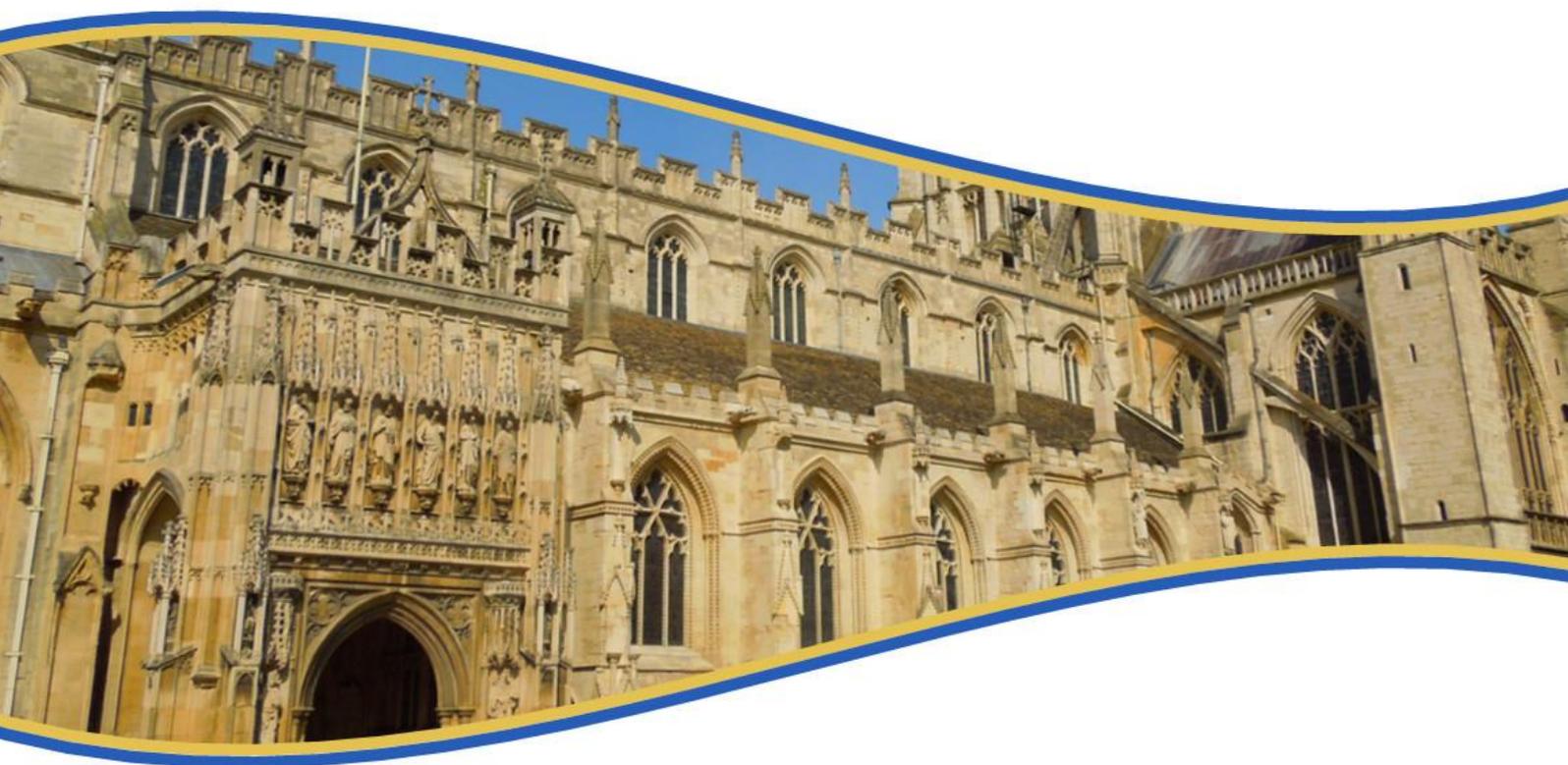


Gloucestershire Fire and Rescue Service – Employee Code of Conduct: Gifts and Hospitality and Register of Interests

1st April 2019

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Executive Summary

Introduction

On 15th June 2018 a letter of complaint was sent by email to the Leader of the Council. There were three strands to the complaint, one concerned the sale of a Gloucestershire Fire and Rescue Service (GFRS) owned vehicle and the former Chief Fire Officer's (CFO) involvement in the process. The other two concerns were regarding staffing issues. It was agreed that Internal Audit (IA) would investigate the sale of the vehicle and Human Resources (HR) would review the remaining two concerns, which are included within the management review of culture.

