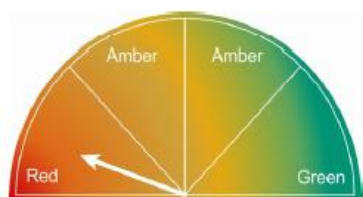


Slough Borough Council

Employees Declaration of Interests (2.12/13)

Internal Audit Report
14 September 2012

Overall Opinion



Recommendations Raised

HIGH	MEDIUM	LOW
2	4	0

Overview:

This audit was undertaken as part of the internal audit plan for quarter one of 2012/13 on the request of senior management who wished to tackle perceived weaknesses comprehensively.

We cannot provide assurance that robust systems are in place to ensure employees have been required to declare relevant interests.

We are unable to provide assurance that all new employees are asked to complete declaration of interest forms or that an effective system is in place to follow up non-completion of these forms for new starters and/or existing staff. The main issues arising from this audit are:

1. The Council does not have robust process to ensure all employees who would be required to complete a declaration of interest form are identified on an on-going basis. We noted that email distribution lists were being utilised rather than establishment lists and therefore some employees could fail to be reminded each year.
2. Sample testing found that eight out of 20 new starters had not completed a declaration of interest form. In addition, testing on 12 out of 25 existing employees identified that they had not completed a declaration of interest form in 2011/12.
3. At the time of our review there had been no effort to follow up outstanding forms.

The implication of the above is that the Council cannot ensure that all staff who should have completed a declaration of interests form have in fact completed one. This could result in the Council being unaware that staff may have potential conflicts of interest with either current or prospective suppliers which could result in inappropriate engagements being entered into or inappropriate decisions being made.

The process is currently paper based and requires a significant resource in ensuring all responses are appropriately received. However, it was noted that this is an ad-hoc approach until a robust, less laborious process is implemented. The Council recently agreed to procure an electronic system which should help to address some of the weaknesses identified in this review.

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Debrief meeting	24 April 2012	Auditors	Mark Jones, Partner Daniel Harris, Director Chris Rising, Senior Manager Andrew Patterson, Assistant Manager Tsitsi Madzingira, Auditor
Draft report issued	15 May 2012		
Responses received	6 September 2012		
Final report issued Revised Final Report Issued	7 September 2012	Client sponsor	Kevin Gordon, Assistant Director Professional Services
	14 September 2012	Distribution	Ruth Bagley, Chief Executive Jaki Salisbury, Interim Director Finance and Property Services Mark Taylor, Interim Assistant Director, Finance Kevin Gordon, Assistant Director Professional Services Victoria King, Trainee Democratic Services Officer



This review has been performed using RSM Tenon's bespoke internal audit methodology, **i-RIS**.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

An audit of Declaration of Interests was undertaken as part of the approved internal audit periodic plan for 2012/13. Senior management had become concerned about weaknesses in systems and practice and were planning measures to tackle those weaknesses. The audit formed a baseline for moving forward.

Within the Council's Constitution it states that all employees are required to declare any outside interests and other work they hold outside the Council whether paid or unpaid. When employees join the Council they are required to complete new starter forms and as part of this process the declaration of interest form should be completed. The Personal Assistant for the respective Directorates retain completed declaration of interest forms.

From discussions with the Chief Executive and Assistant Director, Professional Services it is understood that considerable improvements have been made by the organisation to establish a process to obtain assurances regarding employees interest on a regular basis.

Employees are now required to annually complete a Declaration of Interests Form and Outside Work Form and reminders are sent out by the Directors' Personal Assistants for their respective directorates to commence this process. Once the forms have been submitted they are collated and monitored by the Personal Assistants.

The Chief Executive confirmed that this is currently an ad-hoc approach until a robust, less laborious process is implemented. To address the manual process the Council agreed (on 5th April 2012) within the Statutory Officers Meeting to fund the procurement of an electronic system.

The directorates have different processes around collating and review of the Declaration of Interests forms and the Outside Work forms. Some directorates maintain a log of all the declarations received against what is expected and others maintain the forms on file but do not have a log of the declaration forms returned. The process around review is also inconsistent between directorates.

