

Council Statement on Internal Control – Detailed Procedures

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1 Governance Issues

1.1 Council constitution

The council is required to publish and maintain a constitution which complies with a Directive issued by the Secretary of State in December 2000. Adoption of the constitution is a function of the Full Council.

The constitution must deliver efficient, transparent and accountable decision making, and be regularly reviewed to ensure it delivers that objective.

The Monitoring Officer has an obligation under the existing constitution to advise on necessary amendments.

Further information: The constitution; Constitutions Direction 2000

Assurance required:

Monitoring officer to confirm constitution is lawful, up to date and fit for purpose, identifying where necessary any need to amend.

1.2 Executive decision making

The Executive is responsible, by law, for the majority of the functions of the local authority, within the budget and policy framework set by the Full Council. It also has a duty to propose the terms of the annual budget and of a number of policies and plans for adoption by the Full Council.

Executive decisions can be taken by the Executive collectively (where the decision is of corporate significance, affects a number of service areas or is otherwise sensitive or controversial), by individual portfolio holders (where the decision significantly affects a service area or benefits from being taken publicly) or by officers acting under delegated powers.

It is necessary for decisions taken by members to be taken lawfully, efficiently, transparently and accountably, in the light of all relevant information and advice.

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By use of the forward plan member decisions will be available for consideration by select committees, advertised in advance to the public and known to Strategic directors and specialist advisors in time for advice and recommendations to be made to the decision maker.

Member decisions must be taken and recorded publicly, except where the law provides otherwise. Decisions by officers must be subject to a proper, proportionate and auditable record.

Further information: Scheme of Delegations & Protocol on Decision Making within Constitution; Resolutions of Full Council; Executive Decisions; Local Government Act 2000 s13; Functions & Responsibilities Orders

Assurance required:

Monitoring Office and Chief Finance Officer confirming that decision making is lawful, efficient, transparent and accountable.

1.3 Scrutiny role – Select Committees

The Council's Overview and Scrutiny is provided through the following six Select Committees.

Economic Development
 Planning, Tourism and Leisure Services
 Children's Services
 Environment and Transport
 Fire and Public Safety
 Resources,
 Adult & Community Services.

In addition the Health and Social Care Act of 2011 provided explicit power for local authorities with responsibility for Social services to scrutinise health services within the authority's area. Since January 2011 this responsibility has fallen within the remit of Social Services, Housing and Health Select Committee.

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The law requires the Council to establish committees to review and scrutinise decisions and make recommendations and/or reports to the Full Council and the Executive. The requirement extends to the review and health policy and to making recommendations to health and other public agencies.

1.4 Standards Committee

The council is obliged by law to establish a Standards Committee to promote high standards of ethical conduct by elected members; determine any complaints against members referred to it and to discharge similar functions in relation to Town and Parish Councils.

The Standards Committee must have a majority appointed as independent members, including its chair, who are not elected members of the council.

Further information: Article 9 of the Constitution; Standards Committee annual report.

Assurance required:

Monitoring Officer – that the Select Committee have adequate support and have adopted and undertaken a programme of work with clear outputs designed to deliver continually improving services.

1.5 New legislation

Under corporately agreed procedures, the Head of Legal and Democratic Services has a responsibility to identify any piece of new legislation with corporate effect.

In relation to any such legislation Directors Group will agree an action plan (covering some or all of a 15 point checklist) for preparing the authority for compliance.

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Further information: Report to Directors Group December 2003.

Assurance required:

Head of Legal and Democratic Services to confirm whether any legislation with corporate effect is imminent and if so that a corporate action plan has been agreed.

1.6 Monitoring Officer role

S5 Local Government and Housing Act 1989 (as amended) requires the authority to designate one of its officer as Monitoring Officer and to provide adequate resources to discharge their responsibilities. The Monitoring officer has a personal responsibility to report any actual or likely unlawful act and/or any actual or likely act of mal-administration.

Further information: The Monitoring Officer – loose leaf publication by Wragge and Co.

Assurance required:

Chief Executive Officer to confirm that the Council has appointed both a Monitoring Officer and a Deputy Monitoring Officer has been made and that arrangements and resources are adequate.

1.7 S151 Officer role

The Council is required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs.

This role is carried out by the Chief Financial Officer, who sits on the Directors' Group and attends all meetings of the Executive to provide financial advice. Subsequent legislation requires the Chief Financial Officer to advise the Council

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on the robustness of its budget and the adequacy of its reserves, and to carry out an on-going monitor of financial performance against budget.

Further information: Chartered Institute of Public Finance and Accountancy guidance on the Role of the Chief Financial Officer

Assurance required:

Chief Financial Officer - Statutory and code of practice responsibilities are being discharged.

