CHELTENHAM
BOROUGH COUNCIL

Notice of a meeting of
Audit, Compliance and Governance Committee

Tuesday, 27 September 2022
6.00 pm
Council Chamber - Municipal Offices

Membership	
Councillors:	Paul McCloskey (Chair), David Willingham (Vice-Chair), Matt Babbage, Adrian Bamford, Graham Beale, Tabi Joy and John Payne

The Council has a substitution process and any substitutions will be announced at the meeting.

Important Notice

Filming, recording and broadcasting of council meetings
This meeting will be recorded by the council for live broadcast online at
http://www.cheltenham.gov.uk and www.youtube.com/user/cheltenhamborough.
The Chair will confirm this at the start of the meeting.

If you make a representation to the meeting, you will be deemed to have consented to be filmed, and to the possible use of those images and sound recordings for broadcasting and/or training purposes.

Agenda

1.		**APOLOGIES**	
2.		**DECLARATIONS OF INTEREST**	
3.		**MINUTES OF THE LAST MEETING**	(Pages 3 - 8)
4.		**PUBLIC AND MEMBER QUESTIONS** These must be received no later than 12 noon on the fifth working day before the date of the meeting	
5.		**AUDIT PROGRESS AND SECTOR UPDATE REPORT**	(Pages 9 - 20)
6.		**INTERNAL AUDIT PROGRESS REPORT**	(Pages 21 - 38)
7.		**COUNTER FRAUD AND ENFORCEMENT UNIT REPORT**	(Pages

			39 - 46)
8.		**COUNTER FRAUD AND ENFORCEMENT UNIT FRAUD RISK STRATEGY AND UPDATE**	(Pages 47 - 72)
9.		**UPDATED COUNTER FRAUD AND ANTI-CORRUPTION POLICY**	(Pages 73 - 94)
10.		**WORK PROGRAMME**	(Pages 95 - 96)
11.		**ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND REQUIRES A DECISION**	
12.		**DATE OF NEXT MEETING**	

Contact Officer: Democratic Services, 01242 264130
Email: democratic.services@cheltenham.gov.uk

Audit, Compliance and Governance Committee

Wednesday, 13th July, 2022
6.00 - 7.05 pm

Attendees	
Councillors:	Paul McCloskey (Chair), Matt Babbage, Adrian Bamford, Graham Beale, Tabi Joy, John Payne and Tony Oliver (Reserve)
Also in attendance:	Paul Jones, Emma Cathcart, Darren Knight, Lucy Cater and Alex Walling

Minutes

1. **APOLOGIES**
    Apologies were received from Councillor Willingham. Councillor Oliver was present as a substitute.

2. **DECLARATIONS OF INTEREST**
    There were none.

3. **MINUTES OF THE LAST MEETING**
    The minutes of the previous meeting were approved and signed as a true record, with the correction of one typographical error on Page 2.

4. **PUBLIC AND MEMBER QUESTIONS**
    There were none.

5. **EXTERNAL AUDIT PROGRESS REPORT**
    Alex Walling (AW) of Grant Thornton presented her progress report, highlighting the following:

    -   the initial planning for the financial statements audit was complete, and the final accounts audit would commence once the draft statement of accounts was ready – expected at the end of the month;
    -   the Department of Levelling Up, Housing and Communities had now officially extended the deadline for auditing accounts to the end of November, and Grant Thornton were working to this deadline;
    -   CBC had a material amount of infrastructure assets, which CIPFA described as a complex and serious issue. This held up the audit of accounts for 2020-21 for a number of large authorities, and Grant Thornton were awaiting the outcome of the consultation document;
    -   the first value-for-money commentary was done last year, and work was about commence on the same for this year, as well as certification on a number of claims and returns for the council;
    -   the key deliverables which Grant Thornton was required to produce under the code of audit practice had not changed since last time, and were set out in the report, together with an update on anything outstanding from 2021. The key thing here was the certificate that closed down the audit for a

particular year, after which it couldn't be reopened. Grant Thornton were awaiting instruction from central government, with certificates held up across the country;

- regarding audit fees, as reported previously, discussions were taking place at national level with the PSAA who regulated contracts and oversaw fees as to what was reasonable. The proposed fees for 2021-22 were set out, similar to previous years, and taking the scale put together by PSAA and adding in areas which took longer, due to changes in auditing standards, new requirements, value-for-money work and so on.

Member questions

The following issues arose from Members' questions:

- infrastructure assets had not been mentioned or registered prior to the recent consultation document, and were more a concern for county/unitary councils, focussing on highways, roads, streetlighting etc. AW confirmed that in Cheltenham, it related to cycle paths, for example and said the issue with infrastructure assets was that although a road didn't depreciate in value, it needed updating and maintenance over the years – but as this didn't actually increase its value, the amount of infrastructure assets on the balance sheet increased over the years but the value of the roads wasn't equal to what showed on the balance sheet. It was a hugely complicated area. A Member agreed, saying that the value of a road was not only its material value but its contribution to the economic livelihood of the area, which is difficult to quantify. The Executive Director for Finance and Assets confirmed that Cheltenham's biggest infrastructure asset was the Honeybourne Line and the road at the cemetery is the newest, which is part of the business plan so we know its cost and value over the years. The Head of Finance and Assets and her team would be working closely with Grant Thornton to ensure CBC remains compliant and future-proof;
- regarding the extension of the deadline for the financial statement audit, AW confirmed that this had been moved forward from December to 31 July prior to Covid but, for a number of reasons – fewer public sector auditors, more complicated accounts, more risk – no one was hitting this or the subsequent 30 September deadline. The deadline had therefore been moved back to 30 November. She added that Grant Thornton would probably be able to give an opinion on CBC before that;
- the difference between the gross book value of infrastructure assets (£14m) and the net book value (£10m) was due to depreciation. This was not an issue, being a material figure from Grant Thornton's perspective which they will focus on as part of the audit;
- regarding the value-for-money commentary, this was included for the first time last year, and the work this year gave a year-on-year comparison, showing whether this had improved or not. It was important the follow the recommendations made last year, to show the current picture and see if these had been implemented. A Member felt that the agenda items didn't make it clear whether CBC was getting better as an organisation – there was no sense of momentum.

The Chair confirmed that Members noted the contents of the report.

6.   **INFORMATION REQUESTS ANNUAL REPORT 2021-22**

The Executive Director for Place and Communities explained for the benefit of new Members that freedom of information (FOI) requests had been introduced

to foster a culture of openness in the public sector, by obliging local authorities to proactively make information available and giving the general public the right of access to information held, with some exemptions, such as information which was commercially sensitive. There was also environmental information regulation (EIR) which was very similar but focussed on health and safety policy, recycling and so on.

He highlighted that 92% of requests received 2021-22 had been responded to within the requisite 20 days, with performances of different departments and teams set out in the report. The overall performance was very solid. As background, he told Members that CBC had one fully-qualified customer relations officer, and was looking to get another member of staff qualified too. The council received hundreds of requests, covering all services, which were responded to fully and promptly, but where this wasn't possible, customers were notified and their expectation was managed. Only nine requests were referred to the Information Commissioner's Office (ICO).

Member questions

In response to questions from Members, the Executive Director for Place and Communities confirmed that:
- in order to provide a sense of direction of travel, and how the number of FOI requests compared with previous years, the annual response rate could be included in future reports, and the overall response rate by financial year. He said numbers tended to be quite consistent, but were very diverse – not just from members of the public, but also from business, media, students, for many different reasons;
- the small discrepancies on the tables were typos and would be corrected; [**Note**: *these were subsequently explained by the report author - the difference in the number of FOIs in the tables arose from cases where the requester had been asked to clarify their request and hadn't responded; the first table included the requests where clarification had been requested and the second table excluded them.*]
- a full response to a request is required within 20 days, not just an acknowledgment;
- the reason why the Planning response is lower than expected is due to a number of factors – three interim Heads of Planning in a short space of time, lack of capacity and continuity, and a large increase in planning-related enquiries and the huge amount of information which is frequently required. The new Head of Planning was permanent and full time, and was aware of the 2021-22 performance, and this would improve next year;
- he would find out how many requests were rejected as too onerous or not relevant. If exempt information was requested, an exemption reason would be needed, which the person requesting the FOI could appeal.

No vote was required on this item.

7. **INTERNAL AUDIT OPINION 2021-22**
   Lucy Cater of SWAP (LC) said the report was a summary of work conducted by the internal audit team on behalf of CBC, and highlighted the following:
   - no significant risks were identified; if there were any, these would be added to the annual governance statement for follow-up next year. A number of reviews – assurance and advisory work – had been conducted, and

auditors were aware of a number of recommendations outstanding from 2021 which they would continue to follow up along with recommendations made for 2021-22;

- nine substantial audits had been offered, and eight reasonable, plus a number of agreed actions which would continue to be followed up with officers;

- the opinion formed part of the annual statement of accounts and fed into the annual governance statement;

- the report offered low-substantial assurance on work undertaken – the same as last year. LC said she would send last year's opinion to Members for comparison;

- it was difficult to say whether performance had improved or got worse in some places as SWAP don't carry out the same audit every year;

- no significant corporate risks were identified; there were a number of recommendations and priority 2 recommendations, which SWAP team would continue to follow up during the year, ensuring good communication with staff to make sure this was done;

- SWAP always worked hard to add value with any piece of work and had completed 88% of the audit plan when the report was drafted, with 6% in progress or review, and two pieces of work now concluded – these would be brought to the next meeting.

Member questions

In response to Member questions, LC confirmed that all data in the table was correct, and she would confirm what was meant by 'ethics-related objectives', referred to on Page 37.

One Member, while happy to note that everything in the audit was in the main satisfactory, felt that by not comparing the same function each year, we did not track the performance of the council, and wondered if this might be considered in future years. LC said this issue was frequently discussed by her team, and was complicated by the fact that her team could only look at an element of each system, with the aim to give full assurance over three years.

The Executive Director for Finance and Assets said the council purchased a limited number of days from SWAP each year, and the purpose of ACG Committee was to agree the programme once a year. He said the audit was split into a number of elements – risk-based, regular and cyclical. For example, revs and bens was risk-based and had high potential for fraud, and was routinely audited; treasury management/finance, which undertook multi-million pound transactions on a daily basis, was reviewed regularly to ensure segregation of duties and internal controls; and, for example, a committee request for an end-to-end audit of car park function was cyclical – if this came out with a substantial assurance, it was not good use of resources to reproduce annually, and may be picked up after four years, but if it came back with an adverse opinion, it would be included in the following year's audit plan to make sure all recommendations were put in place.

In response to further questions, LC confirmed that:
- regarding accounts receivable, there was no need for the committee to be concerned at present; there had been some issues around agreed actions

with Publica, but these would be followed up and an update brought to the next meeting;

- regarding the committee's role in ensuring that agreed actions were undertaken and achieved, Priority 2 agreed actions had previously been included in the usual progress report, but this was going to change going forward, with all outstanding prior-year agreed actions included (and whether/how many times these were deferred), and a list of current-year agreed actions and progress, so presenting full information on agreed actions in the system.

The Director for Finance and Assets confirmed that there were controls in place and that prior to ACG committee, an internal governance group meeting was held, where LC could raise any issues. If the two executive directors were made aware of any audit recommendations not followed through, for example, they could intervene. The Executive Director for Place and Communities said that Clearview was used to ensure that all audit actions were captured, tracked and monitored, and that SWAP was very proactive if they felt that an action had not been progressed, allowing the executive directors to follow up immediately. He suggested that Members might benefit from a demonstration of Clearview to see the journey.

No vote was required on this agenda item.

8. **WORK PROGRAMME**
LC said that the chief executive of SWAP would like to attend a future meeting; she would work out the best date and let DSU know.

One Member asked whether risk and risk management was an Audit, Compliance and Governance (ACG) committee function, or one for Overview and Scrutiny (O&S), saying he would like to see the risk register. The Executive Director for Place and Communities said risk policy was the responsibility of ACG and the council's Head of Performance brought this to the committee for review and approval, currently annually although this might not be too frequent. The committee could look at the risk register if it wanted. There was a slight cross-over with O&S: ACG was concerned with process, control measures, policy, how risks were managed and controlled, while O&S looked at risks and selected any which it may want to investigate more deeply. The risk sat with ACG, but O&S had a critical role in risk oversight.

The Chair said he would like to understand better the council's attitude to risk, and what decided whether a risk was low and substantial or high and reasonable. He realised there was a finite number of audit days available, but wondered how CBC could get the best value for money. The Executive Director for Place and Communities said the risk appetite came from Cabinet and/or Council, depending on the decision being made, and that every report included a risk assessment. More effort had been put into risk management over the last few years: the Head of Performance spent more time on this; two members of staff were qualified in management of risk; the introduction of Clearview, which managed the risk register with scores based on raw risk, original risk, control measures and review date, was looked at by the senior team on a monthly basis.

He said risk arose from different perspectives: project risks (on Clearview); risks arising from horizon scanning (political environment/social/legal); what was happening in the sector (such as another council experiencing problems having a potential impact on CBC); strategic risks (inflation, operational). Another element to risk was that councils operated very differently from 20 years ago, and it was important that for every report or business case, risk should be included as part of the information needed to make the right decision. He added that how good an organisation was at dealing with risk – risk maturity – was also key, and SWAP had been asked to do a risk maturity assessment for an independent view on how CBC manages risk.

He suggested that it would be advisable for ACG Committee to have a training session on risk and risk management.

9.   ANY OTHER ITEM THE CHAIRMAN DETERMINES TO BE URGENT AND REQUIRES A DECISION
There was none, though the Chair suggested the scheduled date of the next meeting – 27th September – may need to be changed, depending on how the external audit progressed. Members would be kept informed.

10.   DATE OF NEXT MEETING
The next meeting is currently scheduled for 27th September, but may be re-scheduled – to be confirmed.