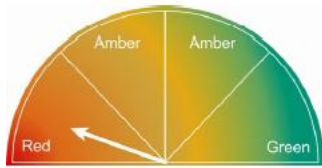
A follow up or escalation process for outstanding Declaration of Interests forms was not being undertaken at the time of the audit. However, we were informed by the Assistant Director, professional Services that the Council will be chasing outstanding declaration of interest forms imminently.

For Council expenditure above £2,500 in 2011/12 we reviewed the supplier details against the Council's establishment list. We found that there was an employee who had not submitted Declaration of Interests forms but was recorded as being in receipt of a Council payment.

The audit was designed to assess the controls in place to manage the following objective and risk:

Objective	The objective of the review is to provide assurance that employees are acting in the best interest of the Council and are therefore being removed from any decision making exercises where a conflict of interest may arise.
Risk	Inappropriate cost and/or quality based decisions are made by employees due to their biased personal interest.

1.2 CONCLUSION



Taking account of the issues identified, the Council cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective.

Action needs to be taken to ensure this risk is managed.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Design of control framework

We found that the following controls were designed adequately:

- The Council has an Ethical Framework which forms part of their approved Constitution.
- The Council conducts an annual exercise to obtain knowledge of Category A employees interests.
- Category B employees are notified to complete a revised Declaration of Interest Form if their circumstances have changed annually.
- Each Directorate monitors the completion of Declaration of Interest Forms.
- As part of the procurement process the Council ensures Evaluation Panel Members declare any interests through the submission of letter requesting panel members to declare such interests in all bidders that have submitted proposals.

In addition we found the following weaknesses in relation to the design of the controls:

- The Code of Conduct does not clearly explain interests of family members and interests through the receipt of direct payments for social care.
- New starters are required to complete Declarations of Interests forms and Outside of Work form on commencing employment. However, the induction checklist does not include a check to confirm the employee has completed a declaration of interest form.
- The Council does not have a set of procedures to explain how staff will be requested to declare their interests on commencement of employment at the Council or at any regular interval to ensure the organisation captures any new interests that an employee may have.
- The Council does not have a set of procedures to explain how management review and share information on completed Declaration of Interest forms and how to appropriately manage employees other interests. Without consistent communication of declarations made the Council could make inappropriate decisions that are not in the best interest of the Council.

Application of and compliance with control framework

We found that a number of controls identified above were not adequately complied with. We identified the following weaknesses:

- Sample testing identified that 8 of 20 Declaration of Interests forms for new employees were missing and therefore considered not completed. We confirmed that neither the Personal Assistants nor Human Resources held a copy.
- Sample testing identified that the Council had not received Declaration of Interests forms from all employees during the annual review and there had been no effort to follow up outstanding forms to date.
- Sample testing identified that within the Resources and Regeneration Directorate that the Declaration of Interests forms are not signed off by the Director to demonstrate they had been reviewed. We were informed by the Personal Assistant that a review had taken place. However, without evidence of this on the forms we cannot be assured that it did actually take place.

2 ACTION PLAN

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are not formal recommendations that impact our overall opinion, but used to highlight a suggestion or idea that management may want to consider.

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
1	The Code of Conduct should be enhanced to clearly explain interests of family members and /or those to whom the employee may believe to have an obligation of welfare.	Medium	Y	Valid point. The code of conduct will be revised. This will need consideration by the Constitution Working Group.	End of October 2012	Kevin Gordon, Assistant Director Professional Services
2	The Council should create a procedure/policy document explaining the process for the completion of the Declaration of Interest exercise. This document should outline: <ul style="list-style-type: none"> ▪ Who is responsible for requesting individuals to complete Declaration of Interest forms at commencement of employment and at regular intervals; ▪ Timeframes for completion of the 	High	Y	Once a system is in place and the processes are clearly understood a procedure will be drafted to ensure that this does not need completing more than once.	End of December 2012	Kevin Gordon, Assistant Director Professional Services

