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Audit Committee

Wednesday, 21st September, 2022 at 5.30 pm
Conference Room, Parkside, Chart Way, Horsham

Councillors: Stuart Ritchie (Chairman)
 John Blackall (Vice-Chairman)
 Matthew Allen Richard Landeryou
 Martin Boffey Gordon Lindsay
 Paul Clarke

You are summoned to the meeting to transact the following business

Jane Eaton
Chief Executive

Agenda

	Page No.
1. Apologies for absence	
2. Minutes	3 - 8
<i>To approve as correct the minutes of the meeting held on 29 June 2022 (Note: If any Member wishes to propose an amendment to the minutes they should submit this in writing to committeeservices@horsham.gov.uk at least 24 hours before the meeting. Where applicable, the audio recording of the meeting will be checked to ensure the accuracy of the proposed amendment.)</i>	
3. Declarations of Members' Interests	
To receive any declarations of interest from Members of the Committee	
4. Announcements	
To receive any announcements from the Chairman of the Committee or the Chief Executive	
5. Risk Management - Quarterly Update	9 - 18
To receive the report of the Interim Director of Resources	
6. Internal Audit - Quarterly Update Report	19 - 30
To receive the report of the Chief Internal Auditor	

7. **Counter Fraud Strategy and Framework**

31 - 44

To receive the report of the Interim Director of Resources

8. **Urgent Business**

Items not on the agenda which the Chairman of the meeting is of the opinion should be considered as urgent because of the special circumstances

Audit Committee 29 JUNE 2022

Present: Councillors: Stuart Ritchie (Chairman), John Blackall (Vice-Chairman), Matthew Allen, Martin Boffey, Paul Clarke, Richard Landeryou and Gordon Lindsay

AAG/4 **MINUTES**

The minutes of the meeting held on 30 March 2022 were approved as a correct record and signed by the Chairman.

It was noted that the name of an ex-Audit Committee Member was present in the minutes of the meeting held on 25 May 2022, in place of a new Member of the Audit Committee. Following the correction of this error, they were approved as a correct record and signed by the Chairman.

AAG/5 **DECLARATIONS OF MEMBERS' INTERESTS**

There were no declarations of interest.

AAG/6 **ANNOUNCEMENTS**

The Chairman welcomed Councillor Matthew Allen as a new Member to the Committee.

AAG/7 **EXTERNAL AUDIT - OUTLINE AUDIT PLAN 2021/22**

The External Audit Manager reported that they had commenced their initial planning work for the 2021/22 audit and had met with the Chief Executive, the Interim Director of Resources and Interim Head of Finance and Performance. Regular Liaison meetings would take place throughout the year.

For 2021/22, the timetable as published in the draft Accounts and Audit (Amendment) regulations 2021 extended the publication date for audited local authority accounts from 31 July to 30 November 2022.

Due to the ongoing impact of later deadlines and completion of audits from 2020/21 the external auditors had yet to start planning for the 2021/22 audit. The external auditor set out their initial considerations of the risks for the audit, being broadly similar to those identified in 2020/21.

The external auditors would update these risks as planning progresses and take into account the risks suggested by the NAO in the Auditor Guidance Note 06 – Local Government Audit Planning, which had not yet been released for 2021/22.

It was noted that an error appeared in the report in the section 'Overview of 2021/22 audit strategy': 'Risk of fraud in revenue recognition – sales, fees and charges income, and grant income' should have no change in risk of focus listed under change from the previous year.

AAG/8 **RISK MANAGEMENT - QUARTERLY UPDATE**

The Interim Director of Resources presented the Risk Management Quarterly Update to the Committee. The report included an update on the Corporate Risk Register for consideration and provided an update on progress with the quarterly departmental risk register reviews.

It was reported that there were five risks considered to be high:

CRR37 - Delay to plan preparation due to the requirement of the plan to demonstrate water neutrality, or as a result as significant / unexpected changes to government guidance.

CRR01b - Funding from Government is less generous than assumed in the Medium-Term Financial Strategy (MTFS) from 2021

CRR01c - Decrease in Rateable Value due to appeals and businesses going under. This may cause the Council to fall below the business rates baseline, resulting in loss of funding.

CRR18 - (i) A malicious attacker exploits a known or unknown security weakness to penetrate the Council's ICT systems. The level of threat has been raised by the Cabinet Office to amber.

(ii) IT not working due to environmental problems: fire, flood, power cut.

CRR19 - Ongoing reduction in planning fees; reduced car parking income; increased homelessness; and increased housing benefit claims; leisure centres; property income; investment income. Departmental risk registers had been reviewed and updated. The rising risks of inflation and cyber security were being closely monitored.

Members requested that the risk of inflation be added to the Risk Register as a separate risk to be monitored more closely prior to the next meeting of the Committee.

The Committee noted the contents of the report and relevant appendices.

AAG/9 **INTERNAL AUDIT - ANNUAL REPORT AND OPINION 2021/22**

The Chief Internal Auditor provided an overall annual audit opinion of "reasonable assurance" that Horsham District Council had in place an adequate

and effective framework of governance, risk management and internal control for the period: 1 April 2021 to 31 March 2022.

The 2021/22 internal audit plan was approved by Audit Committee in April 2021. All reviews had been completed.

Of the seven audits completed during quarter 4 of 2021/22, one received an opinion of 'substantial assurance', six received 'reasonable assurance', and two received 'partial assurance'.

Where internal audit had identified areas where controls could be improved, appropriate remedial action had been agreed with management.

RESOLVED

Members noted the contents of the report.

AAG/10 **INTERNAL AUDIT REVIEWS OF REVENUES AND BENEFITS 2021/22**

The Interim Director of Resources reported that audits of the Revenues and Benefits department had been completed by Milton Keynes' internal audit as part of the agreement in which Milton Keynes Council provides Horsham District Council's Revenues and Benefits service.

All three audits, completed at the end of 2021/22, achieved good assurance for compliance. The Benefits audit showed satisfactory assurance for the control environment and the two Revenues audits showed good assurance for the control environment.

RESOLVED

Members noted the contents of the report.

AAG/11 **ANNUAL GOVERNANCE STATEMENT**

The Interim Director of Resources reported that the annual review of the Council's governance, risk management and internal control arrangements had been undertaken to support the Annual Governance Statement for 2021/22.

The review included information and assurance gathering processes as well as a review of the Council's Governance framework against the best practice framework devised by CIPFA/SOLACE. The aim was to ensure that the Council had effective governance, risk management and internal control processes in place to assist with accountability and the delivery of objectives. The review process had identified any shortfalls in these arrangements to enable them to be addressed. The Annual Governance Statement includes an action plan to help improve the effectiveness of the Council's governance arrangements and control environment.

RESOLVED

That the Annual Governance Statement 2021/22, signed by the Leader of the Council and the Chief Executive on 1 June 2022, be approved.

AAG/12 **TREASURY MANAGEMENT ACTIVITY AND PRUDENTIAL INDICATORS 2021/22**

The Group Accountant (Technical) reported treasury activity and prudential indicators for 2021/22.

At 31 March 2022, the Council's investments totalled £83.3m (£59.0m 2021) with no external debt.