Paul McCloskey
Chairman

Grant Thornton

Cheltenham Borough Council
Audit Progress Report and Sector Update

Year ending 31 March 2022

August 2022

Contents

Section	Page

Introduction

Your key Grant Thornton team members are:

Alex Walling

Key Audit Partner

T 0117 305 7804

E alex.j.walling@uk.gt.com

Sam Harding

Senior Manager

T 0117 305 7874

E sam.g.harding@uk.gt.com

Ellie Nicholls

Assistant Manager

T 0117 305 7866

E ellie.m.nicholls@uk.gt.com

This paper provides the Audit, Compliance and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

• a summary of emerging national issues and developments that may be relevant to you as a local authority; and

• includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit, Compliance and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications https://www.grantthornton.co.uk/en/services/public-sector-services/

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Page 11

Progress at August 2022

Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in January 2022, and interim audit in February and March. We began our work on your draft financial statements in early August.

Our interim fieldwork included:

- Updating our review of the Authority's control environment
- Updating our understanding of financial systems
- Reviewing Internal Audit reports on core financial systems
- Understanding how the Authority makes material estimates for the financial statements
- Early work on emerging accounting issues

The results of our work to date are included in this report.

In April we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2021/22 financial statements.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 30 November 2022.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. This is enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 is extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report in January 2023.

Page 12

Progress at August 2022 (cont.)

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DwP). This work is due to commence shortly.

We also certify the Authority's annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Department for Levelling Up, Housing and Communities ("DLUHC"). This work is due to commence in the autumn.

Meetings

We met with Finance Officers in May as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Page 13

Audit Deliverables

2021/22 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit, Compliance and Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and to report on the Authority's value for money arrangements in the Auditor's Annual Report	April 2022	Completed
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	April 2022	Completed
Audit Findings Report The Audit Findings Report will be reported to the Audit, Compliance and Governance Committee.	November 2022	Not yet due
Auditors Report This includes the opinion on your financial statements.	November 2022	Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	January 2023	Not yet due

2021/22 Audit-related Deliverables	Planned Date	Status
Housing Benefit Subsidy – certification This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.	TBC	Not yet due
Pooling of housing capital receipts - certification This is the report we submit to the Department for Levelling Up, Housing and Communities ("DLUHC"). based upon the mandated agreed upon procedures we are required to perform.	TBC	Not yet due

Page 14

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- Grant Thornton Publications
- Insights from local government sector specialists
- Reports of interest
- Accounting and regulatory updates

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local government

Page 15

Response to local audit consultation – Department for Levelling Up, Housing and Communities ("DLUHC")

The Department for Levelling Up, Housing and Communities ("DLUHC") has published its response to the local audit consultation. This follows the "Redmond Review", which reported in September 2020.

The response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA's establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

The consultation response also announces:

- Plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

Government response to local audit framework: technical consultation - GOV.UK (www.gov.uk)

Department for Levelling Up, Housing & Communities

Page 16

The Value of Internal Audit – CIPFA

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, Internal Audit: Untapped Potential, lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

Culture and governance

The Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' and not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, Rob Whiteman share his views on this report.

Page 17

Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit Committees in assessing their effectiveness.

The NAO comment "Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm's-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

Against this background, the NAO's effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO's effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis."

The tool covers:

- Membership, independence, objectivity and understanding

- Skills and experience

- Roles and responsibilities

- Scope

- Communication and reporting

Although the tool is designed for central government Audit Committees it is also relevant to local government.

NAO — National Audit Office

Good practice guide

Audit and Risk Assurance Committee effectiveness tool

MAY 2022

The guide can be found here:
[Audit and Risk Assurance Committee effectiveness tool - National Audit Office (NAO) Report](#)

Page 18

Guide for audit and risk committees on financial reporting and management during COVID-19 – NAO

The National Audit Office (NAO) has published this guide which aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak

The NAO comment "Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for."

The guide includes sections on:

• Annual reports

• Financial reporting

• The control environment

• Regularity of expenditure

The guide can be found here: https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/

The guide includes a number of key questions covering areas such as:

• Property valuations
• Pension scheme valuations
• Completeness of liabilities
• Events after the reporting period
• Control environment
• Fraud and error

Page 19

Grant Thornton
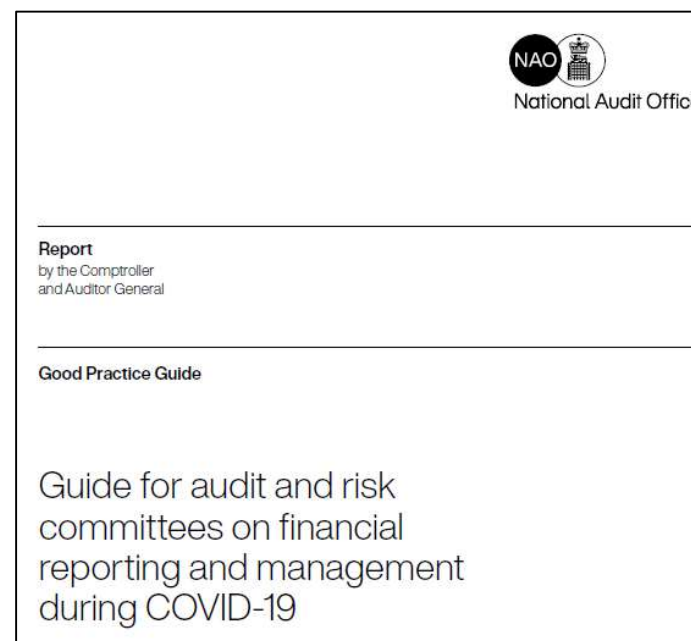
Cheltenham Borough Council

Audit, Compliance and Governance Committee – 27th September 2022

Internal Audit Progress Report

Accountable member:

Councillor Peter Jeffries, Cabinet Member for Finance and Assets

Accountable officer:

Paul Jones, Executive Director – Finance and Assets

Accountable scrutiny committee:

None

Ward(s) affected:

N/A

Key/Significant Decision:

No

Executive summary:

The Council must ensure that it has sound systems of internal control that facilitate the effective management of all the Council's functions. The work delivered by SWAP Internal Audit Services (SWAP), the Council's internal audit service, is one of the control assurance sources available to the Audit, Compliance and Governance Committee, the Executive Leadership Team and Corporate Management Team and supports the work of the external auditor.

The Annual Internal Audit Opinion presented to the Audit, Compliance and Governance Committee provides an overall assurance opinion at the end of the financial year. This Internal Audit Progress Report, however, is designed to give the Audit, Compliance and Governance Committee the opportunity to comment on the work completed by the partnership and provide 'through the year' comment and assurances on the control environment.

Recommendations:

The Audit, Compliance and Governance Committee considers the attached reports and makes comment on its content as necessary

---

1. Implications

1.1. Financial implications

There are no financial implications arising from the report

Signed off by: Paul Jones, Executive Director Finance and Assets, paul.Jones@cheltenham.gov.uk

1.2. Legal implications

None specific arising from the report agreed actions

Signed off by: One Legal, legal.services@onelegal.org.uk

1.3. HR implications

There are no specific HR implications arising from the content of the report. The HR Team continue to work closely with CBC and SWAP to ensure that any HR related recommendations from audits are actioned.

Signed off by: Julie McCarthy, HR Manager – Operations, Julie.Mccarthy@publicagroup.uk

1.4. Environmental and climate change implications

None specific arising from the report agreed actions

Signed off by: Gemma Bell, Director of Finance & Assets (Deputy Section 151 Officer), Gemma.Bell@cheltenham.gov.uk

1.5. Property/asset implications

There are no specific Property/Asset implications arising from the content of the report

Signed off by: [Gemma Bell, Director of Finance & Assets (Deputy Section 151 Officer), Gemma.Bell@cheltenham.gov.uk

1.6. Corporate policy framework implications

The Internal Audit plan is aligned to our Corporate Priorities and provide assurance against the achievement of corporate policy.

Signed off by: Gemma Bell, Director of Finance & Assets (Deputy Section 151 Officer), Gemma.Bell@cheltenham.gov.uk

---

2. Promoting equality and reducing discrimination

No implications arising from the report agreed actions.

3. Performance management – monitoring and review

Regular monitoring reports are provided to this Committee and, in the interim period regular meetings are held between Internal Audit and the Executive Director of Finance, Assets and Regeneration. New and emerging risks are discussed and the impact of the recommendations made by Internal Audit are discussed.

4. Background

4.1. [The Audit Plan for 2021/22 was approved by this Committee on 21st April 2021. The role and responsibilities of Internal Audit reflect that it is there to help the organisation to achieve its objectives, part of the plan has been aligned to elements of this strategy. However, to inform the audit plan we have also reviewed other key documents, such as the Medium-Term Financial Strategy, change programme agendas and updates to the business plan, many of which contain risk assessments

4.2. In order to satisfy the requirements of the Public Sector Internal Audit Standards (PSIAS) and to reflect changes within the Council, SWAP needs to focus upon areas where the organisation now requires assurance. This reinforces the requirement for Internal Audit to follow a more flexible and risk-based plan.

4.3. There is also a benefit to supporting the work of the External Auditor (Grant Thornton). This is in the form of financial and governance audits to support such activities as value for money.

5. Reasons for recommendations

5.1. This report highlights the work completed by Internal Audit and provides comment on the assurances provided by this work.

6. Alternative options considered

6.1. None

7. Consultation and feedback

7.1. None

8. Key risks

8.1. That weaknesses within the control framework, identified by the Internal Audit Activity, continue to threaten organisational objectives, if agreed actions are not implemented.

Report author:

Lucy Cater, Head of Internal Audit

Assistant Director, SWAP Internal Audit Services, Lucy.Cater@swapaudit.co.uk

Appendices:

i. Report of Internal Audit Activity, September 2022

ii. Internal Audit Agreed Actions

Background information: none**.**

Cheltenham Borough Council

Report of Internal Audit Activity

September 2022

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

The contacts at SWAP in connection with this report are:

Lucy Cater
Assistant Director
Tel: 01285 623340
lucy.cater@swapaudit.co.uk

Jaina Mistry
Principal Auditor
Tel: 01285 623337
jaina.mistry@swapaudit.co.uk

- Contents:

  Internal Audit Definitions

  Audit Plan Progress

  Finalised Audit Assignments

Internal Audit Definitions

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- **No**
- **Limited**
- **Reasonable**
- **Substantial**

• Audit Framework Definitions

Control Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The "advice" offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

● Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

	Categorisation of Recommendations
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Procurement Cards	Final Report	Low Reasonable	2	-	1	1	See Appendix C
ICT	Vulnerability Management	Final Report	High Reasonable	1	-	1	-	See Appendix C
Operational	Election Expenses – Treatment of VAT	Final Report	Medium Substantial	0	-	-	-	See Appendix C
Operational	Risk Management	Draft Report						
Operational	Publica Performance Information	In Progress						
Operational	Accounts Payable (Qtly review)	In Progress						
Operational	Taxi Licensing – Safeguarding	Draft Report						
Operational	Climate Change (Strategic)	In Progress						
Operational	Business Continuity Management	In Progress						
Operational	Mechanism for Charging Council	Planned for Q3						
Key Financial Control	Treasury Management and Bank Reconciliation	Planned for Q3						
Advisory	Procurement and Commissioning Group	On-Going						
Advisory	Publica Improvement Programme	On-Going						
Grant Certification	Protect and Vaccinate	Complete	N/A					

SWAP INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

Audit Plan Progress
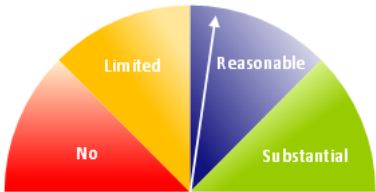
Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Grant Certification	Test and Trace Payment Scheme	Complete	N/A					
Grant Certification	Contain Outbreak Management Fund	Complete	N/A					
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

The following are the Internal Audit reports, of each audit review finalised,
since the last Committee update

Procurement Cards – Final Report – June 2022

Audit Objective	To review the use of Procurement and Credit Cards to ensure purchases are made in accordance with agreed policy/procedure.

Assurance Opinion

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	1
Priority 3	1
Total	2

Risks Reviewed

Failure to deliver a sustainable Financial Strategy which meets priorities and failure of individual departments to meet budget

Assessment

Low

Key Findings

Several procurement/business charge card purchases were not supported by a valid sales receipt. And in some instances, only a sales order confirmation was attached to support the expenditure. This means that VAT (where applicable) cannot be reclaimed by the Council. Also, unauthorised purchases may be made which remain unidentified.

Frequent low value purchases were being made from the same supplier. It may be worth considering if this is the most efficient way to purchase these items.

The Corporate Card Policy and Guidance has not been reviewed since 2015. The Senior Accounting Technician advised the current credit card scheme is being reviewed and once the new scheme is in place the guidance will be updated accordingly. This would be an opportune time to ensure that up to date card agreements are in place for all card holders and that they are reminded of the policy requirements. Also, to review card usage and consider if a card is still required.

Audit Scope

Our review covered the following areas:

- Procurement / Business Card procedures to include card set up, administration and cancellation processes.
- Only authorised offices with a valid business use are issued procurement cards.
- Purchases are in accordance with policy and include supporting documentation for payment. For emergency payments appropriate authorisation is in place.

The test period was January 2020 – December 2021. Data analytics was undertaken on purchases made during 2019/20, 2020/21 and 2021/22.

Discussions were held with key Finance officers and service areas contacted to assess compliance with policy/procedures.

Additional Information

Card set up, administration and cancellation processes are sound. Monthly reconciliation is undertaken, and cost centres debited in a timely manner. But evidence to support the expenditure is not always in place and some processes are not as robust as expected. Data analytics did not identify any abnormal expenditure. During audit fieldwork, the transparency page, for publishing expenditure over £500 was updated to include expenditure to May 2022. 2 actions have been agreed with management which should strengthen current controls.

Vulnerability Management – Final Report – August 2022

Audit Objective To provide assurance that the controls in place to identify and mitigate vulnerabilities within the ICT environment are sufficient and working effectively.

Assurance Opinion

There is a generally sound system of governance, risk management and control in place. Scope for improvement was identified which may help the achievement of objectives in the area audited.

