

Appendix 1

No.	Questions for those charged with governance.	Those charged with governance response
1	Are you aware of any instances of actual, suspected or alleged fraud during the period 1 April 2011 – 31 March 2012?	Excluding benefit fraud, we are not aware of any actual or attempted fraud in 2011/12.
2	<p>Do you suspect fraud may be occurring within the Authority?</p> <ul style="list-style-type: none"> ➤ Have you identified any specific fraud risks within the authority? ➤ Do you have any concerns that there are areas within your authority that are at risk of fraud? ➤ Are there particular locations within authority where fraud is more likely to occur? 	<p>No</p> <p>Yes. E.g. benefit fraud, cheque fraud, cash theft, over-claiming of overtime, travelling and subsistence, corruption e.g. bribery.</p> <p>Yes, but they are all addressed within existing internal controls</p> <p>Yes. Theft is more likely in those areas handling cash, cheques and high value equipment and authorising automated payments.</p>
3	<p>Are you satisfied that internal controls, including segregation of duties, exist and work effectively?</p> <ul style="list-style-type: none"> ➤ If not where are the risk areas? ➤ What other controls are in place to help prevent, deter or detect fraud? 	<p>Yes</p> <p>Pro-active anti-fraud checks (where Internal Audit covertly mimics fraud attempts to test controls)</p>
4	<p>How do you encourage staff to report their concerns about fraud?</p> <ul style="list-style-type: none"> ➤ What concerns about fraud are staff expected to report? 	<p>We foster an open environment for staff to question or report any suspicion. We promote a 'zero tolerance' anti-fraud strategy. We have a whistle-blowing policy in place.</p> <p>Anything. We encourage staff simply to question any aspect they suspect, not just report a suspected perpetrator.</p>
5	<p>From a fraud and corruption perspective, what are considered to be high risk posts within your authority?</p> <ul style="list-style-type: none"> ➤ How are the risks relating to these posts identified, assessed and managed? 	<p>Bribery – higher risk among senior managers and planners.</p> <p>Theft – lower paid staff in areas accessing cash and high value equipment</p> <p>Enforcing officer codes of conduct, registers of interests, gifts and hospitality policy, related party transactions, reconciliations and cash cheques</p>
6	Are you aware of any related party relationships or transactions that could give rise to instances of fraud?	No

	<ul style="list-style-type: none"> ➤ How do you mitigate the risks associated with fraud related to related party relationships and transactions? 	Councillors and senior officers are required to disclose related party relationships and transactions
7	<p>Are you aware of any entries made in the accounting records of the authority that you believe or suspect are false or intentionally misleading?</p> <ul style="list-style-type: none"> ➤ Are there particular balances where fraud is more likely to occur? ➤ Are you aware of any assets, liabilities or transactions that you believe were improperly included or omitted from the accounts of the authority? ➤ Could a false accounting entry escape detection? If so, how? 	<p>No</p> <p>Petty cash floats. Business visa card accounts. Any budgets or balances which are administered by a single officer with little knowledge shared by an authorising officer e.g. grants budgets, holding accounts.</p> <p>No</p> <p>Yes, theoretically (we have no evidence to believe this has happened) an officer could raise a payment voucher to a payee which they control and the transaction is authorised by a more senior officer who is in collusion with them.</p> <p>Or, an accountant could make a BACS or CHAPS payment from the council's bank account and produce a falsified journal to account for it (e.g. 'bank charges') and the transaction is authorised by another officer.</p> <p>Or, a council business visa card holder could use the card for a personal purchase and produce a falsified record to account for it and the transaction is not challenged by the accounts officer.</p> <p>Or, an officer or councillor could over-claim overtime, travel or subsistence costs and the claim is authorised by an officer.</p> <p>In all instances that we contemplate the fraud would be by more than one member / officer acting in collusion, which materially reduces its likelihood.</p>

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8	<p>Are you aware of any organisational, or management pressure to meet financial or operating targets?</p> <p>➤ Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets?</p>	<p>Yes. As part of their role every budget holder and their line manager is tasked with delivering services and projects in-budget and achieving targets, both financial and operating. All officers also have a general duty to report possible savings and wastage. The s.151 officer is responsible for ensuring the budget is accurate, the medium term financial plan is sustainable and balances are adequate. The s.151 officer and ceo are responsible for ensuring the viability and going concern of council services. These are positive pressures which we endorse. However, we are not aware of any inappropriate pressure that might promote mis-accounting. We are not aware of any personal incentives offered to meet targets.</p> <p>No, and no personal incentives are so offered</p>