During 2021/22, the Council's cash balances were invested in accordance with the Council's treasury management strategy and its associated indicators apart from one indicator where the actual interest rate sensitivity exceeded the estimate. This was a result of cash balances being much higher than estimated due to a combination of slower outflows in capital spend and developer contributions, higher revenue reserves, residual Covid-19 grants and the £150 energy bill rebate being held by the Council at year-end.

Interest of £0.942m (£0.858m in 2020/21) was earned on investments, an average return of 1.2% (1.5% in 2020/21). This was £0.150m over the budget of £0.792m. Investment property income was £3.47m (£3.56m 2020/21), which was £0.13m below the £3.6m estimate.

Investment income from treasury operations has recovered after the pandemic helped by the upturn in interest rates in the latter part of the year. Income from investment properties is recovering but there is still an overhang from the pandemic with some income subject to discussions with tenants.

RESOLVED

Members noted the content of the report.

AAG/13 **SUBSIDIARY HOUSING COMPANY ACCOUNTS**

A Director of the Housing Companies reported that the Council was not required to prepare consolidated group accounts for 2021/22 as the value of the transactions in the companies' accounts were considered immaterial. However, the accounts for the companies had been audited by an independent auditor and were approved and signed by the directors at the companies' board meeting on 15 June 2022.

RESOLVED

Members noted the contents of the report.

AAG/14 **URGENT BUSINESS**

There was no urgent business.

To consider an appendix containing exempt of confidential information

RESOLVED

That, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that it involved the likely disclosure of exempt information, as defined in Part I of Schedule 12A of the Local Government Act 1972, by virtue of paragraph 7 regarding information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

AAG/15 **RISK MANAGEMENT - QUARTERLY UPDATE APPENDIX 2**

RESOLVED

Members noted the contents of the appendix.

The meeting closed at 6.34 pm having commenced at 5.30 pm

CHAIRMAN

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Report to Audit Committee

Wednesday 21st September 2022

By the Interim Director of Resources

INFORMATION REPORT



Horsham
District
Council

Not Exempt

Risk Management ~ Quarterly Report

Executive Summary

This report includes an update on the Corporate Risk Register for consideration and provides an update on progress with the quarterly departmental risk register reviews.

Recommendations

That the Committee is recommended to:

- i) Note the contents of this report.

Reasons for Recommendations

As part of good governance, it is important that Members understand the key risks facing the Council.

Background Papers

Corporate Risk Register

Wards affected: All.

Contact: Dominic Bradley, Interim Director of Resources, 01403 215300.

Background Information

1 Introduction and Background

- 1.1 The Audit Committee is charged with responsibility for monitoring the effectiveness of the Council's risk management arrangements.
- 1.2 The report provides details of key changes to the Council's Corporate Risk Register, and an update on progress regarding the departmental risk registers (see Section 3 below).

2 Relevant Council Policy

2.1 The Council's Risk Management Policy is detailed in the Council's Risk Management Toolkit. The Council's Risk Management Strategy is a component part of the Policy, and this document sets out to achieve the following objectives:

- Fully integrate risk management into the culture of the Council and its strategic and service planning processes.
- Ensure that the risk management framework is understood and that ownership and accountability for managing risks is clearly assigned.
- Ensure the benefits of risk management are realised through maximising opportunities and minimising threats.
- Ensure consistency throughout the Council in the management of risk.

3 Details

3.1 The Senior Leadership Team has reviewed the Corporate Risk Register and comments have been updated to reflect the current position for each risk (see Appendix 1).

3.2 The Corporate risk profile is shown in the following heat map which shows the total number of risks in each segment. The red / amber / green zones are in accordance with the Council's risk appetite.

	CRR02 CRR03 CRR06 CRR34 CRR35a	CRR18 CRR19		CRR37
		CRR01c CRR05 CRR17	CRR01b	

- 3.3 There are four risks which are currently considered to be high and eight medium risks. The high-risk areas relate to the following:

CRR37	Delay to the local plan preparation due to the requirement of the plan to demonstrate water neutrality, or as a result of significant / unexpected changes to government guidance.
CRR01b	Funding from Government is less generous than assumed in the Medium-Term Financial Strategy (MTFS) from 2023.
CRR18	A malicious attacker exploits a known or unknown security weakness to penetrate the Council's ICT systems. IT not working due to environmental problems: fire, flood, power cut.
CRR19	Rapidly rising costs from inflation together with ongoing lower levels of income from fees in some areas, and other cost pressures such as increased homelessness; and increased housing benefit claims.

- 3.4 The risk register in Appendix 1 provides full details of all risks on the "live" register together with details of the control actions and responsible officers.

- 3.5 All 19 Departmental risk registers have been reviewed and updated.

4 Outcome of consultations

- 4.1 Officers who are responsible for control actions and the Senior Leadership Team have been consulted in updating the Corporate Risk Register.

5 Other courses of action considered but rejected

- 5.1 Not applicable.

6 Resource consequences

- 6.1 There are no financial or staffing consequences as this report is for noting.

7 Legal considerations and implications

- 7.1 There are no legal consequences as this report is for noting.

8 Risk assessment

- 8.1 The report provides an update on the Council's corporate risks and how these are being managed by the Senior Leadership Team. See Appendix 1 for the latest version of the Council's Corporate Risk Register.

9 Procurement implications

- 9.1 There are no procurement implications arising from this report as this report is for noting.

10. Equalities and human rights implications / public sector equality duty

10.1 There are no implications under equalities and human rights nor the public sector equality duty as this report is for noting.

11 Environmental implications

11.1 There are no environmental implications as this report is for noting.

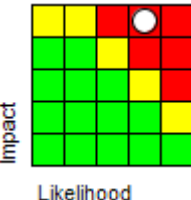
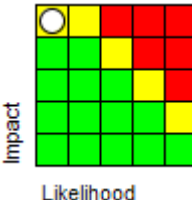
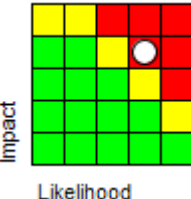
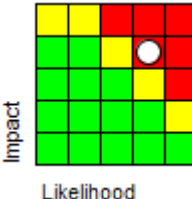
12 Other considerations

12.1 There are no consequences arising from GDPR / Data Protection or crime and disorder as this report is for noting.

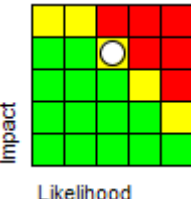
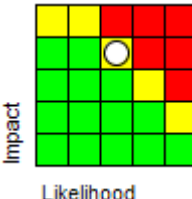
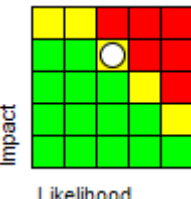
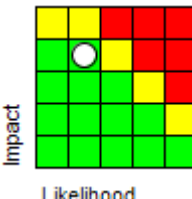
Appendix 1 Corporate Risk Report September 2022

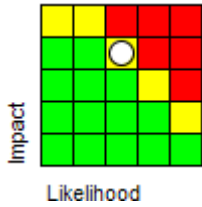
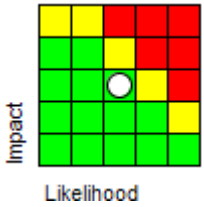
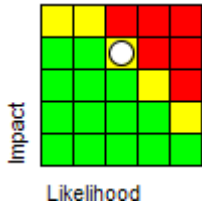
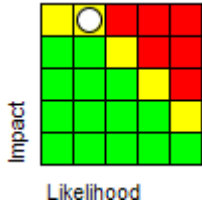
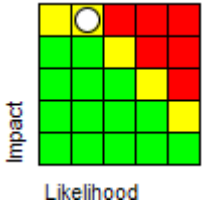
Risks ordered by RAG not numerically