Number of Agreed Actions

Priority	Number
Priority 1	0
Priority 2	1
Priority 3	0
Total	1

Risks Reviewed

A failure to effectively (i) 'Identify' (ii) 'Remediate' and/or (iii) 'Risk Manage/mitigate' vulnerabilities within the networked estate will increase exposure to successful attack and potentially significant financial, reputational and legal damage.

Assessment

Medium

Key Findings

The disclosure of vendor hardware and software vulnerabilities presenting operational and security risk to organisations is inevitable within complex IT environments. Through discussion with the service area, we determined suitable tooling is deployed coupled with sound processes that identify, assess and enable remediation of vulnerabilities within the infrastructure. We can also take assurance processes are sufficient, by the continued attainment of PSN certification, which has been achieved for 2022-2023.

Occasionally, exploitable critical vulnerabilities requiring urgent assessment and action are disclosed. Recent incidences show that swift actions are taken in response to these.

Minor control improvements have been discussed with Management who will consider their implementation.

Audit Scope

The areas reviewed as part of this audit included;

- The processes to identify, assess and risk manage vulnerabilities
- Management of the existing processes employed that enable the identification, reporting and remediation of vulnerabilities.
- Review and follow up of previous, related audit actions.

Discussions were held with the ICT Audit and Compliance Manager, Infrastructure Manager.

Conclusion

The nature of Vulnerability Management is ever-changing and as such, it is important all ICT personnel continue to monitor risks surrounding emerging vulnerabilities, including the identification and review of any specific exceptions to the processes or technical standards, which may exist or arise. Failure to do so, will potentially leave gaps in controls and increased exposure to compromise.

Given the levels of threats and skill of attackers faced today, the amount of, and criticality of vulnerabilities disclosed are likely to increase in the future. Essential and increasing defence activity is in addition to delivering improving levels of service demanded by organisations. Therefore, organisations need to continually improve both their capability, capacity and resilience to be able to respond in line. It is therefore important that any risks faced in this area are discussed with stakeholders, enabling appropriate decisions to support resourcing requirements.

Election Expenses Treatment of VAT – Final Report – August 2022

Audit Objective	To provide assurance that the treatment of VAT on Election Expenses is in accordance with VAT regulations and the Financial Rules.

Assurance Opinion

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Number of Agreed Actions

Priority	Number
Priority 1	0
Priority 2	0
Priority 3	0
Total	**0**

Risks Reviewed

VAT is incorrectly processed resulting in under/over submission of the VAT Return. And an impact on the accuracy of the financial statements.

Assessment

Low

Key Findings

The Vat manual, available on the staff intranet, has not been reviewed since 2017. BW, the Council's main financial system has built in VAT marker controls and Finance Business Partners provide guidance as and when required. A formal action has not been agreed on this occasion as this will be addressed in a future VAT audit.

Process notes detailing the VAT treatment for each type of election (e.g. District, County, National, etc) are available. This ensures invoices are processed promptly and accurately if the Electoral Services Manager is absent. Regular communications with the Finance Business Partner aids budget monitoring activity ensuring expenditure is well managed.

Recovery of expenditure incurred administering the County Council and the Police & Crime Commissioner elections is in accordance with the VAT regulation and the Council's Financial Rules.

Audit Scope

This review has been mainly completed as a desk top review of election expenditure in accordance with VAT legislation ref. VATGPB8680.

Meetings were held with the Electoral Services Manager and Finance Officers to determine processes undertaken.

The areas reviewed were:
- Policy /procedure documentation
- Analysis and testing of election expenses during the period January 2020 – July 2021

Scope limitations:
Salary related expenditure was not reviewed.

Summary

In February 2021, the Government issued VAT guidance for election related expenditure. The guidance was subject to interpretation and was clarified in subsequent updates. However, this led to some expenditure not being correctly coded. Finance have agreed that the underclaimed VAT for administering the May 2021 County Council election will be recovered in the next VAT return.

A VAT audit is planned for this financial year (2022/23). Therefore, we have not included staff awareness or training relating to the application of VAT which was initially included in the scope for this review.

To summarise, the Election Service operates sound controls for both processing and recovery of election expenditure.

This page is intentionally left blank

Agreed Actions - Cheltenham BC

Data revision date: 01/09/2022

Audit Period	Audit Name	Unique Reference	Descri	Status June 2022	Status Aug 2022	Priority	Created Date	Target Implementation Date	End Date	Revised End Date	Closed Date
OPEN / OUTSTANDING AGREED ACTIONS											
Pre 2021/22 Audits		**5**									
July 2019	Cyber Security - Incident Management	44560	The Inc	Outstanding	Outstanding	2	10/11/2020	30/04/2021	31/05/2021	31/05/2022	
July 2019	Cyber Security - Incident Management	44561	At the	Agreed	Agreed	3	10/11/2020	31/12/2021	31/01/2022	30/06/2022	
July 2019	Cyber Security - Incident Management	44562	The Cy	Agreed	Agreed	2	10/11/2020	31/12/2021	31/01/2022	30/06/2022	
October 2019	Revenues and Benefits (CBC)	42640	Period	Ongoing	Ongoing	3	12/11/2019	31/03/2020	31/12/2020	31/12/2022	
July 2020	Planning Enforcement	44647	The Bu	Agreed	Agreed	3	13/10/2020	31/08/2021	30/06/2023		
2021/22 Audits		**12**									
October 2021	Main Accounting and Accounts Receivable (CDC, FoDDC, WODC)	47056		Agreed	Agreed	2	04/05/2022	31/07/2022	30/09/2022	31/10/2022	
October 2021	Main Accounting and Accounts Receivable (CDC, FoDDC, WODC)	47096	We wi	Agreed	Agreed	2	17/05/2022	30/09/2022	31/10/2022		
November 2021	ICT - Control of Accounts with Administrative Privileges	46851	Accou	Agreed	Agreed	3	03/03/2022	30/11/2022	31/12/2022		
November 2021	ICT - Control of Accounts with Administrative Privileges	47032	Local	Agreed	Agreed	3	11/04/2022	30/11/2022	31/12/2022		
November 2021	ICT - Control of Accounts with Administrative Privileges	47089	Last Lo	Agreed	Agreed	3	13/05/2022	30/11/2022	31/12/2022		
September 2021	ICT - Vulnerability Management	47107	Device	Agreed	Agreed	2	18/05/2022	31/12/2022	31/01/2023		
July 2021	Procurement Cards (CBC)	47127	1. The	Agreed	Agreed	3	24/05/2022	30/09/2022			
July 2021	Procurement Cards (CBC)	47129	1. All c	Agreed	Agreed	2	24/05/2022	30/09/2022			
September 2021	Emergency Planning (CBC)	46171	We wi	Ongoing	Ongoing	2	27/10/2021	31/01/2022	28/02/2022	30/06/2022	
January 2022	H & S Fire Risk Assessments (CBC)	46438	We wil	Agreed	Agreed	2	06/12/2021	31/03/2022	30/04/2022	31/07/2022	
January 2022	Monitoring the Performance of Strategic Commissioned Services	46745	As agr	Agreed	Agreed	2	16/02/2022	30/06/2022	31/07/2022		
January 2022	Monitoring the Performance of Strategic Commissioned Services	46754	Strateg	Agreed	Agreed	2	17/02/2022	30/06/2022	31/07/2022		

Audit Period	Audit Name	Unique Reference	Descri	Status June 2022	Status Aug 2022	Priority	Created Date	Target Implementation Date	End Date	Revised End Date	Closed Date
COMPLETED / CLOSED AGREED ACTIONS											
Pre 2021/22 Audits - Agreed Actions Completed		**2**									
July 2019	Cyber Security - Incident Management	44563	Interna	Agreed	Closed - Recommendation Complete	3	10/11/2020	31/12/2021	31/01/2022	30/06/2022	11/07/2022
October 2020	ICT Audit Deployment of Anti-Malware Devices	45452	The IC	Ongoing	Complete	3	17/05/2021	31/10/2021	30/11/2021	30/04/2022	11/07/2022
2021/22 Audits - Agreed Action Completed		**8**									
April 2019	Asset Management (CBC)	44678	Work	Ongoing	Complete	2	11/12/2020	30/06/2021	31/07/2021	31/03/2022	18/05/2022
July 2020	Systems Administration	45115	Our re	Closed - Recommendation Complete	Closed - Recommendation Complete	2	04/03/2021	31/01/2022	31/01/2022	30/06/2022	17/05/2022
July 2020	Systems Administration	45236	As alre	Complete	Complete	2	25/03/2021	31/01/2022	31/01/2022	30/06/2022	12/04/2022
October 2020	Revenues and Benefits (CBC)	44743	The re	Ongoing	Complete	3	14/12/2020	31/01/2022	28/02/2022	30/04/2022	13/07/2022
January 2021	ICT Audit Data Recovery Capabilities	45747	A DR T	Complete	Complete	3	22/07/2021	31/12/2021	31/01/2022		08/06/2022
July 2021	Procurement Cards (CBC)	47154	We wi	Ongoing	Complete	3	06/06/2022	30/09/2022	31/12/2022		23/06/2
September 2021	Emergency Planning (CBC)	46173	We wil	Ongoing	Closed due to Time Limits	2	27/10/2021	31/03/2022	30/04/2022	30/06/2022	26/07/2
September 2021	Emergency Planning (CBC)	46219	We wi	Ongoing	Closed due to Time Limits	1	02/11/2021	31/01/2022	28/02/2022	30/06/2022	26/07/2
January 2022	Monitoring the Performance of Strategic Commissioned Services	46708	The Se	Agreed	Closed - Recommendation Complete	2	14/02/2022	30/06/2022	31/07/2022		07/09/2022

Agenda Item 7

Cheltenham Borough Council

Audit, Compliance and Governance Committee –

27 September 2022

Counter Fraud and Enforcement Unit Report

Accountable member:

Cabinet Member Finance and Assets, Councillor Peter Jeffries

Accountable officer:

Paul Jones, Executive Director Finance and Assets

Accountable scrutiny committee:

Not applicable

Ward(s) affected:

All indirectly

Key/Significant Decision:

No

Executive summary:

The purpose of the report is to provide the Audit, Compliance and Governance Committee with assurance over the counter fraud activities of the Council. The Counter Fraud and Enforcement Unit will continue to provide Audit, Compliance and Governance Committee with direct updates biannually.

Work plans are presented detailing progress and results for consideration and comment as the body charged with governance in this area.

Recommendations:

That the Audit, Compliance and Governance Committee:

Considers the report and work plan at Appendix 2 and makes comment as necessary.

1. Implications

1.1. Financial implications

The report details financial savings generated by the Counter Fraud and Enforcement Unit.

Signed off by: Gemma Bell, Head of Finance and Assets (Deputy S151 Officer), Gemma.Bell@cheltenham.gov.uk

1.2. Legal implications

In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

Signed off by: One Legal, legalservices@onelegal.org

1.3. HR implications

The HR team continue to work closely with the Counter Fraud and Enforcement Unit on all internal investigations. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

Signed off by: Julie McCarthy, HR Manager – Operations and Service Centre Julie.McCarthy@publicagroup.uk

1.4. Environmental and climate change implications

Not applicable.

1.5. Property/asset implications

Not applicable.

1.6. Corporate policy framework implications

The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.

---

2. Promoting equality and reducing discrimination

Not applicable.

3. Performance management – monitoring and review

None directly arising from this report.

4. Background

4.1. In administering its responsibilities; this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.

4.2. The Audit, Compliance and Governance Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to such activity.

4.3. Work plans have been agreed with the Head of Finance and Assets. The Audit, Compliance and Governance Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.

4.4. Attached at Appendix 2 is a copy of the work plan for 2022/2023.

5. Report

5.1. The CFEU continues to support work streams relating to the Post Payment Assurance Activities directed by the Department for Business, Energy and Industrial Strategy and the Cabinet Office's National Fraud Initiative matches.

5.2. The CFEU have reviewed 75 cases pre and post payment for Cheltenham Borough Council. In relation to pre-payment, the CFEU identified £280,668 of loss prevention in that the grant monies were not paid. Regarding post payment recovery, invoices totalling £96,098 have been raised and of this figure, £69,764 has been recovered. £26,334 remains outstanding. Examples of these cases relate to payments made to businesses that were not trading at the appropriate date, where premises were in fact empty or where duplicate payments have been made.

5.3. All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.

- 81 matches have been received via the Cabinet Office's National Fraud Initiative which has collated and compared business grant data nationwide in relation to the original schemes paid during the first lockdown. These matches have been reviewed by the CFEU: 73 required no further action and 8 cases are pending further enquiries.

- The team have reviewed 1,621 matches relating to single person discount anomalies. 91 accounts have been updated resulting in £54,383 increased revenue. 1027 additional matches relating to this year's data upload have now been received and the team have commenced the review.

- The team have reviewed 191 matches relating to the Council Tax Reduction Scheme and Housing Benefit claims. 18 referrals have been made to the Department for Work and Pensions.

5.4. A review of the Housing Waiting List has commenced.

- This included verification of applications within Emergency Band (49 applications) and Gold Band (59 applications). This resulted in 31 recommendations being referred to the Housing Team, results are pending. The review of the Silver Band (521 applications) has commenced.

- Whilst undertaking the review of the Housing List, the CFEU also processed the related National Fraud Initiative matches (97 matches), 6 recommendations have been sent to the Housing Team, results are pending.

- Each cancelled housing application represents a property which can be reallocated to another eligible family. The National Fraud Initiative applies a figure of £3,240 for each application removed, to represent the value of future losses prevented as a result of removing an applicant. This represents a saving on the cost of temporary accommodation. In addition, the result of the band re-prioritisation is that those families who are correctly banded have a greater chance of being housed and housed more speedily.

- In addition, the team work with colleagues at Cheltenham Borough Homes regarding matches relating to Right to Buy Applications (6 received and reviewed) and Housing Tenant anomalies (206 received / 125 reviewed.

5.5. A significant project since 1 April 2022 relates to supporting the Revenues Team with verification activities for the payment of the £150 Energy Rebate. During quarter one, the CFEU received 6,418 cases of which 1,949 required further checks and information.