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<p>exercise;</p> <ul style="list-style-type: none"> The escalation process for employees who fail to comply with requirements; and Who is responsible for monitoring the completion of the exercise and responsible for assessing the impact of any declared interests. <p>It should be noted that the first three requirements of this recommendation could be addressed through the full implementation of recommendation four.</p>					
3	<p>The Declaration of Interest Form should be enhanced to:</p> <ul style="list-style-type: none"> Capture the information from the Outside of Work Form to enable this document to be redundant and enable easier completion for employees and enable the Council to more easily monitor completion; and Elaborate on the definition of a family member (in-line with recommendation one). 	Medium	Y	This will not be required, as an electronic system will capture all details through one electronic form.	End of December 2012	Kevin Gordon, Assistant Director Professional Services
4	<p>The Council should progress its plan to introduce an electronic process for completing the Declaration of Interest process that removes the extensive resources required by the Personal Assistants.</p>	High	Y	A resource has been requested from CMT to enable the Council to procure an electronic system to carry out this declaration of interest process. The Council will ensure any new system has the capabilities listed in this	End of December 2012	Kevin Gordon, Assistant Director Professional Services

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	<p>The Council should ensure a new introduced system has the capability of:</p> <ul style="list-style-type: none"> ▪ Identifying through a link to HR/payroll systems all new starters to request them to complete a declaration of interest; ▪ Remind employees who have not completed the exercise; ▪ Escalate non-completed declarations to senior management; ▪ Automatically request all employees to complete the exercise at regular intervals; and ▪ Enable management to analyse the completion of interests and search potential conflicts. <p>If the Council is unable to introduce an electronic, automated system to capture this information the Council should maintain Directorate logs to monitor:</p> <ul style="list-style-type: none"> ▪ Outstanding Declaration of Interest forms; and ▪ Record employee interests to enable management to review potential conflicts. <p>From the completed log employees need to be reminded of the requirement to comply with the policy/procedure on Declaration of Interests and non-</p>			<p>recommendation.</p>		

Ref	Recommendation	Categorisation	Accepted (Y/N)	Management Comment	Implementation Date	Manager Responsible
	compliance should be appropriately escalated.					
5a	The Council should investigate whether there has been a breach in the employee's code of conduct in the one instance where the employee did not declare that they were a company director for a firm where the Council has incurred expenditure.	Medium	Y	This matter will be investigated. The Council will also ensure all outstanding 2011/12 declarations are chased from employees from an establishment list obtained from Human Resources.	End of June 2012	Kevin Gordon, Assistant Director Professional Services
5b	The Council should introduce a process whereby it is not possible for employees to process transactions for direct payments to themselves or family members. A similar approach should be undertaken to that which is adopted for Housing Benefit payments.	Medium	Y	The Strategic Director of Resources confirmed that the Council will ensure a process similar to Housing Benefits is adopted for social care direct payments.	TBC	TBC

3 FINDINGS AND RECOMMENDATIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all audit testing undertaken.

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
Risk: Inappropriate cost and/or quality base decisions are made by employees due to their biased personal interest.					
1	<p>The Council has an Ethical Framework which forms part of their approved Constitution.</p> <p>Within the Ethical Framework is a section on the Local Code of Conduct for Employees. The constitution contains rules that require employees to make known in writing to their line manager, all relationships of a business or private nature with existing contractors/firms, or potential contractors/firms.</p> <p>The Code of Conduct includes a Duty to declare interests. Employees are responsible to declare:</p> <ul style="list-style-type: none"> ▪ Interests that conflict with their duties, ▪ Any financial or personal/social interests that could bring about conflict with the Council's business or 	No	<p>We obtained the Council's Constitution dated May 2011. We also obtained the minutes of the Council held on the 19th May 2011 and verified that the Council endorsed the changes to the existing constitution.</p> <p>On observation of the Council's website we were able to verify that employees could access the constitution.</p> <p>On review of the document we confirmed that it included the Local Code of Conduct for Employees. We confirmed that it set out the standards the Authority expects of employees and the values it expects all staff to uphold.</p> <p>We confirmed that the Code of Conduct informed employees of the rules that require employees to make known in writing to their line manager, all relationships of a business or private nature with existing contractors/firms, or potential contractors/firms.</p> <p>We also confirmed that it informed employees of their responsibilities to declare interests.</p> <p>However, we did note through sample testing in paragraph five that the Code of Conduct did not</p>	<p>The Code of Conduct should be enhanced to clearly explain interests of family members and /or those to whom the employee may believe to have an obligation of welfare.</p>	Medium