Generated on: 16 August 2022

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
<p>CRR37 Source: Requirement to adopt an up-to-date Local Plan by end 2023 in accordance with government requirements Risk: Delay to plan preparation due to the requirement of the plan to demonstrate water neutrality, or as a result of significant / unexpected changes to government guidance.</p>	Economic damage to district as a result of limits to development which can take place	Barbara Childs		CRR.37.1 Joint working with partners to develop water neutrality mitigation strategy	Catherine Howe		<p>Governance arrangements for Water Neutrality joint working have been agreed and are operational.</p> <p>Detailed work on overall mitigation strategy is ongoing and provisionally scheduled for sign off in the Autumn. However, this requires continued input from all affected local authorities, Natural England, and Southern Water. Some supporting organisations currently significantly under resourced.</p> <p>Successful LEP for funding for additional resources to help deliver the strategic solution co-ordinated by WSCC. Unfortunately, the recruitment exercise for a project manager has been unsuccessful to date. Further requests to central government for additional government funding have also been unsuccessful but continue.</p>
				CRR.37.2 Keep watching brief on government messaging on planning reforms	Catherine Howe		
<p>CRR01b Financial Cause: The Council is reliant on Central Controlled Government funding (e.g., Business Rates). Risk: (ii) Funding from Government is less generous than assumed in the MTFS from 2023</p>	<p>Reductions in funding</p> <p>Adverse effect on morale</p> <p>Financial</p> <p>Failure to achieve agreed objectives</p>	Dominic Bradley		CRR.01b.1 Continue to keep a watching brief	Samantha Wilson		<p>Government has tentatively indicated a two-year settlement for 2023/24 and 2024/25, which if it went ahead would slightly reduce the risk of changes to business rates and revenue funding through the Fair Funding Review for the time being, albeit temporarily. However, we may have to wait until the provisional settlement in December before we have proper insight into the medium term.</p> <p>Maximum Council tax rises and inflationary rises to fees and charges would help balance the budgets, otherwise a £3m budget deficit is</p>
				CRR.01b.2 Revisit the MTFS and if necessary 2022/23 budget in year.	Samantha Wilson		
				CRR.01b.3 Evaluate and discuss with Members possible future actions to mitigate loss of income. e.g., Corporate Restructure, investment and infrastructure projects that generate income.	Dominic Bradley		

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
							forecast at the end of the MTF5, due to inflation and the costs of food waste when implemented.
<p>CRR18 Technological <u>Cause:</u> Council services are increasingly reliant on IT systems at a time when there are greater opportunities for malicious attackers to exploit security weaknesses.</p> <p><u>Risk 1:</u> A malicious attacker exploits a known or unknown security weakness to penetrate the Council's ICT systems.</p> <p><u>Risk 2:</u> IT not working due to environmental problems: fire, flood, power cut</p>	<p>Loss of key systems- disruption to Council services. Cost of investigation and recovery of systems. Fraud/theft. Loss of the integrity of Council Records. Penalties from the ICO. Adverse media coverage.</p>	<p>Dominic Bradley</p>		CRR.18.1 Staff and Member Training	Claire Ward / Robert Laban		<p>CRR.18.1 Ongoing, as part of induction for new staff/ Members, and as required.</p> <p>CRR18.2 We are following government advice re heightened Cyber Security Threats.</p> <p>CRR.18.5 PSN Accreditation has been awarded for another year.</p> <p>CRR.18.7 Backups being reviewed and improved.</p>
				CRR.18.2 Awareness of current threats	Andrea Curson		
				CRR.18.3 An effective ICT Service delivery team	Andrea Curson		
				CRR.18.4 Effective patching and updates to mitigate known vulnerabilities	Andrea Curson		
				CRR.18.5 Compliance with expected security standards. (PSN, PCI-DSS)	Andrea Curson		
				CRR.18.6 Effective policies in place which outline security requirements for users of ICT	Andrea Curson		
				CRR.18.7 Effective back-up and recovery processes in place for Council ICT systems.	Andrea Curson		
				CRR.18.8 Transferring the risks to the cloud provider	Andrea Curson		
				CRR.18.9 Plan developed, approved internally, and being carried out.	Andrea Curson		
CRR19 <u>Cause:</u> Uncertainty in the UK and World economy. Higher levels of salary and non-salary costs from inflation. Impact on the financial markets and the pound in the wake of Covid-19 and the energy crisis. Likelihood of a deeper depression and slowdown in the property and financial markets. The Government has spoken about a reduction in local government funding. <u>Risk:</u> Rapidly rising costs from inflation. 6% inflation equates to a	<p>Financial Service Delivery Compliance with Regulations</p>	<p>Dominic Bradley</p>		CRR.19.2 Monitor the external environment	Samantha Wilson		<p>A small surplus budget was set for 2022/23 as a result of a restructure in November 2020 and a better than expected one-year settlement. However, the impact from soaring inflationary price rises is already putting pressure on the forecast in some areas such as fuel and housing services, although a £0.25m surplus is forecast at M4 due to the benefits from rising interest rates and parking income coming back towards pre-Covid levels. Gross costs in 2023/24 are likely to rise by £2m at approximately 6% inflation levels.</p>
CRR.19.3 Monitor internal indicators, particularly costs from inflation, income generation and respond appropriately to adverse trends	Samantha Wilson						

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
£1m increase in costs per year, making balancing the budget more difficult. Lower levels of income in planning fees; reduced car parking income; property income and Government funding. Increased costs from higher levels of homelessness and housing benefit claims.							Without significant increases in income at similar inflationary levels, budget shortfalls approaching £3m a year would be forecast by the end of the medium-term financial period, the other significant cost being £1.3m from food collection. Pressure is building on homelessness and benefits cases. Cumulative pressure on businesses since 2020 may also increase the risk on their ability to pay all rents.
CRR01c Financial <u>Cause:</u> The Council is reliant on Central Controlled Government funding (e.g., Business Rates). <u>Risk:</u> Decrease in Rateable Value due to appeals and businesses going under. This may cause the Council to be below the business rates baseline, resulting in loss of funding.	Reductions in funding Financial	Dominic Bradley		CRR.01c.1 Continue to keep a watching brief CRR.01c.2 Evaluate and discuss with Members possible actions to mitigate loss of income. e.g., investment and infrastructure projects that generate income.	Samantha a Wilson Samantha a Wilson		Total RV is stable at present, but uncertainty remains in the aftermath of Covid-19 and pending any business rate reform. Any re-baselining is now more likely to be from April 2025. Appeals to the Valuation Office remain high, which could trigger backdated refunds. The appeals provision is approximately £4m, albeit the Council's share is only 40% of this.
CRR05 Governance <u>Cause:</u> Managers are responsible for ensuring that controls to mitigate risks are consistently applied. <u>Risk:</u> Officers are either unaware of expected controls or do not comply with control procedures.	Failure of business objectives Health & Safety Financial Service Delivery Compliance with Regulations Personal Privacy Infringement Reputation	Dominic Bradley		CRR.05.1 Officer training CRR.05.3 All Service Managers required to sign an Assurance Statement. (By 30th June Annually) (Cyclical) CRR.05.4 "Cultural compliance" Internal Audits identify service-based issues and help managers to resolve these. CRR.05.5 Programme of training and information to ensure all managers understand their roles. CRR.05.6 Governance review of the Horsham Museum	Dominic Bradley Dominic Bradley Dominic Bradley Dominic Bradley Dominic Bradley		The Annual Governance Statement action plan for 2021/22 completed. This included delivering training for management and staff in this area. Heads of Service, all managers, depot-based managers, Capitol and Parks and Countryside management training has taken place. An online training course for all staff went live in May 2022. The review of governance at the museum was completed. The annual e-learning refresher programme for 2022/23 has started, with the following three courses being mandatory: <ul style="list-style-type: none">Corporate Governance

