching expiry. Entry on the Plan does not guarantee that procurement will happen and the actual costs may vary from the estimates.
- 3.3 Timely processing and approval of the Plan ensures better procurement planning and allows the market to consider upcoming opportunities, in line with

the transparency agenda.

- 3.4 The scope of the Plan can be affected by major reviews across the Council, leading to the extension of existing contracts and uncertainty for including future procurements, with less procurement activity than might usually be expected. It will also be noted that the procurement approach and timing, contract term and values are still to be determined for some procurements, whilst review work takes place.
- 3.5 An Organisational Review of Procurement has recently been completed, and is currently being implemented. As this review takes effect with an increase in numbers of permanent professional staff and new policies, procedures and systems in place, the robustness of the Procurement Plan and the Contracts Database will improve. They will be used by the team to achieve both a better strategic approach to procurement planning (including delivering the outcomes required by the Local Procurement Task Force) and improved operational monitoring and review. The Council has recently procured a new electronic tendering, in conjunction with ESPO and a number of other local authorities in the East Midlands, which will further enhance the quality and integrity of the data used to compile the Plan.
- 3.6 As required by the Contract Procedure Rules, the Plan (attached at Appendix A) includes details of expected procurement processes for contracts valued at over the relevant EU threshold.
- Goods & Services £172,514
 - Works £4,322,012
- 3.7 The Procurement Plan will be updated and reported to the Executive and Audit and Risk Committee approximately half way through the financial year. The Plan will subsequently be updated on the Council's website.
- 3.8 A "Procurement Pipeline" is also being produced which includes details of expected procurement processes for Large Contracts (between £70,000 and the relevant EU threshold). However, the quality of this information is variable and the list is not considered to be exhaustive. Work is progressing to improve this, and, when ready, this will be published on the Council's website for potential suppliers to gain advance notice of the Council's intentions and to comply with transparency requirements. This will be updated at least quarterly.
- 3.9 The Contract Procedure Rules provide delegated authority to Divisional Directors to award contracts over the EU threshold so long as those contracts are included in the Procurement Plan – Appendix A (or the updated version reported to the Executive). Any other proposed contract award over the EU threshold must be the subject of a specific report to the Executive which seeks formal approval to add the procurement exercise to the Plan.
- 3.10 The Executive is asked to approve delegated authority for the award of Large contracts to Divisional Directors in consultation with the Head of Procurement and relevant Executive Members where appropriate to ensure operational efficiency and expediency in the award of normally routine contracts. This delegated authority is requested because of an ambiguity in the Contract

Procedure Rules regarding their inclusion in the Procurement Plan.

- 3.11 It is anticipated that proposed changes to the Contract Procures Rules will be drafted over the coming months and presented to Council for approval before the end of 2014. This will resolve the ambiguity described above and ensure the Contract Procedure Rules align to new Procurement Regulations currently being approved by Parliament following a recent EU Directive.

4. Details of Scrutiny

- 4.1 As required by the Contract Procedure Rules, the Procurement Plan will be reported to the Audit & Risk Committee on 15th April 2014. The Audit & Risk Committee will also receive regular updates on the achievement of the Plan.

5. Financial, legal and other implications

5.1 Financial implications

- 5.1.1 Inclusion of contracting activity on the attached Plan is a statement of intent and is subject to the necessary funding being available. The Plan provides a basis for challenge and a more strategic approach to achieving value for money through major procurement activity.

Colin Sharpe
Head of Finance
Ext 37 4081

5.2 Legal implications

- 5.2.1 Each procurement will need to follow due process in accordance with internal and legislative requirements, with advice from the Corporate Procurement Team and Legal Services.

5.3 Climate Change and Carbon Reduction implications

- 5.3.1 There are no significant climate change implications arising directly from this report.

5.4 Equality Impact Assessment

- 5.4.1 These will be considered a part of each procurement process, as appropriate.

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

5.5.1 Procurement is used to drive wider social value, i.e. to bring about improvements in economic, social and environmental well-being.

6. Background information and other papers:

6.1 None.

7. Summary of appendices:

7.1 Appendix 1– Corporate Procurement Plan 2014/15.

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

8.1 No.

9. Is this a “key decision”?

9.1 No.

Procurement Plan 2014-15 - Projects Valued over EU Threshold

Department	Division	Section / Team	Name of Contract	Anticipated Start Date	Duration of New Contract	Potential Contract Value Over Duration
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Voluntary Sector Support Services	01/04/2015	3 Years	£1,000,000
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Physical Disability Infrastructure Support	01/04/2015	4 Years	£184,800
Adult Social Care & Health	Care Services & Commissioning	Various	Intermediate Care Facilities	01/04/2015	2 Years	£5,400,000
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Independent Complaints Advocacy Service	01/04/2015	4 Years	£214,128
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Independent Life Project & Assessment Flat	01/04/2015	4 Years	£820,800
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Independent Living Support	01/10/2014	4 Years	£6,818,400
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Enablement Services	01/04/2015	4 Years	£1,804,000
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Substance Misuse Housing Related Support Services	01/07/2016	4 Years	£820,000
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	VCS Preventative Services	01/04/2015	2+2 Years	£6,000,000
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Mobile Meals Services	01/04/2015	4 Years	£2,000,000
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Integrated Community Equipment Service	01/04/2015	4 Years	£20,000,000

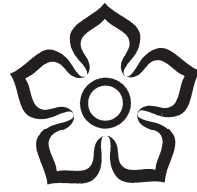
Department	Division	Section / Team	Name of Contract	Anticipated Start Date	Duration of New Contract	Potential Contract Value Over Duration
Adult Social Care & Health	Care Services & Commissioning	Contracts & Assurance Service	Deprivation of Liberty Safeguards (DoLS), Independent Mental Capacity Act (IMCA)	01/04/2015	2+2 Years	£696,000
Adult Social Care & Health	Public Health	Public Health	Oral Health Promotion	01/04/2015	4 Years	£1,340,000
Adult Social Care & Health	Public Health	Public Health	Health Protection (Adult TB new entrant screening/ Extended HIV Testing)	01/04/2015	4 Years	£400,000
Adult Social Care & Health	Public Health	Public Health	Community Health improvement	01/04/2015	4 Years	£4,656,000
Adult Social Care & Health	Public Health	Public Health	Reducing impact of domestic violence	01/04/2015	4 Years	£224,000
Adult Social Care & Health	Public Health	Public Health	Drug & Alcohol Services	01/04/2015	4 Years	£1,388,000
Adult Social Care & Health	Public Health	Public Health	Smoking cessation and tobacco control	01/04/2015	4 Years	£4,788,000
Adult Social Care & Health	Public Health	Public Health	Coordination to improve health and wellbeing in early years and children and young people.	01/04/2015	4 Years	£560,000
Adult Social Care & Health	Public Health	Public Health	Needs assessment and targeted health promotion	01/04/2015	4 Years	£1,800,000
Adult Social Care & Health	Public Health	Public Health	Community Infection Prevention and Control Service	01/04/2015	4 Years	£1,800,000
Adult Social Care & Health	Public Health	Public Health	The promotion and management of healthy weight	01/04/2015	4 Years	£3,050,000
Children's Services	Learning, Quality & Performance	Adult Skills & Learning Service	Additional Learning Support Provision	01/09/2014	3+1 Years	£400,000

Department	Division	Section / Team	Name of Contract	Anticipated Start Date	Duration of New Contract	Potential Contract Value Over Duration
Children's Services	Strategic Commissioning & Business Development	Passenger Transport	Passenger Transport Services	01/04/2015	4 Years	£8,400,000
City Development & Neighbourhoods	Culture & Neighbourhood Services	Libraries	Library Stock Supply	01/04/2015	4 Years	£1,600,000
City Development & Neighbourhoods	Environmental & Enforcement Services	Regulatory Services	Supply of Replacement Parking Meters	01/10/2014	4 Years	£900,000
City Development & Neighbourhoods	Environmental & Enforcement Services	Community Safety	Sexual and Domestic Violence Prevention Services	01/03/2015	1+3 Years	£400,000
City Development & Neighbourhoods	Environmental & Enforcement Services	Parks and Green Spaces	Parks & Greenspace Fencing	01/10/2014	3+2 Years	£400,000
City Development & Neighbourhoods	Environmental & Enforcement Services	Cleansing Services	Weed Spraying Services	01/08/2014	4 Years	£240,000
City Development & Neighbourhoods	Investment	Facilities Management - Building Maintenance	Maintenance of Passenger and Goods Lifts	01/10/2014	3+1 Years	£400,000
City Development & Neighbourhoods	Investment	Housing & Property	Construction Related Professional Services Framework	01/04/2014	1 Year	£2,500,000
City Development & Neighbourhoods	Investment		New Walk Centre Demolition	01/07/2014	1 Year	£4,000,000
City Development & Neighbourhoods	Investment	Facilities Management - Building Maintenance	Maintenance of Gutters and External Rainwater Systems	01/10/2014	3+1 Years	£440,000
City Development & Neighbourhoods	Investment	Energy Services (City Transport - Fleet)	Fleet Maintenance	01/01/2015	3+2 Years	£3,600,000
City Development & Neighbourhoods	Investment	Energy Services (City Transport - Fleet)	Central Vehicle Pool Replacements	01/10/2014	3 Years	£2,300,000

Department	Division	Section / Team	Name of Contract	Anticipated Start Date	Duration of New Contract	Potential Contract Value Over Duration
City Development & Neighbourhoods	Investment	Facilities Management - Building Maintenance	Maintenance of Fire Detection and Alarm Equipment	01/10/2014	3+1 Years	£260,000
City Development & Neighbourhoods	Investment	Facilities Management - Building Maintenance	Maintenance of Cremators, Mercury Abatement Plant and Cremulators	01/10/2014	3+1 Years	£200,000
City Development & Neighbourhoods	Investment	Property	New Walk Centre Development Opportunity (Value to be determined)	01/01/2015	N/A	
City Development & Neighbourhoods	Planning, Transportation & Economic Dev	Highways	Hire of Plant (without operator)	01/10/2014	4 Years	£208,000
City Development & Neighbourhoods	Planning, Transportation & Economic Dev	Major Transport Schemes	Haymarket Bus Station Redevelopment (Civil Engineering Lead)	01/10/2014	2 Years & 3 Months	£10,000,000
City Development & Neighbourhoods	Planning, Transportation & Economic Dev	Development Team	Friars Mill Construction	01/07/2014	18 Months	£7,500,000
Corporate Resources & Support	Delivery, Communications & Political Governance	Voluntary & Community Sector Engagement Team	Engagement to support a cohesive Leicester (Working with the VCS to support community cohesion and engagement)	01/10/2014	2+1 Years	£300,000
Corporate Resources & Support	Delivery, Communications & Political Governance	HR	Counselling Services - Employee Assistance Programme	01/04/2015	4 Years	£340,000
Corporate Resources & Support	Delivery, Communications & Political Governance	HR	Musculoskeletal and Rehabilitation	01/10/2014	2+1 Years	£480,000
Corporate Resources & Support	Delivery, Communications & Political Governance	Voluntary & Community Sector Engagement Team	Engagement to support a cohesive Leicester (Support volunteering in the city)	01/10/2014	2+1 Years	£600,000
Corporate Resources & Support	Delivery, Communications & Political Governance	Various	Print Procurement	01/06/2014	2+2 Years	£2,500,000
Corporate Resources & Support	Delivery, Communications & Political Governance	Graphic Design	Graphic Design and Photography	01/12/2014	2+2 Years	£480,000

Department	Division	Section / Team	Name of Contract	Anticipated Start Date	Duration of New Contract	Potential Contract Value Over Duration
Corporate Resources & Support	Delivery, Communications & Political Governance	Voluntary & Community Sector Engagement Team	Supporting the VCS (Provision of training, advice and guidance for the VCS)	01/10/2014	3 Years	£450,000
Corporate Resources & Support	Delivery, Communications & Political Governance	Various	Distribution of printed material	01/09/2014	2+2 Years	£240,000
Corporate Resources & Support	Finance	Financial Strategy	Banking Services	01/04/2015	5 Years	£500,000
Corporate Resources & Support	Finance	Business Service Centre	Cash in transit	02/11/2015	3+2 Years	£670,000
Corporate Resources & Support	Finance	Business Admin & Corporate Support	Equipment and Stationery	01/11/2014	4 Years	£1,000,000
Corporate Resources & Support	Information & Customer Access	Information Assurance/ Housing	CCTV Supply and Maintenance	01/10/2014	7+3 Years	£6,500,000
Corporate Resources & Support	Information & Customer Access	Technology Services	Oracle Server Replacement	01/10/2014	4 Years	£300,000
Corporate Resources & Support	Information & Customer Access	Technology Services	Server Replacement	01/10/2014	4 Years	£200,000
Corporate Resources & Support	Information & Customer Access	Technology Services	PC & Laptops Replacement	01/05/2014	2 Years	£988,220
Corporate Resources & Support	Information & Customer Access	Technology Services	Mobile Communications and Technology	01/10/2014	2+3 Years	£1,750,000
Corporate Resources & Support	Information & Customer Access	ICT	Agresso and Resourcelink Systems	01/09/2015	4 Years	£3,000,000
Corporate Resources & Support	Information & Customer Access	Technology Services	EVA Server Replacement	01/10/2014	4 Years	£400,000

Department	Division	Section / Team	Name of Contract	Anticipated Start Date	Duration of New Contract	Potential Contract Value Over Duration
Corporate Resources & Support	Standards (Legal Servs)	Legal Services	External Counsel Services (Chambers Requirements)	01/10/2014	3 + 1 Years	£1,550,000
Housing	Housing	Planning & Major Works	Out of Hours Telephone Service	01/03/2015	2+3 Years	£200,000
Housing	Housing	Building & Design	Maintenance of Electromechanical & Water Plant.	04/12/2014	3+2 Years	£1,000,000
Housing	Housing	Building & Design	Kitchen & Bathroom Fit Only	05/07/2014	3+2 Years	£3,750,000
Housing	Housing	Building Services	Clipstone House Replacement Heating and Hot Water	01/08/2014	1 Year	£1,000,000
Housing	Housing	Building Services	Boiler Replacements Citywide	01/06/2014	2+3 Years	£18,000,000
Housing	Housing	Building Services	Maintenance of Access Controlled Communal Doors Citywide	01/05/2014	2+3 Years	£4,000,000
Housing	Housing	Building & Design	BEM (Building Energy Management) Replacements	05/07/2014	10 Years	£750,000



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

15th April 2014

Regulation of Investigatory Powers Act 2000 Annual Performance Report 2013

Report of the Director of Information and Customer Access

1. Purpose of the Report

The report advises on the performance of The Council in authorising Regulatory Investigation Powers Act (RIPA) applications, from 1st Jan 2013 to 31st Dec 2013.

2. Summary

The Council applied for 2 Directed Surveillance authorisations and 3 communications data authorisations in 2013.

3. Recommendations

The Committee is recommended to:

1.1 Receive the Report and note its contents.

3.2 Make any recommendations or comments it sees fit either to the Executive or Director of Information and Customer Access.

4. Report

4.1 The Surveillance Code of Practice requires that elected members have oversight of RIPA authorisations. This is delivered via an annual report to the Audit Committee

4.2 The Council applied for 2 Directed Surveillance authorisations and 3 communications data authorisation in 2013.

4.3 The communications data authorisations were carried out via the National Anti-Fraud Network (NAFN) system on our behalf. The Interceptions of Communications Commissioner's Office (IOCCO) has recently carried out their regular inspection of NAFN.

- 4.4 The Council did not undergo an inspection from the Interceptions of Communications Commissioner's Office (IOCCO) or the Office of the Surveillance Commissioner (OSC) in 2013.
- 4.5 Under the Protection of Freedoms Act 2012, all RIPA applications by Local Authorities must be authorised by a magistrate. The Council has adopted this new process successfully.
- 4.6 The Council currently has 4 trained Authorising Officers in place. These are Jill Craig, Kamal Adatia, Ann Branson and Alison Greenhill.
- 4.7 A summary of RIPA authorisations (Appendix A) is published annually on the Council's website by the central Information Governance Team.
- 4.8 A new surveillance policy was adopted by the Council in 2013. (Appendix B)
- 4.9 Elected members have asked to be provided with training on RIPA in Autumn 2014. This will be undertaken by the Information Governance Manager and the City Barrister & Head of Standards.