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
	<p>interests</p> <ul style="list-style-type: none"> ▪ Interests, relationships and associations when dealing with contracts, recruitment, management responsibilities, the allocation of resources and services, the provision of services and access to confidential information. ▪ Outside employment, gifts and hospitality and memberships of closed societies which will be maintained by each department. <p>The Monitoring Officer will maintain the corporate register covering pecuniary interests at Council, Committee or Sub-Committee meetings, interests in contracts and personal relationships.</p> <p>The constitution describes the consequences of not declaring interests.</p> <p>The constitution divides employees into two categories:</p> <ul style="list-style-type: none"> ▪ Category A staff who are in a position to influence decisions on contractors or consultants, the 		<p>adequately explain to employees the need to declare interests of a member of family and interests through the receipt of direct payments in social care.</p> <p>Without a clear definition of these conflicts the Council could be unaware of potential conflicts of interests and therefore could fail to manage these interests.</p> <p>The document clearly defines who is required to submit a declaration of interest and how regularly declarations need to be updated.</p> <p>We find the communication of the Constitution to be appropriate at it is available to all employees on the intranet.</p>		

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
	<p>granting of planning and other consents, and the conduct of negotiations affecting land and property as well as those with responsibilities associated with confidential information concerning the Council's commercial dealings or those of third parties.</p> <ul style="list-style-type: none"> ▪ Category B staff which covers all other staff. <p>Category A staff are required to complete a declaration of interests annually and Category B staff are required to complete a declaration of interest where their duties and interests conflict as those of Category A.</p>				
2	<p>The Council does not have a set of procedures to explain how staff will be requested to declare their interests on commencement of employment at the Council or at any regular interval to ensure the organisation captures any new interests that an employee may possess.</p>	No	<p>In discussion with the Assistant Director Professional Services it was confirmed that the Council does not hold any procedures that explain to individuals' their responsibilities about when and how employees are to declare interests and how this information is to be collated. We also verified with the Personal Assistants to the Directors that they did not hold any procedures.</p> <p>Without approved written procedures on this process employees interests may not be declared and managed appropriately.</p>	<p>The Council should create a procedure/policy document explaining the process for the completion of the Declaration of Interest exercise.</p> <p>This document should outline:</p> <ul style="list-style-type: none"> ▪ Who is responsible for 	High

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
			<p>This could potentially result in the Council damaging its reputation if it was seen to be acting unethically. Employees could also make management decisions that are not in the best interest of the organisation.</p>	<p>requesting individuals to complete Declaration of Interest forms at commencement of employment and at regular intervals;</p> <ul style="list-style-type: none"> ▪ Timeframes for completion of the exercise; ▪ The escalation process for employees who fail to comply with requirements; and ▪ Who is responsible for monitoring the completion of the exercise and responsible for assessing the impact of any declared interests. <p>It should be noted that the first three requirements of this recommendation could be addressed through the full</p>	