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
	damage						<ul style="list-style-type: none"> Safeguarding adults Safeguarding children and young people.
CRR17 <u>Cause:</u> The External Auditors audit the HDC Benefits Grant Subsidy return to the Department for Work and Pensions (DWP) on an annual basis to identify errors. <u>Risk:</u> The Benefit Subsidy claim may be qualified and/or financial losses. HDC has a case load with a particularly high number of working people with many changes of circumstances.	Financial Service Delivery Compliance with regulations Reputation	Dominic Bradley; Beccy Salmon		CRR.17.1 Continuously monitor the level of quality control checking.	Beccy Salmon		The service continues to maintain a robust QC process to mitigate financial loss via a qualified subsidy loss. However, in February 2021 colleagues found a long-standing error relating to a claim assessed under the CenSus regime leading to an overpayment of £35,000. This, combined with a small decline in 2020/21 quality due to workload pressure puts the Council closer than it has ever been to the lower threshold for 2020/21 since leaving the CenSus partnership. A further £8,000 historic error was found in April 2021. This will affect the 2021/22 claim but being a lower amount is less likely to lead to a subsidy loss. The LA Error rate decreases slightly as HB expenditure continues without further error but remains a risk due to the low headroom for future LA Error to be found.
				CRR.17.2 An earmarked reserve for subsidy provision is now in place that would cover the loss of subsidy in the event that the upper threshold in the subsidy claim is breached.	Beccy Salmon		
CRR02 Managerial / Professional <u>Cause:</u> The Council has a legal obligation to protect personal data. The Information Commissioners powers are much more far reaching when they change in May 2018. <u>Risk 1:</u> Major data breach or leak of sensitive information to a third party. <u>Risk 2:</u> Risk of significant ICO fine for non-compliance with new General Data Protection Regulations (GDPR).	People and businesses come to harm and suffer loss that might not otherwise have occurred Complaints / claims / litigation Resources consumed in defending claims Financial losses Fines from regulators	Dominic Bradley		CRR.02.1 Develop appropriate processes & procedures which underpin the IT Security Policy	Andrea Curson / Sharon Evans		CRR02.3 An induction programme is established, and new staff are completing IS training as part of probation, where relevant. There will be regular updates and additional training provided where necessary, as and when topical issues emerge, in a fast-moving environment that poses IS threats. CRR02.4 PSN Accreditation 2021 awarded. CRR.02.05 Due to recent data breaches, a new training presentation has been written and was delivered through service team meetings. Member training should be completed
				CRR.02.3 Provide a programme of Induction and at least annual training on Information Security to all staff.	Robert Laban		
				CRR.02.4 Annual PSN Accreditation	Andrea Curson		
				CRR.02.5 Representatives from each department meet every other month to maintain compliance, updates, and training	Sharon Evans		

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
	Adverse publicity Reputation damage						before end Sept 2022.
<p>CRR03 Legal Cause: The Civil Contingencies Act places a legal obligation upon the Council, with partners, to assess the risk of, plan, and exercise for emergencies, as well as undertaking emergency and business continuity management. The Council is also responsible for warning and informing the public in relation to emergencies, and for advising local businesses.</p> <p>Risk: The Council is found to have failed to fulfil its obligations under the Act in the event of a civil emergency.</p>	<p>People and businesses come to harm and suffer loss that might not otherwise have occurred</p> <p>Complaints / claims / litigation</p> <p>Resources consumed in defending claims</p> <p>Financial losses</p> <p>Censure by regulators</p> <p>Reputation damaged</p>	Dominic Bradley		CRR.03.1 Update corporate business continuity plan and regular review.	Robert Laban		<p>CRR.03.1 Plan is up to date. All Neighbourhood Wardens have been trained as Rest Centre Managers and are earmarked for Incident Liaison Officer training later in the year to provide a tactical response at bronze level. Consideration is given to establish a process/ rota for senior managers to manage emergencies.</p> <p>CRR.03.2 All BC plans have been updated in 2021, Q3; a sample was tested in Q4 with the service heads.</p> <p>CRR.03.5 Hybrid bitesize workshops are starting again from April for: Response, BC, Recovery, Rest Centre ops.</p> <p>CRR.03.6 In line with lifting of all Covid restrictions, regular Covid focussed BC meetings have stopped (but can be reinstated quickly if needed).</p>
				CRR.03.2 Update departmental business continuity plans and regular review.	Robert Laban		
				CRR.03.5 Bitesize workshops to address new procedures and processes.	Robert Laban		
				CRR.03.6 Fortnightly BC meetings during Covid-19	Robert Laban		
<p>CRR06 Physical Cause: The Council is responsible for the health & safety of its clients, staff, and other stakeholders, owns and maintains significant assets, and also has responsibility for H&S in some partner organisations where it does not have operational control.</p> <p>Risk: A health & safety failure occurs.</p>	<p>People come to harm</p> <p>Complaints/claims/ litigation</p> <p>Financial losses</p> <p>Censure by audit / inspection</p> <p>Reputation damage</p> <p>Adverse effect on morale</p> <p>Stress and absenteeism</p>	Jane Eaton		CRR.06.2 H&S Management Forum reviews corporate inspection strategy quarterly.	Robert Laban / Health & Safety Officer		<p>Risk assessments being undertaken, reviewed, and updated.</p>
				CRR.06.3 Training programme includes annual refreshers on a rolling programme. All mandatory training must be completed as part of probation	Robert Laban		
				CRR.06.01 Risk assessments undertaken	Robert Laban / Health & Safety Officer		
				CRR.06.04 H&S Officer regularly reviews high risk	Robert Laban		