Shortly after commencing the investigation, numerous whistleblowing allegations and Freedom of Information requests in respect of other concerns relating to GFRS governance arrangements, procedures, systems and processes were received. As a result, following IA review, research, analysis and interviews with key stakeholders including relevant GFRS Officers, IA co-ordinated the findings and made a number of GFRS-specific and council-wide/cross-cutting recommendations to undertake detailed reviews/audits within each area to determine the level of risk. These reviews/audits are outlined in the Action Plan presented to the Audit and Governance Committee on 12th October 2018. Progress updates against each review/audit included within the Action Plan will be provided to the Audit and Governance Committee.

The Council's Code of Conduct for Employees (the Code), part 5 of the Council's Constitution, applies to all people working within or on behalf of Gloucestershire County Council (GCC) and is intended to give all employees guidance on how the Council and the public in general expect them to behave. By following the Code, staff should not find themselves in a situation where their conduct could create an impression of conflict of interest or corruption in the minds of the public. The Code covers a number of required standards and principles.

Audit Scope

This audit focused on GFRS's compliance with two specific aspects of the Council's Employee Code of Conduct, Gifts and Hospitality and Register of Interests. It sought to establish the effectiveness of the arrangements in place to ensure that all staff are aware of the requirements of the Code in relation to the recording and monitoring of gifts and hospitality and the recording, registering and monitoring of declarations of interests.

Key Findings

Gifts and Hospitality

Although there may be no corruptive intention in the act of giving or receiving of gifts from third party providers of goods and services, it is very important to avoid any grounds for suspicion of corruption and demonstrate openness and transparency when commissioning services.

The Council's Employee Code of Conduct states that a Gifts and Hospitality register (the register), recording all gifts offered whether accepted or declined, should be maintained by every Director.

IA established that there is a system in place within GCC for regularly reminding members of the Corporate Management Team (CoMT) to declare any offers of gifts and hospitality. The expectation is that CoMT members will ensure that their cluster / service area(s) are made familiar with the requirement to declare any gifts and / or hospitality offered (regardless of whether they are subsequently accepted or declined) and that an up-to-date register, recording the offers will be maintained. IA established that the Council has a system in place to issue annual reminders to CoMT members by email, however, it was found that the CFO at the time had erroneously been excluded from the process and had not received these reminders.

That said, whilst the previous CFO may not have received the reminders, the annual Assurance Statement for 2017/18, signed by the then CFO and Deputy CFO (currently the Acting CFO (A/CFO)) on behalf of GFRS, states that *“there are arrangements in place to ensure that my staff are aware of, understand and comply with the requirement to declare gifts and hospitality”*. Further details on the Council’s Assurance framework can be seen in the IA position statement on GFRS Governance reported to Audit and Governance Committee on 25th January 2019.

IA was advised that staff new to GFRS are made aware of the Code as part of their GFRS induction process, although this was not evidenced by IA. Although, as mentioned above, there is currently no process in place to ensure that GFRS staff are reminded of the rules around gifts and hospitality on a regular, ongoing basis.

The Code requires that a register of any gifts and hospitality offered (declined or accepted) should be maintained and also sets out the information that should be recorded on the register, including:

- the person or body making the offer;
- the member of staff to whom the offer was made;
- the gift or hospitality offered;
- the circumstances in which the offer was made;
- the action taken by the member of staff concerned; and
- the action taken (if any) by the Directors (or in the case of Directors, the Chief Executive).

The GFRS Gifts and Hospitality register, maintained by the CFO’s Personal Assistant (PA), was reviewed. The PA advised IA that the register had been administered using the handover information received when they started in their current post. IA was advised that they were unaware that there was more detailed information available in the Council’s Employee Code of Conduct and had not referred to GCC’s website for information.

It was further noted from discussions with the PA that, at the time of the audit and contrary to Part 5, para 47 of the Code, the declined offers were not being recorded as a matter of course.

Consideration should be given to providing the GFRS staff with some refresher training / information on the rules around offers of gifts and hospitality to reduce the incidents of non compliance with the Code.