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
				implementation of recommendation four.	
3	<p>On commencement of employment at the Council, new employees are requested to complete a Declaration of Interest Form and Outside Work Form (if work is undertaken outside of the Council).</p> <p>The Declaration of Interest Form captures whether the employee:</p> <ul style="list-style-type: none"> ▪ Is a category A or B member of staff; ▪ Owns or occupies land or property within the Borough; ▪ Owns, share employment or other interest in a company business; ▪ Is a member of an organisation, society or association; ▪ Has a relation who is a Councillor or Director; and ▪ Has any other interests. <p>The Outside Work Form captures the following information:</p> <ul style="list-style-type: none"> ▪ The description of business, employment or appointment; 	No	<p>On review of the Induction Checklist we confirmed that it did not include a requirement for managers to check that an employee has completed their declaration of interest form and outside of work form.</p> <p>If this is not checked on commencement of employment an individual could potentially conduct their work in a manner that is not in the best interest of the Council. A recommendation in paragraph four has been made which will address this matter through the implementation of an electronic process to capture all new starters.</p> <p>On observation of the HR forms, policies and procedures page of the Council's Intranet site we confirmed that employees could access both the Declaration of Interest Form and Outside Work Form.</p> <p>On review of both forms we confirmed that they enable sufficient information to be captured on employees' interests. However, we could not see the benefit of having two separate forms and in-fact it creates the risk that one form may not get completed. In which case the Council could potentially be unable to effectively manage an employee's other interests. We therefore recommend that the information from both forms is consolidated in to one form.</p> <p>For a sample of 20 new starters for 2011/12 from a list of new starters obtained from Human Resources</p>	<p>The Declaration of Interest Form should be enhanced to:</p> <ul style="list-style-type: none"> ▪ Capture the information from the Outside of Work Form to enable this document to be redundant and enable easier of completion for employees and enable the Council to more easily monitor completion; and Elaborate on the definition of a family member (in-line with recommendation one). 	Medium

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
	<ul style="list-style-type: none"> ▪ The employer/Business position held; ▪ The times/days/period of work undertaken; ▪ Where the work takes place ▪ Whether the work is paid or unpaid; and ▪ Actual date of commencement of work. <p>Both forms are signed off by the employee.</p> <p>Employees can obtain these forms directly from the Council's Intranet site.</p> <p>The Council has an Induction Checklist for managers to complete. However, the form does not include any requirement to check that the new employee has completed the Declaration of Interest Form and Outside Work Form and therefore the Council do not identify non completion of these forms.</p>		<p>we found that:</p> <p>Education & Children's Services Directorate</p> <ul style="list-style-type: none"> ▪ Five out of ten of the sampled employees had completed both a Declaration of Interest Form and Outside Work form which were signed and held by the Director's Personal Assistant. ▪ None of the corresponding Declaration of Interest logs had been signed off by the Director. However, we were informed by the Personal Assistant to the Director that this was due to a number of forms on the log being queried. We confirmed that the logs included annotations that demonstrated a level of review by the Director. <p>Chief Executive Directorate</p> <ul style="list-style-type: none"> ▪ Two out of four of the sampled employees had completed both a Declaration of Interest Form and Outside Work form which were signed and held by the Director's Personal Assistant. ▪ In both instances the Director had reviewed the Declaration of Interest and Outside Work forms. <p>Resources & Regeneration Directorate</p> <ul style="list-style-type: none"> ▪ Five out of six of the sampled employees had completed both a Declaration of Interest form and Outside Work form which were held by the Director's Personal Assistant. At the time of this review no record was held to 		

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
			<p>state whether the missing form (employee number 10532) was a category A member of staff.</p> <ul style="list-style-type: none"> ▪ In discussion with the Director’s Personal Assistant it was confirmed that only Category A staff forms and Outside of Work forms were reviewed by the Director. Of the five completed forms it was noted that only one employee (employee number 10876) had stated that they were a Category A member of staff and we confirmed that this form had not been signed off by the Director. However, no declarations had been declared on this form and therefore we understand that the form would not necessarily require a Director review. . <p>For the eight out of twenty Declaration of Interests forms that were not held by the Directors’ Personal Assistants the HR Business Partner confirmed that these were not held by the HR department.</p> <p>The Council could make inappropriate decisions due to the fact that without completed Declaration of Interest Forms and Outside Work Forms they are unable to effectively manage employees other interests.</p> <p>Furthermore, if the process relies on the employee identifying whether they are a Category A member of staff, Declaration of Interest forms may not be appropriately reviewed if an employee has not correctly recognised their category. The recommendation within paragraph four would address this matter if the Council removes their</p>		