1.8 Delegated Authority

The vast majority of decisions taken in the discharge of the myriad functions of the local authority are taken by officers, under powers delegated to them by elected members.

These decisions will vary widely in value, service significance and degree of complexity., from a purely administrative decision to refuse a benefit entitlement (affecting only one individual) through the granting of a planning consent (affecting a whole neighbourhood) to staffing decisions which can affect the provision of a whole service.

Each and every decision must be properly, proportionately and auditably recorded. Equally important is the need to be able to demonstrate a chain of delegation from the member decision making body to the officer taking the decision.

Since June 2001, the functions of the local authority are split into Executive and Council side functions. The Executive and Full Council must each, therefore,

determine to delegate functions to officers. This is done by the adoption of a scheme of delegations, showing powers delegated to Strategic Directors

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Further information: Scheme of Delegations & Protocol on Decision Making within Constitution; Resolutions of Full Council; Executive Decisions; Local Government Act 2000 s13; Functions & Responsibilities Orders.

Assurance required:

Monitoring Officer to confirm that Scheme of Delegations is lawful and efficient and has been properly adopted by the Executive (in relation to Executive Functions) and Full Council (in relation to Council side functions)

Heads of Service to confirm that auditable authorisations are in place for more junior staff to use delegated authority.

1.9 Member/Officer Protocol

Good member/officer relations are essential to the efficient discharge of local authority functions, and a clear statement of the respective roles and responsibilities is essential to the development and maintenance of those good relations.

It is therefore necessary to adopt and periodically review a protocol setting out the respective roles and ground rules for interaction between officers and members.

Further information: Member/Officer Protocol in constitution

Assurance required:

Monitoring Officer to confirm that a Protocol is adopted and fit for purpose.

2 Prioritisation and planning processes

2.1 LSP

The Local Government Act (2000) provided local authorities with a 'well being power' and a duty to promote the social, environmental and economic well being of their area. They were to see that a community strategy was created and a local strategic partnership (LSP) established. The Council began this process in

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January 2001 and the Island Futures LSP was formally launched in January 2002. The Island Futures Strategy was developed through a parallel, extensive public consultation process and was published in the summer of 2002. This sets out broad strategic priorities for the coming 10 – 15 years. The Leader of the Council chaired the LSP through its first year, then stood down and there is now an independent chair.

The LSP works through a broad representative board and a smaller steering group with champions for each of seven themes. The strategy will be reviewed during 2004. The Councils Corporate Plan (and particularly the Annual Action statements) reflect the actions the IWC itself will be taking in pursuit of the Island Futures objectives. The Council provides officer support for Island Futures through its Community partnerships team, the Council Leader and Chief Executive Officer are members of the Board.

Further Information: Agenda and Minutes of the IWC Executive June and October 2001, Island Futures Strategy July 2002, Agenda's and minutes of Island Futures 2001 – 2004, BVPI 1.

Assurance required: Chief Executive Officer to confirm that the LSP has been established and the Community Strategy is in place.

2.2 Corporate Planning

The Council produced its first Corporate Plan ' Achieving Excellence through teamwork' in 2002 following extensive consultation with staff and partners. This

demonstrates how six corporate objectives essential to the Councils mission of 'Improving Island Life' will be pursued through service development and improvement over a four year period. Part 3 of the Plan 'Making it happen' covers the Councils own internal actions to improve its corporate governance and performance.

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The Plan is implemented through Annual Action Statements that detail particular activities and the achievement of these is monitored through quarterly performance management reports (QPMR's) to the Executive. This arrangement allows key actions required in support of the Community Strategy, CPA improvement Plan and other service strategic plans to monitored and updated on a regular basis. The Corporate Plan will be revised in 2005 and adopted by the newly elected Council.

Further Information: Agenda and Minutes of the Executive May, July and October 2002, Annual Action Statement 2003 – 04 and 2004 – 05, QPMR reports to the Executive 2003/04. CPA report December 2002. IDeA Peer review September 2003. Annual Audit letters 2002 & 2003

Assurance required: Head of Corporate Policy and Communications to confirm that Annual Action statements are produced and contain the relevant information, to ensure monitoring through the QPMR process and that the Corporate Plan is revised during 2005. Heads of Service to ensure that their contributions to Corporate Plans provide the key strategic guidance required by the authority and that Annual action statement and service plans contain the necessary detail in support of these strategic objectives

2.3 Service and Team Planning

The Council has had a service planning process in place since 2000. This now forms part of a corporate Annual Planning Cycle introduced in 2003. The service planning process is reviewed every year and fresh guidance issued in consultation with Directors group and Heads of Service. Plans are now produced for 18 services detailing future actions and past performance in support of the

Councils corporate objectives and internal improvement programme. Guidance is issued in the spring and plans are developed through team days and informed by local and national policy priorities. In accordance with the annual planning cycle, drafts are available in September and completed in March after the budget is finalised. Key issues are contained in the Annual Action Statement and

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monitored through the QPMR process. In 2004 the draft deadline is July 31st to allow for consultation via the LSP

Recent improvements make explicit links to the resource prioritisation process and risk management. The 2005/06 service plans will focus on key improvement and development initiatives with ongoing service delivery being documented in team plans. Together these will determine large parts of individual or group work-plans established through the personal development review process.