Please refer to Recommendations 1 and 2

The initial register provided to IA in July 2018 had no gifts and hospitality for 2018 recorded. However, a register provided in September 2018 had three entries with dates ranging from 27th April 2018 to 24th July 2018. For transparency and to reduce challenges being raised based on a perception of inappropriate behaviour, the PA should ensure that the register is kept up to date.

As a result of whistle-blowing allegations received by GCC and through discussions with staff at GFRS, IA became aware of at least five other offers and subsequent acceptance of gifts and hospitality that have not been recorded on the register.

Two of the concerns raised related to “trips abroad”, by two of the Principal Officers (POs). IA was advised that the former CFO was invited by Portland Fire and Rescue Service (USA) (22nd – 28th September 2017) to present on risk reduction and the Assistant CFO (ACFO) was invited to Australia/New Zealand (12th – 30th May 2017) by the Australasian Fire and Rescue Service Authorities Council as a representative of the Chief Fire Officers Association to present on practical lessons learned from the evolving fire and emergency services sector in the UK. The concerns raised suggested that the individuals had accepted the offers of these trips overseas, and had also taken their families at the public’s expense.

There is a provision within the Code that enables staff to accept offers of attendance at conferences or courses where the hospitality is corporate rather than personal, or where the Directors (or Chief Executive in the case of Directors) gives consent in advance and where it is clear that any purchasing decisions are not compromised.

Evidence was seen by IA to confirm that both of the trips were accepted in an official/professional capacity and were paid for by the sponsors (including flights, travel whilst overseas, and food and accommodation arrangements). However, IA did identify a small payment of £10.70 on the former CFO’s purchase card in respect of a US visa. In addition, there is currently a review of GFRS procurement being undertaken by IA and this may identify other associated costs incurred in respect of these trips. If identified, these will be reported in the GFRS Procurement report. The PA to the former CFO and the ACFO has advised IA that neither PO was accompanied by their family.

Discussions with the Council’s Chief Executive established that approval to accept either offer, prior or retrospectively, was not sought.

A review of the register by IA identified offers to attend similar overseas events that had been accepted and recorded on the register. Therefore, there is no reason why these two trips should not have been recorded on the register, by omitting to record these trips may have created a perception that the trips were *‘provided as a personal benefit at public expense’* rather than an opportunity to share experiences and best practice with colleagues around the world.

A third unrecorded event was identified during discussions with the Fleet Manager. IA was advised that two members of the fleet team had been on a business trip to Sweden funded by Scania (makers of products in the fire and rescue service), to showcase their latest fire and rescue products in May 2018. Although this trip was not recorded on the register, email correspondence was seen by IA confirming that this was an official trip and that prior approval had been sought from and approved by the former CFO prior to accepting the offer and attending the event.

However, GFRS has purchased products, including fire appliances, from Scania in the past and may do so again in the future, therefore for openness and transparency reasons this trip should have been recorded on the register.

The final omissions related to attendance at the St Andrews's Charity Ball (Scottish Fire and Rescue Service Family Support Trust). IA were provided with emails showing that on separate occasions the former CFO, ACFO and the Fleet Manager, together with their respective partners, have attended charity balls held in Scotland.

It was found that attendance at the charity ball by the former CFO in 2015 was recorded on the 2014/15 Gifts and Hospitality Register. However, attendance at this event in subsequent years by the former CFO and other GFRS staff were not recorded on the registers.

Emails between the former CFO and the ACFO and the former CFO and the Fleet Manager giving prior approval to attend the function were seen. However, IA was unable to find any evidence that the former CFO had sought approval from the Chief Executive to accept the hospitality offered.

The Code is clear that in respect of hospitality offered it states that *“employees may only accept if there is a genuine need to exchange information or represent the Council in the community. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community within Gloucestershire and where the Council should be seen to be represented. All such hospitality must be properly authorised and recorded by Directors; and goes on to say that it would not be acceptable conduct for an employee to accept such things as expensive meals or entertainment.”*

On all occasions the invitation to attend the balls, including the cost of the tickets, food / drink and associated hotel accommodation was offered by a company currently used by GFRS. Omissions of this nature could result in allegations suggesting perceived inappropriate staff behaviour, bribery and corruption, lack of transparency in respect of business decision making and not obtaining value for money.