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
			categorisations.		
4	<p>The Council conducts an annual exercise to obtain knowledge of Category A employees interests.</p> <p>The Personal Assistants to the Directors request Category A employees to complete a revised Declaration of Interest form and return this to the Personal Assistants.</p>	Yes	<p>In discussion with the Personal Assistants it was noted that in some instances staff lists were obtained by using email distribution lists. These lists could be inaccurate and employees could potentially fail to be captured in this process if establishment lists are not utilised. We have made a recommendation in paragraph two where this matter should be addressed.</p> <p>We obtained a report from Human Resources of all staff in the organisation. We selected a sample of twenty five, consisting of ten employees from Education and Children’s Services Directorate, five employees from the Chief Executive’s Directorate and ten employees from the Resources & Regeneration Directorate.</p> <p>We found that:</p> <p>Education and Children’s Services Directorate</p> <ul style="list-style-type: none"> ▪ In three out of ten instances a Declaration of Interest form could be located on file. ▪ In all three instances these had been completed in the last financial year; and ▪ Each form had been appropriately completed. <p>Chief Executive’s Directorate</p> <ul style="list-style-type: none"> ▪ In five out of five instances a declaration of interest form could be located on file. ▪ In all instances the form had been 	<p>The Council should progress its plan to introduce an electronic process for completing the Declaration of Interest process that removes the extensive resources required by the Personal Assistants. The Council should ensure a new introduced system has the capability of:</p> <ul style="list-style-type: none"> ▪ Identifying through a link to HR/payroll systems all new starters to request them to complete a declaration of interest; ▪ Remind employees who have not completed the exercise; ▪ Escalate non-completed declarations to senior management; 	High

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
			<p>completed in the last financial year; and</p> <ul style="list-style-type: none"> ▪ Each form had been appropriately completed. <p>Resources and Regeneration Directorate</p> <ul style="list-style-type: none"> ▪ In six out of ten instances a Declaration of Interest form could be located on file ▪ In four out of the six instances the declaration had been completed in the last financial year. ▪ Each form had been appropriately completed. ▪ Six employees had not completed a form within the last financial year. Two employees being category A members of staff (Employee numbers 10286 & 10187). At the time of this review no log was maintained to record the category of all employees and therefore for the remaining four employees with no completed forms we were unable to determine their category. <p>If the Council does not ensure all Category A employees regularly declare their interests the Council may be unaware of any new threats to employees independence and therefore the Council could potentially be making management decisions that are not in the best interest of the Council.</p> <p>In discussion with the Personal Assistants it was confirmed that the process of requesting all employees to complete this task and chase outstanding employees who fail to respond is</p>	<ul style="list-style-type: none"> ▪ Automatically request all employees to complete the exercise at regular intervals; and ▪ Enable management to analyse the completion of interests and search potential conflicts. <p>If the Council is unable to introduce an electronic, automated system to capture this information the Council should maintain Directorate logs to monitor:</p> <ul style="list-style-type: none"> ▪ Outstanding Declaration of Interest forms; and ▪ Record employee interests to enable management to review potential conflicts. 	

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
			<p>excessively time consuming in addition to their other duties.</p> <p>The Council is unable to manage conflicting interests and could be making management decisions that are not in the best interest of the organisation if they are not in a position to manage interests that they are unaware of if the Council is unable to ensure full completion of the Declaration of Interest form exercise.</p> <p>In discussion with the Chief Executive and Assistant Director, Professional Services it is understood that the Council had identified these issues and that the current arrangements are an ad-hoc approach until a less laborious system can be introduced. However, no formal plans for implementation were in existence at the time of our audit.</p> <p>We have also made a recommendation in paragraph two for the Council to ensure it defines a performance management process to ensure non-completion of any Declaration of Interest Forms is appropriately escalated.</p>	<p>From the completed log employees need to be reminded of the requirement to comply with the policy/procedure on Declaration of Interests and non-compliance should be appropriately escalated.</p>	
5	<p>The Ethical Framework within the code of conduct explains must make known in writing to your line manager, all relationships of a business or private nature with existing contractors/firms, or potential contractors/firms.</p> <p>In accordance with Section Five of this Code you will be required to follow the procedures for</p>	Yes	<p>We obtained a report from Human Resources of all employee addresses and a further report from Corporate Procurement of all suppliers where Council has incurred expenditure in excess of £2,500.</p> <p>For the two reports we performed a check of any matches in addresses of supplier addresses to employee addresses. We found that in 2011/12 there were five direct matches. One of which was disregarded due to its appropriateness (employee</p>	<p>The Council should investigate whether there has been a breach in the employee's code of conduct in the one instance where the employee did not declare that they were a company director for a firm where the Council has incurred expenditure.</p>	Medium

