

05 October 2023 at 7.00 pm
Council Chamber, Argyle Road, Sevenoaks

Published: 27.09.23

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Audit Committee

Membership:

Chairman, Cllr. Penny Cole; Vice-Chairman, Cllr. Edwards-Winser
Cllrs. Baker, Clayton, Haslam, Lindop, Malone, Robinson and Williamson

Non-voting, Co-opted Members

Mo Chughtai and Lynda McMullan

Agenda

There are no fire drills planned. If the fire alarm is activated, which is a continuous siren with a flashing red light, please leave the building immediately, following the fire exit signs.

	Pages	Contact
Apologies for Absence		
1. Minutes To agree the Minutes of the meeting of the Audit Committee held on 04 July 2023, as a correct record	(Pages 1 - 8)	
2. Declarations of Interest Any declarations of interest not already registered.		
3. Actions from Previous Meeting (if any)		
4. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations (if any)		
5. Audit Committee Member Development - Risk Management	(Pages 9 - 12)	Adrian Rowbotham Tel: 01732 227153
6. External Audit - Annual Audit Plan 2021/22	(Pages 13 - 36)	Adrian Rowbotham Tel: 01732 227153
7. Internal Audit Progress Report 2023/24	(Pages 37 - 50)	Jennifer Warrillow Tel: 01732227053

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|-----|---|-------------------|--|
| 8. | Strategic Risk Register | (Pages 51 - 88) | Jennifer Warrillow
Tel: 01732227053 |
| 9. | Counter Fraud Strategy & Whistleblowing Policy & Procedure | (Pages 89 - 114) | Jennifer Warrillow
Tel: 01732227053 |
| 10. | Work Plan | (Pages 115 - 116) | |

EXEMPT INFORMATION

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

AUDIT COMMITTEE

Minutes of the meeting held on 4 July 2023 commencing at 7.00 pm

Present: Cllr. Penny Cole (Chairman)

Cllr. Edwards-Winser (Vice-Chairman)

Cllrs. Baker, Haslam, and Robinson.

Mo Chughtai and Lynda McMullan were also present.

Apologies for absence were received from Cllrs. Lindop and Malone.

Cllrs. Perry Cole, and Maskell were also present.

Cllrs. Clayton and Manston were present via a virtual media platform which did not constitute attendance as recognised by the Local Government Act 1972.

CHAIRMAN'S ANNOUNCEMENT

The Chairman welcomed Members to the meeting and introduced Mo Chughtai and Lynda McMullan, the non-voting, co-opted Members.

1. Minutes

Resolved: That the Minutes of the meeting of the Audit Committee held on 28 March 2023, be agreed and signed by the Chairman as a correct record.

2. Declarations of Interest

There were none.

3. Actions from Previous Meeting

There were none.

4. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations

There were none.

5. Audit Committee Member Development

The Head of Legal and Democratic Services gave a presentation to the Committee on an overview of decision-making processes of the Cabinet, the role and function of the Audit Committee and Governance arrangements.

Agenda Item 1

Audit Committee - 4 July 2023

In response to a question, it was explained that the terms of reference for the Audit Committee was a foundational document that had been created to meet statutory requirements.

Members considered the future training sessions and supported the suggestion that each would last roughly twenty minutes and be included as the first main agenda item. Officers advised that where possible, training would relate to items on the agenda. Members discussed the agreement of the training timetable by the Chairman in consultation with Officers and that training would be reviewed as required.

Resolved: That

- a) the Member development presentation be noted; and
- b) future subjects for Member development set out below be agreed:
 - Public Sector Internal Audit Standards (PSIAS),
 - Risk Management,
 - Understanding Local Government Accounts,
 - Counter Fraud and Whistle Blowing,
 - Internal Audit and the Role of the Audit Committee,
 - Risk Management,
 - External Audit; and
- c) the Chief Officer Finance and Trading in consultation with the Chairman devise a timetable for future training sessions and review Member training as required.

6. Audit Committee Terms of Reference

The Chief Officer - Finance & Trading introduced the report which had been largely covered in the previous item. The Terms of Reference for the Audit Committee had been agreed at the Annual Council meeting on 23 May 2023.

Members considered the report, and it was suggested that a statement of purpose be considered for inclusion in the terms of reference. Officers took note of the suggestion.

Resolved: That the Audit Committee terms of reference be noted.

7. Member Allowance Scheme Monitoring 2022-23

The Monitoring Officer presented the report which asked the Committee to consider the implementation of the Member's Allowance Scheme during the year 2022/23. He

Audit Committee - 4 July 2023

explained that pursuant to the terms of reference of the Audit Committee, this was an annual report.