5.6. In addition to the work carried out under the annual work plan attached at Appendix 2, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.

5.7. Since 1 April 2022:

- The team has received 8 referrals from across the Council and closed 9 cases. This excludes any Council Tax Reduction Scheme referrals.

- The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and act as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. 9 referrals were received and 6 cases were closed. Increased Council Tax revenue of £2,764 has been raised. 1 Civil Penalty and 1 Criminal Penalty totalling £656.

5.8. Work with Cheltenham Borough Homes:

- 70 referrals received requesting checks for homelessness, right to buy, succession or housing applications. In relation to right to buy applications, additional checks have been introduced to ensure that any resultant benefit issues are addressed.

- 13 referrals have been made relating to housing and tenancy fraud such as abandonment, illegal succession, subletting, false housing applications, right to buy fraud.

6. Alternative options considered

6.1. None.

7. Consultation and feedback

7.1. Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by One Legal and have been issued to the relevant Senior Officers, Governance Group and Executive Leadership Team for comment.

8. Key risks

8.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds.

8.2. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

Report author:

Emma Cathcart, Head of Service Counter Fraud and Enforcement Unit,
Emma.Cathcart@cotswold.gov.uk

Appendices:

i. Risk Assessment
ii. Work Plan 2022/2023

Background information:

None.

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
1	The authority suffers material loss and reputational damage due to fraud	Executive Director Finance and Assets	3	3	9	Reduce	Maintain a Counter Fraud Team to reduce the likelihood of the risk materialising and also to help recover losses, thus reducing the impact.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing
2	Without dedicated specialist staff in place, the Council may be unable to take effective and efficient measures to counter fraud, potentially resulting in authority suffering material losses due to fraud and error	Executive Director Finance and Assets	3	4	12	Reduce	Retain a specialist Counter Fraud Unit to tackle the misuse of public funds on behalf of the Council.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing

Area of Work	Task
Bribery and Corruption	Assessment Template Review
Bribery and Corruption	Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest
Bribery and Corruption	Gifts and Hospitality Policy and Procedure Rollout / Awareness
Governance	Delivery of two reports for Audit, Compliance and Governance Committee
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance
Governance	Government Functional Standard 013: Counter Fraud - Compliance
Governance	Development of Fraud Risk Strategy / Response Plan
Governance	Development of Service Specific Fraud Risk Register (High Risk Service Areas TBC)
Policy	Counter Fraud and Anti-Corruption Policy
Policy	Corporate Enforcement Policy
Policy	CTAX, CTRS & HB Penalty and Prosecution Policy
Policy	Proceeds of Crime & Anti-Money Laundering Policy
Policy	Whistle-Blowing Policy
Policy	RIPA (Surveillance & CHIS)
Policy	IPA (Acquisition of Communications Data)
Policy	Use of the Internet and Social Media in Investigations and Enforcement
Procedure	Development and roll out of Proceeds of Crime and Money Laundering Procedure
Procedure	Development and roll out of Use of the Internet and Social Media in Investigations and Enforcement Procedure
Serious and Organised Crime	Checklist Review
Serious and Organised Crime	Proactive SOC Drive -Transient / Cash Businesses

Area of Work	Task
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection SPoC
Strategy : Detection	Housing Waiting List review
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits
Strategy : Detection	National Fraud Initiative Match Reviews - Housing
Strategy : Detection	Council Tax £150 Rebate - Assurance and Enforcement Activities
Strategy : Detection	Test and Trace - Assurance and Enforcement Activities
Strategy : Detection	Business Grants - Assurance and Enforcement Activities
Strategy : Detection	NNDR Empty Premises / CTAX LTE Property Visits (as required)
Strategy : Detection	SMI Review (sample 20)
Strategy : Detection	Business Rates Review Self Catering Accommodation - Assurance and Enforcement Activities
Strategy : Detection	Proactive Fraud Drive - Single Person Discount Households
Strategy : Detection	Proactive Enforcement Drive - Unlicensed HMO's
Strategy : Prevention	Development of Fraud Awareness Literature (staff)
Strategy : Prevention	Development of Right to Buy Debt Recovery Process
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / CPIA, PACE, Disclosure Training
Strategy : Prevention	Procurement - Supplier Payment Review

RIPA = Regulation of Investigatory Powers Act 2000
IPA = Investigatory Powers Act 2016
CPIA = Criminal Procedure and Investigations Act 1996
PACE = Police and Criminal Evidence Act 1984

Cheltenham Borough Council

Audit, Compliance and Governance Committee –

27 September 2022

Counter Fraud and Enforcement Unit Fraud Risk Strategy

Accountable member:

Cabinet Member Finance and Assets, Councillor Peter Jeffries

Accountable officer:

Paul Jones, Executive Director Finance and Assets

Accountable scrutiny committee:

Not applicable

Ward(s) affected:

All indirectly

Key/Significant Decision:

No

Executive summary:

To present the Audit, Compliance and Governance Committee with a Fraud Risk Strategy, so that they may consider the approach taken by the Counter Fraud Partnership.

To provide assurance to the Audit, Compliance and Governance Committee that the risks of fraud committed against the Council are recognised, managed and mitigated for in accordance with Council priorities, and changing fraud trends.

Recommendations:

That the Audit, Compliance and Governance Committee:
Considers and comments on the Fraud Risk Strategy and associated work streams.

---

1. Implications

1.1. Financial implications

There are no direct financial implications as a result of this report however the work streams associated with the Fraud Risk Strategy will help identify loss avoidance measures.

Signed off by: Gemma Bell, Head of Finance and Assets (Deputy S151 Officer), Gemma.Bell@cheltenham.gov.uk

1.2. Legal implications

The Fraud Risk Strategy aids the application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

Signed off by: One Legal, legalservices@onelegal.org

1.3. HR implications

The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

Signed off by: Julie McCarthy, HR Manager – Operations and Service Centre Julie.McCarthy@publicagroup.uk

1.4. Environmental and climate change implications

Not applicable.

1.5. Property/asset implications

Not applicable.

1.6. Corporate policy framework implications

The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.

2. Promoting equality and reducing discrimination

Not applicable.

3. Performance management – monitoring and review

None directly arising from this report.

4. Background

4.1. Risk Management is used to identify, evaluate and manage the range of risks facing an

organisation. This includes consideration relating to the risk of fraud.

4.2.   Fraud is the most common crime in the UK and costs many billions of pounds to private companies, individuals and the public sector. Within Local Government this is estimated to be in the region of £2.1 billion per year. Local Authorities have a responsibility to promote and develop high standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

5. Reasons for recommendations

5.1.   The Counter Fraud and Enforcement Unit (CFEU) has developed a Fraud Risk Strategy for implementation across the Counter Fraud Partnership, which includes Cheltenham Borough Council. The Strategy, attached at Appendix 2, has been developed to comply with Government Functional Standards relating to counter fraud activities.

5.2.   The Strategy sets out the definitions and motivations for fraud and the principles of risk management. Risk management and being 'risk aware' are vital to ensure the effective operation of the Council. The risk of fraud is ever present and it is impossible to identify or mitigate against all risks, however by being risk aware the Council is in a better position to avoid threats, develop processes that reduce the loss or impact, and increase its ability to recover.

5.3.   The Strategy identifies the high risk areas that Local Government is susceptible to, both internally and externally. It also details the types of response methods and refers to the specific fraud response recommended for Local Government. These principles underpin the Council's plan.

5.4.   As set out within the Strategy, the CFEU work with SWAP (Internal Audit) to provide resilience and resource in prevention, detection, response and review of detected fraud and fraud risks.

5.5.   Annexed to the Strategy, and attached to this report as Appendix 3 and 4, are the Fighting Fraud and Corruption Locally Checklist and the Government Functional Standard GovS 013 Checklist. These set out best practice recommendations. The CFEU will complete these in consultation with SWAP to inform areas for improvement or for inclusion on the work plan.

5.6.   In addition to the completion of the checklists, the CFEU will implement a series of service area reviews with ELT approval to identify specific fraud risks within each Council service area or department. This will include considering national and local emerging fraud risks, good practice in processes and procedure, and possible areas of risk mitigation.

5.7.   A Service Specific Risk Register will then be developed with overall risks score that can be assessed, monitored and reviewed. This element of the CFEU annual work plan will be developed according to priority – high risk service areas will be addressed first.

5.8.   The CFEU have reviewed and completed the Serious and Organised Crime Checklist as part of the annual work plan. Elements of this checklist are no longer applicable to the Council, and awareness relating to the risks posed by Serious and Organised Crime is now embedded within the organisation.

5.9.   It is therefore proposed that the service specific Serious and Organised Crime risks will be transferred to the relevant service or departmental risk registers and the overarching principles will be considered within the Fraud Risk Strategy. The Serious and Organised Crime checklist

will be discontinued as it is no longer required.

6. Alternative options considered

6.1. None.

7. Consultation and feedback

7.1. The Strategy has been shared with Governance Group and the Executive Director Finance and Assets.

8. Key risks

8.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds.

8.2. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

Report author:

Emma Cathcart, Head of Service Counter Fraud and Enforcement Unit, Emma.Cathcart@cotswold.gov.uk

Appendices:

i.   Risk Assessment
ii.   Fraud Risk Strategy
iii. Fighting Fraud and Corruption Locally Checklist (blank)
iv.   Government Functional Standard – GovS 013: Counter Fraud Checklist (blank)

Background information:

None.

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
1	The authority suffers material loss and reputational damage due to fraud	Executive Director Finance and Assets	3	3	9	Reduce	Maintain a Counter Fraud Team to reduce the likelihood of the risk materialising and also to help recover losses, thus reducing the impact.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing
2	Without dedicated specialist staff in place, the Council may be unable to take effective and efficient measures to counter fraud, potentially resulting in authority suffering material losses due to fraud and error	Executive Director Finance and Assets	3	4	12	Reduce	Retain a specialist Counter Fraud Unit to tackle the misuse of public funds on behalf of the Council.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing

This page is intentionally left blank

2022

Fraud Risk Strategy

FRAUD RISK STRATEGY
COUNTER FRAUD AND ENFORCEMENT UNIT

Working in partnership with Councils and organisations across Gloucestershire and West Oxfordshire to prevent fraud and loss

Table of Contents

Introduction

Fraud is now the most common crime in the UK and costs many billions of pounds every year to private companies, individuals and to the public purse. The impact of fraud and related offences can be devastating. Impact ranges from unaffordable personal losses, suffered by vulnerable victims, to the ability of organisations to stay in business.

Although fraud is not an issue that any organisation wants to deal with, or possibly admit to, the reality is that most organisations will experience fraud to one degree or another; within Local Government it is widespread and pervasive. Surveys worldwide relating to fraud have found that the government and public administration sector was the second most represented sector, after banking and financial services within the private sector.

The Government estimates that fraud costs the public sector between £31bn and £53bn per year. Fraud in Local Government is estimated to account for around £2.1bn of this sum per year; this is money that could be better spent on the provision of services. The Councils and Publica, which make up the Counter Fraud and Enforcement Unit Partnership, have a duty to ensure they protect public money from the risk of fraud and whilst it is impossible to eliminate all fraud, must have a sufficiently robust control framework in place to reduce these risks.

Local Authorities have a responsibility to promote and develop high standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management. Local Authorities face significant challenges in relation to fraud mitigation whilst providing front line services and protecting large vulnerable groups with ever decreasing resources and income streams.

In compliance with the *Government Functional Standard GovS013: Counter Fraud* this strategy sets the direction and desired outcomes for the partnership.

An important part of this approach is the anti-fraud culture and practices which are adopted to advise and guide members and staff on the approach to the serious issues of fraud and corruption. This document provides an overview of our policy in this matter and links to the Counter Fraud and Enforcement Unit response which works to prevent, detect and deter fraud and corruption.

Key Definitions

Bribery   Bribery is defined as offering, promising, agreeing to receive or giving of a financial or other advantage to induce or reward improper functions or activities and/or the request or receipt of such an advantage.
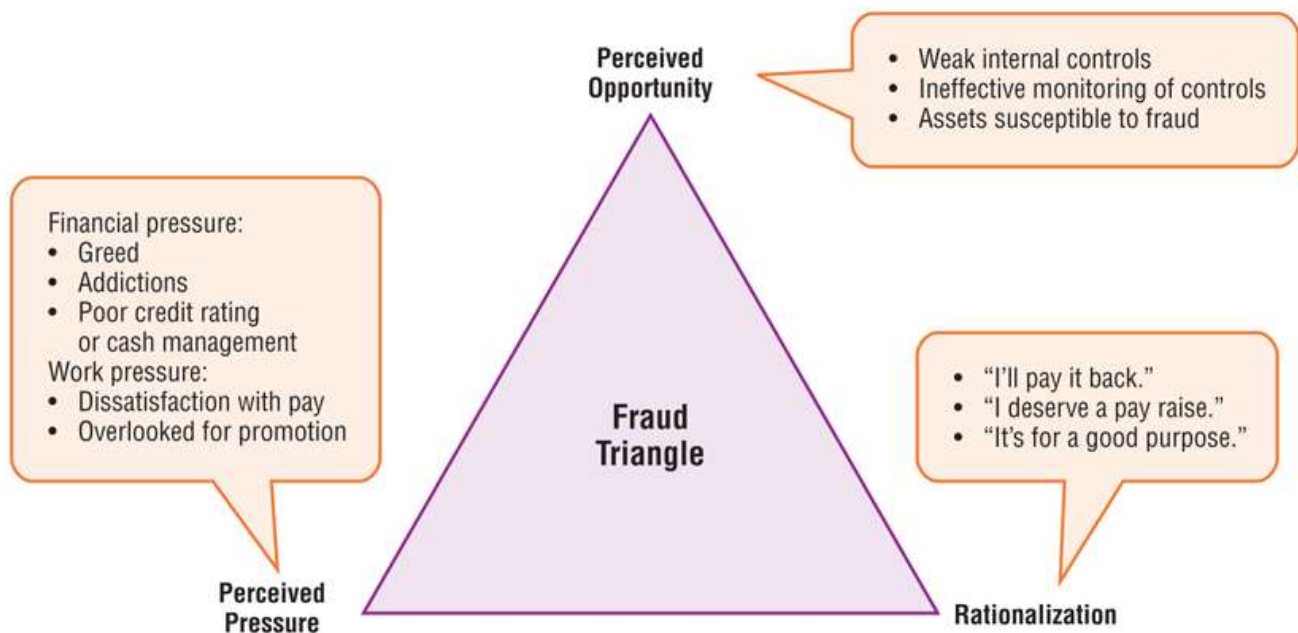
Corruption   For the purposes of this document, corruption in the public sector including Central and Local Government can be defined as the abuse of power by an official (or any employee entrusted to carry out the functions of government, including contractors) for personal gain.