Please refer to Recommendations 1 and 3

The monetary limit, above which gifts and hospitality must be recorded, is not specifically stated in the Code. Without consultation with the Council's Monitoring Officer (MO) at GCC (the owner of the Code), GFRS has set a limit of £30 above which any gifts and hospitality should be recorded. This is not in line with the Council's Code of Conduct. The MO may wish to consider whether it is felt that a limit should be set and applied across the Council. It may also be prudent at this time to consider whether information recorded on the register should be amended to include an approximate value against the offers being received.

If the review results in changes being applied to content of the Code, the MO should ensure that the changes are approved through the agreed processes and then clearly communicated to the relevant staff i.e. GCC and / or GFRS staff.

Please refer to Recommendations 4 and 5

Register of Personal Interests

Everyone who works in the public sector is expected to conduct themselves in line with the 7 principles of public life i.e. selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The Chief Executive and each Director will be responsible for ensuring that their personal interests are registered in accordance with this Code and that all of their employees are aware of the need to register personal interests. In certain circumstances even though a conflict of interest is not anticipated (e.g. acting as a School Governor, involvement with an organisation receiving grant aid from the Council, involvement with an organisation or pressure group which may seek to influence the Council's policies) employees should register their interests.

Section 117 of the Local Government Act 1972 requires all employees to give written notice of any contract or proposed contract in which the Council is involved and in which the employee has a financial interest (either direct or indirect) as soon as the employee becomes aware of it. Failure to declare an interest is a criminal offence and may result in prosecution. This requirement is reflected in Part 5 of the Code.

From discussions with the Council's Monitoring Officer it has been confirmed that the only GFRS register of interest form currently held is for the former CFO, dated 2015. However, this form does not declare a more personal / social relationship between the former CFO and a current contractor used by GFRS as indicated in email exchanges seen by IA. This lack of transparency leaves the Council open to perceived allegations of favouritism, bribery and corruption. If the CFO, had declared his connections with the company he should have subsequently, abstained from any decision making involving this company. If it was not possible to abstain totally, the CFO should have ensured that other impartial individuals (aware of his interests) were included in the decision making process.

The GFRS Assurance Statement for 2017/18, provided and signed by the former CFO and Deputy CFO (currently A/CFO), states that "there are arrangements in place to ensure that my staff are aware of, understand and comply with the requirement to declare business interests".

However, whilst new staff are made aware of the Code as part of their GFRS induction, unlike offers of gifts and hospitality, the requirement to declare business interests is not specifically highlighted. In addition, as in the case of gifts and hospitality recording, there is no dedicated post holder responsible for co-ordinating/monitoring any forms which may be completed and/or submitted where an interest has been declared, to the Monitoring Officer at GCC and reminding staff on a regular basis to complete a register of interests form, which could include nil returns. This could be particularly important in respect of retained firefighters, who due to the nature of their employment are more likely to have other jobs and where high risk post holders, such as those with responsibility for procurement and commissioning, are making decisions.

As there is currently no central collection of declared interests, the CFO may not be aware of any conflicts of interests and therefore unable to take preventive steps to prevent individuals from being involved in any decision making that could call their independence into question and therefore protect the reputation of GFRS.

Please refer to Recommendation 6

Conclusion

It was evident that the GFRS and general County wide processes differed and therefore GFRS practices were not in line with the Council's corporate Code. GFRS Compliance with the Council's Employee Code of Conduct, specifically in relation to the registering gifts and hospitality and personal interests, needs to be significantly strengthened.

With no nominated person at GFRS responsible for reminding staff about the requirement to complete Gifts and Hospitality and Declarations of Interest returns on a regular basis their completion has been inconsistent.

Offers of gifts and hospitality have been accepted by principal officers on occasions where the Code would suggest it was not appropriate and without seeking prior authority to accept them from the Council's Chief Executive. This together with the non declaration of interests has resulted in challenges that the behaviour of those officers is not consistent with 7 principles of public life i.e. selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Six recommendations have been made, that once implemented will introduce controls to ensure compliance with the Gifts and Hospitality and Registration of Interests elements of Council's Employee Code of Conduct. This will help to mitigate the risk of future concerns / challenges raised around the perceived inappropriate behaviour of GFRS officers and staff, ultimately impacting on enhancing GFRSs reputation and raising the Council's confidence levels in the governance arrangements operating within GFRS.