5. Financial, Legal Implications

5.1 Financial Implications

There are no financial implications arising directly from this report, although the Council could incur legal costs and fines should procedures not be correctly followed – Colin Sharpe, Head of Finance, ext. 29 7390.

5.2 Legal Implications

There are no legal implications arising directly from this report, although the Council could incur legal costs and fines should procedures not be correctly followed – Kamal Adatia, City Barrister & Head of Standards, ext. 37 1402.

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Risk Management	No	

7. Report Author / Officer to contact:

Lynn Wyeth, Information Governance Manager, Information and Customer
Access
Ext. 37 1291

Appendix A

Communications Data Authorisations 2013

No	Date	Auth Off	URN	Service Area & Description	Reason	Post Code
1	19.03.13	APR	323676	Environmental Crime Team	Tel no. check	LE5
2 & 3	01.06.13	APR	13/00206/other	Trading Standards	Tel no. check x 2 (transferred from T Mobil to Vodafone)	LE2

Direct Surveillance Authorisations 2013

No	Date	Auth Off	URN	Service Area & Description	Reason	Post Code
1	26.02.13	APR	320327	LASBU	Anti-social behaviour	LE4
2	16.10.13	APR	359707	Environmental Crime Team	Illegal deposit of waste	LE4



**Information Assurance
Policies and Guidance**

Surveillance Policy

1 July 2013

**Document Version: v3
Review Date: 1 July 2015**

Owner: Information Governance Manager

Not Protectively Marked

Document History

Revision Date	Version Number	Summary of Changes
01012013	V0.1	Original draft
12022013	V0.2	Suggestions for amendments by Sarah Khawaja, Legal Services
19072013	V0.3	Suggestions for amendments by Linda Fletcher, Corporate Counter Fraud Team, & presentation comments via IMPB

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1. Introduction

- 1.1 The Human Rights Act 1998 gave effect in UK law to the rights set out in the European Convention on Human Rights (ECHR). Amongst the qualified rights is a person's right to respect for their private and family life, home and correspondence, as provided for by Article 8 of the ECHR. It is Article 8 that is most likely to be engaged when public authorities seek to obtain private information about a person by means of surveillance.
- 1.2 Part II of the Regulation of Investigatory Powers 2000 Act provides a statutory framework under which covert surveillance activity undertaken by the Council can be authorised and conducted compatibly with Article 8 and the Data Protection Act 1998.
- 1.3 The Employment Practices Code provides a framework under which surveillance activity of employees can be authorised and conducted compatibly with Article 8 and the Data Protection Act 1998.
- 1.4 Surveillance, for the purpose of the Regulation of Investigatory Powers Act 2000, includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without the assistance of a surveillance device and includes the recording of any information obtained.
- 1.5 Surveillance is covert if, and only if, it is carried out in a manner calculated to ensure that any persons who are subject to the surveillance are unaware that it is or may be taking place.
- 1.6 Specifically, covert surveillance may be authorised under the 2000 Act if it is either intrusive or directed:
 - Intrusive surveillance is covert surveillance that is carried out in relation to anything taking place on residential premises or in any private vehicle

(and that involves the presence of an individual on the premises or in the vehicle or is carried out by a means of a surveillance device);

- Directed surveillance is covert surveillance that is not intrusive but is carried out in relation to a specific investigation or operation in such a manner as is likely to result in the obtaining of private information about any person (other than by way of an immediate response to events or circumstances such that it is not reasonably practicable to seek authorisation under the 2000 Act.

1.7 The grounds on which local authorities can rely on to authorise directed surveillance are narrower than those available to the police or security services. A local authority can only authorise directed surveillance of a member of the public if the designated person believes such surveillance is necessary and proportionate for the purpose of preventing or detecting crime.

1.8 In most cases the crime for directed surveillance must be an offence for which there is a minimum prison sentence of 6 months, and the surveillance must be authorised by a magistrate.

1.9 The Council must have a policy in place to ensure that such directed surveillance is carried out in compliance with the law and does not breach the human rights of any of the surveillance subjects, and that surveillance in or around the workplace is also carried out in compliance with the law.

2. Scope

2.1 The policy applies to all surveillance carried out by The Council, both external surveillance covered by RIPA authorisations and internal covered by the Employment Practices Code

3. Aim

3.1 To provide a framework for the carrying out of covert surveillance of the public and staff by the Council.

3.2 To ensure all legal obligations on the Council are met, in particular, the Human Rights Act 1998.

4. Applicability to investigations carried out by or on behalf of Leicester City Council

4.1 This policy applies to covert surveillance activities carried out by or on behalf of the Council and includes, but is not limited to, the following:

- the taking of photographs of someone in a public place or;
- the recording by video cameras of someone in a public place;
- the use of listening devices or photographic equipment in respect of activities in a house, provided the equipment is kept outside the house and the equipment gives information of less quality and detail than devices which could have been placed in the house itself
- the taking of photographs of staff in the workplace or;
- the recording by video cameras of staff in the workplace;
- acquisition of communications data e.g. email traffic, internet use logs, telephone call logs.

5. Review and Maintenance

5.1 This policy is agreed and distributed for use across the Council by the Information Management Programme Board (IMPB) on behalf of the Operations Board. It will be reviewed bi-annually by the Information Governance Manager, who will forward any recommendations for change to the IMPB for consideration and distribution.

6. Legal Requirements

6.1 The Council is obliged to comply with all relevant UK and EU information legislation. This requirement to comply is devolved to Elected Members, staff, contractors or others permitted to carry out surveillance on behalf of

the Council, who may be held personally accountable for any breaches of Article 8 of the Human Rights Act 1998 (Right to Privacy).

6.2 The acquisition of a RIPA authorisation will equip the Council with the legal protection (The RIPA 'Shield') against accusations of a breach of Article 8.

6.3 The Council shall comply with the following legislation and other legislation as appropriate:

- The Data Protection Act (1998)
- Human Rights Act (1998)
- Regulation of Investigatory Powers Act 2000
- Protection of Freedoms Act 2012

6.4 For more detailed explanations of the above see the Information Governance section of the Staff e-Handbook.

7. Policy Statement

7.1 Leicester City Council supports the objectives of the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000, and the Protection of Freedoms Act 2012. This policy aims to assist staff with meeting their statutory and other obligations which covers the issues of Information Governance.

8. Objectives

8.1 The policy is intended to provide a framework for carrying out surveillance activities in compliance with the law by:

- Creating and maintaining within the organisation an awareness of the Right to Privacy (Article 8, Human Rights Act 1998) as an integral part of the day to day business;

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- Ensuring that all staff are aware of and fully comply with the relevant legislation as described in policies and fully understand their own responsibilities when undertaking surveillance activities;
- Ensuring that all staff acquire the appropriate authorisations when undertaking surveillance activities;
- Storing, archiving and disposing of sensitive and confidential surveillance information in an appropriate manner.

8.2 The Council will achieve this by ensuring that:

- Regulatory and legislative requirements are met;
- RIPA and surveillance training is provided;
- All breaches of privacy, actual or suspected, are reported, investigated and any resulting necessary actions taken;
- Standards, guidance and procedures are produced to support this policy.

9. Responsibilities

9.1 The Chief Operating Officer, on behalf of the City Mayor and Strategic Directors' Board, is the Senior Information Risk Owner and has overall responsibility for Information Governance within the Council.

9.2 The Information Governance Manager is responsible for:

- Acting as the Council's RIPA Monitoring Officer
- Developing, implementing and maintaining the relevant corporate Information Governance policies, procedures and standards that underpin the effective and efficient surveillance processes;
- Support and advice to staff and managers on Surveillance;
- The production, review and maintenance of Surveillance policies and their communication to the whole Council;
- Provision of professional guidance on all matters relating to Surveillance;

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- Oversight management of all privacy breaches and suspected breach investigations;
- Provision of corporate training;
- Provision, via the Intranet, of Surveillance briefing materials and, through City Learning, of on-line training;
- Management and recording of RIPA authorisations;
- Providing annual returns to national inspectors – The Office of the Surveillance Commissioner (OSC) and the Interception of Communications Commissioner's Office (IOCCO);
- Liaising with national inspection regimes, OSC, IOCCO and the CCTV commissioner to organise inspections;
- Production of an annual Information Governance Report.

9.3 The RIPA Authorising Officers will assess and authorise RIPA applications.

9.4 The Director of Finance will authorise all internal intercept requests

9.5 The Corporate Counter Fraud Team will advise and assist in all aspects of staff investigations.

9.6 All Directors will:

- Implement this policy within their business areas;
- Ensure compliance to it by their staff;
- Sign off applications for surveillance of staff;
- Take all reasonable steps to protect the Health and Safety of investigators and where appropriate of third parties involved with investigations. This should include the carrying out of risk assessments.

10. Surveillance Principles

10.1 Leicester City Council is committed to a surveillance framework that ensures:

- Requests for Authorisations are assessed to ensure the privacy of the individual is not breached unless it is necessary and proportionate to do so;
- All requests are monitored and performance indicators made available to demonstrate compliance with the legislation;
- The surveillance process is regularly audited to ensure compliance with statutory requirements and that relevant national codes of practice are followed.

11. Intrusive Surveillance

11.1 Intrusive surveillance is covert surveillance carried out by an individual or a surveillance device in relation to anything taking place on residential premises or in any private vehicle. The Council is not permitted to carry out intrusive surveillance in any circumstances.

12. Directed Surveillance

12.1 Surveillance is directed surveillance if the following are all true:

- it is covert, but not intrusive surveillance;
- it is conducted for the purposes of a specific investigation or operation;
- it is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation);
- it is conducted otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under Part II of the 2000 Act to be sought.

12.2 The Council will use Directed Surveillance to acquire information covertly where it is appropriate and legal to do so.

12.3 At the start of an investigation, council officers applying for a RIPA authorisation must satisfy themselves that what they are investigating is a criminal offence and passes the criminal threshold test.

- 12.4 The appropriate Directed Surveillance application form, which will be available on the Council's intranet site, should be completed and submitted to the Authorising Officer.
- 12.5 Any officer completing the Directed Surveillance RIPA application form must contact Legal Services so that they can be authorised to attend the magistrate's court on behalf of the Council. This authorisation to act on behalf of the Council at the court remains valid as long as the applying officer is employed by the Council.
- 12.6 The applying officer must submit the signed Directed Surveillance RIPA application, once it is signed by the Authorising Officer, to the local Magistrate for approval.
- 12.7 If confidential information or matters subject to legal privilege are to be acquired, the Directed Surveillance may only be authorised by the Head of Paid Service or their deputy in their absence.
- 12.8 The Information Governance Manager will ensure there is always a minimum of three (3) trained Authorising Officers at the Council. These will be at Divisional Director level or above, and their names published on the Council's intranet.
- 12.9 Statistical returns for directed surveillance data acquired using RIPA will be submitted to the OSC by the Information Governance Manager upon request.
- 12.10 The Information Governance Manager will comply with requests from the OSC in relation to the organisation of inspections of the Council.
- 12.11 A Directed Surveillance RIPA authorisation may also be used if the crime threshold is not met but the offence is a criminal offence under:
- (i) sections 146, 147 or 147A of the Licensing Act 2003; or
 - (ii) section 7 of the Children and Young Persons Act 1933

Not Protectively Marked

(underage sales of alcohol and tobacco).

12.12 A RIPA authorisation is not needed when it is not reasonably practicable for an authorisation to be sought for the carrying out of the surveillance in an immediate response to events.

13. Covert Human Intelligence Sources

13.1 Under the 2000 Act, a person is a CHIS if:

- a) he establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph b) or c);
- b) he covertly uses such a relationship to obtain information or to provide access to any information to another person; or
- c) he covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

13.2 A relationship is established or maintained for a covert purpose if and only if it is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.

13.3 The Council may use a covert human intelligence source (CHIS) to acquire information covertly where it is appropriate and legal to do so. A CHIS covertly uses a relationship to obtain information or to provide access to any information to another person.

13.4 The crime threshold does not apply to the authorisation of a CHIS.

13.5 The appropriate CHIS application form, which will be available on the Council's intranet site, should be completed and submitted to the Authorising Officer.

13.6 The applying officer must submit the signed CHIS RIPA application, once it is signed by the Authorising Officer, to the local Magistrate for approval.

- 13.7 The Council will never authorise the use of a CHIS under the age of 16 to gather evidence against his parents or carers.
- 13.8 The Council will never authorise the use of a CHIS under the age of 18 without carrying out a special risk assessment in relation to any risk of physical injury or psychological distress to the source that may arise.
- 13.9 If confidential information or matters subject to legal privilege are to be acquired by the CHIS, or the CHIS is a juvenile or a vulnerable individual, the Directed Surveillance may only be authorised by the Head of Paid Service.

14. Communications Data

- 14.1 Communications data is generated, held or obtained in the provision, delivery and maintenance of communications services, those being postal services or telecommunications services. The term 'communications data' embraces the 'who', 'when' and 'where' of a communication but not the content, not what was said or written. It includes the manner in which, and by what method, a person or machine communicates with another person or machine external to the Council.
- 14.2 The crime threshold will apply only to the authorisation of directed surveillance by local authorities under RIPA, not to the authorisation of local authority use of CHIS.
- 14.3 The Council will appoint a Single Point of Contact (SPoC) responsible for the acquisition of external communications data using RIPA. If the National Anti-Fraud Network (NAFN) SPoC system is not used, a trained and accredited member of Council staff must undertake this role.
- 14.4 If the National Anti-Fraud Network (NAFN) SPoC system is not used, the appropriate application form, which will be available on the Council's

Not Protectively Marked

intranet site, should be completed and submitted to the Authorising Officer.

- 14.5 Statistical returns for communications data acquired using RIPA will be submitted to the IOCCO by the Information Governance Manager upon request.
- 14.6 The Information Governance Manager will comply with requests from the IOCCO in relation to the organisation of inspections of the Council.

15. Reviews, Renewals and Cancellations of RIPA Authorisations

- 15.1 The applying officer must review the authorisation on a monthly basis to decide if the operation needs to continue.
- 15.2 RIPA authorisations must be cancelled as soon as they are no longer required. Cancellations must be authorised by the Council's Authorising Officer.
- 15.3 RIPA authorisations are only valid for 3 months. If a renewal is required, it must be applied for prior to the three month deadline. Renewals must be authorised by the Council's Authorising Officer and the Magistrate.

16. Reporting Errors in RIPA Authorisations

- 16.1 All errors in RIPA authorisations must be reported immediately by the applying manager or Authorising Officer to the Information Governance Manager..

17. RIPA requests from Third Parties

- 17.1 Requests from third parties to use Council equipment, facilities or buildings quoting RIPA authorisations must be made in writing, including a copy of the RIPA authorisation (redacted if necessary) and referred to the Information Governance Manager, or in the case of CCTV, the CCTV Manager.

18. CCTV

Not Protectively Marked

- 18.1 The Council operates CCTV systems, the use of which is subject to the national CCTV code of practice, as adopted by the Council.
- 18.2 Where CCTV cameras are used covertly as part of an operation to observe a known individual or group, an appropriate authorisation must be applied for.
- 18.3 The Council will keep its CCTV protocol up to date.
- 18.4 The Information Governance Manager will comply with requests from the CCTV Commissioner in relation to the organisation of inspections of the Council.
- 18.5 Any statistical returns required by the CCTV Commissioner will be supplied to him by the Information Governance Manager upon request

19. Surveillance of Employees

- 19.1 The Council may use Surveillance and the acquisition of internal communications data where there are grounds to do so. Procedures must be followed in relation to its staff where it is appropriate and legal to do so to protect the Council against claims of a breach of Article 8. A RIPA authorisation is not available in these circumstances. It is good practice to apply the same process however to address Article 8 considerations.
- 19.2 All managers must consider the impact on the human rights of the staff member(s) under formal surveillance and complete one of the appropriate forms which can be found on the Council's intranet.
- 19.3 The Council will follow the ICO's 'Employment Practices Code' to ensure employees' personal information is respected and properly protected under the Data Protection Act 1998.
- 19.4 For the acquisition of communications data (including but not limited to cryptag logs, email accounts, computer access, internet use logs and telephone call logs) managers must complete the 'Interception of Communications Form' which can be found on the Council's intranet and submit it to the Corporate Counter Fraud Team.
- 19.5 For all other directed surveillance of staff, managers must complete the 'Non-RIPA Surveillance Form' which can be found on the Council's

intranet and submit it to the Information Governance Manager once it has been signed by the relevant Divisional Director.