Further information: Service plan template and guidance, CPCU May 2004. The Service Plans 2004/05 from individual services.

Assurance required. Head of Corporate Policy and Communications to ensure templates and guidance are reviewed and issued annually, that drafts are produced and plans completed in accordance with the annual planning cycle. Individual Heads of Service to produce plans in accordance with the guidance and planning cycle

2.4 Resource Prioritisation

In common with most authorities, the Isle of Wight Council faces continuing expenditure pressures and competing demands for resources from its wide range of services. To avoid an adverse impact on its ability to deliver its objectives, it is important that resources are channelled as far as possible to priority areas. Processes in place to achieve this are:

- Service plans interpret the way each service can best contribute to corporate objectives, and identify associated resource implications
- These spending bids are prioritised collectively by service heads and directors
- Highest priority bids are then elaborated to show a clear link between resources sought and outcomes to be delivered in return.

At the same time, potential sources of funding are considered, including

- ‘Headroom’ – those areas of service provision which are not high priority and which the Council could therefore consider not providing at all, or providing at a lower level.
- Sources of additional income

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- Efficiency savings including spend to save opportunities

All options for expenditure reduction and priority improvements are then considered by members and officers, subjected to a consultation process, and eventually determined by Full Council each February, when the Council Tax is set.

Further information: Executive and Select Committee budget reports

Assurance required:

Chief Financial Officer – process as described above is being applied corporately

2.5 Asset management strategy and capital strategy

The Capital Strategy and Asset Management Plan are developed through a Corporate Capital Working Group of Senior Managers. Capital Investment options are assessed having regard to the Council's corporate objectives and recommendations are made to Strategic Director's Group. Proposals are then considered by the Executive, who make recommendations to Council in respect of the annual capital programme. Capital expenditure & capital receipts are monitored on an ongoing basis, and undertaken in accordance with The Prudential Code for Capital finance in Local Authorities as produced by the Chartered Institute of Public Finance & Accountancy (CIPFA).

The Council has also adopted the CIPFA Code of Practice in respect of Treasury Management in the Public services. The adoption of this code is the first prudential indicator in respect of Treasury Management and was adopted by the Council in February 2003.

Further information: Capital Strategy and Asset Management Plan

Assurance required:

Financial Services Manager – process as described above is being applied corporately

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2.6 Development Review Process

Through the Development Review Process, employees will establish their individual work plan and objectives for the year related ultimately to the Council's Corporate Plan. The Development Review Process will also help to identify a Personal Development Plan for each employee linked to the Council's Competency Framework.

Further information:

People Management Framework, Development Review Process, Competency Framework

Assurance required:

Heads of Service to ensure that Service Managers conduct an annual appraisal with each member of their staff.

3 Performance management

3.1 BVPP

The Council produces an annual Best Value Performance Plan and summary in accordance with legislative requirements and current regulations. This is audited annually as required and in 2003 received an unqualified report. The production of the plan is co-ordinated by the Corporate Policy Team using a network of Performance Indicator Co-ordinators (PIC's) to provide the necessary data and content. Internal quality assurance processes continue to be assessed by the Corporate Policy Team, internal audit and the PIC network in view of the number of individual indicators that continue to be qualified during the audit or have reservations expressed about their accuracy.

Further information: Annual Audit Report on the BVPP. Agenda and papers of the PIC meetings. BVPP2002 – 2003. Directors group reports and minutes

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Assurance required: Head of Corporate Policy and Communications – process described above is being carried out. Audit manager – annual audit completed in accordance with Audit Commission requirements

3.2 QPMR Reports

In 2003 the Council introduced a process of quarterly performance management reports (QPMRs) which are reported to the Executive via the Directors Group. The QPMRs are also considered by Select Committees. The reports include achievement against the key actions required by the Annual Action, CPA and BV improvement plans, from the annual audit letter, a basket of performance indicators and PSA targets. It is produced according to the individual portfolio's of the Executive. Information is supplied by individual Heads of Service and discussed at Directors group and with Portfolio holders. Areas to watch are highlighted with explanation of any necessary corrective actions being taken. The content deliberately varies in each quarter according to reporting requirements but the fourth quarter includes an annual assessment of overall achievement against targets across the Council.