Audit Opinions on Risk Management and Control

The Public Sector Internal Audit Standards require Internal Audit to provide an independent opinion on the adequacy and effectiveness of the risk identification processes which management has put in place within the area under review, and a sound framework of controls is in place to sufficiently mitigate those risks. This opinion feeds into the Chief Internal Auditor's annual opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control environment, which supports the Annual Governance Statement. Each report will provide a statement on the levels of assurance that can be given within these two areas, evaluated by applying the following criteria:

Assurance Levels	Risk Identification Maturity	Control Environment
Substantial	Risk Managed Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other services, finance, reputation, legal, the environment, client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Corporate Risk Management Strategy.	<ul style="list-style-type: none"> System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved Control Application – Controls are applied continuously or with minor lapses
Satisfactory	Risk Aware Service area have an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other services, finance, reputation, legal, the environment, client/customer/partners, and staff, however some key risks are not being accurately reported and monitored in line with the Corporate Risk Management Strategy.	<ul style="list-style-type: none"> System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger Control Application – Controls are applied but with some lapses
Limited	Risk Naïve Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Corporate Risk Management Strategy, the Service area has not demonstrated an adequate awareness of the risks relating to the area under review and the impact that these may have on service delivery, other services, finance, reputation, legal, the environment, client/customer/partners and staff.	<ul style="list-style-type: none"> System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls Control Application – Significant breakdown in the application of control

Taking account of the issues identified in this audit, in our opinion, **Limited** assurance can be provided that the risk identification arrangements operating within the area reviewed are operating as intended. **Limited** assurance can be provided that these risks which are considered to be material to the achievement of the services objectives for this area under review are adequately managed and controlled.

Appendix A – Action Plan and Management Response

This section contains the findings for each audit objective along with any recommendations made by Internal Audit to strengthen the control environment. The recommendations are categorised as follows:

Priority	Description
High	Critical/Major risk exposure which materially impact on the assets, reputation, service delivery and objectives of the organisation
Medium	Moderate risk exposure that impacts on the assets, reputation, service delivery and objectives of the organisation.

Objective: To review the effectiveness of the arrangements in place to ensure that all staff are aware of the requirements of the Code of Conduct for the recording and monitoring of gifts and hospitality.

Finding

There is no formal process within GFRS for regularly reminding all staff (including Principal Officers) of the requirement to declare all gifts and hospitality offered whether accepted or declined.

It was also found that at the time of the audit and contrary to Part 5 of Constitution, the Code of Conduct, the GFRS Gifts and Hospitality register, maintained by the ACFO's PA, did not record offers that have been declined.

No.	Recommendation	Risks	Agreed Action	
1 (M)	Consideration should be given to nominating a specific person that is responsible for regularly (e.g. quarterly) reminding staff of GCC's Gifts and Hospitality arrangements (including declined offers) and that where any offers are received, permission is sought from the CFO or nominated officer and countersigned by the MO before the offers are accepted. Where the offer is made to the CFO, approval must be sought from the Council's Chief Executive before being countersigned by the MO.	Non compliance with GCC Code of Conduct Perception that senior officers do not have to comply with the Code of Conduct Inappropriate gifts and/or hospitality is accepted Reputational damage Perception of Bribery and Corruption. Inability to evidence decisions if challenged	CFO's PA to be asked to ensure that the Senior Leadership Team (SLT) agenda contains quarterly reminders.	
			Person Responsible	Due Date
			CFO	30 th April 2019

Finding

There is a lack of clarity around the rules to be followed when offers of gifts and hospitality are received. This has led to an inconsistent approach to the recording of offers accepted and offers declined not being recorded at all. As a result, IA identified a number of offers of gifts and hospitality that had been offered and in most cases accepted that had not been recorded on the register.

No.	Recommendation	Risks	Agreed Action	
2 (M)	All managers, and where appointed the relevant nominated person responsible for maintaining the Gifts and Hospitality register, should ensure that they are familiar with the rules around gifts and hospitality.	<p>Inconsistent approach.</p> <p>Non compliance with GCC policy.</p> <p>Forms relating to offers of gifts and hospitality are mislaid</p> <p>Perception that attendance at events is in a personal and not professional capacity</p>	Staff awareness sessions to be held. To be arranged by the CFO's PA through existing meeting structures.	
			Person Responsible	Due Date
			CFO	30 th April 2019