20. Storage and Destruction of Surveillance Data

- 20.1 The Information Governance Manager will store all paper copies of the signed authorisations centrally in a fireproof and secure manner.
- 20.2 Signed authorisations will be scanned, and electronic copies will be held securely on the Council's shared drive as back-ups.
- 20.3 All paper copies of the signed authorisations, and electronic copies, will be retained for three years and then disposed of securely, unless it is believed that the records could be relevant to pending or future criminal proceedings, where they must be retained for a suitable further period, commensurate to any subsequent review.

21. Compliance with the Legislation

- 21.1 The Council recognises the need to make the contents of this Policy known and ensure compliance by every employee.
- 21.2 The Information Governance Manager will notify relevant staff of changes to RIPA and surveillance legislation, how these changes will affect them, when they will occur and what is needed to stay within the law.
- 21.3 Elected members will receive an annual RIPA report via the Audit and Risk Committee.
- 21.4 The Council also recognises the need to make their policies known and accessible to the public. This policy will be published on the Council's website.
- 21.5 RIPA statistics, suitably redacted as to not reveal specific operations, will be published on the Council's website annually.

21.6 Leicester City Council expects all employees to comply fully with this policy, other information legislation and the Council's Employee Handbook. Disciplinary action may be taken against any Council employee who knowingly breaches any instructions contained in, or following from this policy.

22. Complaints

22.1 Complaints relating to any surveillance matters must be made in writing and addressed to:

Information Governance Manager

Information & Customer Access

Leicester City Council

New Walk Centre

Leicester

LE1 6ZG

info.requests@leicester.gov.uk

22.2 If the complainant is still unhappy following the Information Governance Manager's response they must be advised to write to:

The Investigatory Powers Tribunal

PO Box 33220

London

SW1H 9ZQ.

Tel. 0207 035 3711

23 Internal Charging

23.1 Costs incurred by the Council as a result of cases which are progressed to the Investigatory Powers Tribunal or the courts, will be charged to the relevant service area.

Not Protectively Marked

24 Further Guidance

24.1 Further guidance entitled 'How to Carry Out Surveillance' can be found on the Council's intranet site.



Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Strategic Management Board

1 April 2014

Audit & Risk Committee

15 April 2014

Annual review of the Council's Assurance Framework, Local Code of Corporate Governance and the Audit & Risk Committee's Terms of Reference

Report of the Director of Finance and the City Barrister & Head of Standards

1. Purpose of Report

- 1.1. To present to the Audit & Risk Committee for approval updates to the assurance and corporate governance processes at the City Council and the Committee's own terms of reference.

2. Recommendations

- 2.1. The Committee is recommended to:

- a) Confirm that no changes to the **Assurance Framework** are needed and agree that it shall form the basis on which the Council will compile its Annual Governance Statement for 2014-15 (Appendix 1)
- b) Confirm that no changes to the **Local Code of Corporate Governance** are needed (Appendix 2)
- c) Approve the proposed amendments to the Committee's **terms of reference** (Appendix 3).

3. Summary

- 3.1. In the interests of good governance and compliance with law and regulation, the Council has in place an Assurance Framework, a Local Code of Corporate Governance and a formally constituted Audit & Risk Committee. This Committee has prescribed terms of reference that form part of the Council's constitution and are designed to enable the Committee to discharge its functions both as 'those charged with governance' generally and as 'the Board' under the Public Sector Internal Audit Standards.

- 3.2. There are clear linkages between these components in making up the Council's overall system of corporate governance. In order that they remain relevant and fit for purpose, each of these documents is subject to annual review. A detailed review and significant update was undertaken in 2013 with the aim of codifying the Council's corporate governance machinery. This established how the Council frames its governance arrangements (i.e. the standards and thresholds set, and the mechanisms we utilise for ensuring they are sound). Reporting on actual compliance (i.e. what we have achieved as an organisation in this regard) will be reported in due course through the Annual Governance Statement.
- 3.3. This report seeks the Committee's confirmation that the assurance framework and its components require no change except for proposed minor updates and amendments to the Committee's own terms of reference.

4. Report

4.1. Assurance Framework

- 4.1.1. The overall structure of the Council's system of corporate governance is summarised in the Assurance Framework. This was last reviewed by the Audit & Risk Committee at its meeting on 9 April 2013 and is set out in **Appendix 1**.
- 4.1.2. The assurance framework takes as its starting point the Council's principal strategic and organisational objectives, including the City Mayor's Delivery Plan. Key strategies and plans translate these objectives into deliverable actions. High-level risks that threaten the achievement of objectives are identified in the strategic and operational risk registers. It is management's responsibility to establish and maintain effective systems of governance and internal control to ensure that the Council's service objectives are delivered and risks to those objectives are managed to an acceptable level.
- 4.1.3. In order that the Council's business is delivered in a way that promotes public trust and confidence, there must be sufficient assurance that sound internal control arrangements are in place and operating effectively. The assurance framework therefore brings together various internal and external sources of assurance; audit is fundamental to this.
- 4.1.4. The Council is also required¹ to carry out at least once in each year a review of the effectiveness of its system of internal control.
- 4.1.5. The outcomes of all these sources of review and assurance are brought together in summary in the statutory Annual Governance Statement² which, following approval by the Audit & Risk Committee, is ultimately signed by the City Mayor and published alongside the Council's financial statements.

¹ Regulation 4(2) of the Accounts & Audit (England) Regulations 2011 (SI 2011 No 817)

² Regulation 4(3) of the Accounts & Audit (England) Regulations 2011 (SI 2011 No 817)

- 4.1.6. The intention of the assurance framework is therefore to set out a structured and coordinated process, drawing together the outcomes of the various assurance, governance and control mechanisms so as to ensure that the Annual Governance Statement is comprehensive in its coverage and reliable in its content.
- 4.1.7. It is good practice to review the assurance framework as part of the preparation of each year's Annual Governance Statement, hence this report.
- 4.1.8. After the significant overhaul of the process in 2013, which has worked well, no change is proposed to the existing assurance framework.

4.2. Local Code of Corporate Governance

- 4.2.1. A central component of the Council's system of governance is its Local Code of Corporate Governance. This has been in place for a number of years and reflects the main components set out in the CIPFA³/SOLACE⁴ *Framework Corporate Governance in Local Government: A Keystone for Community Governance*. The Code is a public statement of the arrangements the Council has in place to ensure it conducts its business in a way that upholds the highest standards. It is intended to demonstrate the Council's adherence to the seven principles of public life, defined by the Committee on Standards in Public Life as selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- 4.2.2. The Local Code of Corporate Governance is therefore an important part of the Council's public accountability. As such, it must remain fit for purpose and each year the Council conducts a review of compliance with the Code. The results of this review feed into the annual review of the effectiveness of the Council's system of internal control, mentioned above at paragraph 4.1.4, thereby also contributing to the Annual Governance Statement.
- 4.2.3. The Local Code of Corporate Governance was last approved by the Audit & Risk Committee at its meeting on 8 May 2013. Its content has been reviewed and no changes are considered necessary.
- 4.2.4. The annual review of compliance with the Code for 2013-14 will be reported to the Audit & Risk Committee in the next municipal year.
- 4.2.5. The Local Code of Corporate Governance is given at **Appendix 2** and the Committee is asked to approve its continued applicability.

4.3. Audit & Risk Committee Terms of Reference

- 4.3.1. As a formally constituted Committee of the Council, the Audit & Risk Committee is governed by formal terms of reference. These are subject to annual review; the current version was approved by the Committee at its meeting on 8 May 2013.

³ Chartered Institute of Public Finance & Accountancy

⁴ Society of Local Authority Chief Executives

4.3.2. The only material change is the addition of direct provision for a Vice-Chair of the Committee. Otherwise the changes proposed are minor, being updates or revisions in terminology only.

4.3.3. The updated Terms of Reference are given at **Appendix 3** and the Committee is asked to approve them.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

Adequate and effective systems of corporate governance and assurance and an effective Audit & Risk Committee are all central components in the processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Such arrangements will support the processes of audit and internal control that will help the Council as it faces financially challenging times.

5.2. Legal Implications

Regulation 4 of the Accounts and Audit (England) Regulations 2011 obliges the Council to ensure that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The Council must conduct a review at least once in a year of the effectiveness of its system of internal control and following the review, must approve an annual governance statement.

5.3. Climate Change Implications

This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

6. Other Implications

Other Implications	Yes/No	Paragraph or references within the report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	This report is concerned with effective systems of governance and control, which are an important safeguard against the risks of theft, fraud and corruption.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	

Other Implications	Yes/No	Paragraph or references within the report
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Council's governance and assurance processes, a main purpose of which is to give assurance to Directors, the Council and this Committee that risks are being managed appropriately by the business.

7. Background Papers – Local Government Act 1972

- 7.1. The Council's Assurance Framework
- 7.2. The Council's Local Code of Corporate Governance
- 7.3. The terms of reference of the Audit & Risk Committee

8. Consultations

- 8.1. Miranda Cannon, Director – Delivery, Communications & Political Governance

9. Report Authors

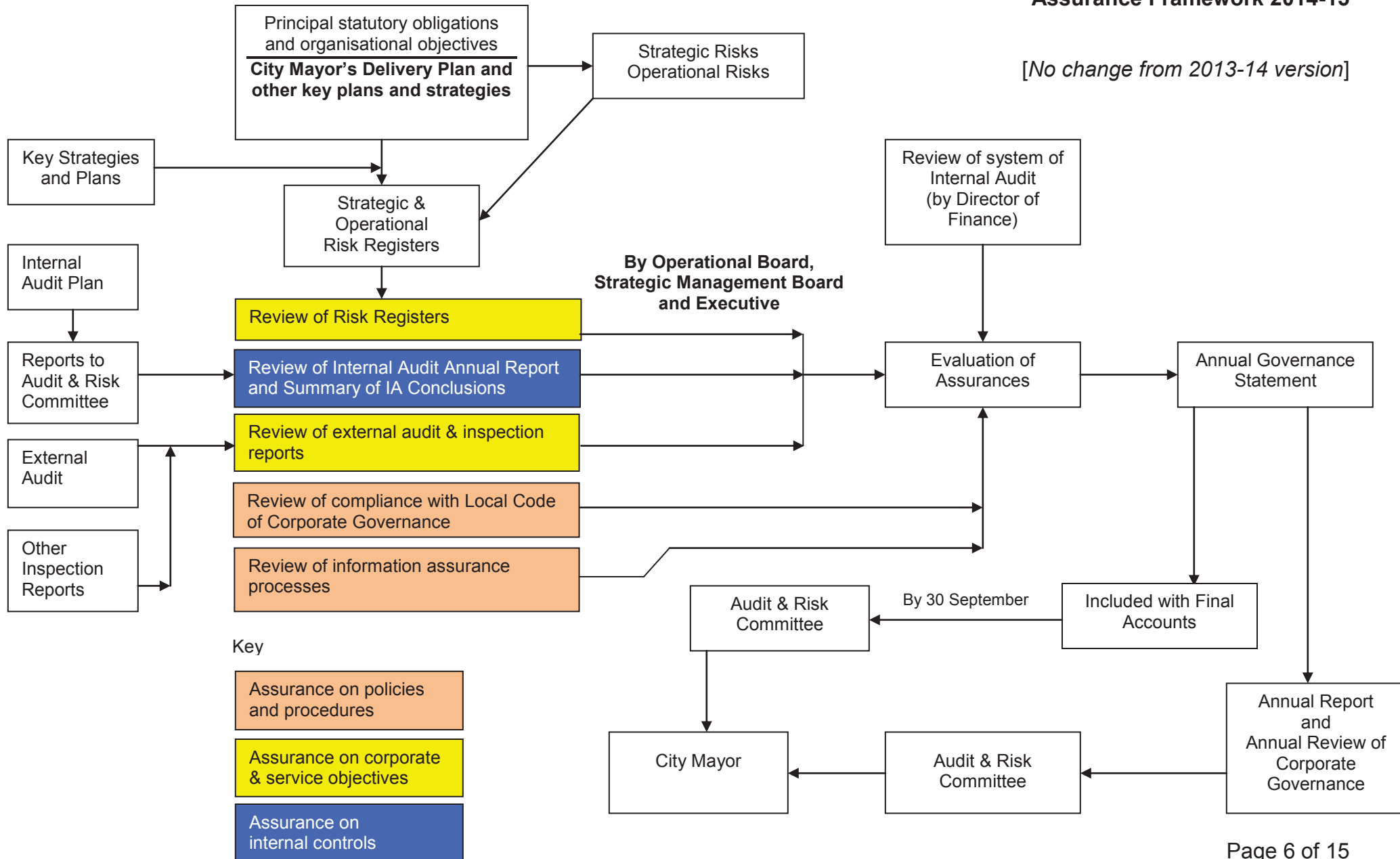
Tony Edeson, Head of Internal Audit & Risk Management, Financial Services, x37 1621 tony.edeson@leicester.gov.uk

Steve Jones, Audit Manager, Financial Services, x37 1622 steve.jones@leicester.gov.uk

Kamal Adatia, City Barrister & Head of Standards, x37 1401 kamal.adatia@leicester.gov.uk

**APPENDIX 1
Assurance Framework 2014-15**

[No change from 2013-14 version]



Below is the City Council's current *Local Code of Corporate Governance* as published on the Council's website at <http://www.leicester.gov.uk/your-council-services/council-and-democracy/key-documents/corporate-governance-code/>

Local Code of Corporate Governance

The City Council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE *Framework Corporate Governance in Local Government: A Keystone for Community Governance*.

The Code: Community Focus

In carrying out its duties and responsibilities, the Council will:

- Work for and with the local community.
- Exercise leadership, where appropriate, in the local community.
- Undertake an ambassadorial role to promote the wellbeing of the city through maintaining effective arrangements for:
 - accountability to stakeholders for its performance and the effectiveness in delivering its services and the sustainable use of resources
 - demonstrating integrity in its dealings to build effective relationships and partnerships with other public agencies and the private and voluntary sectors
 - demonstrating openness in all its dealings
 - demonstrating inclusivity through effective communication and engagement with the local community and other relevant stakeholders
 - development of a clear vision and corporate strategy in response to corporate needs and objectives.

Service Delivery Arrangements

The Council will monitor the implementation of its agreed policies and decisions and aim to achieve continuous improvement in the procurement and delivery of services by maintaining arrangements which:

- Demonstrate accountability for service delivery at a local level.
- Ensure effectiveness through measurement of performance.
- Demonstrate integrity in its dealings with service users and partnerships to ensure the right provision of services locally within the resources and powers available.

- Demonstrate openness and inclusivity through its consultation with key stakeholders, including service users.
- Are flexible and can be kept up to date, and adapted to accommodate change and meet legitimate user needs and aspirations.

Structures and Processes

The Council will put into place effective political and managerial structures and processes to govern its decision-making and the exercise of its authority, through:

- Defining roles and responsibilities of members and officers to ensure accountability, clarity and ordering of its business.
- Ensuring there is proper scrutiny, validation and review of all aspects of performance and effectiveness.
- Demonstrating integrity by securing a fair balance of power and authority.
- Documenting its structures and procedures and ensuring they are communicated and understood to demonstrate openness and inclusivity.
- Ensuring these structures and processes are kept up to date and adapted to meet change.

Risk Management and Internal Control

The Council will establish and maintain a systematic strategy, framework and processes for managing risk, which:

- Include public statements on its risk management strategy, framework and processes to demonstrate accountability.
- Demonstrate integrity by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks.
- Establish mechanisms to monitor and review effectiveness against agreed standards and targets and the operation of controls in practice.
- Display openness and inclusivity through the involvement of those associated with the planning and delivering of services, including partners.
- Include mechanisms to ensure the risk management and control process is monitored for compliance, including processes for independent assurance, and that changes are accommodated.

Standards of Conduct

The Council will:

- Exercise leadership by conducting itself as a role model for others to follow.
- Define standards of personal behaviour to be expected of members and staff and those involved in service delivery.
- Put in place arrangements that ensure:
 - accountability, through establishing systems for investigating breaches and disciplinary matters, and taking action where appropriate (including arrangements for redress)
 - effectiveness, through monitoring compliance
 - integrity, by ensuring that objectivity and impartiality are maintained in all relationships
 - openness and inclusivity, through the documentation of standards, and their regular review.