Fraud   The term 'Fraud' is used to define offences contrary to the Fraud Act 2006 based on false representation, dishonesty, financial gain or loss and associated offences, which include bribery and money laundering. Fraud essentially involves using deception to dishonestly make a personal gain for oneself and/or create a loss for another.

Why do people commit fraud?

The appeal of fraud is the perceived 'low risk / high reward' opportunities it presents. The offence can be committed with relative ease and at a distance from the victim and the authorities. Within the public sector, the lack of an identifiable victim only aids the fraudster further. Fraud may also be committed by serious organised crime groups who are capable of orchestrating large scale fraud across international boundaries, but also by otherwise law abiding individuals looking to make an opportunistic gain.

Fraud Triangle

Perceived Opportunity
- Weak internal controls
- Ineffective monitoring of controls
- Assets susceptible to fraud

Perceived Pressure
Financial pressure:
- Greed
- Addictions
- Poor credit rating or cash management
Work pressure:
- Dissatisfaction with pay
- Overlooked for promotion

Rationalization
- "I'll pay it back."
- "I deserve a pay raise."
- "It's for a good purpose."

The fraud triangle is the framework commonly used to explain the reason behind an individual's decision to commit fraud. This outlines three components that contribute to increasing the risk of fraud – opportunity, incentive and rationalization. These apply equally to any sector organisation and can form part of the risk management approach but there should be recognition that the opportunities and the incentives to commit fraud are wide ranging within Local Government.

Pressure/Motivation

In simple terms, motivation is typically based on either greed or need. Other causes cited include problems and pressures caused by debts and gambling. Many people are faced with the opportunity to commit fraud, and only a minority of the greedy and needy do so. Personality and temperament, including how frightened people are about the consequences of taking risks, play a role. Some people with good objective principles can be influenced or coerced by others or develop unaffordable habits, which tempts them to fraudulent activities. Others are tempted only when faced with financial ruin.

Opportunity

In terms of opportunity, fraud is more likely in organisations where there is a weak internal control system, poor security, little fear of exposure and likelihood of detection, or unclear policies with regard to acceptable behaviour. Research has shown that some employees are totally honest, some are totally dishonest, but that many are swayed by opportunity.

Rationalisation

Many people obey the law because they believe in it and/or they are afraid of being shamed or rejected by people they care about if they are caught. However, some people may be able to rationalise fraudulent actions as:

- Necessary – especially when done for the business

- Harmless – because the victim is large enough to absorb the impact, or is a faceless organisation

- Justified – because 'the victim deserved it' or 'because I was mistreated.'

Risk Management

Risk Management Cycle

Identifying the risk - Local Government fraud risk areas

The threat of fraud not only comes from the general public (external) for whom Local Authorities provide and administer many different services, but also employees and contractors (internal), employed in a wide range of roles across a breadth of service areas. Tax is synonymous with Local Authorities and it is therefore unsurprising that losses to tax fraud in this area are significantly higher than from fraud in other areas. The below list details some of the types of fraud/corruption that Local Authorities are susceptible to:

External High-Risk Areas

- Social Housing Tenancy Fraud (false applications, sub-letting for profit, right to buy fraud, abandonment, allocations)
- Council Tax Fraud (Discounts & Exemptions i.e. Council Tax Reduction Scheme (CTRS), Single persons discount)
- Business Rates (NNDR) Fraud (Fraudulent applications for exemptions & relief)
- Procurement, Purchasing and Contract Management Fraud (constantly changing environment and fraud can occur at any point throughout the cycle)

- Adult Social Care (care workers claiming money for time they have not worked, payments not being used to pay for care)
- Identity Fraud
- Blue Badge Scheme Abuse
- Grant Fraud
- Cyber Crime - Phishing Emails, Viruses, Payment Fraud (managed by ICT)
- Serious and Organised Crime (Licensing, contracts, Housing Right to buys, Cuckooing, online payment/payment card fraud)

Internal Fraud Risks

- Payroll Fraud
- Fraudulent claims for expenses and allowances
- Bribery, Corruption and Abuse of Position
- Failure to declare conflicts of interest
- Pre-employment fraud – provision of false information
- Misallocation of social housing to friends/family
- Procurement Fraud
- Theft
- Manipulation of Benefits systems, Grants or Council Tax accounts for personal gain
- Asset Misappropriation
- Misuse/Manipulation of Systems

Understandably, 'external' fraud poses a much greater risk to Local Authorities with Business Rates fraud identified as the largest growing fraud type in recent years. Other areas perceived to be of the greatest fraud risk to Local Authorities are in Procurement, Council Tax (CTax) 'Single Occupancy Discount' and adult social care (CIPFA – The Local Government Counter Fraud and Corruption Strategy).

Understanding and assessing the risk

Once risks have been identified, an assessment of possible impact and corresponding likelihood of occurrence should be made using consistent parameters that will enable the development of a prioritised risk analysis. The assessment of the impact of the risk should not simply take account of the financial impact but should also consider the organisation's viability and reputation, and recognise the political sensitivities involved.

FRAUD RISK STRATEGY

LIKELIHOOD (B)		Negligible / Insignificant 1	Minor 2	Moderate / Significant 3	Major 4	Critical 5
	Almost Certain / Very Likely 5	5	10	15	20	25
	Likely 4	4	8	12	16	20
	Possible / Feasible 3	3	6	9	12	15
	Unlikely / Slight 2	2	4	6	8	10
	Rare / Very Unlikely 1	1	2	3	4	5

IMPACT RISKS (A)

Risk Response Strategy

Strategies for responding to risk generally fall into one of the following categories:

- Risk Retention (e.g. choosing to accept small risks).

- Risk Avoidance (e.g. stopping use of certain products to avoid the risk to occurring).

- Risk Reduction (e.g. through implementing controls and procedures).

- Risk Transfer (e.g. contractual transfer of risk; transferring risks to insurers).

There is good assurance that the Partnership has an appropriate control framework in place to mitigate the risk of fraud. It is impossible to eliminate the risk completely and there are areas where continuous monitoring is required.

Anti-Fraud Strategy

Approach

The changing context in which Local Government services are delivered, the increasing risk of fraud by motivated offenders, reduced Local Authority resources and associated changes to existing local control frameworks together create a pressing need for a new approach to tackling fraud perpetrated against Local Government. Given the substantial financial losses to Local Authorities it was imperative a plan was put in place to combat fraud. In 2011, the first counter fraud strategy for Local Authorities was produced in the form of the 'Fighting Fraud and Corruption Locally' strategy (FFCL). The strategy was based on the following three principles:

- **Acknowledge** – Acknowledge and understand fraud risk.
- **Prevent** – Prevent and detect more fraud.
- **Pursue** – More robust in punishing fraud and the recovery of losses.

Acknowledge & Understand	Prevent & Detect	Pursue
• Assessing and understanding fraud risks • Committing to support and resource to tackling fraud • Maintaining a robust anti-fraud response	• Making better use of information & technology • Enhancing fraud controls and processes • Developing a more effective anti-fraud culture	• Prioritising fraud recovery and the use of civil sanctions • Developing capability and capacity to punish fraudsters • Collaborating with law enforcement

More recently a further two principles have been introduced:

- **Govern** – Setting the tone from the top and ensuring robust arrangements to ensure counter fraud and anti-corruption activities are embedded within the organisation.
- **Protect** – Protecting against serious and organised crime, protecting individuals from becoming victims and protecting against the harm fraud can do to the community. For Local Government, this includes protecting public funds, protecting the Local Authority against fraud and cyber-crime and itself from future frauds.

FRAUD ... STRATEGY

These principles are underpinned by the following:

The strategy was a collaborative effort between Local Authorities and key stakeholders from across the fraud arena and was designed to assist Local Authorities understand their fraud risk, assist in developing and maintaining a culture in which fraud and corruption are understood to be unacceptable, and to provide a blueprint for a tougher response (CIPFA – The Local Government Counter Fraud and Corruption Strategy).

The framework for the Council's fraud and corruption control plan includes:

- Planning and resourcing
- Prevention
- Detection
- Response

The strategy has been designed to recognise the evolving and changing risks within the public sector. Unexpected events alter the service delivery landscape and also the type and level of associated fraud risks to both public sector finances and structures. For example, the Covid-19 pandemic led Local Authorities to implement wide scale home and remote working practices swiftly. For many these service delivery changes will be permanent and the associated risks relating to cyber security or staff work integrity must be addressed. Other risks identified during the pandemic – such as the increased requirement for urgent decision making and the financial risks associated with the Business Grant payments for example – may be time limited, but can still influence and inform ongoing systems and procedures meaning there is a continued need to ensure internal controls remain effective.

Planning and Resourcing

The Counter Fraud and Enforcement Unit (CFEU) is a corporate resource with annual work plans designed to promote awareness and deploy resource according to identified areas of weakness.

This also allows the department to provide capacity for proactive and reactive investigations in the areas that have been highlighted as high-risk.

Service specific fraud risk reviews are to be completed and reviewed annually to help identify new and emerging risks and high risk areas that require more resource. This in turn informs the CFEU annual work plans, which together comprise the CFEU fraud response plan.

The levels of fraud, statistics and reliable information available informs risk management approaches. It can provide evidence for necessary internal controls in particular areas known to be high risk, support a change in culture and inform best practice. The CFEU provide quarterly reports to Corporate Management and bi-annual reports direct to Audit Committees detailing work streams and outcomes. This ensures Councillors are briefed in relation to fraud risk. By having a dedicated team collecting and recording this data, the partnership is ensuring a well-rounded risk management approach which is working to continuously review and improve internal controls.

The CFEU works closely with Internal Audit to identify internal control weaknesses and to ensure review and implementation of any necessary follow-up action.

Prevention

The CFEU is responsible for developing, reviewing, and updating the Counter Fraud and Anti-Corruption, Whistleblowing and Money Laundering Policies and for any procedures linked to counter fraud or criminal investigation.

The CFEU has targeted raising awareness and changing the culture of the organisations through online training and in person awareness sessions. In basic terms, public sector staff are more concerned about the provision of frontline services to the general public and less about financial losses and fraud. The team have worked hard to inform staff so that they have a better understanding of fraud risks and how best to mitigate them. Significantly, though with public bodies and the large scale diverse nature of them, it is important that any awareness training is relatable to the audience or individual staff member to gain maximum benefit.

The CFEU also introduced a revised and updated Whistle-Blowing Policy to support the fraud awareness session and ensure staff were confident in referring allegations of wrong doing to the team who specialise in protecting the identity of referral sources.

Work plans are developed annually in consultation with Internal Audit to include proactive fraud drives in high risk areas, deterrent activity and the resource for reactive case investigation work.

As Local Government continues its use of outsourcing, management should ensure that the contractors employed are aware to the principles of the Whistleblowing, Money Laundering and Counter Fraud and Anti-Corruption Policies.

The partnership is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of its activities.

Detection

The CFEU provide trained and dedicated resource for departments in the following high risk areas:-

Council Tax Discounts: – Assistance with processing National Fraud Initiative data matching, specific fraud drives and reviews, sanctions and penalty application.

Council Tax Reduction Scheme: – Authorised Officers under the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 to investigate cases of fraud and apply criminal sanctions, and work jointly with the DWP.

National Non Domestic Rates: – Assistance with reviews on specific exemptions and reliefs, visiting high-risk properties and business types, assistance with tracing and cross-checking data.

Procurement: – Fraud drives relating to high risk areas, review of processes and paperwork to mitigate risk and improve control mechanisms; fraud awareness training for specific officers; advice on the impact of Serious and Organised Crime and how to develop controls.

Housing Allocation, Housing and Tenancy Frauds: – Regular reviews of housing waiting lists, dedicated Housing Investigation Officers, work with Registered Social Landlords / Housing Providers, Authorised Officers under the Prevention of Social Housing Fraud Act, the ability to prepare cases for both criminal and civil action.

Internal Reactive Cases: – Undertaking disciplinary investigations involving allegations of staff or member corruption, fraud or other serious misconduct.

Annual Work Plans: - focussing on high risk areas nationally, or locally identified areas of risk according to the local demographic.

Fraud Risk Registers: – Development of risk registers for the Councils / Publica as a whole and for individual service areas. These are to be continually reviewed and updated.

Response

To provide both detection and an appropriate response, the Council's dedicated Counter Fraud and Enforcement Unit is staffed by qualified Investigation & Intelligence Support Officers with a commitment to undertaking criminal prosecutions.
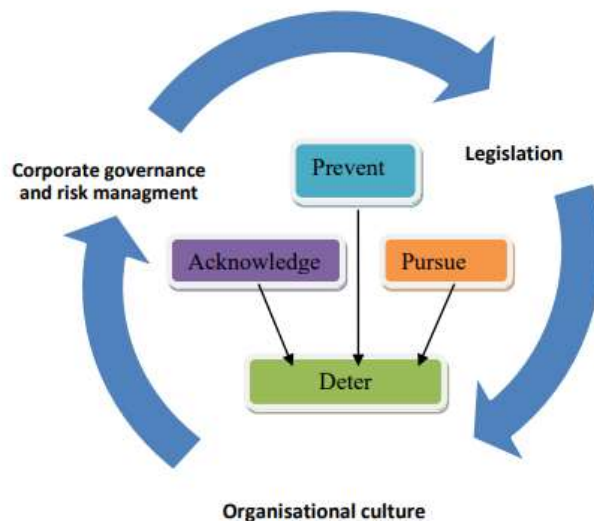
The Council websites have a dedicated counter fraud page with information on how to make referrals and a summary of the work the Unit undertakes. This includes links to the relevant Policies which the individual Councils adhere to.