Further information : QPMR reports to the Executive each quarter since July 2003 and minutes of these meetings. Directors group agendas and minutes 2003 onwards

Assurance required: Head of Corporate Policy and Communications – framework described above continues to function and is periodically reviewed. Heads of Service identify key information, provide this on time and use it to improve performance locally.

3.3 Priority Improvement Areas

As part of its corporate performance management framework the Council has developed a mechanism to focus attention upon particular areas of concern. Known as Priority Improvement Areas (PIAs), this provides a focus upon a limited number of service areas that require improvement. The areas are

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selected on the basis of poor performance as derived from performance indicators and / or poor external inspection reports. The designated PIAs in 2003 were homelessness, benefits, planning and highways.

Meetings are held each quarter attended by the Leader, Deputy Leader, Chief Executive Officer, the relevant portfolio holder(s), Director and Head of Service and members of the corporate policy team. An action plan is produced by the service concerned and monitored at these meetings. The intention is that these services get priority for additional resources if these are needed to secure sustained improvement

The 2004/05 PIA's have recently been reviewed. Following good performance homelessness is to be removed from the programme and is to be replaced by educational attainment. A further review of the PIA programme will take place in the autumn of 2004.

Further information: Agendas and notes for PIA meetings. Improvement plans for the services concerned. Service inspections and BVPI results. Directors Group reports on criteria for PIA's

Assurance required: Head of Corporate Policy and Communications – framework functioning as described above.

3.4 Service Unit performance management framework

Individual Directorates have their own performance management frameworks to comply with particular inspection or government reporting requirements. These focus on DMTs attended by Heads of Service. Beginning in 2004/05 these will also consider a basket of indicators on a quarterly basis and the QPMR reports as part of the improved corporate framework.

Individual heads of service already contribute performance data to the QPMR process and produce service plans, reporting to the Executive and Select Committees as required. These provide links to overall corporate objectives. Some services are PIA's and some have specific PSA targets providing links with local and national improvement priorities. Directors and Executive Portfolio

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holders have regular meetings with Heads of service where performance issues can be raised and resolved. There are management teams for individual services while individual performance is addressed through staff supervision sessions and during development reviews.

The Corporate Policy & Communications team also provide a central support service in order to encourage and facilitate a consistent approach to service unit performance.

Further information: Individual Service plans, QPMR reports to Executive and Select Committees, Directorate and Unit management team agendas and notes. Personal development review papers

Assurance required: Individual service heads to confirm that adequate performance management arrangements are in place locally and contribute as required to the corporate processes

4 Risk management framework

4.1 General framework

The Council has a comprehensive framework for identifying and managing risk. Each service head is required to maintain a service risk register and to review it regularly, including as part of each service planning round. They are required to design appropriate controls to minimise service risks and to monitor the application of these against planned timescales.

Service risks are examined by the Risk Management Group and any risks with a corporate significance are moved to the corporate risk register where they can be performance managed at that level, again by monitoring the application of agreed controls.

The Risk Management Group is accountable to the Strategic Risk Group which comprises directors and the Deputy Leader. A small number of strategic risks is managed directly by that group.

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Risks which require additional resources can be fed into the resource prioritisation process from service plans, through the Risk Management Group, or through the Strategic Risk Group.

Further information: Isle of Wight Council Risk Management Framework

Assurance required:

Compliance and Risk Manager – Corporate framework functioning as described above

Service Heads – Service risk registers being maintained and managed, and incorporated in the service planning process

4.2 Business continuity

The Council is putting in place Business Continuity Plans across the authority.

The plans cover 3 stages of incident management.

- i) Emergency Response
- ii) Crisis Management
- iii) Business Recovery

The plans are currently being embedded into departments and will be subject to regular review and exercising to ensure continued validity.

All new projects have to include consideration of Business Continuity and to ensure that on completion the project delivers a Business Continuity Plan, which conforms to the corporate model.

Further information: Business Continuity Plans

Assurance required:

Heads of Service to review and exercise Business Continuity Plans regularly and incorporate Business Continuity Planning into new projects. Also to ensure that Business Continuity is considered within the Risks of any decisions the Executive is asked to make.

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4.3 Health & Safety Policy

Through its health and safety policy the Council aims to minimise the incidence of workplace risks by providing and maintaining a safe and healthy workplace

Further information:

Health and Safety Manual

Assurance required:

Head of Consumer Protection to ensure health and safety policies and procedures are regularly reviewed and updated.

Strategic Directors ensure that health and safety policy and rules are effectively managed.

Heads of Service ensure that arrangements are in place to safeguard the health and safety of all employees within their service areas and that Service Managers and supervisors are responsible for effective day-to-day management of arrangements for the health and safety of their employees.

4.4 Information Management

Information is held in many forms, in many places within the Council. There are corporate and departmental policies ensuring statutory compliance, (particularly in relation to the Data Protection Act and Freedom of Information Acts) and protocols to ensure that information is shared within and outside of the Council in order to deliver services, to achieve corporate objectives and to insure information is not used for purposes other than those for which it is acquired and kept.