The Council will deliver these outcomes through:

- Annually defining a series of local procedures and practices which together create the assurance framework for good corporate governance as described in the CIPFA⁵/SOLACE⁶ *Framework Corporate Governance in Local Government: A Keystone for Community Governance*.
- Nominating a lead officer for each, who will be responsible for assessing effectiveness in practice.
- Nominating a member of the Strategic Management Board as the Council's 'Corporate Governance Champion', responsible for pulling together assessments from lead officers and reporting to the Board on the overall picture, making recommendations for action as appropriate. (In practice, the City Barrister & Head of Standards, as the Council's designated Monitoring Officer, is the 'Corporate Governance Champion'.)
- Annual discussion, deliberation and updates at the Strategic Management Board and the Audit & Risk Committee.
- Conducting an annual review of its systems of corporate governance and internal control, assessing the extent to which this Local Code has been adhered to and the actions required where adherence has not been achieved.
- Publishing an Annual Governance Statement giving the outcomes of this review.

⁵ Chartered Institute of Public Finance & Accountancy

⁶ Society of Local Authority Chief Executives

The key policies and procedures that will compose the core of this process are listed below:

- **Constitutional arrangements**
 - The Council's Constitution including the members' Code of Conduct and Political Conventions (the latter are part of the Constitution)
 - Standards procedures for investigation of potential breaches of the Code of Conduct
 - Procedural guidance for members
- **Effective arrangements for performance management and communications**
 - The City Mayor's Delivery Plan
 - Key strategic plans e.g. Economic Action Plan, Children's and Young People's Plan
 - Performance Management Framework
 - Procurement Strategy and guidance
 - Project Portfolio Management process
 - Project and programme management standards
 - Consultation guidance
 - Comments and complaints procedure
 - Customer service standards
- **Effective administration of financial affairs**
 - Finance Procedure Rules and associated guidance
 - Contract Procedure Rules and associated guidance
- **Effective systems of risk management and internal control**
 - Risk Management Policy and Strategy
 - Business Continuity Management Strategy
 - Emergency plans
 - Internal Audit Charter
 - Anti-Fraud, Bribery and Corruption Policy and Strategy
 - Information Security Policy
 - Health and Safety Policy
 - EMAS (Eco-Management & Audit Scheme)
- **Effective Human Resources policies**
 - Whistle-Blowing (Disclosure policy)
 - Code of Conduct (Officers)
 - Disciplinary policy

Ends

Proposed revision of Audit & Risk Committee Terms of Reference

Proposed changes are highlighted by underlining:

1. Constitution

The Council has established a Committee of the Council to be known as the Audit & Risk Committee to report to the Council. This supports the Council's corporate governance responsibilities in relation to internal control, risk management and governance.

2. Membership

The Audit & Risk Committee shall consist solely of non-Executive Councillors. The Chair and Vice-Chair of the Committee shall be appointed by the Council from amongst the non-Executive Councillors.

Provided the meeting is quorate, in the absence of the Chair the Vice-Chair will assume the position and authority of the Chair.

The membership of the Committee should reflect the political representation of the Council as a whole.

A quorum of at least three Committee members will be required at all meetings.

3. Attendance at Meetings

The Director of Finance, the City Barrister & Head of Standards, the Head of Internal Audit & Risk Management and the Internal Audit Manager shall normally be invited to attend meetings. Other officers will be required to attend if called for by the Committee or when relevant items appear on the agenda. All Councillors are entitled to attend public meetings, should they choose to do so. All such attendees shall have the right to speak, at the discretion of the Chair, but not vote at meetings.

4. Frequency of Meetings

Meetings shall be held not less than three times a year. Additionally, special meetings may be convened if an issue arises that, in the opinion of the Chair, cannot wait until the next scheduled meeting.

5. Duties

The duties of the Committee shall be as set out in the annexed schedule to these Terms of Reference.

6. Authority

The Committee approves, on behalf of the Council, the Council's accounts and its internal control, risk management and governance frameworks and any aligned policies and arrangements.

The Committee is authorised by the Council to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee will advise the Chief Operating Officer as the Head of Paid Service if it has exercised this authority to seek information (other than routine information) from any employee, setting out the information required and the circumstances underlying the request.

The Committee is authorised by the Council, if considered necessary, to secure the attendance of third parties with relevant experience and expertise provided that the Committee shall notify the Chief Operating Officer as the Head of Paid Service before any fees for such attendance are agreed.

7. Communications

The Secretary of the Committee will circulate the agenda and papers for meetings five clear days before the meeting.

The Committee will consider and agree the approved minutes of the Committee at its next meeting.

The Committee's Terms of Reference will be made available on the Council's website. They will be reviewed and, where necessary, updated at least annually.

An annual report of the Committee's activity will be submitted to the Council each year.

Duties of the Audit & Risk Committee

1. Audit Framework

1.1 Internal Audit

- On behalf of the Council, to approve the Head of Internal Audit's annual report and opinion, considering the level of assurance given over the Council's corporate governance arrangements and decide on appropriate actions.
- To consider, challenge and approve (but not direct) Internal Audit's strategy and plan and monitor performance on an annual basis.
- To receive summaries of Internal Audit reports and the main issues arising.
- To review and challenge management's responsiveness to the internal audit findings and recommendations, seeking assurance that appropriate action has been taken where necessary and agreed recommendations have been implemented within a reasonable timescale.
- To monitor and assess the role and effectiveness of the Internal Audit function.

In fulfilling these functions, the Audit & Risk Committee fulfils the role of 'the board' for the purposes of the *Public Sector Internal Audit Standards*.

1.2 External Audit

- On behalf of the Council, to review with the external auditor and inspection agencies the findings of their work including any major issues which are unresolved; key accounting and audit judgments; and the levels of errors identified during the audit. The Committee should obtain explanations from management and from external auditors, where necessary, as to why errors might remain unadjusted.
- To consider the scope and depth of external audit work and to assess whether it gives value for money.
- To liaise with the Audit Commission (or such other body that assumes this responsibility) over the appointment of the Council's external auditor and conduct such other related functions as required by the local public audit regime.
- To facilitate effective relationships between external and internal audit, inspection agencies and other relevant bodies and ensure the value of these audit relationships is actively promoted.
- To approve any instances of non-audit work by the external auditors in accordance with the *Policy for Engagement of External Auditors for Non-Audit Work* and report any such instances to the Council.

2. Risk Management Framework

- On behalf of the Council, to consider and challenge the effectiveness of the Council's Risk Management Strategy and Framework, including the Risk Management and Insurance Services function.
- To consider and approve, on behalf of the Council, the Council's Risk Management Strategy and its key risk management policies including the Council's statement of overall risk appetite.
- To approve, on an annual basis, the Risk Management and Insurance Services function's terms of reference and its annual plan.
- To review (and take any actions as a consequence of) reports from the Head of Internal Audit & Risk Management in respect of the status of key current and emerging risks and internal controls relating to those risks (the Operational and Strategic Risk Registers).

3. Internal Control and Governance Framework

- To review the adequacy of the Council's internal control framework through review of its system of internal control and system of internal audit and overseeing the production and approval of the Council's Annual Governance Statement prepared in accordance with the Local Code of Corporate Governance.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts. (The Committee is to do this before approving the Council's published financial statements. The Committee should take note of any adjustments set out in the external auditor's report and agree any such adjustments where management has declined to do so or set out the reasons for not doing so.)
- To maintain an overview of the Council's Constitution in respect of contract procedure rules, finance procedure rules and codes of conduct and behaviour.
- To review and approve, on an annual basis, the Council's anti-fraud, bribery and corruption and its disclosure (whistle-blowing) policies and procedures.
- Annually, to assess all significant risk issues considering:
 - Changes since the last annual assessment and the Council's response;
 - The scope and quality of management's ongoing monitoring of risks and the system of internal control;
 - The incidence of significant control failings in relation to all significant risks and their impact.

- To review regular reports from Internal Audit and Risk Management on risk and internal controls, considering:
 - The effectiveness of systems of internal control across the Council
 - Reports on major control issues and their impact on the Council's risk profile.
- To consider and decide on appropriate actions relating to the Council's compliance with its own and other published or regulatory policies, standards and controls, including:
 - Policies relating to information governance and assurance
 - Health & Safety at Work
 - Civil Contingencies Act
 - Policies relating to disclosures and complaints
 - Others as appropriate.

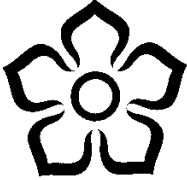
4. Financial Reporting Framework

- To review and approve the Council's published financial statements, the external auditor's annual opinion and other reports to Members and to monitor management action in response to issues raised.
- To review and approve the annual statement of accounts and the annual Letter of Representation on behalf of the Council, giving particular attention to critical accounting policies and practices, decisions requiring a significant element of judgement, how any unusual transactions should be disclosed and the clarity of the disclosures.
- To bring to the attention of the Council any concerns arising from the financial statements or from the audit.

5. Other Matters

- To consider, approve or make recommendations in respect of any other matters referred to it by the City Mayor, Chief Operating Officer (as the Head of Paid Service) or a Director or any Council body.
- To consider any relevant matters reserved for Member-level decision as detailed in Rules of Procedure.
- To present an annual report to the Council on the Committee's conduct, business and effectiveness.

Ends



Leicester
City Council

WARDS AFFECTED - ALL

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

SMB	21.01.14
STANDARDS COMMITTEE	10.04.14
AUDIT & RISK COMMITTEE	15.04.14
FULL COUNCIL	26.06.14

CORPORATE COMPENSATION POLICY

Report of the Monitoring Officer

1. PURPOSE OF REPORT

To seek the agreement of the Council to the proposed Corporate Compensation Policy. The policy is required in order to allow the Council to offer appropriate redress for actions taken by officers in cases where injustice is caused. A policy will ensure that the principles are applied consistently, and that there is a proper audit trail of accountable decision-making and expenditure

- 1.1 The policy is attached as Appendix 1

2. RECOMMENDATIONS (OR OPTIONS)

- 2.1 (Standards and Audit & Risk) - To note the report and make any recommendations to Council
- 2.2 (Full Council) - To approve the policy as set out in Appendix 1

3. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

3.1. Financial Implications

No specific budgets are set aside for the payments that could be made under this policy. Costs would be met by the service concerned. They are unlikely to be significant in the context of the Council's finances. - Colin Sharpe, Head of Finance, ext 37 4081.

3.2 Legal Implications

The power to make payments under the proposed policy derives from:

s.92 LGA 2000 - Payments in cases of maladministration

(1) *Where a relevant authority consider—*

(a) *that action taken by or on behalf of the authority in the exercise of their functions amounts to, or may amount to, maladministration, and*

(b) *that a person has been, or may have been, adversely affected by that action,*

the authority may, if they think appropriate, make a payment to, or provide some other benefit for, that person.

(Kamal Adatia, City Barrister, Ext 37 1401)

3.3 Climate Change

None

4. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph References Within the Report
Equal Opportunities	N	
Policy	N	
Sustainable and Environmental	N	
Crime and Disorder	N	
Human Rights Act	N	
Elderly/People on Low Income	N	
Corporate Parenting	N	
Health Inequalities Impact	N	

5. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

None

6. REPORT AUTHOR

Kamal Adatia, Monitoring Officer.

Corporate Compensation Policy

It is recognised that we provide a wide range of services to a large number of customers and that sometimes things will go wrong or will not be delivered to an acceptable standard. It is important that when we have clearly been at fault that we acknowledge this and try to put things right quickly and in the most appropriate way for our customers.

1 Why recommend a remedy?

1.1 To address any injustice that has been caused to a recipient of our service/s, when it appears that we have not done something well and that there has been an apparent service failure. This process can help to draw a line under the matter and help to move the situation on, so that the relationship is repaired for the future

2 What is appropriate to consider under this policy?

2.1 This policy will normally apply to matters being considered under any of the Council's Complaint procedures, where the Council's action has, on the balance of probabilities, caused some 'injustice' to a complainant. There may also be other situations arising outside any formal Complaints procedure where it may also be appropriate to seek early local resolution using the principles of this policy, to avoid the matter escalating through the complaint process (for example, a Corporate Complaint, or a well-founded informal challenge raised by other means)

3 Power to make compensation

3.1 Section 92 of the Local Government Act 2000 gives local authorities the power to remedy injustice where it considers:

That action taken by or on behalf of the Council in the exercise of its functions amounts or may amount to maladministration, (maladministration)

and

That a person has been, or may have been adversely affected by that action (injustice)

3.2 Where both of the above conditions are met the Council may, if it thinks appropriate, make payment to, or provide some other benefit for, that person. It is possible for 'maladministration' to occur without consequent 'injustice' and vice versa and in these circumstances it will not normally be appropriate to consider awarding a payment or other benefit.

3.3 Recommendations made by the Local Government Ombudsman's service fall under alternative legislative powers contained in the Local Government Act 1974 and are not covered by this policy (see point 6.2)

3.4 The payment of compensation under this policy should not be considered to an admission of legal liability on the part of the Council in the event that the complainant may subsequently decide to take legal proceedings as a result of the complaint

4 Scope of the policy

4.1 Maladministration is failure of good administration. It involves 'process' and considers the manner in which decisions are reached or implemented (or not). Maladministration is not concerned with the nature, quality, reasonableness or merits of decisions that are otherwise properly reached

4.2 The Local Government Ombudsman's definition of 'maladministration' includes the following:

- delay
- incorrect action or failure to take any action
- failure to follow procedures or the law
- failure to provide information
- inadequate record-keeping
- failure to investigate
- failure to reply
- misleading or inaccurate statements
- inadequate liaison
- inadequate consultation
- broken promises

4.3 The notion of 'injustice' is not so clearly defined but it will relate directly to the Council's fault and may include such things as:

- hurt feelings, distress, worry or inconvenience
- loss of right or amenity
- not receiving a service
- financial loss or unnecessary expense
- time and trouble in pursuing a justified complaint

4.4 It would not be appropriate to consider use of this payments policy in cases where the complainant has suffered personal injury or damage to property as a result of alleged negligence of the Council. In such cases specific advice should be sought from Legal Services and Risk Management colleagues.

5 Who identifies the need for a remedy?

5.1 The review of any complaint by the investigating officer should be sufficiently in-depth to establish when fault has arisen and this in turn should be able to identify the injustice that has been caused to the complainant. The need for a remedy may also be identified by, or in consultation with, the Complaints Manager. It is not a prerequisite however for the Council or another investigator to have made formal “findings” of maladministration in respect of a complaint. The appropriateness of awarding a benefit or payment to put things right can be considered at any stage.

5.2 Officers do not need to consult further when a remedy is simply a matter of offering an apology or an action within the scope of the team’s usual work practice (such as arranging for a further reassessment to take place, or for a belated repair to be effected). For more significant issues however it may be appropriate to liaise with the Complaints Manager in the first instance.

6 Timing

6.2 Complaints, and therefore compensation, will not normally be considered or made unless the complaint or application is made within 3 months of the date on which the complainant first became aware of the matters alleged in the complaint, unless there are special or exceptional circumstances that would make it unreasonable to apply this rule.

6.3 The Local Government Ombudsman has powers under Part III Local Government Act 1974 to investigate and make findings and recommendations regarding maladministration accompanied by injustice, and these recommendations can include recommendations for the payment of financial compensation. The granting of a benefit or payment under the Council’s Policy will often be undertaken before a complaint is escalated outside of the Council (for example to the Local Government Ombudsman). However even once a complaint is before the LGO the Council can still consider making a payment under this policy (this time in liaison with the LGO as well as the complainant) by way of achieving a “Local Settlement” which, if agreeable, will render it unnecessary for the LGO to investigate the matter further.

7 Types of remedies:

7.2 Non-financial

There are a number of non-financial approaches to finding a suitable remedy and it is anticipated that those listed here will be the likely resolution for most complaints:

- Through an apology.
- Through practical action: the remedy may be that we need to complete the action that was expected in the first instance, to put things right.

- To review our procedures or practices, to avoid the situation arising again. The complainant should be notified of this action and of any changes made to the way we do things, as a result of their complaint.
- Through training or supervising staff; or both.
- We have access to a wide range of services and it is possible that within these services there is something that would serve as appropriate compensation. E.g. the offer of free access to a particular service for a period.