Internally departments can refer direct to the CFEU, and where necessary can make referrals in confidence. The CFEU works directly for the Chief Finance Officer and can liaise with any staff necessary without alerting specific individuals. In relation to sensitive whistleblowing referrals the CFEU can undertake fully confidential operations with limited notification.

The CFEU works across its partners and the wider criminal enforcement community to share good practice, develop knowledge and improve detection and prevention. Where appropriate the CFEU will refer matters to the Police or body with relevant jurisdiction.

The CFEU work to ensure that fraud awareness is maintained through regular training for staff and Members, reporting successful court cases in the media, and communicating positive outcomes with staff.

Review

Following any proactive drive or fraud investigation, the work is subject to review and management oversight. Local Authorities have both Internal and External Audit functions and their activities, especially in key control areas, mean that they are more adaptive to the changing risk environment and are able to continuously monitor and improve any deficiencies. The CFEU and Internal Audit meet quarterly to discuss any low assurance areas and/or emerging fraud risk areas which can then be added to the work plans. Where an investigation has taken place, any areas of risk or poor control identified will be reported to the appropriate manager with recommendations for remedial action. In addition, where fraud is found during any audit work a referral is issued to the CFEU, and conversely where the CFEU has identified concerns, a report is issued to inform the Internal Audit Plan. The CFEU will also provide a report to the appropriate manager with recommendations when areas of weakness or risk are recognised, Internal Audit can also consider these recommendations and whether a follow-up Audit is required.

Policies are reviewed regularly to ensure they are relevant, in line with current good practice and legislatively up to date. Any update training this necessitates is then provided.

Service specific risk registers are reviewed regularly with the service area manager, and CFEU annual work plans are overseen by Corporate Management.

ANNEX 1   - Fighting Fraud and Corruption Locally Checklist

ANNEX 2 - Government Functional Standard – GovS 013: Counter Fraud Checklist

Appendix 3 Fighting Fraud and Corruption Locally (FFCL)

What should Senior Stakeholders do?
The Chief Executive
• Ensure that your authority is measuring itself against the checklist for FFCL.
• Is there a trained counter fraud resource in your organisation or do you have access to one?
• Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?
The S.151 Officer.
• Is there a portfolio holder who has fraud within their remit?
• Is the head of internal audit or counter fraud assessing resources and capability?
• Do they have sufficient internal unfettered access?
• Do they produce a report on activity, success and future plans and are they measured on this?
The Monitoring Officer
• Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
• Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?
The Audit Committee
• Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work.
• Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured.
• Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud.
• Should support proactive counter fraud activity.
• Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.
The Portfolio Lead
• Receives a Regular report that includes information, progress and barriers on the assessment against the FFCL checklist Fraud risk assessment and horizon scanning.

Counter Fraud and Enforcement Unit

Cotswold District Council | Trinity Road | Cirencester | Gloucestershire | GL7 1PX
Cheltenham Borough Council | Municipal Offices | Promenade | Cheltenham | Gloucestershire | GL50 9SA
Forest of Dean District Council | High Street | Coleford | Gloucestershire | GL16 8HG

E-mail – fraud.referrals@cotswold.gov.uk   Tel – 01242 264215

Working in partnership with Councils, Social Housing Providers and organisations to detect crime and prevent fraud and loss

Checklist
• The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior board and its members.
• The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
• There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
• The relevant portfolio holder has been briefed on the fraud risks and mitigation.
• The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.
• There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
• The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
• The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
• Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
• Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
• The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.

• The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
  o codes of conduct including behaviour for counter fraud, anti-bribery and corruption.
  o register of interests.
  o register of gifts and hospitality

• The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.

Counter Fraud and Enforcement Unit

Cotswold District Council | Trinity Road | Cirencester | Gloucestershire | GL7 1PX
Cheltenham Borough Council | Municipal Offices | Promenade | Cheltenham | Gloucestershire | GL50 9SA
Forest of Dean District Council | High Street | Coleford | Gloucestershire | GL16 8HG

E-mail – fraud.referrals@cotswold.gov.uk   Tel – 01242 264215

Working in partnership with Councils, Social Housing Providers and organisations to detect crime and prevent fraud and loss

- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.

- There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.

- There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.

- Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.

- Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.

- There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.

- Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.

- Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.

- There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.

- All allegations of fraud and corruption are risk assessed.

- The fraud and corruption response plan covers all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.

- The fraud response plan is linked to the audit plan and is communicated to senior management and members.

- Asset recovery and civil recovery are considered in all cases.

- There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.

- There is a programme of proactive counter fraud work which covers risks identified in assessment.

- The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.

- The local authority shares data across its own departments and between other enforcement agencies.

Counter Fraud and Enforcement Unit

Cotswold District Council | Trinity Road | Cirencester | Gloucestershire | GL7 1PX
Cheltenham Borough Council | Municipal Offices | Promenade | Cheltenham | Gloucestershire | GL50 9SA
Forest of Dean District Council | High Street | Coleford | Gloucestershire | GL16 8HG

E-mail – fraud.referrals@cotswold.gov.uk   **Tel – 01242 264215**

Working in partnership with Councils, Social Housing Providers and organisations to detect crime and prevent fraud and loss

• Prevention measures and projects are undertaken using data analytics where possible.
• The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.
• The counter fraud team has access to the FFCL regional network.
• There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.
• The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.
• The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for surveillance, computer forensics, asset recovery and financial investigations.
• Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

Appendix 4 Government functional Standard GovS 013

• Do we have an accountable individual at Member/Senior exec level who is responsible for counter fraud, bribery and corruption?
• Do we have a counter fraud, bribery and corruption strategy that is submitted to the centre?
• Do we have a fraud, bribery and corruption risk assessment that is submitted to the centre?
• Do we have a policy and response plan for dealing with potential instances of fraud, bribery and corruption?
• Do we have an annual action plan that summarises key actions to improve capability, activity and resilience in that year?
• Do we have outcome based metrics summarising what outcomes we are seeking to achieve each year? (For organisations with 'significant investment' in counter fraud or 'significant estimated' fraud loss, these will include metrics with a financial impact.
• Do we have well established and documented reporting routes for staff, contractors and members of the public to report suspicions of fraud, bribery and corruption and a mechanism for recording these referrals and allegations?
• Do we report identified loss from fraud, bribery, corruption and error, and associated recoveries, to the centre in line with the agreed government definitions?
• Do we have access to trained investigators that meet the agreed public sector skill standard?
• Do we undertake activity to try and detect fraud in high-risk areas where little or nothing is known of fraud, bribery and corruption levels, including loss measurement activity where suitable?
• Do we ensure all staff have access to and undertake fraud awareness, bribery and corruption training as appropriate to their role?
• Do we have policies and registers for gifts and hospitality and conflicts of interest?

Counter Fraud and Enforcement Unit

Cotswold District Council | Trinity Road | Cirencester | Gloucestershire | GL7 1PX
Cheltenham Borough Council | Municipal Offices | Promenade | Cheltenham | Gloucestershire | GL50 9SA
Forest of Dean District Council | High Street | Coleford | Gloucestershire | GL16 8HG

E-mail – fraud.referrals@cotswold.gov.uk   **Tel – 01242 264215**

Working in partnership with Councils, Social Housing Providers and organisations to detect crime and prevent fraud and loss

This page is intentionally left blank

Agenda Item 9

Cheltenham Borough Council

Audit, Compliance and Governance Committee –

27 September 2022

Counter Fraud and Anti-Corruption Policy

Accountable member:

Cabinet Member Finance and Assets, Councillor Peter Jeffries

Accountable officer:

Paul Jones, Executive Director Finance and Assets

Accountable scrutiny committee:

Not applicable

Ward(s) affected:

All indirectly

Key/Significant Decision:

No

Executive summary:

To present the Audit, Compliance and Governance Committee with an updated Counter Fraud and Anti-Corruption Policy for comment.

The Policy has been reviewed to ensure the content reflects current legislation and the Council's Policies and Procedures. The Policy will replace the existing Counter Fraud and Anti-Corruption Policy.

Recommendations:

That the Audit, Compliance and Governance Committee:

Considers the Counter Fraud and Anti-Corruption Policy to comment thereon to Cabinet, to aid its deliberations and decision making.

Page 74

1. Implications

1.1. Financial implications

There are no direct financial implications as a result of this report.

The support of the Counter Fraud and Anti-Corruption Policy will help to support the prevention and detection of misuse of public funds and fraud therefore reducing potential financial loss to the Councils.

Signed off by: Gemma Bell, Head of Finance and Assets (Deputy S151 Officer), Gemma.Bell@cheltenham.gov.uk

1.2. Legal implications

In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.

The legislation utilised by the Counter Fraud and Enforcement Unit and other service areas within the Council is identified within the Policy and the Council must comply with all legislative requirements.

The Council must also ensure that authorisations obtained under the Regulation of Investigatory Powers Act 2000 or the Investigatory Powers Act 2016 are appropriately logged, maintained and updated on the central register.

Signed off by: One Legal, legalservices@onelegal.org

1.3. HR implications

The HR team continue to work closely with the Counter Fraud and Enforcement Unit on all internal investigations. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

Signed off by: Julie McCarthy, HR Manager – Operations and Service Centre Julie.McCarthy@publicagroup.uk

1.4. Environmental and climate change implications

Not applicable.

1.5. Property/asset implications

Not applicable.

1.6. Corporate policy framework implications

The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.

2. Promoting equality and reducing discrimination

Not applicable.

3. Performance management – monitoring and review

None directly arising from this report.

4. Background

4.1. The Counter Fraud and Enforcement Unit is tasked with reviewing the Council's Counter Fraud and Anti-Corruption Policy. It is recommended good practice that the Policy is updated and reviewed at least every few years in line with any legislative changes.

4.2. In administering its responsibilities; this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.

5. Reasons for recommendations

5.1. The Policy, attached at Appendix ii, has been updated in accordance with the review period. Review frequency is as required by legislative changes or every three years. This has been slightly delayed due to events over the last two years.

5.2. The Council's existing Counter Fraud and Anti-Corruption Policy was developed to reflect (i) latest legislation and (ii) the changes from the creation of the Single Fraud Investigation Services (operated by the Department for Work and Pensions) which subsumed the Council's responsibilities for investigating Housing Benefit Fraud.

5.3. The Policy was last reviewed following the changes brought about by data protection legislation / regulations.

5.4. The Policy highlights the key legislation and roles and responsibilities of Members, Officers and other parties.

5.5. The Audit, Compliance and Governance Committee last considered the Policy in January 2016 when it replaced the existing Policy.

5.6. The changes are relatively minor and can be seen as red text within the Policy at Annex A.

5.7. A section has been inserted relating to Money Laundering and Proceeds of Crime and relating to Modern Slavery, detailing the Council's responsibilities.

5.8. The Policy has also been refreshed to reflect the growth of the Counter Fraud and Enforcement Unit work streams and responsibilities relating to risk.

5.9. As part of the consultation process, the Policy has been reviewed by Legal Services and the Chief Finance Officer.

5.10. Awareness will be raised with all staff following the approval of the Policy. Online refresher training will be issued to staff following approval of the Policy.

6. Alternative options considered

6.1. None.

7. Consultation and feedback

7.1. Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by One Legal and have been issued to the relevant Senior Officers, Governance Group and Executive Leadership Team for comment.

8. Key risks

8.1. The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds.

8.2. Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption. If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

Report author:

Emma Cathcart, Head of Service Counter Fraud and Enforcement Unit,
Emma.Cathcart@cotswold.gov.uk

Appendices:

i.   Risk Assessment
ii.   Counter Fraud and Anti-Corruption Policy

Background information:

Audit Committee Report January 2016

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
1	The authority suffers material loss and reputational damage due to fraud	Executive Director Finance and Assets	3	3	9	Reduce	Maintain a Counter Fraud Team to reduce the likelihood of the risk materialising and also to help recover losses, thus reducing the impact.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing
2	Without dedicated specialist staff in place, the Council may be unable to take effective and efficient measures to counter fraud, potentially resulting in authority suffering material losses due to fraud and error	Executive Director Finance and Assets	3	4	12	Reduce	Retain a specialist Counter Fraud Unit to tackle the misuse of public funds on behalf of the Council.	Head of Service, Counter Fraud and Enforcement Unit	Ongoing

This page is intentionally left blank

Version Control:	
Document Name:	Counter Fraud and Anti-Corruption Policy
Version:	2
Responsible Officer:	Emma Cathcart, Counter Fraud and Enforcement Unit
Approved by:	Executive / Cabinet
Next Review Date	May 2025
Retention Period:	N/A

Revision History

Revision date	Version	Description
August 2019	1.1	Update following changes to data protection legislation
May 2022	2	Review and Update

Consultees

Internal	External
CFEU Lead	
One Legal / Legal Services	

Distribution

Name	
All Staff	

CONTENTS

1. INTRODUCTION AND PURPOSE OF THE POLICY

1.1.   In administering its responsibilities; this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Member. The Council is committed to an effective Counter Fraud and Anti-Corruption culture, by promoting high ethical standards and encouraging the prevention, detection and investigation of fraudulent activities.

1.2.   The Section 151 Officer has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs to include the development of financial codes of practice and accounting instructions. Through delegation of duties, the Officer ensures appropriate controls are in place.

1.3.   The Monitoring Officer has a statutory responsibility to advise the Council on the legality of its decisions and to ensure that the Council's actions do not give rise to illegality or maladministration. It is therefore essential for employees to follow the Council's policies and procedures to demonstrate that the Council is acting in an open and transparent manner.