Risk Code & Description	Effect	Risk Owner	Current Risk Matrix	Control Action	Control Action Owner	Target Risk Matrix	Quarterly Update
				areas			
CRR34 <u>Cause:</u> Uncertainty in the UK and World economy. Instability and high-profile failures. <u>Risk:</u> Key contractor failure	Financial	Dominic Bradley		CRR.34.1 Regularly check accounts of key suppliers	Heads of Service		The impact on the loss of key suppliers is lessening and we no longer have the Head of Procurement on the business continuity group. The impact of the world shortage of building supplies is lessening but remains uncertain. Risk of inflation, interest rate rise and recession being monitored. Some suppliers are starting to come forward to increase prices outside of the contract, which is being resisted.
				CRR.34.2 Check public liability insurance of key suppliers	Heads of Service		
				CRR.34.3 Ask for key suppliers' business continuity plans	Heads of Service		
				CRR.34.4 Consider whether the failure of a key supplier needs to go in service business continuity plan	Heads of Service		
CRR35a <u>Cause:</u> Covid-19 infection <u>Risk:</u> Serious risk to the health and safety of workers	Failure of Health and safety, Service Delivery, Compliance with regulations, Reputational loss.	Dominic Bradley		CRR.35a.1 Corporate Health and Safety group oversees H&S measures (staff H&S representative observes)	Dominic Bradley		CRR.35a.3 In line with diminishing Covid-19 infection risks, the Business Continuity Group has been stayed. Monitoring is ongoing by the Corporate H&S Adviser and Emergency Planning Adviser, reviewing relevant HSE, NHS/ Government guidance. Any necessary updates will be through the Comms service by the Head of HR&OD. Risk assessments are reviewed and updated as needed. CRR.35a.7 The Council's trial to move to 50/50 working was extended and will be reviewed in the summer, considering emerging practice, staff/ manager feedback and LGA guidance. CRR.35a.7 Despite the lifting of all Covid-19 restrictions, managers are advised to conduct risk assessments for staff who identify themselves as high risk. Staff working from home must have completed a risk assessment, signed off by their manager.
				CRR.35a.3 Regular updates on government advice on keeping safe	Robert Laban		
				CRR.35a.7 Risk assessments for offices and specific staff	Robert Laban		

Report to Audit Committee

21st September 2022

By the Horsham Chief Internal Auditor



INFORMATION REPORT

Not Exempt

Internal Audit Progress Report – Quarter 1 (01/04/22 - 30/06/22)

Executive Summary

To provide Members with an update on all internal audit and counter-fraud activity completed during the quarter, including a summary of all key findings. The report also includes details of progress on delivery of the annual audit plan together with an update on the performance of the internal audit service during the period.

Recommendations

The Committee is recommended to:

- Note the report and consider any further action required in response to the issues raised; and
- Identify any new or emerging risks for consideration for inclusion in the internal audit plan.

Reasons for Recommendations

- i) To comply with the requirements set out in the Public Sector Internal Audit Standards 2013 (amended April 2017).
- ii) The Audit Committee is responsible for reviewing the effectiveness of the Council's systems of internal control.

Background Papers

Internal Audit Strategy and Annual Plan 2022-23

Wards affected: All.

Report Author: Paul Miller, Horsham Chief Internal Auditor

Contact Details: Russell Banks, Orbis Chief Internal Auditor
Paul Miller, Horsham Chief Internal Auditor

Tel No. 01273 481447

Tel No. 01403 215319

Background Information

1 Introduction and Background

Background

- 1.1 This progress report covers work completed between 1 April 2022 and 30 June 2022.

Supporting Information

- 1.2 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2022-23 which was approved by the Audit Committee on 30 March 2022.

2 Relevant Council Policy / Professional Standards

- 2.1 The Accounts and Audit (England) Regulations 2015 state that: “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. This responsibility is discharged through the Orbis Internal Audit team.
- 2.2 The Council’s Constitution supports the statutory requirements outlined above. Financial Procedure Rule 4e 27 states that: “The Chief Finance Officer ensures the Council has appropriate arrangements in place to maintain an adequate and effective internal audit. The terms of reference for Internal Audit are detailed in the Council’s Internal Audit Charter which is approved and reviewed annually by the Audit Committee”.
- 2.3 Internal Audit follows the mandatory standards set out in the Public Sector Internal Audit Standards (PSIAS) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors.

3 Details

- 3.1 Key audit findings from final reports are summarised in Appendix A.
- 3.2 Three formal audits were finalised during the quarter (one relating to the 2021/22 audit plan, and two relating to the current financial year). Two of the audits received an opinion of ‘reasonable assurance’, and the other, an opinion of “substantial assurance”.
- 3.3 Formal follow up reviews continue to be carried out for all audits where ‘minimal assurance’ opinions have been given and for higher risk areas receiving ‘partial assurance’. Progress on action tracking is provided in Section 3 of Appendix A.
- 3.4 Flexibility is built into the audit plan to allow resources to be directed to any new and emerging risks. We continue to liaise with departments to identify these but would also welcome input from Members. Details of those reviews added and removed from the plan this year are set out in section 4 of Appendix A.
- 3.5 Progress against our performance targets (focussing on a range of areas relating to our service) can be found in section 5 of Appendix A.

4 Next Steps

- 4.1 The Committee will be kept informed about progress in terms of the delivery of the audit plan for 2022/23.

5 Outcome of Consultations

- 5.1 Heads of Service / Service Managers are consulted during each audit. At the end of each review, audit findings are discussed with the relevant Head(s) of Service at a final meeting, and actions are agreed. An action plan is incorporated into the final report including details of responsible officers and agreed implementation dates. There are occasions when a director may also be consulted, particularly for audits which span a number of departments.

6 Other Courses of Action Considered but Rejected

- 6.1 Not applicable.

7 Resource Consequences

- 7.1 This report summarises information about the work undertaken by Internal Audit, and therefore there are no direct financial or HR consequences.

8 Legal Considerations and Implications

- 8.1 There are no legal considerations or implications. Where legal compliance issues are identified during audit fieldwork, the Head of Legal & Democratic Services (or relevant legal specialist) will be consulted.

9 Risk Assessment

- 9.1 All Internal Audit work is undertaken using a risk-based approach.

10. Procurement implications

There are no procurement implications arising from this report as this report is for noting.

11. Equalities and human rights implications / public sector equality Duty

There are no implications under equalities and human rights nor the public sector equality duty as this report is for noting.

12. Environmental implications

There are no environmental implications as this report is for noting.

13. Other Considerations

There are no consequences arising from GDPR / Data Protection or crime and disorder as this report is for noting.

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Internal Audit and Counter Fraud Quarter 1 Progress Report 2022/23

CONTENTS

1. Summary of Completed Audits
2. Counter Fraud and Investigation Activities
3. Action Tracking
4. Amendments to the Audit Plan
5. Internal Audit Performance

1. Summary of Completed Audits

Network Access Management (2021/22)

1.1 This audit sought to provide assurance over the management of access to the Council's network. This included a review of controls used to manage users' network accounts and the access to systems and data for new starters, those moving departments, and those leaving. It also considered the Council's Active Directory and how this is managed; the contents contained within it and controls in place to ensure that it is accurate. The audit was undertaken in line with the following objectives:

- Staff network accounts are up to date and only have the correct network access permissions relevant to their job role;
- The Active Directory is regularly reconciled, and all leavers have been removed;
- User permission changes are completed efficiently for movers to ensure users have correct access relevant only to their new role;
- New starters network accounts are set up with the correct access relevant for their role with no access to systems or information outside their responsibilities.

1.2 We were able to provide an opinion of **Reasonable Assurance** on the basis that:

- There is an effective process for identifying and reconciling permanent payroll leavers. This includes a list of permanent payroll leavers provided to the helpdesk engineers monthly, that is then reviewed against the Active Directory (AD) to ensure that user accounts have been disabled/deleted.
- New network accounts and amendments to accounts are completed using an online form by the line manager and HR approval is required for this form before it is actioned by the engineers.
- There are sufficient controls over who can access the new accounts, once created.
- With the exception of the leaver process, which needs updating, the access management processes carried out by the team are not formally documented and this, combined with no consistent quality review, could create inconsistencies with the processing of requests. Appropriate actions have been agreed to improve this area.
- General maintenance of the AD is conducted by the senior engineers within the team as required and the housekeeping of the AD is completed for permanent leavers using the monthly HR leavers list previously mentioned.
- Individual user AD network accounts have no unique identifiers attached to them which could create issues with account management within the AD if multiple users have the same name.

