

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 26 MAY 2010

Title of report	ARRANGEMENTS IN RESPECT OF FRAUD AND CORRUPTION
Contacts	Councillor Matthew Blain 07979 852069 matthew.blain@nwleicestershire.gov.uk Corporate Director 01530 454520 alan.davies@nwleicestershire.gov.uk
Purpose of report	To consider the District Auditors request for further assurances about the Council's arrangements for dealing with fraud and corruption and legislative compliance.
Strategic aims	Organisational development.
Link to relevant Corporation Action Team	No direct link.
Risk Management	Arrangements for compliance with laws and regulations, and dealing with fraud and corruption are set out in the Council's governance framework, which includes the Council's risk management arrangements.
Equalities Impact Assessment	No direct implications.
Human Rights	No direct implications.
Transformational Government	No direct implications.
Consultees	Council Officers.
Background papers	None.
Recommendations	THE CORPORATE GOVERNANCE SCRUTINY COMMITTEE IS ASKED TO ENDORSE THE OPINION OF THE SECTION 151 OFFICER THAT ADEQUATE ARRANGEMENTS EXIST TO ENSURE EFFECTIVE LEGAL COMPLIANCE, AND EFFECTIVE ARRANGEMENTS FOR DEALING WITH FRAUD AND CORRUPTION.

1.0 BACKGROUND

- 1.1 The District Auditor has requested additional information from management and members as part of the annual accounts audit. The note received from the District Auditor is attached. The information is in respect of compliance with laws and regulations, and arrangements for dealing with fraud and corruption. As Section 151 Officer, and as the officer with responsibility for producing and signing the annual accounts, in my opinion the Council's management arrangements for dealing with these matters are set out in the Council's governance framework. This includes:
- a. The Council's constitution which sets out the overall legal framework under which we operate.
 - b. Various codes and protocols (such as the whistle blowing policy) which allow officers and members to raise concerns about fraud and corruption.
 - c. The Statutory Officers group, which meets regularly to review compliance with the Council's Constitution, codes and procedures.
 - d. Our report writing procedure which includes checks by the statutory officers.
 - e. Assurance statements produced annually by Senior Managers.
 - f. The Council's annual governance statement
 - g. Independent assurance by both Internal and External audit.
 - h. The Audit Services Manager's right to report directly to members on any matter in relation to fraud.
 - i. Risk Management procedures.
- 1.2 In addition to the mechanisms set out above, members also obtain assurance through:
- a. This Committee
 - b. Overview and Scrutiny Committees
 - c. The ability to ask questions and debate matters at Council.
 - d. Access to reports and supporting information, with most of the Council's decisions made in public in an open and transparent manner.
 - e. Access to pro-active advice from Officers, including statutory officers who are all Members of CLT.
- 1.3 The Committee receives regular reports on our governance arrangements, through action plans and internal and external audit plans and reports. The Committee also Scrutinises the annual accounts and annual governance statement before finalisation each year. Similar reporting procedures exist for Scrutiny, regulatory and Cabinet Meetings, to ensure that Members are in possession of comprehensive information before decisions are made.
- 1.4 A close, professional working relationship exists with both the Head of Paid Service (Chief Executive), and the monitoring officer (Head of Legal and Democratic Services). Officers receive training on governance arrangements and information is published widely on reporting arrangements relating to fraud and corruption. The Council has also completed the Audit Commission's "Protecting the Public Purse" Survey in 2009. As Section 151 Officer I am therefore satisfied that effective arrangements currently exist to ensure legal compliance is achieved, and issues relating to fraud and corruption are managed. I would ask members to endorse my conclusion.

Dear Alan

**Audit of North West Leicestershire District Council Financial Statements
- Compliance with International Auditing Standards**

In order to comply with a number of International Standards on Auditing I am required to obtain an understanding of the following:

1) Management processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially mis-stated due to fraud;
- identifying and responding to risks of fraud in the organisation;
- communication to employees of views on business practice and ethical behavior; and
- communication to those charged with governance the processes for identifying and responding to fraud.

2) Management's awareness of any actual or alleged instances of fraud.

3) How management gain assurance that all relevant laws and regulations have been complied with.

4) Whether there is any potential litigation or claims that would affect the financial statements.

A brief response by email to the above issues and how they are addressed either by management or by yourself in your capacity as the Corporate Director of Resources will suffice.

Please contact me if you wish to discuss anything in relation to this request.

Yours sincerely

Richard Walton

Audit Manager