



INTERNAL AUDIT
FINAL REPORT

Title: Register of Interest (Employees)

Report Distribution

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EXECUTIVE SUMMARY

Introduction

The Officers Code of Conduct and guidance notes available in the employee handbook and on the authorities INTRANET site (Current Version - June 2007) is provided to all employees at induction or shortly after they have started.

Section 2 (and under appendix 2), the code of conduct and general guidance applicable to employees is outlined. There are no specific guidelines or procedures in place to ensure staff disclose any interest that may conflict with the authority's interest.

However, within the code of conduct section, under Personal Interests, it is stated that employees must declare to an appropriate manager any financial or non-financial interest. There is no indication or guidance established as to how this may be recorded or what type of interest must be disclosed.

Procedures detailing the process for members to declare any interest is outlined in their own Code of Conduct and is excluded from this review.

Principal Findings

	High	Medium	Low
Number of recommendations	0	1	0

The detailed findings and associated recommendations are provided in the second part of the report. The medium risk recommendation relates to:

- A lack of guidance on the procedures for recording and monitoring employee interests.

Assurance Statement

Internal Audit can provide **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed.

INTRODUCTION

Objective & Scope

The purpose of the audit review was to ensure that details of any individual employees financial or non-financial interests, which may conflict with the Authority's interests or invite claims that they conflict, are disclosed and recorded in an Employee Register of Interests.

The key risks associated with the system objectives are:

- Adverse publicity due to failure to disclose employee interests,
- Financial costs resulting from potential litigation,
- Financial loss due to failure to identify and record employee interests,
- Employee's position is compromised.

The control areas included within the scope of the review are:

- Code of Conduct outlining employee responsibilities,
- Guidance and procedures to ensure clarity and consistency in approach,
- Consistency in Departmental disclosure process / recording,
- Monitoring procedures to ensure emerging interests are disclosed.

This audit report is presented on an exception basis. The detailed findings include only those areas where controls should be enhanced to improve their effectiveness and mitigate the risks that affect the authorities objectives for the system reviewed.

Acknowledgement

A number of staff gave their time and co-operation during the course of this review. We would like to record our thanks and appreciation to all the individuals concerned.

DETAILED FINDINGS

Observation	Risks	Recommendation	Management's Response
<p>Recommendation 1 – Corporate Policy & Guidelines Level of Risk - Medium</p>			
<p>Within the Staff Handbook under appendix 3 is the councils Code of Practice for members and officers. This code provides a supplement to the advice provided by the National Code of Local Government. The Code of Practice has no detailed policy or specific guidelines for maintaining an employee Register of Interest.</p> <p>Audit review of Departmental arrangements for maintaining an employee Register of Interest identified that only three Departments actually maintain a log / register of employee interests. These were Legal Services, Leisure Services and the Housing Benefits section within Corporate Services.</p> <p>It was clear from speaking to all departments that there is no consistent process for developing or maintaining an employee Register of Interest.</p>	<p>Failure to maintain and record staff interests could lead to adverse publicity, financial costs and compromise employee positions.</p>	<p>A Corporate Policy and supporting management guidelines should be established to outline minimum standards and provide a consistent approach throughout the council.</p> <p>The policy and supporting process should provide for nil returns and be subject to periodic review (annually as a minimum) to enable employees to declare any emerging interests.</p> <p>The completed policy should be outlined in the Employee Handbook and departmental compliance monitored.</p> <p>Action: Sue Sale – Head of Democratic & Community Services</p>	<p>Management Comment: Recommendation Agreed.</p> <p>Planned Corrective Action: A corporate policy and supporting guidelines for registering Employee Interests, will be produced, outlining minimum standards (including nil returns and periodic review).</p> <p>Once complete the policy will be included in the Employee Handbook and awareness raised.</p> <p>Timescale: 30th April 2008</p>

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<p>The system operated within the Benefits section provided an example of good practice. The process ensured that all permanent staff completed a pro-forma to declare any interests. Nil returns were obtained and held on file to provide an audit trail that the employee had made a declaration. The process will be subject to annual review to identify any emerging interest.</p> <p>Benchmark opportunities for the development of a policy, management guidelines and supporting documents have been obtained by internal Audit and should be considered in addressing the recommendation.</p>			
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ANNEX A

Risk & Assurance – Standard DefinitionsAudit Recommendations

Audit recommendations are categorised, depending upon the level of associated risk, as follows:

Level	Category	Definition
1	High	Action is essential to manage exposure to fundamental risks.
2	Medium	Action is necessary to manage exposure to significant risks.
3	Low	Action is desirable and should result in enhanced control or better value for money.

Assurance Statement

Each report will provide an opinion on the level of assurance that is provided with respect the risk emanating from the controls reviewed. The categories of assurance are as follows:

Category	Definition
No	The majority of the significant risks relating to the area reviewed are not effectively managed.
Limited	There are a number of significant risks relating to the area reviewed that are not effectively managed.
Substantial	The risks relating to the objectives of the areas reviewed are reasonably managed and are not cause for major concern.

What Happens Now?

The final report is distributed to those involved with discharging the recommended action, the Head of Finance, Audit Commission and, where applicable, the relevant Heads of Service.

A synopsis of the audit report is provided to the authority's Audit Sub-Committee. Internal Audit will carry out a follow-up exercise approximately six months after the issue of the final audit report. The on-going progress in implementing each recommendation is reported by Internal Audit to each meeting of the Audit Sub-Committee.

Any Questions?

If you have any questions about the audit report on any aspect of the audit process please contact the auditor responsible for the review or Vince Rimmington, Resource Services Manager on telephone number 0115 9013850 or via e-mail to vince.rimmington@gedling.gov.uk