The Council will adopt a corporate standard of information security, such as BS7799, to ensure uniformly high standards of information security.

Further information: NCC BS7799 gap analysis**Assurance required:**

Head of Organisational Development – Corporate standard of information security has been adopted

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5 Procurement strategy**5.1 General framework**

The Council has a Procurement Strategy, approved by the Executive Committee in 2002. The Strategy, together with an Action Plan sets out the strategic actions that the Council will implement to achieve strategic direction and focus over its procurement activity. More detailed prescription of how the Council's procurements are conducted are set out in Contract Standing Orders (see below).

The Council also sets and monitors its procurement spending through the annual budget process. There are also limits set for the authorisation levels of each officer, controlling the value of any order they can initiate.

Both Financial Regulations and Contract Standing Orders specify the operational procedures in relation to the ordering and payment for , goods, services and works that the Council needs.

The Internal Audit, Creditor Payment, and Procurement functions all play a part in monitoring adherence to the rules governing procurement.

Further information: The Council's Procurement Strategy, Contract Standing Orders; Financial Regulations; Code of Practice for the certification of payments. Codes of Conduct, Policy for Declaring Conflicts of Interest, Gifts and Hospitality policy. Fitness check report by the IDeA. The Best Value Review of Procurement – Improvement Plan. Procurement aspects of Service Planning Guidance.

Assurance required :

Compliance & Risk Manager that policies and procedures are followed.

Service Heads: That they comply with Contract Standing Orders. That they maintain and review authorised lists for signing orders and certifying payments. That they assign responsibility for managing significant contracts. That they identify forthcoming procurements in their service plans.

5.2 Strategic Procurement and Gateway reviews

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The Council is in the process of developing and implementing a Gateway review process which will control the progress of individual procurements, subjecting them to ‘gateways’ at appropriate stages in their development. The Process will be delivered in a proportionate way, with those that represent the most risk and those that are of strategic importance receiving the greatest attention. Risk will be assessed using an appropriate risk assessment tool.

Further information: Outline of proposed Gateway Review process. ‘PASS’ risk assessment tool. Best Value Review of Procurement – Improvement Plan.

Assurance required: Compliance and Risk Manager that risk based framework is in place. Heads of Service to adhere to Service Planning Guidance to identify and record significant forthcoming procurements in their service plans.

5.3 Contract Standing Orders

The Council’s procurement practices and procedures are set out in its Contract Standing Orders. These require a proportionate degree of rigour and detail according to the value and strategic importance of a procurement. They also set out what competitive process is required, ranging from simple market testing through to the requirements of the EU procurement regulations.

Further information: Contract Standing Orders

Assurance required: Heads of Service that Contract Standing Orders are being followed.

6 Project management

6.1 Corporate framework

Developing and implementing a consistent approach to managing projects is a key element of the Councils CPA Improvement plan. As part of a baseline

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assessment exercise in 2003 the Audit Commission provided support in the form of a survey and interview programme to establish the scale of project work and the current skills base in the Authority. This concluded with a staff workshop to establish the basic IW project management process.

Following the baseline exercise, the next phase involves delivery of a training programme to ensure consistently high standards of project management. The programme will need to be supported by procedures and organisational changes including a project register that links to the risk register, a network of qualified managers, better use of existing trained staff and a project support function. A proportionate approach will be recommended to Directors group in early summer 2004 with Prince 2 becoming the overall standard for major projects and minimum standards applying to other projects.

Further information: Reports to Directors Group 2004, IW Best practice manual – project management (to be written)

Assurance required: Head of Corporate Policy and Communication - establish IWPM approach. Heads of service to ensure projects are identified and appropriate standards applied, including the use of Prince 2 or other suitable project management standards where appropriate.

7 Financial controls

7.1 Financial Regulations

The Council has set down a comprehensive set of Financial Procedure Rules which officers and members are required to abide by, and which cover

- Roles and responsibilities of members, directors, service heads and the Chief Financial Officer
- General accounting requirements
- Buying goods and services
- Receiving income
- Safeguarding assets

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- Transactions involving staff and members
- Budget management

Compliance with the requirements is monitored by the Internal Audit Section on an on-going basis.

Further information: Isle of Wight Council Financial Procedure Rules

Assurance required:
 Chief Internal Auditor – compliance monitored through the audit programme
 Service heads – all relevant staff are made aware of the Rules and their relevance to each job.