1.4.   The Council has a statutory duty to undertake an adequate and effective internal audit of its accounting records and its system of internal controls. The Council's Financial Rules state that 'whenever a matter arises which involves, or is thought to involve irregularities concerning cash, stores or other property of the Council, or any suspected irregularity in the exercise of the functions of the Council, the Director, Head of Service or equivalent Senior Officer has a duty to immediately notify the Section 151 Officer and the Monitoring Officer, who shall take steps as the consider necessary by way of investigation and report'. Furthermore the Financial Rules also state that each Director, Head of Service or equivalent Senior Officer is responsible for 'notifying the Section 151 Officer and the Chief Audit Executive immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Council's property or resources.

1.5.   The Council has a zero tolerance approach to fraud committed or attempted by any person against the organisation or any of its partner agencies. The Council will thoroughly investigate all suggestions of fraud, corruption or theft, from within the Council and from external sources which it recognises can:

- Undermine the standards of public service that the Council is attempting to achieve by diverting resources from legitimate activities.

- Reduce the level of resources and services available for the residents of the borough, district or county as a whole.

- Result in consequences which damage public confidence in the Council and / or adversely affect staff morale.

1.6.   Any proven fraud will be dealt with in a consistent and proportionate manner. Appropriate sanctions and redress for losses will be pursued, to include criminal proceedings against anyone perpetrating, or seeking to perpetrate, fraud, corruption or theft against the Council.

1.7.   The Council is committed to the highest possible standards of openness, probity, honesty, integrity and accountability. The Council expects all Officers, Members and partner organisations to observe these standards and values, which are defined within the Code of Conduct for Employees and the Members Code of Conduct, to help achieve the Council's over-arching priority for the continued delivery of outcomes and value for money for local tax-payers.

2. DEFINITIONS

2.1. **FRAUD**

The term "fraud" is usually used to describe depriving someone of something by deceit, which might either be misuse of funds or other resources, or more complicated crimes like false accounting or the supply of false information. In legal terms, all of these activities are the same crime, theft, examples of which include deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

2.2 Fraud was introduced as a general offence and is defined within The Fraud Act 2006. The Act details that a person is guilty of fraud if he commits any of the following:

- Fraud by false representation; that is if a person:

(a) dishonestly makes a false representation, and
(b) intends, by making the representation:
   (i) to make a gain for himself or another, or
   (ii) to cause loss to another or to expose another to a risk of loss.

- Fraud by failing to disclose information; that is if a person:

(a) dishonestly fails to disclose to another person information which he is under a legal duty to disclose, and
(b) intends, by failing to disclose the information:
   (i) to make a gain for himself or another, or
   (ii) to cause loss to another or to expose another to a risk of loss.

- Fraud by abuse of position; that is if a person:
(a) occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another person,
(b) dishonestly abuses that position, and
(c) intends, by means of the abuse of that position:
   (i) to make a gain for himself or another, or
   (ii) to cause loss to another or to expose another to a risk of loss.

2.3 In addition the Act introduced new offences in relation to obtaining services dishonestly, possessing, making, and supplying articles for the use in frauds and fraudulent trading applicable to non-corporate traders.

2.4. **CORRUPTION**

Is the deliberate use of one's position for direct or indirect personal gain. "Corruption" covers the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person to act inappropriately and against the interests of the organisation.

2.5. **THEFT**

Is the physical misappropriation of cash or other tangible assets. A person is guilty of "theft" if he or she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.

2.6. **MONEY LAUNDERING**

Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership whilst retaining use of the funds.

2.7 The burden of identifying and reporting acts of money laundering rests within the organisation. Any service that receives money from an external person or body is

potentially vulnerable to a money laundering operation. The need for vigilance is vital and any suspicion concerning the appropriateness of a transaction should be reported and advice sought from the Monitoring Officer, Section 151 Officer or Chief Audit Executive. A failure to report a suspicion could compromise an individual and they could be caught by the money laundering provisions. All employees are therefore instructed to be aware of the increasing possibility of receiving requests that are not genuine and are in fact for the purpose of money laundering.

2.8   The Council recognises its responsibilities under Money Laundering and Proceeds of Crime Legislation. These responsibilities are adhered to in line with the Council's Proceeds of Crime and Anti-Money Laundering Policy and the related Procedures. The Council is required to have a designated Officer for money laundering reporting purposes.

2.9   Both Financial and Legal Officers working for the Council also have their own professional guidance in relation to money laundering which places a duty on them to report any suspicions. These suspicions may override their legal professional privilege and confidentiality.

2.10   **BRIBERY**

The Bribery Act 2010 introduced four main offences, simplified below. Please note, a 'financial' or 'other advantage' may include money, assets, gifts or services within the following:

- Bribing another person: a person is guilty of an offence if he offers, promises or gives a financial or other advantage to another person. Further if he intends the advantage to induce a person to perform improperly a function or activity or if he knows or believes the acceptance of the advantage offered constitutes improper activity.

- Offences relating to being bribed: a person is guilty of an offence if he requests, agrees to receive, or accepts a financial or other advantage intending that as a consequence an improper activity or function will be performed improperly or if he knows or believes the acceptance of the advantage offered constitutes improper activity. Where a person agrees to receive or accepts an advantage as a reward for improper activity or function that has been performed. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate advantage or not.

- Bribery of a foreign public official: a person who bribes a foreign public official is guilty of an offence if the person's intention is to influence the foreign public official in their capacity, duty or role as a foreign public official. A person must also intend to obtain or retain business or an advantage in the conduct of business and must offer, promise or give any financial or other advantage.

- Failure of commercial organisations to prevent bribery: organisations, which include the Council, <u>must</u> have adequate procedures in place to prevent bribery in relation to the obtaining or retaining of business associated with the business itself.

2.11   The Council is committed to ensuring the prevention of corruption and bribery and sets out its policy in relation to the acceptance of gifts and hospitality within the Code of Conduct for Employees (or equivalent) and the Members Code of Conduct. Offers of or the receipt of any gifts or hospitality should be recorded by Officers and Members in the appropriate register. Officers and Members are also required to declare any outside interests that they have which may result in a conflict of interest in respect of transactions and dealings with the Council. Again, any such interests will be recorded in an appropriate register.

2.12   Prior to entering into any business arrangements, all Council Officers and/or business units should ensure that they have taken all reasonable steps to identify any potential areas of risk relating to bribery or corruption. If an Officer has any concerns they must raise them with The Chief Audit Executive.

2.13. **MODERN SLAVERY**

Modern Slavery takes a number of forms but all relate to the illegal exploitation of people for personal or commercial gain. The Council recognises its responsibilities as outlined within the legislation and is committed to promoting transparency in supply chains to prevent modern slavery and to take appropriate action to identify and address those risks.

3. SCOPE

3.1   In relation to any of the above mentioned offences, this policy applies to:

- All employees, including shared service employees, casual workers and agency staff.
- Members.
- Committee Members of Council funded voluntary organisations.
- Partner organisations, where the Council has a financial or statutory responsibility.
- Council Suppliers, Contractors and Consultants.
- The general public.

4. AIMS AND OBJECTIVES

4.1   The aims and objectives of the Counter Fraud and Anti-Corruption Policy are to:

- Ensure that the Council has measures in place to guard against fraud and loss and that the Council maximises revenue recovery.

- Safeguard the Council's valuable resources by ensuring they are not lost through fraud but are used for providing services to the community as a whole.

- Create a 'counter fraud' culture which highlights the Council's zero tolerance to fraud, corruption, bribery and theft, which defines roles and responsibilities and actively engages everyone (the public, Members, Officers, managers and policy makers).

4.2   The Council aims to:

- Proactively deter, prevent and detect fraud, corruption, bribery and theft.

- Investigate any suspicions of, or detected instances of fraud, corruption, bribery and theft.

- Enable the Council to apply appropriate sanctions, to include prosecution, and recovery of losses.

- Provide recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity.

5. PRINCIPLES

5.1   The Council will not tolerate abuse of its services or resources and has high expectations of propriety, integrity and accountability from all parties identified within this policy. Maintaining this policy supports this vision.

5.2   The Council has a documented Constitution, Scheme of Delegated Powers and Financial Regulations to give Members and Officers clear instructions or guidance for

carrying out the Council's functions and responsibilities. Responsibility for ensuring compliance with these documents rests with management with adherence being periodically monitored by Internal Audit Services; where breaches are identified these will be investigated in accordance with this policy and the Council's Financial Rules.

5.3   The Council expects that Members and Officers will lead by example in ensuring adherence to rules, procedures and recommended practices. A culture will be maintained that is conducive to ensuring probity. Members and Officers should adopt the standards in public life as set out by the Nolan Committee, known as the Nolan Principles:

- Selflessness – to take decisions solely in terms of the public interest and not in order to gain for themselves.

- Integrity – not to place themselves under any obligation to outside individuals or organisations that may influence the undertaking of their official duties.

- Objectivity – when carrying out any aspect of their public duties, to make decisions and choices on merit.

- Accountability – to be accountable, to the public, for their decisions and actions and must submit themselves to the appropriate scrutiny.

- Openness – to be as open as possible about the decisions and actions they take and the reasons for those decisions and actions. The dissemination of information should only be restricted when the wider public interest clearly demands it.

- Honesty – to declare any private interests which relate to their public duties and take steps to resolve any conflicts arising in a manner which protects the public interest.

- Leadership – to promote and support these principles by leadership and example.

5.4   The Council will ensure that the resources dedicated to counter fraud activity are appropriate and any officers involved in delivering these services are trained to deliver a professional counter fraud service to the correct standards ensuring consistency, fairness and objectivity.

5.5   All fraudulent activity is unacceptable, and may result in consideration of legal action being taken against the individual(s) concerned. In addition, the Council has in place disciplinary procedures which must be followed whenever Officers are suspected of committing a fraudulent or corrupt act. These procedures are monitored and managed by the Human Resources Team and may be utilised where the outcome of an investigation indicates fraudulent or corrupt acts have occurred.

5.6   The Council may pursue the repayment of any financial gain from individuals involved in fraud, malpractice and wrongdoing. The Council may also pursue compensation for any costs it has incurred when investigating fraudulent or corrupt acts.

5.7   This policy encourages those detailed within this document to report any genuine suspicions of fraudulent activity. However, malicious allegations or those motivated by personal gain will not be tolerated and, if proven, disciplinary or legal action may be taken. Reporting arrangements in relation to incidents of fraud or irregularity are detailed below.

5.8   The Council will work both internally across different departments and with external organisations such as the Police, HM Revenue and Customs and other Councils to strengthen and continuously improve its arrangements to prevent fraud and corruption. The Council is committed to assisting the Police in fighting Serious and Organised

crime and will implement measures and share data to ensure the Council is not engaging with organised crime gangs when procuring goods and services.

5.9   The Council collects and stores data within multiple departments to enable data cleansing, data sharing and data matching. This process can be utilised for the prevention and detection of fraud and the Council will pursue this where appropriate. The Council applies fair processing practices and these are reflected within data collection documents, stationery and other data collection processes such as those required for the National Fraud Initiative.

6. RESPONSIBILITIES

OFFICER / DEPARTMENT	SPECIFIC RESPONSIBILITIES
Head of Paid Service / Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Chief Finance Officer **(Section 151 Officer)**	To ensure the Council has adopted an appropriate Counter Fraud and Anti-Corruption Policy. That there is an effective internal control environment in place and resources to investigate allegations of fraud and corruption.
Monitoring Officer	To advise Members and Officers on ethical issues, conduct and powers to ensure that the Council operates within the law and statutory Codes of Practice.
Audit Committee/ Audit and General Purposes Committee / Audit and Governance Committee	To receive formal assurance from an appropriate representative at meetings and an annual opinion report in relation to the Council's control measures and counter fraud activity. The Audit Committee also receives assurance from external audit on the Council's Annual Accounts and Annual Governance Statement.
Councillors / Members	To comply with the Members Code of Conduct and related Council policies and procedures. To be aware of the possibility of fraud, corruption, bribery and theft and to report any genuine concerns to the Chief Audit Executive.
External Audit / Internal Audit	Has a duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption, bribery and theft. Has powers to investigate fraud and the Council may invoke this service.

OFFICER / DEPARTMENT	SPECIFIC RESPONSIBILITIES
Counter Fraud and Enforcement Unit	Responsible for assisting the development and implementation of the Counter Fraud and Anti-Corruption Policy. The Counter Fraud Unit have a duty to monitor the investigation of any reported issues of irregularity. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this policy. That action is identified to improve controls and reduce means, opportunity and the risk of recurrence. Reporting to the appropriate Senior Officer(s) (Section 151 Officer, Monitoring Officer, Chief Audit Executive) with regard to the progress and results of investigations. Reporting annually to the Audit Committee on proven frauds.
Counter Fraud Provision / Services	To proactively deter, prevent and detect fraud, corruption, bribery and theft within or against the Council. To work on behalf of charities, Social Housing Providers and other organisations to proactively deter, prevent and detect fraud, bribery, corruption and theft for the benefit of local residents and the public purse. To investigate all suspicions of fraud, corruption, bribery or theft, within or against the Council, in accordance with the Criminal Procedures and Investigations Act 1996 (CPIA). To consider reputational damage and the public interest test when investigating any instances of fraud, corruption, bribery or theft. To conduct interviews under caution when appropriate in accordance with the Police and Criminal Evidence Act 1984 (PACE). To undertake any surveillance operation or obtaining any communications data, adhering to the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 – this is applicable when undertaking criminal investigations only. To comply with Data Protection Legislation (and the General Data Protection Regulations) when obtaining or processing personal data.