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
	category A or category B staff as appropriate.		<p>no. 734026), This related to an employee who was in receipt of a guardian allowance for adoption or fostering and we verified that the employee did not work within a department which approves or carries out transactions of this nature.</p> <p>The details of the remaining four instances are as follows</p> <ul style="list-style-type: none"> ▪ One employee (employee no.8674) was a company director of a supplier of training for which the Council incurred expenditure of £2,850. We confirmed that this interest had been declared. ▪ One employee (employee no. 9291) was a company director of a supplier of development for which the Council incurred expenditure £2,600. We confirmed that this employee had not completed a declaration of interest form. ▪ Two employees (employee no.'s 897467 & 11026) were a relative to an individual who received direct payments of £4,106. We confirmed that neither employee declared their interest. <p>However, we noted that the Code of Conduct or Declaration of Interest forms did not specifically elaborate to explain interests of relatives (for which we have made a recommendation in paragraph one and three to address this matter).</p> <p>In discussion with the Strategic Director of Finance it was agreed that the Council should introduce a</p>	<p>The Council should introduce a process whereby it is not possible for employees to process transactions for direct payments to themselves or family members. A similar approach should be undertaken to that which is adopted by for Housing Benefits.</p> <p>It is accepted that employees do not need to declare these matters.</p>	

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
			<p>process similar to that undertaken for Housing Benefits to ensure employees cannot carry out transactions to themselves. We accept that employees should not be required to declare within the Declaration of Interest process to the Council of their own direct payments that they receive or expect to know those direct payments that family member receive.</p> <p>These findings further enhance the need for an electronic system that enables the Council to monitor and manage potential interests more effectively.</p>		
6	<p>Each year Category B employees are notified to complete a revised Declaration of Interest Form if their circumstances have changed.</p> <p>As Monitoring Officer the Assistant Director of Professional Services completes this task.</p>	Yes	<p>In discussion with the Assistant Director Professional Services it was confirmed that this process is new and as yet employees have not been notified of this requirement.</p> <p>However, in discussion with the Personal Assistants to the Directors it was confirmed that when they request declaration of interest forms to be completed all employees are notified and requested to complete the form and not just Category A employees.</p> <p>We therefore accept that the risk of not capturing Category B employees' new interests is being managed. However, it does highlight the need for written procedures to ensure employees are not utilising excessive resources in carrying out the Declaration of Interest exercise.</p> <p>We have made a recommendation in paragraph two to address this matter.</p>	See paragraph two for the recommendation to address this weakness.	
7	The Council does not have a set	No	In discussion with the Assistant Director	See paragraph two for	

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
	<p>of procedures to explain how management are to review and share information on completed Declaration of Interest forms and how to appropriately manage employees other interests.</p>		<p>Professional Services we confirmed that the Council does not hold any procedures that explain to management their responsibilities about how to appropriately manage interests declared by employees.</p> <p>Without approved written procedures on this process management could potentially share sensitive information and not effectively manage employee's interests. This could result in the Council making inappropriate decisions that are not in the best interest of the Council.</p> <p>We have made a consolidated recommendation in paragraph two to address this matter.</p>	<p>the recommendation to address this weakness.</p>	
8	<p>Each Directorate monitors the completion of Declaration of Interest Forms in a different manner. For instance:</p> <p>Education and Children's Services Directorate</p> <p>The details of the completed declaration forms are entered on to a monitoring spread sheet. When a batch of forms have been entered on to the spread sheet, the sheet is printed and submitted to the Director for review and sign off before they are filed.</p> <p>Chief Executive Directorate</p> <p>All completed forms are reviewed by the Chief Executive and signed</p>	Yes	<p>For the previously selected sample of 25 employees we reviewed the monitoring arrangements in place within the sampled directorates. We found that:</p> <p>Education and Children's Services Directorate</p> <ul style="list-style-type: none"> ▪ In all three instances where Declaration of Interest forms had been completed we found the relevant monitoring log had been signed by the Director to verify that the Declaration of Interest form had been reviewed. ▪ In all instances the employees appeared on the log and there is an ability to view employees with outstanding declarations. <p>Chief Executive Directorate</p> <ul style="list-style-type: none"> ▪ We obtained the Declaration of Interest forms and confirmed that the Director had reviewed and signed off all declarations. 	<p>See paragraph two and four for the recommendation to address this weakness.</p>	