7.2 Budget Management and Financial Control

The Council's arrangements for budget management and financial control are set out in the Financial Procedure Rules and Contract Standing Orders. Financial control is an integral part of the wider framework of internal control and risk management, and can be defined as 'the operation of a financial control environment which works to safeguard resources and help ensure that their optimum use contributes to the goals and objectives of the organisation'. Within the context of financial control, the roles and responsibilities of the Chief Financial Officer, elected members, directors and service heads are clearly stated in the Financial Procedure Rules.

Budget management requirements for the Council are detailed in the Financial Procedure Rules, and the financial procedures related to the management of contracts are included within the Contract Standing Orders

Further information: Isle of Wight Council Financial Procedure Rules and Contract Standing Orders

Assurance required:
 Chief Internal Auditor – compliance monitored through the audit programme
 Accountancy Services Manager – compliance monitored on a regular basis through budget monitoring and control

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Service heads – all relevant staff are made aware of the Rules and their relevance to each

7.3 Accounting Standards

The Accounts and Audit Regulations 2003 require 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 the Council's functions. In addition to the statutory background, the Chartered Institute of Public Finance and Accountancy has produced various codes of practice with which the Council's finance staff are obliged to comply, thereby establishing professional standards which effectively take the place of legislation. CIPFA has also produced Standards of Professional Practice which require all members to comply with any standard that regulates an area of their work.

Further information: Chartered Institute of Public Finance and Accountancy Standards of Professional Practice

Assurance required:

Accountancy Services Manager – statutory requirements and compliance with relevant codes of practice and standards of professional practice are being discharged as required

7.4 Financial Statements and Annual Report

In addition to financial management arrangements, the Accounts and Audit Regulations 2003 also require the Council to prepare in accordance with proper practices a statement of accounts for each year, to include specified information. The Council is required to ensure that the statement of accounts is prepared in accordance with the Regulations. The statement should be signed by the responsible finance officer prior to approval, and once approval is given by members, the statement should also be signed and dated by the person presiding at the committee or meeting at which the approval was given. This

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approval by elected members should be as soon as reasonably practicable, but in any event prior to the date specified in the Regulations. Once approved, the statement should be published, and is subject to a period of public inspection and a full external audit. The audit is also required to be concluded prior to the date specified in the Regulations.

Further information: Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice

Assurance required:

Accountancy Services Manager – statutory requirements and compliance with relevant codes of practice are being discharged as required

7.5 Internal Audit

The council maintains an internal audit function consisting of seven full time equivalent staff members. The role of internal audit is to be an independent, objective assurance and consulting activity designed to add value and improve the council's operations. It helps the council to accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes. Internal audit's independence is maintained by being free from any non-audit duties with unrestricted access to records and the right to seek explanations from all employees including the Chief Executive Officer and strategic directors. The audit approach is risk based ensuring scarce audit resources are directed at the areas of greatest need. All audit staff are appropriately qualified.

Further information: Isle of Wight Council Internal Audit Charter, the Council's Financial Regulations, Audit Panel reports on internal audit activity.

Assurance required:

Chief Internal Auditor – The council's internal control system is functioning in compliance with managements' expectations and any impairments to the adequacy and effectiveness of the internal control system are identified and reported to management to enable rectification of identified weaknesses. The

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council's external auditors give assurance on the extent to which the internal audit function is effective and whether their work can be relied upon to assist the development of the external auditors opinion on the council's control systems and the published financial statements.

7.6 Audit Panel

The council has established an audit panel of non-executive elected members to have oversight of the adequacy and effectiveness of the council's corporate governance, risk management and internal control frameworks. It receives regular reports from internal and external auditors to allow it to discharge its scrutiny function over these areas. It also has a role in measuring the effectiveness of both the internal and external and external audit functions.

Further information: Isle of Wight Council Audit Panel Terms of Reference, Agenda and Minutes of the Audit Panel.

Assurance required:

Monitoring Officer - The Audit Panel ensures that the Council's audit arrangements effectively monitor corporate governance, risk management and internal control standards and expectations and ensure that any shortcomings are identified and rectified.

7.7 Counter Fraud Unit

The Council has a benefit fraud team located in the Revenues and Benefits section comprising a Senior Fraud Officer and three investigators.

Plans and procedures are in place encompassing the requirements of both the DWP SAFE policies and the Benefit Performance Standards. This ensures action including the prosecution of offenders is taken where fraud is proven.

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All case information is held securely with access restricted to fraud staff and the Revenues and Benefits Manager. None of the fraud staff have update access to the benefit systems.

The Council are set overall fraud targets by the DWP and this is translated into individual targets for all investigators as recommended by the Benefit Fraud Inspectorate. Performance against target is monitored monthly.

Further information: DWP Benefit Performance Standards

Assurance required:

Revenues and Benefits Manager – Counter Fraud Unit is operating to standard.

