

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 November 2013

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Gifts and Hospitality Policy

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Gifts and Hospitality.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Gifts and Hospitality.

3 BACKGROUND

- 3.1 As part of the audit plan for 2013/14, we have undertaken a review of the arrangements in place for dealing with offers of Gifts and Hospitality. The audit has focused specifically on the Gifts and Hospitality Policy relating to Council employees.
- 3.2 The objective of the audit was to review the adequacy and effectiveness of the Council's 'Acceptance by Employees of offers of Gifts and Hospitality Policy'.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
6.2 Personnel - None
6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 None

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DATE	5 September 2013

EAST LOTHIAN COUNCIL – INTERNAL AUDIT GIFTS AND HOSPITALITY POLICY

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2013/14, a review was undertaken of the arrangements in place for dealing with offers of Gifts and Hospitality. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has in place an 'Acceptance by Employees of offers of Gifts and Hospitality Policy'. The Policy was approved by Council in August 2009.
- The Gifts and Hospitality Policy is available on the Council's intranet.
- The induction pack provided to new employees includes reference to the acceptance of gifts and hospitality.

1.3 Areas with Scope for Improvement

- The Council's 'Acceptance by Employees of offers of Gifts and Hospitality Policy' requires review to reflect changes in legislation – the Policy has not been updated following the introduction of the Bribery Act 2010. *Risk – failure to reflect changes in legislation.*
- The declaration form currently in place requires review – the form does not facilitate the recording of key information including the date the form was completed, the reasons for accepting hospitality or the relationship with the person offering gifts or hospitality. *Risk – lack of openness and transparency.*
- The Gifts and Hospitality Policy in place relates specifically to the acceptance of offers of gifts and hospitality – no arrangements are currently in place for the recording of offers of gifts and hospitality that are declined. *Risk – lack of transparency in respect of offers of gifts and hospitality declined.*
- While arrangements are in place for employees to complete a declaration form in line with Council Policy, no corporate register is maintained to provide a comprehensive record of all offers of gifts and hospitality. *Risk – failure to ensure effective monitoring of gifts and hospitality.*
- While reminders are being issued to staff in some areas, a consistent approach is not being adopted across the Council to raise awareness of the Gifts and Hospitality Policy in place. *Risk – employees may be accepting inappropriate gifts and hospitality.*
- There is a lack of adequate monitoring and reporting arrangements in place in respect of gifts and hospitality. *Risk – failure to demonstrate compliance with the Policy.*

1.4 Summary

Our review of the Council's Gifts and Hospitality Policy has identified a need to review the adequacy and effectiveness of the arrangements in place. Detailed findings and Internal Audit's recommendation are contained in our main Audit Report.

Mala Garden
Internal Audit Manager

September 2013

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
GIFTS AND HOSPITALITY POLICY**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
4.1.1	In view of Internal Audit's findings, Management should review the adequacy and effectiveness of the Council's 'Acceptance by Employees of offers of Gifts and Hospitality Policy'.	Medium	Depute Chief Executive – Partnership and Services for Communities	Agreed		March 2014

GRADING OF RECOMMENDATIONS

To assist Management in using our reports, our recommendations are categorised according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.