Electoral Registration (including Canvassing) (2022/23)

1.3 The Council is required to maintain an electoral register and ensure a revised register is published annually. The Electoral Register within Horsham District is made up of approximately 66,000 properties and lists the names and addresses of people who are registered to vote in public elections. The electorate in the district is in the region of 111,000. The Register is used predominantly for electoral purposes and

ensures that only eligible people can vote. The annual canvass begins in July and the Register is published on 1st December.

1.4 The purpose of this audit was to provide assurance that controls are in place to meet the following objectives:

- Appropriate and effective processes are in place for electoral registration and canvassing, which helps to ensure that statutory requirements are adhered to;
- There are robust processes in place to ensure that an accurate and complete electoral register is maintained, and that information governance requirements are adhered to;
- Canvassers who are engaged to visit properties are subject to appropriate pre-employment checks, training, and supervision;
- Canvassers are paid correctly for visits that they have undertaken;
- Business continuity arrangements have been adequately considered.

1.5 As a result of our work, we were able to provide an opinion of **Reasonable Assurance** in this area. We found that the statutory requirements for undertaking an annual electoral registration and canvass are being adhered to. Canvassers are provided with training prior to undertaking their role and appropriate processes are in place to ensure they are correctly remunerated for the work they undertake.

1.6 Areas were identified to improve the overall controls in place, this included measures to:

- Complete a risk assessment and address lone working and safeguarding as part of the canvassers' training and information pack, prior to starting work.
- Update the department's business continuity plan, furnishing the Emergency Planning Officer with a copy.
- Review and update the Record of Processing Activity and Information Asset Register to ensure all data held and processed by the Department is handled in compliance with data protection legislation and regulations. In addition, the Data Protection Retention Schedule will be reviewed as part of the canvass process to ensure all areas are covered accordingly.
- Introduce and update documented procedures for the team, which will be saved on the team's shared drive.

1.7 An action plan to address the findings of the review has been agreed with management.

Corporate Compliance – Community Safety, Health and Wellbeing Follow Up (2022/23)

1.8 The Community Safety, Health and Wellbeing Team fulfil several distinct roles. The team offers a free service to adults in accessing local services and providing advice to improve their health and wellbeing. In addition, as part of the community safety function, there is partnership working undertaken by this service to provide and promote community cohesion and resilience.

1.9 An audit of Corporate Compliance (Community Safety, Health and Wellbeing) was completed in 2021/22 and we provided an opinion of Partial Assurance. As part of our planned work for 2022/23 we agreed

with management to undertake a follow up review to ensure agreed actions had been fully implemented. This follow up review did not cover controls which were found to be satisfactory during the previous review.

- 1.10 Our work identified that 11 of the previously agreed actions had been fully implemented. Three actions had been partially implemented and as a result, we were able to issue an opinion of **Substantial Assurance**. The three outstanding actions were all assessed as low risk and an action plan was developed and agreed with management to address these.

2. Counter Fraud and Investigation Activities

Proactive Counter Fraud Work

- 2.1 The Orbis Internal Audit service came into effect from 1st April 2018. The integrated structure was designed to deliver resilience, flexibility and quality, along with specific specialisms. A key strand of this was the formation of a counter fraud team that would deliver both reactive and proactive fraud services across the partnership, including to Horsham District Council.

National Fraud Initiative (NFI)

- 2.2 The organisation uploaded the required data sets at the end of 2020 / beginning of 2021. Data matches were made available by the Cabinet Office on 28th January 2021, and these are in the process of being investigated.

Fraud Risk Assessments

- 2.3 A Fraud risk assessment has been undertaken to ensure that the current fraud threat for the Council has been considered and appropriate mitigating actions identified. The outcomes from the assessment help to inform the annual internal audit plan.

Counter-Fraud Strategy and Framework

- 2.4 The Orbis Counter Fraud team has developed a Counter-Fraud Strategy and Framework for Horsham. This has been approved by the Council's Senior Leadership Team and is published on the Council's Intranet. This is due for review in October 2022, and a new strategy and framework is currently under development.

3. Action Tracking

- 3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. As at the end of quarter 1, 100% of high priority actions due had been implemented within agreed timescales.

3.2 Internal Audit will continue to work with senior management to ensure that sufficient attention is given to any high or medium priority actions that are overdue and an update on progress with high priority actions will continue to be reported to this committee.

4. Amendments to the Audit Plan

4.1 In accordance with proper professional practice, the Internal Audit plan for the year was kept under regular review to ensure that the service continued to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management, the following reviews were added to the original audit plan during the year:

Planned Audit Work	Rationale for Addition
Protect & Vaccinate Grant Certification	Central Government directive
COMF (Contain Outbreak Management Fund) Grant Certification	Central Government directive
Bespoke Risk Management Training	Client request
Declaration of Interest Reports compiled and sent to each Head of Service covering their individual areas of responsibility.	Client request
Provision of audit advice following changes in officer roles for administering the payroll function.	Client request - Potential risk to the control environment

4.2 In order to allow this additional work to take place, the following audits have been removed or deferred from the audit plan and, where appropriate, will be considered for inclusion in future audit plans as part of the overall risk assessment completed during the annual audit planning process. These changes have been made on the basis of risk prioritisation and/or as a result of developments within the service areas concerned requiring a rescheduling of audits:

- Private Sector Leasing Scheme. (Advisory work in respect of the process will be undertaken instead, with a view to undertaking a full audit once the Scheme is operational).

5. Internal Audit Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set of agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA KPI	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	Approved by the Audit Committee on 30 th March 2022.
	Annual Audit Report and Opinion	By end July	G	2021/22 report presented to the Audit Committee on 29 th June 2022.
	Customer Satisfaction levels	90% satisfied	G	100%
Productivity and process efficiency	Audit Plan – completion to draft report stage	90%	A	18.8% completed to draft report stage at the end of Quarter 1, against a target of 22.5%. This is expected to improve by the end of Quarter 2.
Compliance with professional standards	Public Sector Internal Audit Standards complied with	Conforms	G	<p>January 2018 – External assessment by the South-West Audit Partnership gave an opinion of ‘Generally Conforms’ – the highest of three possible rankings.</p> <p>April 2022 - Updated self-assessment against the standards within the PSIAS underway and preparations for a full independent external assessment in progress.</p> <p>June 2022 - Quality Review of audit assignments identified no major areas of non-conformance.</p>
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified.

Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high & Medium priority agreed actions	G	100%
Our staff	Professionally qualified / accredited	80%	G	94% ¹

¹ Includes part-qualified staff

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Report to Audit Committee

21 September 2022

By the Interim Director of Resources

INFORMATION REPORT

Not Exempt



Counter Fraud Strategy and Framework

Executive Summary

The purpose of this report is to present the recently updated Counter Fraud and Corruption Strategy and Framework.

Recommendations

The Committee is recommended to:

- Review and endorse the Council's Counter Fraud and Corruption Strategy and Framework.

Reasons for Recommendations

- The Audit Committee is responsible for reviewing the effectiveness of the Council's systems of internal control.

Background Papers

Fighting Fraud & Corruption Locally publication

Wards affected: All.