7.3 Financial

A financial remedy should only be considered as the last course of action and where it is clear that any injustice that we have caused has incurred cost or loss for the complainant. It should be clear that we are not paying for the maladministration or fault itself, but for the (wherever possible) quantifiable loss caused by the injustice. Where it is clear that we have caused injustice, but not so clear what the financial loss has been, alternative remedies should be considered first, before a financial remedy is considered on a notional basis.

7.4 Payments generally

The LGO's guidance on remedies explores the types of loss for which a complainant may be compensated financially. This can include categories such as

- (i) reimbursement for loss of a monetary benefit (e.g. Direct Payment not made, or wrongly underpaid, or other allowance not paid);
- (ii) compensation for loss of a non-monetary benefit (requiring a value judgement about quantifying the value of the lost benefit such as a lost opportunity or a loss of amenity e.g. lack of care/service to which the complainant was entitled);
- (iii) expenses incurred in pursuing a complaint
- (iv) Distress (see below)
- (v) Time and trouble (see below)

8 Distress

Distress is categorised by the Ombudsman to include: stress; anxiety; frustration; uncertainty; worry; inconvenience or outrage. Further consideration may take into account the severity of the distress caused, the length of time involved, the number of people affected (family members as well as the service user for instance) and any other professional opinion about the effects on any individual.

9 Time and trouble

This element is distinct to distress and is sometimes considered appropriate by the Local Government Ombudsman. Any payment of this nature would need to be carefully considered on the basis that the complainant has been put to considerable effort beyond that of pursuing a routine complaint. Any complaint where this is considered appropriate can be raised with the Complaints Manager in the first instance and reference will be made

to the Local Government Ombudsman's guidance on this area. Payments for time and trouble are more of a gesture and are not normally large sums

10 Authorisation for financial redress

10.2 In all cases, prior to offering financial redress the investigating officer should complete the Authorisation Form (Form 1 attached). This will help to guide the process of proposing and authorising the remedy.

10.3 Appropriate approval should be sought for all types of financial redress whether it involves a one-off payment, the waiving of charges or the write-off of debts owed to the Department. The proposed amount should be discussed with the Complaints Manager in the first instance to ensure consistency in approach. Where appropriate, reference will be made to guidance provided by the Local Government Ombudsman

- **Up to £500 - Head of Service plus Divisional Director approval**
- **£500+ - Divisional Director plus Monitoring Officer approval**

10.4 Acceptance of the redress being offered should be gained from the complainant in writing, before it is actually made. A discharge of responsibility paper (Discharge Form – Form 2) should also be completed at the point of offer. Payments should be made to the individual that has suffered as a direct result of the maladministration in the first instance.

11 Reporting arrangements for Corporate Compensation Payments

11.2 The City Barrister & Head of Standards will be notified of all payments made under this policy on a half-yearly basis.

11.3 The Audit & Risk Committee will consider payments made under the policy via annual report

12 Relevant legislation and documents considered in the formation of this policy are:

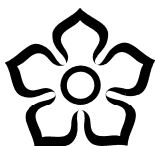
- Section 92 Local Government Act 2000
- Local Government Ombudsman Guidance on Good Practice 6 – Remedies

AUTHORISATION FORM

Complainant's name & address:	
Summary of complaint:	
Key points of the complaint that justify the remedy being proposed:	
Division affected:	
Remedy being proposed:	
Name of investigating/lead officer:	
Signature & date	
Authorisation required by:	(print names and titles)
<ul style="list-style-type: none"> • <i>Up to £500 - Head of Service plus Divisional Director approval</i> • <i>£500+ - Divisional Director plus Monitoring Officer approval</i> 	1. 2.
Signature & date	1. 2.

Complaint Office use:

Discharge form sent to complainant	Yes/No
Payment to be actioned by:	
Date payment made:	



Leicester
City Council

DISCHARGE FORM

I, **Complainant's Name** agree to accept the sum of **payment in words** in final settlement of this complaint against Leicester City Council concerning **summary of complaint issue**.

Please note

The payment of compensation in this case should not be considered to an admission of legal liability on the part of the Council

All payments under this scheme will be forfeited if any claim made is in any respect fraudulent or if any fraudulent means is being used by the claimant or anyone acting on his/her behalf to obtain payments under this scheme.

Signed :

Print.....

Date :

Please return to:

Investigating Manager's address



Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Audit & Risk Committee

15 April 2014

Internal Audit Plan 2014-15

Report of the Director of Finance

1. Purpose of Report

- 1.1. This report presents to the Audit & Risk Committee the Internal Audit plan for the financial year 2014-15 for approval and seeks views on priorities for Internal Audit work in the year ahead.

2. Recommendations

- 2.1. The Committee are asked:

- (i) To consider and approve the Internal Audit plan for 2014-15 (attached) and note the emerging context and anticipated priorities for next year's audit work
- (ii) To make such comments and recommendations as they see fit.

3. Summary

- 3.1. Each year, Internal Audit prepares an assessment of the City Council's audit needs, based on information from various sources on the Council's business objectives, the associated risks and other priorities. This is used alongside an estimate of audit staff resources available to determine the operational audit plans for the forthcoming year.
- 3.2. As in previous years, the 2014-15 audit plan will operate in the context of:
- (i) The budgetary pressures faced by the Council as a whole and by the Internal Audit service
 - (ii) The continuing need for effective control and assurance on the effectiveness of its corporate governance and internal control arrangements.

4. Report

4.1. Audit & Risk Committee role

4.1.1. The terms of reference for the Audit & Risk Committee include:

'To consider, challenge and approve (but not direct) Internal Audit's strategy and plan and monitor performance on an annual basis.'

4.2. The Internal Audit Plan

4.2.1. The principal component of the work of Internal Audit each year is the annual audit plan. The audit plan is designed to provide assurance to support the Council when considering its Annual Governance Statement and is prepared in compliance with the *Public Sector Internal Audit Standards*¹ and the Council's Internal Audit Charter.

4.2.2. The annual audit plan for 2014-15 and the basis of its preparation are given in the attached document. Rather than presenting a detailed list of specific audits, the plan is grouped into areas of audit. The intention is that, given the considerable uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining a sufficiency of audit coverage for each of the relevant areas.

4.2.3. Note that this plan does not include numbers of audit days to be allocated to each area, with the exception of Environmental audits under the Eco-Management & Audit Scheme (EMAS) and Public Health (by specific agreement with the Director of Public Health). Audit time budgets will be determined when the terms of reference are agreed for each audit. They will take account of consultation at the time plus the implications of efforts to generate fee income by offering Internal Audit services to external organisations and academies. The capacity for Internal Audit to do this without affecting the sufficiency of the audit service for the City Council is under review along with the options available. The Audit & Risk Committee will be kept informed of any developments in this respect.

4.2.4. It is important to note that inclusion in the audit plan is not an absolute measure of risk. Nor does it imply that a system or process is poor. It does, however, indicate activities that most need to be subject to effective controls to manage identified risks. An effective control environment may include regular internal audit review.

4.2.5. The main areas of coverage in the Internal Audit generic plan for 2014-15 are:

- (i) Some or all of the significant financial systems, decided in conjunction with the Council's external auditor, KPMG.
- (ii) IT systems and security and the need for sound arrangements for information assurance and data quality.

¹ The *Public Sector Internal Audit Standards* took effect from 1 April 2013 and were issued jointly by CIPFA and the Chartered Institute of Internal Auditors. They set out the professional standards for internal auditors in accordance with recognised international professional practice.

- (iii) Corporate governance, so as to provide the necessary assurances for the preparation of the statutory Annual Governance Statement. (The framework for this will be on the agenda for the next meeting of the Audit & Risk Committee.)
- (iv) An emphasis on the audit of contracts, procurement and partnerships.
- (v) Schools, both individually and through thematic audits of such aspects as school governance.
- (vi) The requirements of the Council's continued accreditation for the Eco-Management and Audit Scheme (EMAS), with an emphasis on identified risks and the need for assurance on data quality.
- (vii) Grant certification audits, subject to the requirements of the respective funding agencies.
- (viii) Provision for responsive audits including value for money reviews.
- (ix) There will also be greater provision for specific follow-up audits. The aim is to give independent assurance on the actual implementation of audit recommendations, with particular reference to those arising from previous audits where 'little or no assurance' had been given.

4.2.6. It is stressed that this is a generic annual plan only, identifying the areas of audit coverage. Though some indications are given in the plan, the specific individual audits will be determined quarterly by consultation throughout the year. These quarterly plans and progress in delivering them will be reported via regular update reports to the Committee.

4.2.7. Mention should also be made of the Corporate Counter-Fraud Team, which was formerly part of Internal Audit. This service reports separately to the Head of Revenues & Benefits. Their work will, however, be coordinated where necessary with that of Internal Audit.

5. Financial, Legal and other Implications

5.1. Financial Implications

There are no direct financial implications arising from this report. However, as a result of the work carried out there would be an expectation that implementing recommendations made by Internal Audit will improve the effectiveness, efficiency and economy of service delivery, with potential for consequential reductions in cost or improvements in quality.

5.2. Legal Implications

The provision of 'an adequate and effective internal audit' is a statutory requirement under regulation 6 of the Accounts & Audit Regulations 2011. The whole audit process is also intended to give assurance that all the activities audited have in place satisfactory arrangements to ensure compliance with relevant law and regulation applicable within the scope of the particular audit review.

5.3. Climate Change Implications

Other than its references to the Eco-Management and Audit Scheme (EMAS), this report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

5.4. Other Implications

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	Yes	4.2.5(vi): EMAS
Crime and Disorder	Yes	Whole report, plus paragraphs 4.2.5(ii) and 4.2.7. Part of the purpose of Internal Audit is to give assurance on the controls in place to prevent fraud and other irregularity such as breach of data security.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Internal Audit process, a main purpose of which is to give assurance to Directors and this Committee that risks are being managed appropriately by the business.

6. Background Papers – Local Government Act 1972

6.1. Files held by Internal Audit.

7. Consultations

7.1. All Directors, Heads of Finance and the Head of Information Assurance have been consulted in the preparation of the audit plan. It has also been shared with the external auditors, KPMG, and takes account of their comments.

8. Report Author

8.1. Steve Jones, Audit Manager, Internal Audit, Financial Services, ext 37 1622
steve.jones@leicester.gov.uk



Leicester
City Council

Internal Audit
Leicester City Council

Internal Audit Plan 2014-15

April 2014

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Internal Audit Plan 2014-15

1. Introduction

- 1.1. Internal Audit is an essential part of the Council's corporate governance and management arrangements. It provides an objective review and assessment of the adequacy of internal control arrangements in place to manage the risks the Council faces in seeking to achieve its objectives. Service improvement is a key objective of Internal Audit and is an important part of the audit process.
- 1.2. Internal Audit seeks to deliver assurance on the management of risk and the effectiveness of internal control systems in operation at the City Council. Its resources are, however, finite, so its work is planned to ensure that available resources are used effectively and efficiently and are targeted at those areas posing the greatest risk to the achievement of the Council's objectives or are otherwise aligned with strategic priorities. To do this, Internal Audit prepares an annual audit plan. This is done through an assessment of risks and audit priorities including consultation with all directors, the external auditor and the Audit & Risk Committee.
- 1.3. This document presents the Internal Audit Plan for the financial year 2014-15. Set out below are:
 - The basis of the preparation of the Internal Audit Plan for 2014-15 and the themes emerging
 - The contribution of the Internal Audit Plan to the Council's corporate governance and control arrangements
 - The relationship between the work of Internal Audit and the external auditor.
- 1.4. The audit plan does not list the individual audits anticipated; rather, it is presented as the essential areas of audit coverage within which specific audits will be undertaken. The reasons for this are:
 - The continuing uncertainties presented by the severe financial pressures the Council faces
 - The potential for priorities and associated risks to change during the year, such that the focus of audit effort in a particular area may change
 - The continuing change in the Council's organisational structures and management responsibilities.
- 1.5. The audit plan is a therefore statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible and prepared to revise its activities in response to changing circumstances or emerging risks. However, this flexibility may not be sufficient to cope with all changes required. It may also prove necessary to remove planned audits from our work plans in order to address emerging issues of greater risk.

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- 1.6. In addition, Internal Audit is exploring opportunities to provide audit services to external organisations on a traded basis. Though this may not be undertaken for profit, any fee income earned helps to sustain the audit service available to all client organisations including the City Council at a time of financial pressure. This particularly applies to technical specialist areas of audit such as IT and contract audit. However, such work also has implications for the availability, including timing, of audit resources available to the City Council. It is important to note also that any audit work undertaken for external clients does not form part of this audit plan.
- 1.7. [Appendix A](#) identifies the areas of audit coverage and the rationale for their inclusion in the audit plan for 2014-15.

2. Compilation of the Internal Audit Plan for 2014-15

2.1. Context

- 2.1.1. The annual audit plan identifies the categories of audits to be carried out. In accordance with the *Public Sector Internal Audit Standards*¹, the audit plan for 2014-15 is based on risk. The principal source of information on identified risks has been the divisional risk registers, supplemented by consultation with all directors both individually and collectively via the Strategic and Operational Boards; the Director of Finance; and the Finance Management Team, to identify the priorities put forward for audit coverage. The Carbon Board have also been consulted about the Eco-Management & Audit Scheme (EMAS) environmental management audit work. The plan has also been shared for consultation with KPMG as the Council's external auditor. Final approval is the responsibility of the Council's Audit & Risk Committee.
- 2.1.2. The purpose of the plan is to align audit effort with those areas assessed as posing the greatest risk to the Council.

2.2. Selecting the Audits

- 2.2.1. The main consideration in audit work is the degree of risk to the Council. Factors to be taken into account when selecting specific audits for inclusion in the planned work for 2014-15 include:
- a) The materiality of the activity in terms of financial values as well as political and regulatory factors such as legislative requirements.
 - b) The reliance to be placed on Internal Audit's work by the Council's external auditors in their reliance on the Council's significant financial systems as part of the external audit of the Council's published financial statements.

¹ These are issued jointly by CIPFA and the Chartered Institute of Internal Auditors. They set out the professional standards for internal auditors in accordance with recognised international professional practice.

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- c) The degree of the Council's reliance on third parties for service delivery, by means of contracts and partnerships.
- d) The sensitivity of the activity in terms of the reputational consequences of failure and the potential effects of failure on the Council, its clients and the public.
- e) Stability including organisational, IT and other change and whether the activity is yet ready for audit. (For example, it may be a new activity that is not yet fully in place).
- f) Whether Internal Audit can add value to other review and assurance processes already in place.
- g) Audit history including the assurance given in the latest previous audit on the strength of controls identified at that time, plus any risk or experience of fraud, error or waste.
- h) Any other material concerns, including anything raised by the responsible director.

2.3. We have traditionally used these factors as part of an overall risk assessment for each auditable activity. In 2013-14, the decision was made to present the audit plan in a more generic format than had been done in previous years. This was then supplemented by more detailed quarterly plans setting out the specific audits to be delivered based on the risks and related priorities prevailing at the time. The process worked well and has been continued in 2014-15. Though it does not give an absolute measure of risk, it does give a basis for prioritising audit work. It also means that, given the considerable uncertainties the Council faces, the audit plan can be readily adjusted to reflect changes in risk profiles and strategic or operational priorities whilst maintaining a sufficiency of audit coverage for each of the relevant areas.

2.4. Individual audits and their associated time budgets will be agreed with the relevant service management; in most cases by means of specific terms of reference. Regular update reports on the delivery of these audits will be presented to the Audit & Risk Committee, who will also be advised of any implications for Internal Audit's ability to give sufficient assurance on the effectiveness of the Council's system of internal control and its management of risk.

2.5. It should be noted that inclusion in the audit plan does not imply that a service, system or activity is poor. It does, however, indicate activities that most need to be subject to effective controls to manage the risks identified. An effective control environment may include regular internal audit review.

2.6. Delivering the Audit Plan

2.6.1. In compiling the audit plan, Internal Audit has always sought to present an objective view of the audit needs of the City Council. Traditionally, this has accompanied an assessment of the extent to which the plan can be

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delivered within the Internal Audit resources available. There is the irony that the continuing financial stringency increases the need for high levels of assurance on the effectiveness of the Council's systems of internal control, which increases the importance of effective Internal Audit coverage.