7.8 Separation of Duties

The council maintains a system of internal check as a safeguard against financial irregularity. The system comprises the separation of the duties of calculating, recording, checking and examining sums due to and from the council from the duties of collecting or disbursing those sums. Financial systems and procedures are designed to separate as completely as possible these functions and in particular to ensure that no single officer is able to undertake all stages of a transaction

Further information: Isle of Wight Council Financial Regulations

Assurance required:

Heads of Service – That financial regulations in general, and the principles of internal check in particular, are being complied with in their areas of responsibility.

7.9 Fraud policy

Regarding general fraud, the council maintains a policy of zero tolerance of fraudulent or corrupt behaviour that involves the loss of public money. All instances of potential fraud/corruption are rigorously investigated and if

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confirmed as being fraudulent, appropriate sanctions against the perpetrator are applied in all instances.

Further information: Isle of Wight Council Anti-Fraud Policy

Assurance required:

Heads of Service – That the anti-fraud policy is being complied with in their areas of responsibility

7.10 External audit

It is a statutory requirement that the council is subject to a robust system of external audit. The council's external auditor is the Audit Commission. Based on their Audit Code of Practice, the Audit Commission not only audit the council's financial statements but also have a duty to seek to assure the public that the council conducts its business economically, efficiently and effectively and that best value is secured in all areas of service delivery. To facilitate the assessment of best value, the Commission maintains an inspectorate specifically to assess the value of the council's services and the results of their and other inspectorates work are amalgamated in the Comprehensive Performance Assessment of the council's overall performance.

Further information: The Audit Code of Practice

Assurance required:

Chief Financial Officer – That the external audit function is sufficiently robust to satisfy statutory requirements, meets the needs of the council and does itself provide value for money for the community we serve.

8 Human resources issues

8.1 Overall HR strategy and policies

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The Council has adopted a People Management Strategy which sets the context and provides the direction for the delivery of people management objectives. The Strategy recognises that the delivery of successful and cost-effective services relies upon the availability of committed and skilled employees who are valued for their efforts.

To enable it to conduct its day-to-day business, the Council has adopted a range of HR policies and procedures which have been approved by the HR Committee. Any proposals for new or changes to existing policies are drawn up by the Head of Human Resources after consultation with Directors, Heads of Service, recognised trade unions and other interested parties.

Further information:

People Management Strategy, Framework for People Management

Assurance required:

Head of HR to monitor implementation of People Management Strategy Action Plan and standards set out in Framework for People Management.

8.2 People Management

Day-to-day people management activities which include recruitment and selection, appraisal and performance management, training and development, pay and benefits, industrial and employee relations, workforce planning are undertaken in accordance with the Council's constitution, HR policies and procedures and the standards set out in the Framework for People Management.

Further information:

Council constitution, Framework for People Management

Assurance required:

Heads of Service to ensure compliance with people management standards.

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Head of HR to monitor application of policies, procedures and standards of people management practice and to report annually to HR Committee on relevant performance indicators.

8.3 Equalities

The council is obliged by law to meet the requirements of the Race Relations (Amendment) Act 2000 and to achieve Level 5 of the Equality Standards for Local Government. The Council has put into place a 'Valuing Diversity' Policy Group led by the Strategic Director of Adult and Community Services. The purpose of that group will be to lead the council in meeting the requirements of relevant legislation such as Race Relations and also Disability Discrimination, ensuring that its moral and statutory obligations are met.

The process is a long-term one, which is set out in the policies and strategies as, described below and one which is on-going and will be measured by annual review and monitoring by the Resources Select Committee.

Further information: Equality & Diversity Policy, Race Equality Scheme, Age Diversity, Equality and Harassment at Work, Equality Policy Statement, Equal Opportunities and You

Assurance required:

Director Lead will confirm the progress made in achieving the 5 levels of the Equality Standards for Local Government and meeting the legislative requirements of the Race Relations (Amendment) Act, Disability Discrimination Act, Age, Religion and Belief, Employment Equality (Sexual Orientation)

9 External Inspections

9.1 CPA

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The 2002 CPA ranked the authority as ‘fair’ scoring 3/4 on service delivery and 2/4 corporate governance. The 2003 annual audit letter confirmed this ranking noting that the authority’s direction of travel was positive but that improvements had not yet worked through to deliver consistently improved service delivery outcomes. The Councils stated objective – as shown by its corporate plan – is to become an excellent authority and this is underpinned by the CPA improvement plan. The next CPA is due in 2005.

From 2004/05 the CPA Improvement Plan has been incorporated within the Annual Action Statement (see section 2.2.) which is subject to regular review through the QPMR process (see section 3.2.). This provides an appropriate mechanism to ensure the continuous improvement required to achieve the Council’s ambitions to be recognised as an “excellent” authority.