Report Author: Paul Miller, Horsham Chief Internal Auditor

Contact Details:

Dominic Bradley, Interim Director of Resources
Paul Miller, Horsham Chief Internal Auditor

Tel No. 01403 215300
Tel No. 01403 215319

Background Information

1 Introduction and background

Background

- 1.1 The revised Counter Fraud Strategy is aligned to 'Fighting Fraud & Corruption Locally' (FFCL), the Local Government Counter Fraud and Corruption Strategy for the 2020s, which provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities.

2 Relevant Council policy

- 2.1 The Member Code of Conduct and Officer Code of Conduct.

3 Details

- 3.1 The previous two FFCL strategies focused upon pillars of activity, or strategic objectives, where the Council concentrated its counter-fraud efforts. These were 'acknowledge', 'prevent' and 'pursue'. The FFCL strategy 2020 has now been expanded to include two additional areas of activity that underpin tenets of those pillars; 'govern' and 'protect'.
- 3.2 'Protect' is a new overarching responsibility to protect the public from fraud. 'Govern' is added as a new foundation of the Strategy, which sets out that those who are charged with governance, support the activity by ensuring that there are robust arrangements in place and that executive support exists to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.
- 3.3 The amendments made to the Horsham DC Strategy include the following:
 - Aligning the pillars of the strategy to FFCL (addition of Govern and Protect);
 - An updated table summarising the activities required to achieve the strategic objective included within the Strategy document under the heading 'Action Plan';
 - An introductory statement reinforcing leadership support for counter fraud measures (in line with FFCL).

4 Next steps

- 4.1 The Committee will continue to be informed about any incidences of fraud or corruption as part of Internal Audit's quarterly reporting.

5 Outcome of consultations

- 5.1 The following officers have been consulted: Senior Leadership Team; the Monitoring Officer; Head of HR & OD; Interim Head of Finance & Performance and the Head of Customer & Digital Services.
- 5.2 The Director of Resources will exercise discretion in calling Orbis Internal Audit to investigate suspicions of fraudulent activity. The decision will be based upon the seriousness of the case, and/or whether specialist skills are required, depending upon the nature of the investigation.

5.3 A one page summary of the Fraud Strategy & Framework will be developed to sit alongside the main document for ease of reference.

6 Other courses of action considered but rejected

6.1 Not applicable.

7 Resource consequences

7.1 There are no direct financial or HR consequences.

8 Legal considerations and implications

8.1 There are no legal considerations or implications.

9 Risk assessment

9.1 Not applicable.

10. Procurement implications

There are no procurement implications arising from this report.

11. Equalities and human rights implications / public sector equality Duty

There are no implications under equalities and human rights nor the public sector equality duty.

12. Environmental implications

There are no environmental implications.

13. Other considerations

There are no consequences arising from GDPR / Data Protection or crime and disorder.

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Counter Fraud Strategy and Framework 2022 - 2025



Statement on Fraud by the Senior Leadership Team

The Horsham District Council Senior Leadership Team (SLT) are committed to implementing and maintaining the highest standard of corporate and financial governance and ethical behaviour. We take our responsibilities for public money seriously and recognise that fraud against the Council harms the individuals, communities and businesses of the Horsham District and for that reason, fraud, bribery and corruption against the Council will not be tolerated, and all such occurrences will be investigated. We will undertake to consider the circumstances of each case of alleged fraud we investigate to ensure we seek a fair and balanced outcome.

We fully support the investigation of allegations of fraud, the continued development of a robust anti-fraud culture and framework within the Council, and a strong stance being taken where fraud is found.

The diverse nature of services provided by the Council mean that there are many areas where we could be a target for fraud. We will ensure we understand the main fraud risks we face and set out how we protect against them in our departmental risk registers.

We, SLT, with your support, will strive to ensure that we have robust processes in place to help prevent the risk of fraud, and that we do not forget the risk of fraud in our drive to improve efficiency in our services.

Introduction

The public is entitled to expect the Council to conduct its business with integrity, honesty and openness and demand the highest standards of ethical conduct from those working for and with it.

The Council takes the threat of fraud and corruption and its statutory duty to protect the public funds it administers seriously. The Council expects the highest ethical and legal standards from its Members, officers, contractors and agents carrying out business on its behalf. It is essential that we protect the public purse and ensure that council funds are used only for their intended purpose: to support and deliver services to our community. As such we maintain a zero tolerance approach to fraud and corruption whether it is attempted from outside the Council or within.

It is an expectation that where employees have workplace concerns, or suspect wrongdoing, that this is raised through appropriate channels. All allegations relating to potential fraud, financial maladministration, conflicts of interest, breach of confidentiality, improper use of resources, ICT misuse or any other forms of financial irregularity should be reported to the Chief Finance Officer, who will help to ensure that appropriate action is taken.

This strategy forms part of the Council's counter fraud framework, a collection of interrelated policies and procedures including the Whistleblowing Policy, Anti-Money Laundering Policy, Member Code of Conduct, Employee Code of Conduct, and Financial Procedure Rules. The framework includes guidance on types of fraud and corruption, how to report concerns, and the investigation process. This strategy and framework set out the Council's commitment to preventing, detecting and deterring fraud and corruption to ensure public funds are used for their intended purposes.

Strategic approach

To fulfil the Council's Counter Fraud Strategy and Framework 2022 - 2025, the Council must ensure that fraud, bribery, corruption, and misappropriation is minimised. Every pound lost to fraud and corruption is a reduction in resources and negatively influences the Council's ability to deliver its objectives.

The Council has reviewed its arrangements in line with the Fighting Fraud and Corruption Locally Strategy (2020) – the Local Government blueprint for tackling fraud in Local Government. The strategy outlines four strategic principles for effective fraud management, together with the overarching principle of 'Protect':



Action Plan

What we will do against each of these strategic principles is set out in the following table.

Our Principles	What we will do
Govern	<ul style="list-style-type: none"> • Ensure that there is full support from the top of the organisation and throughout, for the robust investigation into any allegations of fraud, bribery, corruption, or wrongdoing; • Ensure that our zero tolerance culture is embedded throughout the organisation; • Promote our Whistleblowing Policy to both employees and those external to the organisation; • Coordinate the annual National Fraud Initiative (NFI) exercise administered by the Cabinet Office; • Report instances of fraud and corruption to the Audit Committee, who support officers in their work to prevent, detect and investigate fraud and corruption.
Acknowledge	<ul style="list-style-type: none"> • Acknowledge and understand fraud and misconduct risks; • Commit the right support to tackle fraud and corruption; • Develop and maintain a strong framework of internal controls; • Commit support and resources to tackling fraud and corruption; • Demonstrate a robust counter fraud response, and; • Communicate the risks to those charged with Governance.
Prevent	<ul style="list-style-type: none"> • Develop and maintain a robust and effective anti-fraud culture; • Make the best use of information and technology to identify and tackle fraud; • Ensure that the standards in public life adopted are set out clearly in the Council's policies and effectively communicated; • Conduct employee and third-party due diligence; • Communicate with staff on countering fraud and provide fraud awareness training; • Identify control weaknesses and enhance anti-fraud controls and processes, and; • Communicate counter fraud activity and successes through reporting to SLT, Audit Committee and staff training/workshops.
Pursue	<ul style="list-style-type: none"> • Prioritise the recovery of financial losses as a result of fraud, and use of civil sanctions where appropriate; • Develop capability and capacity to investigate and punish offenders, through the support of appropriate disciplinary processes and working with outside agencies, including the Police; • Develop and maintain internal investigation protocols and disclosure protocols; • Provide a consistent and effective response for dealing with fraud cases;

	<ul style="list-style-type: none"> • Collaborate across geographical boundaries with other local authorities through working groups, sharing of intelligence, benchmarking, and on joint investigations; • Learn lessons from identified fraud and corruption and close the gaps in control weaknesses that allowed any wrongdoing to be perpetrated.
Protect <i>(this is an overarching aim which sits across the previous four principles)</i>	<ul style="list-style-type: none"> • Recognise the harm that fraud can cause in the community; • Protect the Council, the public funds it administers, as well as residents and other stakeholders, from risks and financial losses relating to fraud and corruption, now, and in the future.