- 2.6.2. Given the more flexible and risk-based approach to audit planning in 2014-15, this annual audit plan does not identify the audit resources anticipated to be available. Setting out estimated audit time budgets at this stage with subsequent reporting on the variances that arise from ever-changing circumstances is not considered meaningful.
- 2.6.3. Audit time budgets will continue to be included in the quarterly detailed audit plans, based on resources and priorities as they develop over the year. Delivery of the plan along with the outcomes of audit work will also continue to be subject to regular reporting, both on the individual audits as they are completed and overall during and at the end of the financial year. Combined with effective follow-up of recommendations made and high-level reporting on trends and themes emerging, this should enable the Council to strengthen further its governance and control systems.
- 2.6.4. Where Internal Audit reviews have resulted in low levels of assurance, follow-up audits will be conducted subsequently to review the implementation of audit recommendations made. The aim is to give assurance that the necessary improvements to controls have been made such that a revised, higher, level of assurance can be given. The plan makes allowance for such follow-up work and reporting on its outcomes to senior management and the Audit & Risk Committee.
- 2.6.5. Finally, despite quarterly detailed plans, occasions will arise when urgent specially commissioned audit work will be needed that will not wait until the next forthcoming quarterly audit plan. Such audits will only be undertaken if an assessment of risk demonstrates a high need for involvement compared with other planned work; they and their implications will be included in the regular progress reporting.

2.7. The Audit Plan as a contribution to the Council's system of internal control and governance

- 2.7.1. Internal Audit plays a major role in supporting and maintaining effective internal controls as a contribution to the effective corporate governance of the Council and its activities. This annual audit plan is the prime mechanism, though not the only one, for providing independent assurance to the Council that its systems of internal control are operating effectively and, where they are not, for drawing this to the Council's attention. Internal Audit's work provides assurance that the risks posed to the achievement of the Council's objectives are effectively controlled and, where they are not, identifies the extent to which remedial actions are required to put controls in place or to make existing controls more effective. It is important, however, that the true purpose of Internal Audit is recognised; that is, independent review of management control. It is not Internal Audit's purpose to replace such control and take the place of management.

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- 2.7.2. Under the *Accounts & Audit (England) Regulations 2011*² the Council is required to review its system of internal control at least annually. The results must be given in its Annual Governance Statement³, which is published alongside the published financial statements as part of the Council's accountability to all of its stakeholders.
- 2.7.3. The regulations also require the Council to '*undertake an adequate and effective internal audit*'⁴. The Council must also review its internal audit arrangements at least annually. Clearly, the degree of reliance that the Council can place on the work of Internal Audit is a key element in discharging these requirements.
- 2.7.4. Internal Audit's contribution to this process for 2014-15 is set out in this plan. The results of a formal review of the system of internal audit will be reported separately to the Audit & Risk Committee later in 2014. It will include an assessment of compliance with the *Public Sector Internal Audit Standards*⁵, the professional standards that govern the internal audit profession. The Council's external auditors expect Internal Audit to comply with the PSIAS⁶.
- 2.7.5. Internal Audit is therefore an essential component of the Council's corporate governance and assurance framework.
- 2.7.6. All of the above is subject to regular review of progress, the outcome of which is reported periodically to the Audit & Risk Committee.

3. Themes Emerging in the 2014-15 Internal Audit Plan

- 3.1. A number of themes have emerged in the preparation of the 2014-15 Internal Audit Plan. These are:
- The continuing **financial pressures** faced by the City Council. Internal Audit intends to focus its efforts where practicable on the value for money derived from the activities being audited (including provision for specific value for money audits). This will particularly be the case in audit work on the **significant financial systems** (such as the main accounting system, creditor payments and payroll). The Council's external auditors, KPMG, have indicated that they will seek to place significant reliance in 2014-15 on Internal Audit's work on significant financial systems.
 - **Information governance and data security**. A number of audits, especially in the IT field, cover the security of the Council's extensive and often highly sensitive data holdings. Internal Audit will undertake technical audits of new and developing IT systems as part of corporate

² Regulation 4(2) of the Accounts and Audit (England) Regulations 2011

³ Required under regulation 4(3)(b) of the Accounts and Audit (England) Regulations 2011

⁴ Regulation 6(1) of the Accounts and Audit (England) Regulations 2011

⁵ The *Public Sector Internal Audit Standards* were issued jointly by CIPFA and the Chartered Institute of Internal Auditors. They set out the professional standards for internal auditors in accordance with recognised international professional practice.

⁶ *Internal and external audit protocol*, KPMG, April 2013

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IT security policy. Information assurance and data quality are recognised as a specific area of relevance to the corporate assurance framework, which leads to the Annual Governance Statement.

- A continuation of Internal Audit work in **high-level corporate management functions** including corporate governance, risk management, project assurance and performance management. Internal Audit will play a major part in this in conjunction with the preparation of the Council's Annual Governance Statement.
- There is to be similar specific coverage of the Council's arrangements under its **Public Health** responsibilities.
- **Contract audit.** The considerable and increasing dependence on external suppliers and partners in the provision of Council services makes this an essential component of the audit process. It will cover the robustness of the arrangements in place with a view to ensuring that the Council's interests are protected at every stage in the contract procurement and monitoring processes.
- **Schools.** Internal Audit undertakes routine audits of the financial and governance processes at schools, linking this to the Department for Education's Schools Financial Value Standard (SFVS). There may also be thematic audits of school-related processes such as school governance. Additional traded audit service options are available to schools, including advice and consultancy on financial arrangements. Internal Audit is also ready to support the provision of an effective audit process in those schools converting to academies; this is at the discretion of the schools themselves, however.
- Continued coverage of other **outlying establishments** such as social care facilities and leisure centres. There is a need to promote best practice across service establishments. Internal Audit has a continuing role in giving advice on this and assurance on its effectiveness.
- **Environmental Audits.** In 2013, the Council decided to continue its accreditation under the Eco-Management and Audit Scheme (EMAS). The internal audit process is crucial to this but there is to be a change in emphasis. In 2014-15, Internal Audit will give greater prominence to risk, partly based on related requirements such as carbon reduction targets. In the interests of efficiency, the site-based EMAS compliance audits of, for example, depots are to be combined with the corporate Health & Safety team's existing inspection programme.
- There is provision for other **compliance audits**, aimed at providing independent assurance on areas of regulatory or similar requirements.
- **Grant claims.** Internal Audit is regularly called upon to certify grant claims. Though external grant funding arrangements continue to change, it is important that Internal Audit is made aware of the need for certification audits of claims at as early a stage as possible. Associated with this is an agreement in principle with the external auditor that

Internal Audit Plan 2014-15

Internal Audit will undertake the audit testing work for a number of grant claims or returns.

- Provision is made for **value-for-money (VFM) and other responsive audits**. These seek either to identify the opportunity for savings and other efficiencies or to investigate matters of particular concern or emerging risk. In either case, the scope and objectives of each audit will be specifically agreed with senior management.
 - Finally, within the audit plan, there will be specific **follow-up audits** especially of areas where Internal Audit reviews have previously given low levels of assurance. The aim is to re-test such activities in the anticipation that service management have properly addressed previous recommendations made and have thereby strengthened controls. In this event, Internal Audit should be able to issue revised, higher, levels of assurance.
- 3.2. Though not part of Internal Audit or the audit plan, counter-fraud activity is well established and will continue, particularly as fraud represents probably the worst possible value for money for the Council. The Counter-Fraud teams operate separately from Internal Audit but where feasible their work will be coordinated with any related Internal Audit work plus management's own responsibility for investigations.

4. The External Auditor

- 4.1. The external auditor's responsibilities under the Audit Commission's *Code of Audit Practice* include review of the Council's:
- financial statements (including the Annual Governance Statement), providing an opinion on the Council's accounts; and
 - use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources (the value for money conclusion).

A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

- 4.2. It is recognised that KPMG, as the Council's external auditor, may wish to carry out work that could overlap with planned Internal Audit work. There is a close working relationship between Internal Audit and the external auditor, with each making its work plans available to the other. In this way the scope for duplication of effort should be kept to a minimum.
- 4.3. Internal Audit procedures and test programmes are usually more detailed than those required by the external auditor to meet external audit objectives. Where appropriate, however, Internal Audit will conduct its work in such a way as to enable the external auditor to rely on work done by Internal Audit wherever possible. Particular areas where this will apply are testing work on the main financial systems such as payroll and creditor payments, and the

Internal Audit Plan 2014-15

certification of grant claims; due allowance for these is made in the audit plan. With the above in mind, both audit services will operate within the terms of an agreed internal and external audit joint working protocol.

5. Conclusions

- 5.1. The Internal Audit Operational Plan for 2014-15 aims to give the Council optimum audit coverage within the resources currently available. Though it is compiled and presented as a plan of work, it must be recognised that the plan can only be a statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible. Actual audit work therefore may be modified during the year according to the circumstances prevailing at the time.
- 5.2. The Head of Internal Audit & Risk Management, along with the whole Internal Audit team, are fully committed to delivering a high quality and responsive Internal Audit service to the City Council. With this in mind, they will be seeking throughout the year to continue to develop the service in accordance with recognised best practice.

6. Approval

- 6.1. The Internal Audit Plan for 2014-15 was presented for approval by the Audit & Risk Committee at its meeting on 15 April 2014.

Appendix A - Internal Audit Plan 2014-15

Lead Department	Audit Area	Reason for inclusion	Scope
Finance	<p>Significant Financial Systems, potentially including any or all of:</p> <ul style="list-style-type: none"> • Financial reporting including areas such as reconciliation procedures, suspense accounts, journals, bank reconciliation • Debtors • Creditors • Cash • Payroll • Capital Additions and Disposals • Council tax • NNDR (business rates) • Housing rents • Any others as may be identified by KPMG. <p>It may be that some of these will be covered on a cyclical basis by agreement with KPMG.</p> <p>Other financial systems as agreed.</p>	<p>Under an agreed joint working protocol, KPMG as the Council's external auditors will place reliance on Internal Audit's annual testing of key controls within these systems. It is partly through this reliance that the external audit fee will be reduced. If such reliance cannot be placed on Internal Audit's work, KPMG may undertake supplementary testing themselves and charge the Council an additional fee accordingly.</p> <p>Internal Audit's work on financial systems will not necessarily be confined to those considered 'significant' by the external auditor in terms of the Council's financial statements.</p>	<p>Specified key controls for each system, in the context of that system's contribution to the Council's published financial statements. Internal Audit may agree with the Director of Finance other areas of work according to the risks or priorities at the time.</p> <p>Internal Audit work on any or all of these systems may go beyond the required scope of the external audit work. The initial assumption is that the work will comprise walk-through testing to confirm the continued operation of processes and controls as understood or identify any material changes, supplemented by sample testing of transactions against the specified controls.</p> <p>It is intended to do most of this work in the fourth quarter of the year so as to include as much of the financial year as possible. This will be supplemented each year by limited testing in the first quarter of transactions made towards the end of the previous year, to ensure full coverage of each year.</p>

Appendix A - Internal Audit Plan 2014-15

Lead Department	Audit Area	Reason for inclusion	Scope
Information & Customer Access	IT and information security audits	<p>All of the Council's business processes rely to an increasing extent on information technology. In many areas there are significant information risks, chiefly associated with sensitive personal or commercial data. The quality of data held is also fundamental.</p> <p>In addition, there is an increasing need to share information with partner organisations; for example, in health and social care. It is essential that such data sharing is conducted properly.</p> <p>The aim is to protect the interests of all concerned including the Council and those about whom information is held.</p>	<p>A programme of audit reviews of the integrity, availability and security of IT infrastructure, hardware, software and data. Where feasible, these will include technical IT-based testing and scanning of security arrangements in operation. As well as data security, audit work will cover the quality of the data held.</p> <p>There may also be data security spot-checks at outlying Council establishments.</p> <p>Specific audit coverage will include:</p> <ul style="list-style-type: none"> • IT General Controls: annual coverage in support of significant financial systems audits above • Penetration testing - specialist IT audit testing of security in new and enhanced IT systems in accordance with corporate policy.
Corporate	Corporate Governance	Regular audit coverage of corporate governance arrangements with particular reference to the statutory requirement for the Annual Governance Statement.	<p>Audit work will seek to give assurance on aspects of the Council's governance arrangements and the requirements of the Council's Local Code of Corporate Governance. It will include governance generally plus supporting processes including the management of risk, project assurance and performance management.</p> <p>Potential coverage also includes:</p> <ul style="list-style-type: none"> • Governance arrangements in partnerships (see also contracts and procurement audit below) • Adherence to the Council's Constitution in the decision-making process • Performance management, partly in the context of the City Mayor's Delivery Plan.
Adult Social Care, Health & Housing	Public Health	It is essential that the associated governance and accountability arrangements are robust so as to protect the interests of all parties in this important area of public policy.	<p>Governance, budgetary control and contract procedures plus IT and data governance, subject to prevailing risks and priorities.</p> <p>A total of 30 audit days in 2014-15 has been agreed with the Director of Public Health.</p>

Appendix A - Internal Audit Plan 2014-15

Lead Department	Audit Area	Reason for inclusion	Scope
Finance	Contracts and procurement (including commissioning and partnerships)	<p>Contracting and procurement are a major risk area, given the high turnover and diversity of contractual expenditure for both capital and revenue purposes and the reliance on third-party suppliers and partners. There is a clear need for probity and integrity in all such arrangements.</p> <p>Work continues to improve the Council's contract procurement and management processes, including further revision of the Contract Procedure Rules as well as restructuring of the corporate professional support for the function. Finally, value for money in contracts is of ever-greater importance.</p>	<p>There will be a programme of audits covering the Council's corporate procurement and contracts processes, with specific coverage of contract arrangements within certain service areas. In addition, audit coverage is intended to include the arrangements in place for monitoring of partnerships, including adherence to the Council's Partnership Guidelines. Audits will seek to identify whether due process has been followed and decisions properly made.</p> <p>There will be specific follow-up review of 2013-14 audit work to seek assurance that recommendations previously made have been acted upon.</p>
Children	Schools - General and Finance including <i>Keeping Your Balance</i> financial audits	<p>Schools are a high-profile activity managing large budgets in a highly devolved framework. It is recognised that schools need to have sound financial and governance arrangements. The aim is to give independent assurance to the schools and the Council that the processes for financial management are operating effectively.</p>	<p>Audit visits to primary, secondary and special schools to review their financial processes and aspects of their governance arrangements.</p> <p>In planning and undertaking this work, Internal Audit will have regard to the outcomes of the schools' self-assessments against the Department for Education (DfE) Schools Financial Value Standard (SFVS).</p> <p>Thematic audits are also intended of specific topics of such as school governance and compliance with schemes of delegation</p> <p>In addition, there will be some audit work on:</p> <ul style="list-style-type: none"> • 16-19 education • high-needs funding and special educational needs (SEN) including potential review of arrangements for compliance with legislative requirements.