Further information: CPA report December 2002. CPA Improvement Plan. Annual Audit letter December 2003. Audit Commission publications on the CPA. 2002 and ongoing

Assurance required: Head of Corporate Policy & Communications to ensure that the Annual Action Statement (AAS) is produced and contains the appropriate CPA improvement actions. Head of Corporate Policy & Communications to also ensure regular review of the AAS through the QPMR process.

Heads of Service to ensure that CPA improvement actions are contributed to the AAS and are subject to regular review.

Head of Corporate Policy and Communications that the authority is adequately prepared for CPA 2005

9.2 IDeA

The authority has used IDeA skills on a number of occasions. The connecting with communities project involved a senior member of IDeA staff acting as a critical friend which resulted in the creation of the Great

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Access to Great services project (known as GAGs) to implement electronic government and improved customer services across the Council. The peer challenge process was used as part of the Council's procurement best value review and the authority's development of a performance management system is documented on the IDeA best practice web site following a brief consultancy exercise. The Council commissioned a peer review in September 2003 that set the direction for further improvement. The review team will revisit the authority in September 2004. The Annual Action Statement (see section 2.2.) includes appropriate reference to the improvement actions identified through the Peer Review. Officers and members of the Council are accredited by the IDeA to undertake reviews and other consultancy assignments thus promoting the Councils good practice and learning from others.

Further Information: IDeA peer review report 2003

Assurance required: Head of Corporate Policy and Communications to ensure that the findings of the Peer Review are appropriately responded to and that other Directors and Heads of Service are aware of the IDeA's services and that they are used whenever appropriate.

9.3 Ofsted

The office for Standards in Education (OfSTED) is responsible for ensuring that the Local Education Authority delivers its responsibilities.

It has conducted three-yearly inspections of this Authority in June 2000 and in September 2003. The areas for inspection include:

- The LEAs Strategy for School Improvement
- Special Educational Needs
- Promoting Social Inclusion

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- Corporate Issues

The external inspection is conducted by a team of OfSTED and Audit Commission inspectors. They spend approximately 3 weeks interviewing 200+ individuals collected together, for the most part, into focus groups of no more than six. The agenda for the meetings will have been circumscribed by the desk-top analyses that the inspectors undertake before the inspection. These analyses will have developed 'working hypotheses' that are then tested through interview and further analysis of documentation.

The form of internal inspection will change with the creation of Directorates of Children's Services across the country. The focus of future inspections will be on outcomes for children. The key outcomes are:

- Being healthy.
- Staying safe.
- Enjoying and achieving.
- Making a positive contribution.
- Economic well-being.

Precisely how these outcomes will be measured is yet to be determined fully, but it is clear that the roles of services currently beyond the sphere of education will be involved strongly eg the interactive provision of health, social services and education in achieving the first category above; the interactivity of these same agencies with the police in the second.

Current reports are made available to all major stakeholders and both the substance of the findings, and the action plans for addressing the key issues raised, are debated and scrutinised by the relevant Select Committee. All plans are ratified through the political process, either by the Executive of the Council or through the delegated authority of the Portfolio Holder. Council structures are changing in line with the move to an integrated Children's Services Directorate

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and the newly formed Children's Services Select Committee will be the scrutinising body for the next OfSTED inspection of this Authority.

Further information: OfSTED Inspection Report September 2003, and agreed action plan.

Assurance required:

Head of Planning and Resources – agreed action plan has been incorporated in, and is monitored and updated through, the service planning and staff development framework

9.4 CSCI

On 1st April 2004, the Government introduced a new organisation to lead on the inspection, regulation and performance rating of Local Authority Social Service Departments and providers of social care. The Commission for Social Care Inspection (CSCI) is an independent body, established by the Government to undertake this role. Local Authorities are responsible for ensuring close co-operation with CSCI in undertaking reviews of service areas, annual performance and performance tracking exercises and, reporting any untoward incidents such as a child death. It is also a responsibility on the Authority to nominate and secure an appropriate appointment to various functions in meeting statutory requirements such as those involved in managing direct services.

This responsibility involves Officers and Members in a variety of ways but the key agents are the Strategic Director of Social Services & Housing and his/her Heads of Service.

Further information: Members briefed

Assurance required:

Strategic Director for Social Services and Housing – agreed action plan has been incorporated in, and is monitored and updated through, the service planning and staff development framework

9.5 Benefits Fraud Inspectorate (BFI)

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The Housing Benefit Service is subject to inspection by the Department of Work and Pensions through the BFI. Assessment is made against a wide range of performance and security standards which have been laid down by the BFI, and an action plan for moving closer to full compliance has been agreed and is periodically monitored and updated.

Further information: BFI Inspection Report 2003, and agreed action plan.

Assurance required: Revenues & Benefits Manager – action plan in place and reflected in service plan.

Revenues and Benefits Manager – agreed action plan has been incorporated in, and is monitored and updated through, the service planning and staff development framework