Governance

This is about the Council having robust arrangements and senior management support to ensure ‘zero-tolerance’ anti-fraud, bribery and corruption measures are embedded throughout the organisation.

SLT are committed to setting a ‘tone from the top’ through the support of a zero-tolerance approach to fraud and corruption, which may include the use of the dedicated Counter Fraud team that sits within the Orbis Internal Audit partnership.

The Chief Internal Auditor reports all instances of identified fraud, theft, and corruption quarterly to SLT and the Audit Committee (where there has been internal audit involvement), ensuring that Members are appropriately briefed of all significant instances of identified wrongdoing.

The Council expects everyone carrying out Council business to protect the public purse and to report suspicions of dishonest behaviour. The promotion of a strong anti-fraud culture will deter potential fraudsters and those considering wrongdoing, as well as encouraging a safe environment in which individuals can feel comfortable to raise concerns, without fear of reprisals or victimisation.

Acknowledge

The Council accepts that no authority is immune from the risk of fraud, bribery and wrongdoing. It seeks to use all available recourse to help to reduce the opportunity, motivation and justification for fraud, bribery and wrongdoing and to act robustly when it is identified.

The Council will develop and maintain a strong framework of internal controls designed to prevent and detect irregularity, misconduct and fraud. The framework includes the following key elements:

- Member Code of Conduct;
- Officer Code of Conduct;
- Anti-money Laundering policy;
- Financial Procedure Rules;
- Procurement Procedure Rules.

Prevent

The Council faces a variety of risks and threats and acknowledges that prevention is the best and most efficient way to tackle fraud, bribery and wrongdoing and to prevent / minimise losses.

The best defence against fraud, corruption, bribery and wrongdoing is to create and maintain a strong and robust anti-fraud culture within the Council. The Council will promote the standards of business conduct it expects and requires from all its employees (including contractors and councillors) as documented in the Council's Code of Conduct (and set out under the 'Seven principles of public life' heading later in this strategy).

The Council also recognises that a key preventative measure to combat fraud and misconduct is to ensure that the appropriate due diligence is exercised in the hiring, retention and promotion of employees and relevant third parties. This applies to all staff whether, permanent, temporary, contracted or voluntary. Procedures will be followed in accordance with the Council's recruitment and selection guidance. We will always undertake the appropriate pre-employment checks (for example: qualification verification and obtaining references) before any employment offer is confirmed.

Where system weaknesses are identified following an investigation into a suspected financial irregularity, these will be recorded, and controls will be recommended to minimise future occurrences.

Pursue

Fraud, corruption, and malpractice will not be tolerated and where it is identified the Council will deal with proven wrongdoings in the strongest possible terms, including:

- Disciplinary action;
- Reporting to the Police or other external agencies;
- Prioritise the recovery of any losses on behalf of the taxpayer, including use of criminal or civil legal action through the Courts.

Where information relating to a potential or actual offence or wrongdoing is uncovered, a comprehensive, independent, and objective investigation will be conducted. Any investigation will take account of relevant policies and legislation.

The purpose of any investigation is to gather all available facts to enable an objective and credible assessment of the alleged irregularity and to enable a decision to be made as to a sound course of action.

The Chief Finance Officer may decide to utilise the resources of the Orbis Internal Audit Counter Fraud Team. The decision will be based upon the seriousness of the case, and/or whether specialist skills are required, depending upon the nature of the investigation. In such instances, Internal Audit will work closely with management and where appropriate, other local authorities or other agencies such as the Police, to ensure that all allegations and evidence are properly investigated and reported upon.

Referral to the Police on matters of alleged fraud or other financial irregularity is a matter for the Chief Finance Officer and the relevant senior managers. Any referral made to the Police will not prohibit action under the Council's disciplinary procedure.

In cases of alleged theft, fraud, corruption, or other irregularity involving staff, the Council may pursue the case through its disciplinary processes, even if the member of staff has submitted their resignation.

Where Internal Audit are involved in the investigation of allegations of suspected financial irregularities, all completed investigations will include a review of lessons learned which may result in the production of an Internal Control Report for management. This aims to identify where there are any gaps or weaknesses in the system of internal control which contributed to the ability of the identified fraud, theft, corruption, or other irregularity to be perpetrated. This report will contain actions for management which will aim to close these gaps in control. These actions will be monitored and reported upon, in line with Internal Audit's action tracking process.

Seven Principles of Public Life

The Council is committed to the highest ethical standards as set out in the Code of Conduct. We believe the 'seven principles of public life' are the foundation of a strong anti-fraud culture and we expect all Members, officers and contractors to follow these principles, as well as all legal rules, policies and procedures.

The seven principles of public life and a brief explanation are listed below:

Principle	You should...
Selflessness	Act solely in terms of the public interest and not for the purpose of gain for yourself, family or friends.
Integrity	Avoid placing yourself under any obligation to people or organisations that might seek to influence you in your work.
Objectivity	Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability	Be accountable to the public for your decisions and actions and submit yourself to scrutiny as appropriate.
Openness	Act and take decisions in an open and transparent manner. Information should only be withheld from the public if there are clear and lawful reasons for doing so.
Honesty	Be truthful. This includes declaring any conflicts of interest and taking steps to resolve such conflicts.
Leadership	Actively promote and support these principles by applying them to your own behaviour and challenging poor behaviour.

Definitions

Fraud - can be broadly described as, someone acting dishonestly with the intention of making a gain for themselves or another, or inflicting a loss (or a risk of loss) on another; including:

- Dishonestly making a false statement or representation;
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose;
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

Theft - Theft is stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, consumables, machinery, or even data. Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to our staff or Members whilst on Council property.

Obtaining Services Dishonestly – is broadly where services which were to be paid for were obtained knowing or intending that no payment would be made.

Bribery – is ‘the offering, promising, giving, soliciting, agreement to accept or acceptance of a financial or other advantage which may induce or reward a person to perform improperly a relevant function’ under The Bribery Act 2010.

Corruption – is the offering or acceptance of inducements designed to influence official action or decision making. These inducements can take many forms including cash, holidays, event tickets or meals.

Money laundering – is the process of converting illegally obtained money or assets into ‘clean’ money or assets with no obvious link to their criminal origin.

This strategy also covers other irregularities or wrongdoing, for example failure to comply with Financial Procedure Rules, Contract Procedure Rules, National and Local Codes of Conduct, Health and Safety Regulations and all other relevant laws and legislation that result in an avoidable loss to the Council.

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