Appendix A - Internal Audit Plan 2014-15

Lead Department	Audit Area	Reason for inclusion	Scope
Finance	Cash audits and Establishments	Routine audits of City Council establishments located away from the central administrative buildings, designed to provide assurance to Directors that cash and security arrangements are operating effectively. Though most are individually of relatively low value, cumulatively significant sums of money are held in imprest accounts, cash floats and change floats, often in remotely managed establishments, giving rise to a number of risks. The audits are intended to provide assurance that cash-handling and associated procedures and Finance Procedure Rules are being adhered to.	<p>The systems in place to control and manage cash and to process other financial transactions securely.</p> <p>Other related areas of risk such as the security of the premises and assets, with particular reference to premises that are relocating or closing, such as day centres and elderly persons' homes.</p> <p>The Audit & Risk Committee have expressed concern over cash-handling arrangements.</p>
City Development & Neighbourhoods	Environmental Audits	<p>The Eco-Management & Audit Scheme (EMAS) with its associated audit process is a corporate objective, demonstrating the Council's commitment to sound environmental management practices.</p> <p>The broad approach for environmental audit was considered by Carbon Board in January and March 2014. It was agreed that the site-based audit work (known as Level 3 audits) will be combined with the corporate Health & Safety team's regular site inspections. Internal Audit work will then concentrate on the overall EMAS system, the public statement and thematic audits covering agreed areas of environmental risk.</p>	<p>Detailed involvement in the management assurance process supporting the Council's aim of maintaining EMAS accreditation. This includes a programme of audits at various levels, as follows:</p> <ul style="list-style-type: none"> • Level 1 audit: Annual audit of the EMAS System • Level 2 audits: Thematic Council-wide audits based on risk, such as sustainable procurement, derived partly from the Carbon Action Plan. • Level 4 audit: Review of the draft Environmental Statement, focusing on data quality. <p>A total of 80 Internal Audit days has been committed to each year of the three-year EMAS audit programme commencing in 2014-15.</p>
City Development & Neighbourhoods (and possibly elsewhere)	Other operational risks - Compliance audit	Other areas of risk where independent assurance is sought on the Council's compliance with specific legal or regulatory requirements.	<p>To be determined but potential specific audits so far identified include:</p> <ul style="list-style-type: none"> • Vehicle Operator's Licence - compliance with requirements • Property-related statutory compliance such as but not limited to water hygiene, asbestos, electrical safety – monitoring arrangements. <p>These are subject to confirmation.</p>

Appendix A - Internal Audit Plan 2014-15

Lead Department	Audit Area	Reason for inclusion	Scope
Various	Grant certification testing	<p>Various City Council services and their related expenditure are supported by grant funding. There is often a requirement for independent audit certification that funds have been used in accordance with stipulated conditions.</p> <p>In some cases, the external auditor provides the certificate but relies on Internal Audit testing for grant claims and other returns. This enables the external auditors to reduce their workload and potentially avoid additional fees to the City Council.</p> <p>In other cases, there is a direct requirement for certification of claims and returns by Internal Audit.</p>	The various grants and returns specified by the funding agencies or the external auditor, tested according to the grant certification instructions or other requirements.
Various	Value For Money and Responsive Audits	<p>The City Council is facing reduced budgets, and therefore there is a need to make savings wherever possible.</p> <p>Increasing efficiency and reducing wastage are more important than ever, and Internal Audit has the knowledge and skills to review specific areas with a view to reducing costs.</p> <p>In addition, Internal Audit may be called upon, sometimes at short notice, to undertake responsive non-fraud investigative work. By definition, specific areas cannot be identified at this stage.</p>	<p>Areas for review will be determined during the year and specific terms of reference agreed for each.</p> <p>These audits may include sample spot-checks of expenditure and other transactions.</p>
Various	Follow-up Audits	<p>There is a need to ensure that service management verifiably and sustainably implement agreed recommendations so that the organisation learns from its experience and addresses identified weaknesses in control. Both the Audit & Risk Committee and senior management have asked that Internal Audit revisit areas audited in the previous financial year. In particular, Internal Audit has been asked for updated assurance opinions on those audits for which 'little or no assurance' was given in 2013-14.</p>	Some of these are included in other rows above so are not repeated here.



Leicester
City Council

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

Finance Management Team	20 March 2014
Strategic Management Board	1 April 2014
Operational Board	9 April 2014
Audit & Risk Committee	15 April 2014

Internal Audit – 1st Quarter Operational Plan 2014-15

Report of the Director of Finance

1. Purpose of Report

1.1. Finance Procedure Rule 7.2.1 states that:

‘The Head of Audit shall prepare and agree with the Chief Finance Officer an Annual Audit Operational Plan which will set out the intended work of Internal Audit over the coming year. The plan shall be based on an objective assessment of need arising from an analysis of risk and shall be approved, but not directed, by the Audit Committee.’ (sic)

1.2. The Internal Audit Plan for 2014-15 has been prepared on the basis of broad areas of audit coverage rather than detailed lists of specific audits. It was considered by the Strategic Management and Operational Boards and was presented for approval by the Audit & Risk Committee on 15 April 2014.

1.3. In addition, the terms of reference of the Audit & Risk Committee include:

‘To consider, challenge and approve (but not direct) Internal Audit’s strategy and plan and monitor performance on an annual basis.’

1.4. This report presents to the Committee the detailed operational audit plan for the first quarter of the financial year 2014-15. It has been agreed by the Strategic Management and Operational Boards and the Finance Management Team.

2. Recommendations

2.1. The Audit & Risk Committee is asked to note the Internal Audit operational plan for the first quarter of 2014-15, attached at Appendix A.

3. Report

3.1. Rather than presenting a detailed list of specific audits, the annual audit plan is grouped into areas of audit. The intention is that, given the continuing uncertainties

the Council currently faces, the audit plan can be readily adjusted to reflect changes in risks and priorities while maintaining a sufficiency of audit coverage for each of the relevant areas.

3.2. The generic annual plan is then translated into detailed quarterly plans as the year progresses, setting out Internal Audit's intended work for each forthcoming quarter. These plans take into account emerging risks and requests for audit involvement alongside seasonal or other external factors that influence the timing of audit work. For example, school audits fall within the school terms and are chiefly planned to coincide with the new academic year, while other audits such as grant certifications are determined by the submission deadlines of the relevant funding agency.

3.3. The detailed operational plan for the first quarter of 2014-15 is attached at Appendix A. The following are worthy of note:

- a) **Significant financial systems.** Annual coverage of the Council's main financial systems continues. These audits take as their starting point the key controls identified in connection with the joint working protocol agreed with the Council's external auditors, KPMG. The intention is to conduct the audits in such a way that, should they wish to, KPMG can place reliance on this work when they undertake their opinion audit on the financial statements for 2013-14. The intention in the first quarter is to complete audit work on transactions made in the latter part of 2013-14 so as to provide complete coverage of the entire financial year.
- b) **Contract audit.** Partnerships are an area of risk that will be covered by contract audit, with particular reference to compliance with the guidelines in place to protect the Council's interests.
- c) **Cash and establishment audits** will concentrate on important new Council services including the new Customer Services Centre and the Visit Leicester Centre.
- d) **IT audit** will support the significant financial systems work outlined above by means of the regular review of the essential general controls in the related IT applications. Again, this is with a view to reliance being placed upon our work by KPMG. The other IT audits identified seek to assess the controls in place to manage areas of specific risk identified in consultation with the Head of Information Assurance. They concern the transition from old IT systems to new ones, the security of data and the Council's websites.

All of this is dependent on the capacity of ICT to support the audit work given the move of the ICT data centre from New Walk Centre to Beaumont Leys. In addition, the scope of the websites audit may vary once it is under way, depending on the assessment of risks. This may have implications on Internal Audit's capacity to undertake the other audits.

- e) **Schools** audit work will concentrate again on the Schools Financial Value Standard, partly in support of the annual return to be certified by the Director of Finance. Internal Audit and the Learning Services Division are to discuss further the approach to schools audit so as to combine the audit needs of the local authority and the individual schools to best effect.

- f) Finally, an outline provision is made for **follow-up** of previous audit recommendations to provide independent confirmation that corrective actions have been demonstrably made to address identified weaknesses in controls.
- 3.4. It should be borne in mind that the quarterly plans refer to audits due to be started. Inevitably, they are not all completed within the quarter so there will be residual work to complete audits started in previous quarters.
- 3.5. It should also be noted that during the first quarter, many services and their support functions will be relocating because of the need to vacate New Walk Centre. This includes Internal Audit itself. At the time of writing, the exact implications of this are unknown but they may affect the delivery of audit work. Internal Audit will agree the timing of each audit review with the service management involved.
- 3.6. In identifying the audits for the first quarter plan, due regard was had to the generic areas of audit set out in the annual audit plan and the need to ensure sufficient coverage of each by the end of the financial year.
- 3.7. The move to quarterly planning is intended to align Internal Audit's work as closely as possible to current priorities. This allows what were previously 'commissioned' audits that fall within the remit of the statutory audit service to become fully part of the audit plan. The aim is then for Internal Audit to deliver the whole of this more flexible plan, subject to factors beyond Internal Audit's direct control. Having said that, urgent requirements may still arise that cannot wait until the next quarterly plan and have to be accommodated immediately on the basis of risk to the Council.
- 3.8. The process of using a generic annual audit plan supplemented by quarterly detailed audit plans started in 2013-14 and has worked well. Future audit plans will therefore be prepared showing the specific audits that are planned to be carried out in the forthcoming quarter. These will be supplemented by progress reporting on the completion of the previous plans. Because the agendas for the respective meetings are already busy it is proposed that this be done by means of half-yearly update reports to senior management and the Audit & Risk Committee.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1. Financial Implications

There are no direct financial implications arising from this report. However, as a result of the work carried out there would be an expectation that implementing recommendations made by Internal Audit will improve the effectiveness, efficiency and economy of service delivery, with potential for consequential reductions in cost or improvements in quality.

4.2. Legal Implications

The provision of 'an adequate and effective internal audit' is a statutory requirement under regulation 6 of the Accounts & Audit (England) Regulations 2011. The whole audit process is also intended to give assurance that all the activities audited have in place satisfactory arrangements to ensure compliance with relevant law and regulation applicable within the scope of the particular audit review.

4.3. Climate Change Implications

As no EMAS environmental audits are planned to start in the first quarter, this report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.

5. Other Implications

Other Implications	Yes/No	Paragraph/References within the Report
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Crime and Disorder	Yes	Whole report and particularly 3.3(d) IT audit. Part of the purpose of Internal Audit is to give assurance on the controls in place to prevent fraud and other irregularity such as breach of data security.
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Internal Audit process, a main purpose of which is to give assurance to Directors and the Audit & Risk Committee that risks are being managed appropriately by the business.

6. Background Papers – Local Government Act 1972

6.1. Files held by Internal Audit.

7. Consultations

7.1. The audit plan has been prepared in consultation with the Strategic and Operational Directors; Finance Management Team (which includes all Heads of Finance) and the Head of Information Assurance.

8. Report Author

8.1. Steve Jones, Audit Manager, Internal Audit, Financial Services, x37 1622 (0116 454 1622). Steve.jones@leicester.gov.uk

Set out below are the individual audits expected to be started in the first quarter of 2014-15.

This is subject to:

- Client or process availability and readiness for audit
- Internal Audit resources
- Urgent commissioned work.

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
Significant Financial Systems	Corporate Resources (Financial Services)	Significant Financial Systems	40	<p>Review of key controls as identified in the <i>Internal and External Audit Joint Protocol</i>.</p> <p>This will include the main ledger system and interfaces with significant financial feeder systems. It is expected to cover, among other things, journals, bank reconciliations, suspense accounts and feeder account reconciliations.</p> <p>The financial processes or systems covered are:</p> <ul style="list-style-type: none"> • Financial reporting • Payroll • Capital additions and disposals • Council tax (including discounts) • NNDR (business rates) • Housing rents • Cash and cash equivalents. 	<p>This is a continuation of audit work which started in the last quarter of 2013-14, which covered the main financial systems for periods 1-9 of 2013-14. This audit will cover the remaining three months of the 2013-14 so as to ensure the whole year is covered. External audit reliance by KPMG is anticipated.</p> <p>The actual total days may vary depending on requirements and the availability of information.</p> <p>Preliminary audit work is intended on Council tax discounts and may be supplemented by further review later in the year.</p>
Budgetary Control	Corporate Resources (Financial Services)	Significant Financial Systems	25	Indicative provision at this stage; exact scope to be agreed.	There is continued scrutiny of budgets. KPMG have indicated an interest in budget monitoring at cost centre level.

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
Community Support Grant	Corporate Resources (Financial Services)	Other Financial Systems	20	Review of the controls to ensure the payments are made in line with the required procedures.	<p>The Welfare Reform Act 2012 abolished Community Care Grants and Crisis Loans (provided by the Department for Work and Pensions) from 1 April 2013 and replaced them with a new Local Welfare Provision, administered by local authorities. For Leicester this new Local Welfare Provision is called the Community Support Grant Scheme (CSGS).</p> <p>In 2013-14 £1.6m was allocated to Leicester City Council, with a similar allocation expected in 2014-15. New procedures have been established to make payments under this scheme. Assurances are required by management that controls are adequate to ensure payments are correctly made in line with the scheme and accurately accounted for.</p>
Partnerships	Corporate Resources (Financial Services)	Contract audit	25	Review of a sample of partnership arrangements including adherence to the Council's Partnership Guidelines.	Audit & Risk Committee concerns about funding and monitoring arrangements.
Customer Services Centre	Corporate Resources (Information & Customer Access)	Cash audits and establishments	15	Review of the cash handling procedures, including security and reconciliation procedures.	The new Customer Services Centre has recently opened; this is a larger operation than the previous one and new arrangements are in place for service delivery. The audit review will assess the controls in place.

Appendix A
Internal Audit 1st quarter operational plan 2014-15

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
<i>Visit Leicester Centre</i>	City Development & Neighbourhoods (City Centre)	Cash audits and establishments	10	Review of the cash handling and related financial procedures, including sales stock and reconciliation procedures.	The <i>Visit Leicester</i> Centre transfers to direct City Council responsibility on 1 April 2014.
Libraries	City Development & Neighbourhoods (Cultural & Neighbourhood Services)	Cash audits and establishments	7	Review of the cash and income arrangements including the new self-service facilities.	New self-service machines are being installed in the libraries across the city. Internal Audit assurances are requested about the new arrangements to ensure controls are adequate. IT audit work is also planned for the libraries service; see below.
Corporate Governance – Annual Governance Statement	Corporate (City Barrister & Head of Standards)	Corporate governance	5	The assurance processes in place to determine compliance with the Council's Local Code of Corporate Governance and do so in a way that balances administrative efficiency with a robust and reliable assessment.	This work follows the recent annual review of the Council's assurance framework. It is intended to contribute towards the preparation of the Annual Governance Statement, which will be the main output from this work and will be presented in due course to the Audit & Risk Committee.
IT General Controls	Corporate Resources (Information & Customer Access)	IT Audit	20	Access controls and user management for the IT applications supporting the significant financial systems. This audit will chiefly consist of regularity-type audit testing to confirm that controls continue to operate soundly.	Annual coverage in support of significant financial systems audits. This work may be reviewed by KPMG in connection with their external audit work.

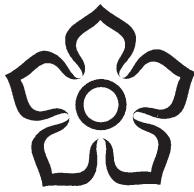
Appendix A
Internal Audit 1st quarter operational plan 2014-15

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
Customer Data Integration (CDI)	Corporate Resources (Information & Customer Access)	IT Audit	10	The aim of CDI is to gather information from across the organisation to present a true consistent, accurate, single view of data held about the Council's customers. The security and robustness of this major data-handling process are crucial to manage the major risks involved.	Internal Audit has been asked to undertake periodic health-check IT audits of this important but high-risk area.
Open Housing IT system - data migration	Corporate Resources (Information & Customer Access)	IT Audit	10	Assurance to management that data migrated from the old Open Housing (Capita) system to the new OH (Northgate) system is transferred accurately and completely.	
Liquid Logic (CareFirst replacement)	Corporate Resources (Information & Customer Access)	IT Audit	10	Assurance to management that data migrated from the CareFirst system to the new LiquidLogic system is transferred accurately and completely.	LiquidLogic is the new IT system replacing the CareFirst system used in social care.
Website security assessment	Corporate Resources (Information & Customer Access)	IT Audit	25	A request from the Director of Information & Customer Access to test the Council's websites for vulnerabilities and provide an assessment of the risks these may present. Once it is under way, the scope of this audit work may change depending on the risks and findings identified.	Websites are a major point of access to the Council's services, networks and information.

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
Libraries Public PCs and Wi-Fi	City Development & Neighbourhoods (Cultural & Neighbourhood Services)	IT Audit	10	Review of public PCs and the Wi-Fi service in libraries to ensure the Council's and its customers' interests are protected.	Requested by service management in order to give independent assurance on this important IT-based public service.
Schools Financial Audits including Schools Financial Value Standard (SFVS)	Children's Services (Learning Services)	Schools	40	Reviews of SFVS self-assessment returns received from schools, including visits to a sample of schools to verify the quality and accuracy of the responses and to ensure that all actions agreed in the previous year's self-assessment have been addressed. Visits will also be made to schools that do not submit a SFVS self-assessment where required. Potential thematic audits of aspects of school finance and governance linked to the support received by schools from the local authority.	The precise scope of schools audits is subject to further consultation with Learning Services to determine where audit effort is best directed. The SFVS-related audits will help to inform the annual statement on SFVS submitted by the Director of Finance to the Department for Education.
Schools Audit Annual Report for 2013-14	Children's Services (Learning Services)	Schools	5	Review of 2013-14 schools audit findings, including a summary paper for publication on the Schools' Extranet.	Part of the purpose of this report is to present the trends arising from schools audit work in the past year so as to help schools address the more frequently occurring issues and thereby strengthen the financial management controls in place.