OFFICER / DEPARTMENT	SPECIFIC RESPONSIBILITIES
	To report to the appropriate Senior Officer(s) for decisions in relation to further action.
	To enable the Council to apply appropriate sanctions, to include criminal proceedings, and to assist in the recovery of losses in accordance with the Council's Corporate Enforcement Policy. To include prosecutions on behalf of Social Housing Providers, Charities, and other organisations where it is in the public interest and for the benefit of the local residents.
	To prepare Witness Statements and prosecution paperwork for the Council's Legal Department.
	To attend and present evidence in the Magistrates Court, the Crown Court and Employment Tribunals.
	To provide recommendations to inform policy, system and control improvements.
	To provide fraud awareness training and updates for Members and Officers.
	To publicise successes where appropriate.
Human Resources	To report any suspicions of fraud, corruption, bribery or theft to the Section 151 Officer, Monitoring Officer or Counter Fraud representative if reported directly to HR or if identified during any disciplinary or internal procedures. To ensure recruitment procedures provide for the obtainment and verification of significant information supplied by applicants in accordance with the HR Vetting and Recruitment Fraud Risk Report.
Strategic Directors, Heads of Service, Service Managers or equivalent Senior Officers	The primary responsibility for maintaining sound arrangements to prevent and detect fraud and corruption rests with management. To promote awareness and ensure that all suspected or reported irregularities are immediately referred to the appropriate Senior Officer. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft. To reduce these risks by implementing internal controls, monitoring of these controls by spot checks and to rectify weaknesses if they occur.

OFFICER / DEPARTMENT	SPECIFIC RESPONSIBILITIES
Staff / Employees / Officers	To comply with Council policies and procedures when conducting their public duties. To be aware of the possibility of fraud, corruption, bribery and theft and to report any genuine concerns. Officers may report suspicions as detailed below. Referrals can also be made in confidence in accordance with the Council's Whistleblowing Policy.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption within or against the Council and to report any genuine concerns or suspicions as detailed below.

7. APPROACH TO COUNTERING FRAUD

7.1   The Council has a responsibility to reduce fraud and protect its resources by enabling counter fraud services to complete work in each of the following key areas:

7.2   **DETERRENCE**

The best deterrent is the existence of clear procedures and responsibilities making fraud and corruption difficult to perpetrate and easy to detect. As detailed already within this policy, the Council has a number of measures in place to minimise risk:

- Clear codes of conduct for Officers and Members.
- Register for declarations of interest / gifts and hospitality for Members and Officers.
- Clear roles and responsibilities for the prevention and detection of fraud, corruption, bribery and theft including an Audit Committee, an appointed Monitoring Officer, Section 151 Officer and trained Counter Fraud Officers.
- Effective ICT security standards and usage policies.
- The application of appropriate sanctions and fines as detailed below.

7.3   The existence of an effective Counter Fraud Team is a prime deterrent for fraud and corruption. Counter Fraud Officers and the Internal Audit Team analyse and identify potential areas at risk of fraudulent abuse with the assistance of the Council's Corporate Management, efficient and effective audits of principal risk areas can then be conducted.

7.4   The Council will promote and develop a strong counter fraud culture, raise awareness and provide information on all aspects of its counter fraud work. This may include advice on the intranet, fraud e-learning tools, publicising the results of proactive work, investigating fraud referrals and seeking the recovery of any losses.

7.5   **PREVENTION**

The Council will strengthen measures to prevent fraud ensuring consideration of the Fraud Risk Strategy, associated documents and fraud risk register. Counter Fraud Officers will work with management and policy makers to ensure new and existing systems, procedures and policy initiatives consider any possible fraud risks. Any

internal audit conducted will also consider fraud risks as part of each review and ensure that internal controls are in place and maintained to combat this.

7.6   Important preventative measures include effective recruitment to establish the propriety and integrity of all potential employees as set out within the HR Vetting and Recruitment Fraud Risk Report. Recruitment is carried out in accordance with the Council's Recruitment and Selection Policy and provides for the obtainment and verification of significant information supplied by applicants.

7.7   The Council will undertake any internal remedial measures identified by any investigation to prevent future recurrence at the first opportunity.

7.8   **DETECTION**

A record of fraud referrals received will be maintained by Counter Fraud Officers (and other departments as applicable). This record helps to establish those areas within the Council most vulnerable to the risk of fraud. In addition, a consistent treatment of information and independent investigation is ensured. A Council wide fraud profile is created which then informs any detailed proactive work.

7.9   The Council is legislatively required to participate in a national data matching exercise; the National Fraud Initiative (NFI). Particular sets of data are provided and matched against other records held by the Council or external organisations. Where a 'match' is found it may indicate an irregularity which requires further investigation to establish whether fraud has been committed or an error made. An officer within the authority is designated as the 'Key Contact' for this process. The initiative also assists in highlighting areas which require more proactive investigation. The Council may engage in other data matching/sharing for the purposes of fraud prevention and detection, and for the recovery of monies owed.

7.10   Safeguarding and deterrent internal controls and monitoring procedures are established for financial and other systems within the Council, for example those set out within the Council's Financial Rules / Contract Rules.

7.11   The Council relies on employees, Members and the public to be alert and to report any suspicions of fraud and corruption which may have been committed or that are allegedly in progress. Managers should be vigilant and refer any matters which may require additional monitoring to a senior representative within the Human Resources Department for guidance and further action.

7.12   **INVESTIGATION**

The Council will investigate all reported incidents of fraud or irregularity using its counter fraud resources. The Council will ensure the correct gathering and presentation of evidence in accordance with the Criminal Procedures and Investigations Act 1996.

7.13   Investigations will make due reference to Employment Law as necessary and be conducted within a reasonable time in accordance with the Human Rights Act 1998. Investigations will also adhere to and comply with other applicable legislation such as the Police and Criminal Evidence Act 1984, Data Protection Legislation and the Freedom of Information Act 2000 as appropriate.

7.14   Officers may utilise investigative tools and gain intelligence utilising a number of legal gateways and data sharing agreements. This may include membership to third party organisations such as the National Anti-Fraud Network (NAFN).

7.15   When investigating allegations of fraud and corruption, the Council may be required to conduct surveillance. The Council must comply with the Regulation of Investigatory Powers Act 2000 which ensures that investigatory powers are used in accordance with human rights. To ensure compliance the Council has a written procedure detailing

who may authorise covert surveillance and the use of covert human intelligence sources. Standard documentation has been adopted which must be used by an Officer when seeking such authorisation.

7.16   Officers may also need to acquire communications data when conducting an investigation. This is permissible however; the Council must adhere to the Investigatory Powers Act 2016 when applying for this information and the correct nominated single point of contact must be used. As above, specific details are set out within the written procedures.

7.17   The Counter Fraud and Enforcement Unit Officers adhere to the appropriate legislation when investigating irregularities and allegations of fraud. This includes the need to:

- Deal promptly with the matter.
- Record all evidence received.
- Ensure that evidence is sound and adequately supported.
- Conduct interviews under caution when necessary.
- Ensure security of all evidence collected.
- Contact other agencies if necessary e.g. Police, Trading Standards, HM Revenue and Customs.
- Notify the Council's insurers.
- Implement Council disciplinary procedures where appropriate.
- Attend court and present evidence.

7.18   **SANCTIONS**

The Council will apply considered sanctions to individuals or organisations where an investigation reveals fraudulent activity. This may include:

- Appropriate disciplinary action in line with the Disciplinary Policy.
- Fines and penalties.
- Criminal proceedings.
- Civil proceedings to recover loss.

7.19   **REDRESS**

A crucial element of the Council's response to tackling fraud is seeking financial redress. The recovery of defrauded monies is an important part of the Council's strategy and will be pursued in line with internal debt recovery processes and legal redress i.e. Confiscation Orders and the application of the Proceeds of Crime Act 2002.

7.20   **CONTROL FAILURE RESOLUTION**

In addition to the above, Internal Audit also prepares a risk based annual Audit Plan that details the key objectives and areas of work for the year. Within these work areas indicators for fraud are considered. Internal Audit will also respond to requests from management and Counter Fraud Officers where there may be concerns over the effectiveness of internal controls. The work plan is agreed and monitored by the Audit Committee and Section 151 Officer.

8.   REPORTING, ADVICE AND SUPPORT

8.1   The Council's expectation is that Members and managers will lead by example and that employees at all levels will comply with the Constitution, Council Policies, Financial Regulations, Procurement Regulations, Financial and Contract Procedure Rules, codes of conduct and directorate procedures.

8.2   The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. It is essential that employees of the Council report

any irregularities, or suspected irregularities to their Line Manager and if this is not appropriate then to a Counter Fraud representative.

8.3   The Council must create the right environment so that anyone can raise concerns in respect of irregularities with the knowledge that they will be treated seriously and confidentially. The Council will provide all reasonable protection for those who raise genuine concerns in good faith, as confirmed in the Council's Whistle-Blowing Policy.

8.4   If the informant is a member of the public or external contractor, they can contact a Counter Fraud Officer at the Council to report the suspicion. This can be done anonymously. A hotline number for reporting suspicions may also be established and if so, can be found on the Council's website. The Council's complaint procedure may also be utilised but may not be the most appropriate channel.

8.5   The above process does not relate to reporting Housing Benefit Fraud allegations (which are now dealt with by the Department for Work and Pensions) or to Council Tax Reduction Scheme offences. The informant should contact the Officer nominated to deal with this; details can be found on the Council's website within the Revenues and Benefit Section information.

8.6   The Officer who receives the allegation (whether from a Member or a Council employee) must refer the matter to a Counter Fraud representative within the Council, to determine how the potential irregularity will be investigated and to whom the allegation should be discussed within the Council. This is to ensure correct investigative procedures are adhered to and that any potential fraud enquiry is not compromised.

8.7   As appropriate, reports will be issued to the Monitoring Officer, Head of Paid Service, Section 151 Officer, Senior Officers, and Cabinet Members etc. where the irregularity is material and/or could affect the reputation of the Council. Decisions will then be made with regard to the most appropriate course of action. Communications and publicity will also be managed if the matter is likely to be communicated externally.

8.8   If the investigation relates to an employee then Human Resources will be engaged and the Council's Disciplinary Procedure will also be considered however this will be managed carefully to ensure any criminal investigation is not compromised.

8.9   The Council will also work in co-operation with the following bodies (and others as appropriate) that will assist in scrutinising our systems and defences against fraud, bribery and corruption:

- Local Government and Social Care Ombudsman.
- External Audit.
- The National Fraud Initiative.
- Central Government Departments.
- HM Revenue and Customs.
- The Police.
- Trading Standards.
- The Department for Work and Pensions.
- Immigration Services.
- The Chartered Institute of Public Finance and Accountancy (CIPFA).
- The Institute of Revenues Rating and Valuation (IRRV).
- Social Housing Providers and Charitable Bodies

8.10   As detailed within this document and the Council's Whistle Blowing Policy, any concerns or suspicions reported will be treated with discretion and in confidence. Referrals can be made in confidence to the Counter Fraud and Enforcement Unit at fraud.referrals@cotswold.gov.uk who work on behalf of Cheltenham and Tewkesbury

9. FURTHER INFORMATION

9.1   Further information on Council policy can be found in the following documents (or equivalent documentation / codes):

- The Constitution.
- Code of Conduct for Employees and the Members Code of Conduct which include information in relation to gifts and hospitality and declaring and registering interests.
- Whistleblowing Policy.
- Corporate Enforcement (Prosecution) Policy.
- Proceeds of Crime and Anti-Money Laundering Policy.
- Recruitment and Selection Processes.
- RIPA / IPA Policies, Procedures and Guidance.
- Financial Rules.
- Contract Rules or equivalent.
- Fair Processing Statement.
- Disciplinary Procedure.

10. POLICY REVIEW

10.1.   The appropriate department will review and amend this policy as necessary to ensure that it continues to remain compliant and meets legislative requirements and the vision of the Council in consultation with the Council's Chief Finance Officer, the Legal Department and Members.

10.2.   Review frequency as required by legislative changes / every three years.

This page is intentionally left blank

27 September 2022 (report deadline, 5.00pm, Friday 16 September)		
Audit Progress and Sector Update report	Grant Thornton	
Internal audit monitoring report	Internal Audit	
Counter Fraud update and future work provision	Counter Fraud Unit	
CFEU Fraud Risk Strategy and Update	Counter Fraud Unit	
Updated Counter Fraud and Anti-Corruption Policy	Counter Fraud Unit	

EXTRAORDINARY MEETING – 23 November 2022 (report deadline, 5.00pm, Monday 14 November)		
Audit Findings Report – ISA260 (from previous year) *pushed back from September*	Grant Thornton	
Statement of Accounts (Previous year) (inc. letter of representation) *pushed back from July & September*	Finance Team	

24 January 2023 (report deadline, 5.00pm, Friday 13 January)		
IT Security update	John Chorlton/Tony Oladejo	
Audit committee update	Grant Thornton	
Annual Auditors report (for previous year)	Grant Thornton	
Internal audit monitoring report	Internal Audit	
Annual governance statement – significant issues action plan	Ann Wolstencroft	
Annual Review of Risk Management Policy *pushed back from April, July & September*	Ann Wolstencroft	
Exempt report Cyber Security Business Continuity Arrangements (inc. review of databases and data sources) *pushed back from April, July, September – may be April*	Mike Redman	

ANNUAL ITEMS (standing items to be added to the work plan each year)	
January	
IT Security update	John Chorlton/Tony Oladejo
Audit committee update	Grant Thornton
Annual Auditors report (for previous year)	Grant Thornton
Internal audit monitoring report	Internal Audit
Annual governance statement – significant issues action plan	Ann Wolstencroft
April	
Audit progress report and sector updates	Grant Thornton
External audit plan (for the current year)	Grant Thornton
External Audit Fee Letter (for previous year)	Grant Thornton
Annual plan (for the upcoming year)	Internal Audit
Internal audit monitoring report	Internal Audit
Counter Fraud Unit report (inc. RIPA / IPA update)	Counter Fraud Unit
Annual review of Code of Corporate Governance (if CIPFA guidance has changed)	Darren Knight
Annual Governance Statement	Darren Knight
Annual Review of Risk Management Policy	Ann Wolstencroft
July	
Internal audit opinion (for the previous year)	Internal Audit
Auditing Standards – communicating with the Audit Committee	Paul Jones/Chair
Statement of Accounts (previous year) (inc. letter of representation)	Finance Team
Annual update on FOI and EIR	Judy Hibbert/Beth Cordingley
September	
Audit Findings Report - ISA260 (for the previous year)	Grant Thornton
Internal audit monitoring report	Internal Audit
Counter Fraud update and future work provision	Counter Fraud Unit