No.	Recommendation	Risks	Agreed Action	
3 (H)	<p>All returned gifts and hospitality forms should be forwarded to the CFO's PA for retention and for offers accepted or declined to be entered onto the Gifts and Hospitality register.</p> <p>The register should be kept up to date at all times, and should include all offers of gifts and hospitality whether accepted or declined.</p>	<p>Non compliance with GCC Code of Conduct</p> <p>Forms relating to offers of gifts and hospitality are mislaid</p> <p>Perception that attendance at events is in a personal and not professional capacity</p> <p>Perception of Bribery and Corruption</p> <p>Reputational Damage</p> <p>Inability to evidence decisions if challenged</p>	Refresher training to be arranged for CFO's PA re policy, and develop appropriate recording and reporting arrangements.	
			Person Responsible	Due Date
			CFO	30 th April 2019

Finding

GFRS has set a monetary limit of £30, above which offers should be recorded. This is not in line with the Council's code. However, the GFRS register does not include the provision of an approximate value and although there is a £30 limit, some of the items recorded such as a box of chocolates or a bottle of wine would appear to be below this value.

In addition, it should be noted that this set limit has not been approved by the Council's Monitoring Officer (MO). The MO may wish to consider whether it is appropriate to have a set monetary limit and if it is, should this same limit be applied across the Council.

No.	Recommendation	Risks	Agreed Action	
4 (H)	Consideration should be given to reviewing whether a defined set financial limit is appropriate, advising on what is recorded on the register and if it is, should it be applied across the Council as a whole Staff being made aware of any key changes to the Code.	Non compliance with the Council's Employee Code of Conduct	A financial limit of £25 will be proposed to bring in line with the Member Code of Conduct.	
	In conjunction with the above, consideration should be given to reviewing the format of the Gifts and Hospitality register to include an approximate value against the offers being received.	Inconsistent approach across the Council and GFRS to the recording of offers of gifts and hospitality	Any changes implemented to the process for recording/reporting gifts and hospitality to be communicated via usual channels.	
		Perceived inequality of what can and cannot be accepted / non compliance with the Council's Employee Code of Conduct	Person Responsible	Due Date
		Value of gift/hospitality being accepted is not known	Monitoring Officer	30 September 2019

Objective: To review the effectiveness of the arrangements that are in place to ensure that all staff are aware of the requirements of the Code of Conduct for the recording and monitoring of Declarations of interests.

Finding

Whilst new GFRS staff are made aware of the Code of Conduct as part of their GFRS induction, the requirement to declare any potential conflicts of interest is not specifically highlighted. In addition, there is no process to ensure that staff are reminded on a regular basis to complete a declaration of interests form, which could be extended to include nil returns. This could be particularly important for retained firefighters, who will more than likely have other jobs and high risk post holders with the responsibility for procurement and commissioning.

At GFRS there is no nominated person responsible for co-ordinating/monitoring any forms which may be completed and submitting any forms where an interest has been declared to the MO at GCC for countersignature and retention. As a result, the CFO may not be aware of any conflicts of interests and therefore unable to take preventive steps to prevent individuals from being involved in any decision making that could call their independence into question and therefore protect the reputation of the fire and rescue service.

No.	Recommendation	Risks	Agreed Action	
5 (H)	<p>The induction process for all GCC staff (including GFRS) should specifically highlight the requirement within the Code of Conduct for all staff (including senior officers) to declare any personal interests, financial or non-financial, where “they could reasonably be deemed to potentially conflict with any work undertaken by employees in the course of their duties”.</p> <p>At GFRS a named post holder/s should be responsible for regularly (e.g. annually) reminding staff to complete a declaration of interest form, potentially even if it is a nil return. Where an interest has been declared, the form should be forwarded to the line manager for review before being sent to GCC’s Monitoring Officer for countersignature and retention.</p>	<p>Non-compliance with GCC’s Code of Conduct</p> <p>Potential conflicts of interests</p> <p>Appropriate action is not taken by management to avoid situations of potential conflicts of interests</p> <p>Perception of unethical behaviour by GFRS staff</p> <p>Reputational damage</p>	<p>CFO’s PA to maintain a declaration of interest register and to enter on to SLT agenda for review 6 monthly.</p> <p>Monitoring Officer to request annual updated records from each directorate.</p>	
			Person Responsible	Due Date
			CFO Monitoring Officer	30 th April 2019