Appendix A
Internal Audit 1st quarter operational plan 2014-15

Audit	Lead Department and Division	Audit area	Planned days	Scope	Notes
Growth Fund grant	City Development & Neighbourhoods (Planning, Transportation & Economic Development)	Grant certification	3	Residual grant audit for 2013-14 in line with certification guidelines.	Leicester City Council is the accountable body for this grant and has to submit the grant certification. The deadline is expected to be in mid-June.
Pooling of Housing Capital Receipts	Adult Social Care, Health & Housing (Housing)	Grant certification	10	Grant certification in line with the certification guidance provided by KPMG.	As part of the joint working arrangements with the external auditor this is Internal Audit's preliminary work, prior to final sign-off by KPMG as external auditor.
Follow-up audits	Various	Follow-up audits	15	Evidence-based follow-up of past audit recommendations to assess progress made in implementation.	Audit recommendations are agreed with service management in order to strengthen the controls in operation to protect the Council's interests. This work is intended to ensure that agreed actions are demonstrably put into effect.
		TOTAL	305		



Leicester
City Council

WARDS AFFECTED: ALL

Audit and Risk Committee

15 April 2014

Risk Management and Insurance Services Update Report

Report of the Director of Finance

1. Purpose of Report

To provide the Committee with the regular update on the work of the Council's Risk Management and Insurance Services team's activities.

2. Summary

The Committee has agreed a reporting schedule to keep it informed of:-

- Risk management activity within the Council;
- Information about the work of the Council's Risk Management and Insurance Services (RMIS) team; and,
- Information about other on-going initiatives in the Council to control risks it faces in the delivery of its services.

3. Recommendations

The Committee is recommended to:

- 3.1 Receive the Report and note its contents.
- 3.2 Make any recommendations or comments it sees fit either to the Executive or Director of Finance.

4. Report

4.1 The Risk Management and Insurance Services team have responsibility for three critical functions:

- Risk Management Support and Advice;
- Insurance; and
- Business Continuity Support and Advice.

4.2 This report provides an update, in the previously agreed format, on work carried out by the RMIS team since the last meeting, reporting to you progress made against their objectives. It assures you, where possible, that risks within the business continue to be managed effectively.

4.2.1 Risk Management Support and Advice

The Council maintains a Strategic Risk Register and an Operational Risk Register. These registers contain the most significant unmitigated risks which the Council is managing and they are owned by Strategic and Divisional Directors respectively. Whilst there are other key risks, in the view of Directors, these are sufficiently mitigated for them not to appear in these registers.

The Risk Registers as at the 31 January 2014 were presented to the committee on the 19 March and, as this is a quarterly reporting process, are not due now until the end of April and will, therefore, be presented to the next committee meeting.

The 2014 RMIS training programme, the aim of which is helping staff to understand and manage their risks more effectively, was launched to the business in October 2013. The risk training sessions continue to be supported by the business areas, although falling attendances (referred to in the separate Business Continuity update paper presented to this committee) have been brought to the attention of the Strategic and Divisional Directors by the Head of Internal Audit and Risk Management.

4.2.2 Insurance and Claims

A summary report of claims against the Council received in the period 1 April 2013 to 28 February 2014 is attached - Appendix 1. This appendix shows both successful and repudiated claims, breaking these down into business areas and type of claim i.e. slips and trips, potholes etc. Members should remember that one claim may be reported in more than one policy category – for example a Motor claim may also have a Personal Injury or Public Liability claim too, and that for new claims a value may not have been applied whilst initial investigations conclude.

The figures in brackets represent claims in those areas in the same period last year. The year on year figures continue to show the benefits of handling these claims in-house as fewer are being paid and those that are paid are being settled, on the whole, at lower levels and much quicker – hence avoiding inflated Legal fees.

Since the last report to the Committee, the Council has had no cases go to Court. One case was discontinued a week before the court date. This was a claim for a 'slip and trip' which was reserved at £25,000 and that sum has been returned to reserves. The Council was also awarded costs of c£5,000.

Loss Reduction Fund – So far this Financial Year (1 April 2013 to 28 February 2014) RMIS received 57 bids for assistance from the fund for a total of £356,444. Of these bids, 41 applications were approved and the fund provided an amount of £228,835 to business areas. In addition, there are 7 bids for as total of £49,455 currently held awaiting further information.

4.2.3 Business Continuity/Emergency Planning updates

The Council's 2014 Business Continuity Management Strategy, containing the Business Continuity Management Policy, was presented to this Committee for noting, following approval, at its meeting on 19 March.

There have been no events since the last meeting affecting the Council that required the intervention or use of a business continuity plan. A verbal update will be given to the meeting of a 'near miss' that was experienced and dealt with by the ICT teams.

There is a separate update report presented to the committee on the work carried out by the business on their critical activity business continuity plans following the 'testing' of these plans last year.

4.2.4 Key Risk Issues arising within the Business

The key significant risk issues arising within the business have not altered since the last meeting of this Committee. They remain those surrounding the trade unions' potential for, and actual, industrial action across areas of the public sector.

The two main teaching unions (NUT and NASUWT), who had been encouraging their members to 'work to rule' since September 2012, finally escalated their members response to 'action short of a strike' on 1 and 17 October 2013, following which a letter was sent by the unions to the Secretary of State. Nationally, the impact of this on-going 'work to rule' remains low and stable.

The NUT announced that their members will strike on 26 March. NASUWT decided not to support the NUT and advised that they will not ask their members to strike during the Easter term. The NASUWT have also re-commenced negotiations with the

Department for Education. The Department for Education has issued advice to schools to enable them to stay open. The Council's response to this disruption (and future such stoppages) will be managed by the relevant Operational Directors, supported by the Head of Internal Audit and Risk Management (who remains the LRF contact point). The earlier activities did not cause any significant disruption to the Council and a verbal update on the March stoppage will be provided to the committee.

The Fire Brigades Union held a series of strikes between 25 September and 4 January. These were a mixture of discontinuous actions and full strike action. The Head of Internal Audit and Risk Management continues to provide Directors and Heads of Service with updates from the Fire Service as they are received. Currently we await the next call for action, but colleagues from the Fire Service within our Local Resilience Forum (LRF) advise that talks continue and remain positive.

The Head of Internal Audit and Risk Management continues to Chair meetings of the Local Resilience Forum Business Continuity Practitioners Group where the risks for LRF members arising from any strike action, and the LRF member's response to deal with these incidents, are reviewed. If any further strike action is confirmed he shall, again, co-ordinate the Council's response with the support of the Chief Operating Officer.

Critical areas considered most at risk of disruption remain – schools – because of the impact on LRF partners and their staff if they fail to open; highways – emergency repairs and response to adverse weather conditions; and, housing – emergency repairs and maintenance.

4.2.5 Horizon Scanning – events in other Public Sector agencies and the Private sector that may impact upon the Council.

A report issued on the 5 March by the Business Continuity Institute has identified that IT-related threats are continuing to provide the greatest concern for organisations, ranking above natural disasters; security incidents; and, industrial disputes. The Committee remain aware of the fines levied on companies for loss of data and the steps that the Council takes to mitigate this risk through its policies and procedures.

From 2 April 2014, all UK Government organisations and external parties that are subject to the HMG Secure Policy Framework (which includes the Council) need to make the transition from the old Government Protective Marking Scheme (GPMS) to the new Government Security Classification (GSC) system. Although affected, in reality the impact on the Council is

minimal as this affects, primarily, only those teams that have direct communications with the Police or Armed Forces. The Council's relevant policies have been updated to reflect the changes (through the Information Management Programme Board, of which the Head of Internal Audit and Risk management is a member). Training for those staff affected by this change is also being arranged by the Head of Information Assurance.

The Department of Communities and Local Government (DCLG) has announced that when the Audit Commission closes in March 2015 the Local Government Association (LGA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) will take its statutory services. The LGA will set up a private company to take over audit contracts while CIPFA will establish a new 'counter fraud centre'.

On the 24 march, the Deputy Prime Minister and the Minister for Cities announced the Leicester and Leicestershire City Deal which, it is hoped, will create thousands of new jobs and apprentices. The ambitious deal will create 1,400 new jobs and 4,000 new apprenticeships and traineeships in Leicestershire. In total the deal will unlock over £130 million of public and private sector investment.

The Head of Internal Audit and Risk Management will continue to send to and/or discuss with relevant managers and directors any issues and the potential impacts they may have on the Council.

5. Financial, Legal Implications

There are no direct financial or additional legal implications arising from this report. These implications will rest within (and be reported by) the business areas that have day-to-day responsibility for managing their risk.

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting Information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Risk Management	Yes	All of the paper.

7. Report Author/Officer to contact:

Tony Edeson, Head of Internal Audit and Risk Management, Financial Services - Ext 37 1621

26 March 2014

Appendix 1 - Insurance Claims Data

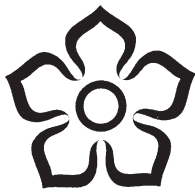
LEICESTER CITY COUNCIL - Insurance Claims Received 1 April 2013 - 28 February 2014.

Claims received and being dealt with

Total Claims	Repudiated	In Progress	Paid	Amount Paid
691 (679)	314 (280)	237 (327)	140 (72)	£347,600 (£157,072)

Breakdown by Area and Type of Claim											
Division		Responsible Director			Claim Type					Total Number	£ Value
					Employers Liability	Public Liability	Professional Indemnity	Personal Injury	Motor		
Env & Enforcement Services		Frank Jordan (Acting)			5	40		15	73	145 (123)	52378
Plan, Trsport & Economic Dev.		Andrew L Smith			2	172	2	78	78	376 (330)	40580
Child Soc Care & Safeguarding		Andy Smith								0 (3)	28274
Housing		Ann Branson			7	125		39	92	295 (293)	187435
Human Resources & W/Fce Dev		Miranda Cannon/Alison Greenhill				1		1		2 (1)	
Adult Soc Care & Safeguarding		Ruth Lake			1			1		2 (7)	
Del, Comms & Pol Governance		Miranda Cannon							1	1 (1)	
Information & Cust Access		Jill Craig							1	1 (2)	
Property		Mark Lloyd			2	3		4		9 (7)	620
Learning Services (incl Schools)		Margaret Libreri			2	14		13	12	43 (28)	13193
Finance		Alison Greenhill								0 (0)	
Legal Services		Kamal Addatia				1		1		2 (0)	
Culture & Neighbourhood Svcs		Liz Blythe			1	6		3	1	12 (12)	1298
City Public Health & Health Imp		Rod Moore								0 (N/A)	
Care Svcs & Commissioning		Tracie Rees				1		1		2 (2)	
		Total			20	363	2	156	258	890 (809)	323778

Last 12 months rolling repudiation rate - 76%



Leicester
City Council

WARDS AFFECTED
All

Appendix I

FORWARD TIMETABLE OF CONSULTATION AND MEETING

Strategic Management Board	1 April 2014
Operational Board	9 April 2014
Audit and Risk Committee	15 April 2014

Business Critical Activities' Business Continuity Plans – Final Update

Report of the Director of Finance

1. Purpose of Report

- 1.1. To advise the Boards/Committee of the progress made by the business in updating their critical activity business continuity plans. This follows reports on the review of our critical activity business continuity plans by De Montfort University (DMU) presented here in November 2013 and the interim update on progress made to rectify this adverse position provided in January 2014.

2. Recommendations (or OPTIONS)

- 2.1. The Boards/Committee are recommended to:-

- Note, accept and address the findings of this report as they affect their Service Areas;
- All Directors to note the revised process that is to be introduced to ensure your plans remain current and 'fit for purpose' (paragraph 4.6 below);
- All Directors to thank their staff involved in this process for their co-operation and completion of revised plans where necessary;
- Raise any issues or questions with the report author or the Director of Finance.

3. Summary

- 3.1. Following presentation to this Board/Committee in November 2013 of a report on the Council's Business Continuity plans covering its identified critical activities (work carried out by DMU) which highlighted significant 'gaps' in the Council's Business Continuity planning, a deadline was set for the necessary remedial work to be carried out by the business areas reviewed that failed to reach the agreed standard.
- 3.2. An update report was provided in January 2014 to SMB and the Audit and Risk Committee (verbal) by the Head of Internal Audit and Risk Management. At this time a further deadline was set for the plans covering the critical activities not reviewed by DMU to be submitted for assessment to RMIS.
- 3.3. This report summarises the present position and the Board will note that all plans have been submitted and 'marked'. The Council now has no critical activity plan which failed to achieve the required score. Appendix 1 summarises the scoring of the plans.

4. Report

- 4.1. The Council's BCM arrangements, including its Corporate Plan and several of its Critical Activity plans, were subjected to an independent review by a DMU post-Graduate student during Q3 2013. Of 30 plans reviewed, DMU found that only six achieved alignment with the relevant standard (a 'realistic' pass mark of 70% was set) and also contained a suitable recovery plan therein. The remaining 24 plans failed to achieve the 'pass mark' for alignment with the standard, although four of these did actually have current content – it was just that key elements were missing and one further plan, whilst achieving compliance with the standard, did so with content that was out of date.
- 4.2. Following presentation of the DMU report to Strategic Management Board on 12 November 2013; the Operational Board on 6 November 2013; and, the Audit and Risk Committee on 14 November 2013; a deadline of the 31 December 2013 for Directors, responsible for those service reviewed, to produce effective and up to date plans was set and met.
- 4.3. Along with those 'failed' plans there were also ten critical activity plans that had either not been sent automatically to RMIS or were not reviewed by DMU in 2013. These latter plans were requested from the responsible Directors by the 28 February 2014.
- 4.4. RMIS have now had all of the plans returned and have assessed these against the requirements of the standard, the results of which are shown in Appendix 1. Although all plans attained the required 'pass mark' of 70%, few scored in excess of 90% and none achieved a 'perfect' 100%. Despite these scores suggesting that staff with responsibility for business continuity in the business need training, it is disappointing to report that the BCM training sessions arranged specifically for this reason, had to be cancelled in both February and March due to insufficient attendees booking the course (and the session in January only had 11 of the 20 available spaces filled).

- 4.5. Directors should also remain aware that this score is an assessment of completion of a plan in line with a business continuity management standard. It does not guarantee that the plan will work perfectly if called into action during an incident – but it will make our response to any such incident better managed. Part of the guidance given in the RMIS BCM Training is that Directors, via their Senior Management Teams, are those best placed to assess the operational effectiveness of the plan, as that team will consist of those staff (with the knowledge of the service area; its staff; and its service users) best set to make that call. RMIS remain available to support teams in that role by providing scenarios or facilitating more detailed testing of the business area's plans.
- 4.6. To try to avoid plans being held on the secure Internet Business Continuity pages becoming out of date, it is proposed to change the methodology used in the past to update plans. In the last two years each Director has self-certified that their plans are up to date and fit for purpose and that, where necessary (for the critical activities) those plans have been sent to RMIS. Clearly this wasn't working so, going forward, each year RMIS will obtain a current plan for each of the Critical Activities after the conclusion of the self-certification process – which will remain each June. As the new plan pro-forma has a version control mechanism with a date the plan was updated this should be relatively easy to do. All critical activity plan owners, therefore, need to be aware that from December 2014 and March 2015 their plans must be updated and re-submitted to RMIS (and that this will continue each year thereafter).

5. FINANCIAL AND LEGAL IMPLICATIONS

5.1. Financial Implications

5.1.1 'Rigorous BCP arrangements are essential to ensure the Council can be confident of recovering effectively from a major incident and with as little additional or abortive expense as possible'. Colin Sharpe, Head of Finance – 37 4081.

5.2. Legal Implications

5.2.1 'Rigorous BCM arrangements are essential to ensure the Council can be confident of ensuring it has proper cover for its legal liabilities'. Kamal Adatia, City Barrister – 37 1401

6. Other Implications

OTHER IMPLICATIONS	YES/ NO	Paragraph/References Within Supporting information
Risk Management	Yes	All of the paper.
Climate Change	No	
Equal Opportunities	No	
Policy	Yes	All of the paper.
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	

7. Report Author

7.1. Tony Edeson, Head of Internal Audit and Risk Management – 37 1621