	Controls (actual and/or missing)	Adequate Design (yes/no)	Test Result / Implications	Recommendation	Categorisation
	<p>off against any interests declared and filed.</p> <p>Resource and Regeneration Directorate</p> <p>The details of the completed declaration forms are entered onto a monitoring spread sheet. The individual sheets for Category A and those of Category B staff who have outside work are reviewed and signed off by the Director before they are filed.</p> <p>Community and Wellbeing Directorate</p> <p>The declaration forms for the Director and Assistant Directors are monitored and held by the Director's Personal Assistant. The declaration forms of all other staff in the directorate are monitored by the Assistant Directors' Personal Assistant and signed off by the Assistant Directors.</p>		<ul style="list-style-type: none"> ▪ A list is maintained to be able to track outstanding declarations. This does not include full details of declarations. However, we accept that a detailed log of declarations would not be required given the size of the directorate. <p>Resources and Regeneration Directorate</p> <ul style="list-style-type: none"> ▪ In all six instances where Declaration of interest forms where completed we found that there was no evidence to reflect the director had reviewed the declaration forms. However, the Personal Assistant did confirm in discussion that a review did take place. ▪ Three employees had declared interests, one of these employees was a category A member of staff and two were Category B. The Category A employee (Employee number 10286) was one of the forms completed prior to 2011/12. ▪ We obtained a copy of the log and confirmed that there were several missing declarations. In discussion with the Director's Personal Assistant it was confirmed that not all the declaration forms that had been submitted had been updated onto the log to date. <p>Inappropriate monitoring and review of employees' declarations may leave the Council making decisions that are not to the best interest of the Council. The recommendations in paragraph two and four address this matter.</p>		

4 ADDITIONAL DETAILS

4.1 ACKNOWLEDGEMENTS

We would like to thank the following members of staff for their time and assistance during the review.

Kevin Gordon, Assistant Director Professional Services

Lesley Cummins, PA to Chief Executive

Sharon Dodd, PA to Director of Children's Services

Vikki Swan, PA to Strategic Director of Resources & Regeneration

Victoria King, Trainee Democratic Services Office

Johal Rajpreet, Management Support Officer

Lena Di Gangi, Management Support Officer

Nicky Dear, HR Information Systems Manager

4.2 SCOPE OF THE REVIEW

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls for review and limitations were agreed:

Control activities relied upon:

- Council's Ethical Framework;
- Declaration of Interests Form;
- Outside Work Form; and
- Declaration of Interests Log.

Limitations to the scope of the audit:

- We did not provide an opinion as to whether individuals have declared all possible interests. The focus of this review was to provide assurance as to whether the Council had processes in place to identify such interests.
- We did not review the declaration of interests of members (councillors).
- The scope of the work was limited to those areas examined and reported upon in the areas for consideration in the context of the objectives set out in for this review. It should not, therefore, be considered as a comprehensive review of all aspects of non-compliance that may exist now or in the future.
- Any testing undertaken as part of this audit was compliance based and sample testing of meetings held.
- In addition, our work did not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

4.3 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

Our recommendations address the design and application of the control framework as follows:

	Priority		
	High	Medium	Low
Design of control framework	1	1	0
Application of control framework	1	3	0
Total	2	4	0