Following queries on Member allowance and expense payments it was confirmed that the Governance Committee was authorised to receive the findings of the Joint Independent Remuneration Panel for Members Allowances and would recommend any updates to the Scheme to Council in due course. This process was not a matter for the Audit Committee.

Resolved: That the report noted.

8. Local Code of Corporate Governance

The Monitoring Officer presented the report on the Local Code of Corporate Governance. The Code was adopted at the Audit Committee meeting on 26 September 2017, where it was agreed that it would be good practice for the Committee to approve the Local Code of Corporate Governance once at the beginning of each electoral cycle. As there had been no reason to revise the Code, the report sought re-adoption of the existing document. It also asked Members to continue to authorise the Monitoring Officer to maintain and update the Code in line with good practice.

Resolved: That

- a) the Local Code of Corporate Governance be approved; and
- b) the Monitoring Officer continue to be authorised to maintain and amend the Local Code of Corporate Governance in line with good practice.

9. Counter Fraud and Compliance Team Report 2022-23

The Counter Fraud and Compliance Manager updated the Committee on the work of the Counter Fraud and Compliance Team during 2022/23. The Team had been focused on the Council Tax Energy Rebate scheme, cost of living support payments, identifying business rates discrepancies, housing benefit fraud and Council Tax case adjustments. The Team had also implemented a new credit data-matching tool to more accurately check the validity of the District's Council Tax Single Person Discount awards.

Members were also informed that the comparison between the costs of the Counter Fraud & Compliance Team in 2022/23 with the financial benefits derived from the savings attained in anti-fraud exercises conducted showed a surplus of £62,481.

Members raised queries in relation to the cost of living payments. The Counter Fraud and Compliance Manager confirmed that frontline resources had to be diverted to roll out the cost of living initiatives. It was hoped that staff would soon be able to return to compliance work to protect valuable revenues for the Council. In response to a question concerning the benefit of identifying commercial properties which would

attain 100% relief any way, he confirmed that it was important for all properties to be registered as if businesses owned more than one property it could change the amount of relief they could claim. In response to a follow up question regarding the increased nature of working from home, he confirmed that it would be the Valuation Office Agency (VOA) who decided if a premises attracted Council Tax or a Business rates assessment.

The Committee thanked the Counter Fraud and Compliance Manager for the update and the Team for all their hard work.

Resolved: That the report be noted.

10. External Audit - Annual Report 2021/22

The Chief Officer - Finance and Trading introduced the External Auditors Annual Report 2021/2022. There were no significant financial or Governance weaknesses identified by Grant Thornton, the Council's External Auditors. The report identified the reliance on the use of reserves and the implementation of a procurement strategy as areas for improvement.

Members asked questions about the suggested areas of improvement. It was confirmed that work was in progress on the implementation of a procurement strategy. Internal audit work was also underway on the Council's procurement processes and Officers would investigate the missing Key Performance Indicator data concerning procurement.

Resolved: That the report be noted.

11. Statement of Accounts - Progress Update Report

The Head of Finance presented the update report on the progress of the Statement of Accounts. He explained that the Government were aware of a large backlog in the current position of local authority audits which had a knock-on effect on the Council's accounts position. Due to a number of technical difficulties with the 2020/21 accounts, there had been a delay to the completion of the audit which in turn resulted in a delay to the external audit of the 2021/22 accounts. Grant Thornton, the Council's external auditors, were due to begin the audit of the 2021/22 accounts in October 2023. It was explained that the Council was also only one of four authorities within Kent to meet the submission deadline for the 2022/23 accounts. The draft accounts for 2022/23 had been published and Grant Thornton had not yet set a date for an audit to commence.

Members discussed the causes of nationwide delays in auditing local government accounts. Factors identified included reliance on the completion of the previous year's audit of accounts and the need for highly skilled technical knowledge.

Members thanked the Head of Finance for his update and congratulated the Team on their timely submission of the accounts for 2022/23.

Audit Committee - 4 July 2023

Resolved: That the report be noted.

12. Statement of Accounts 2022/23 - Establishment of Member Working Group

The Head of Finance presented the report which outlined a proposal for the Committee to set up a Member working group to review the 2022/23 draft Statement of Accounts.

Resolved: That

- a) a Member Working group, to review the 2022/23 draft Statement of Accounts with delegated authority to recommend changes to the draft whilst ensuring adherence to statutory regulations for the purposes of reporting back to the Audit Committee, be set up.
- b) membership of the working group be Cllrs: Clayton, Penny Cole, Haslam and Lynda McMullan.

13. Internal Audit Annual Report and Opinion 2022/23

The Audit Manager presented the report which set out the effectiveness of the Council's internal control, governance and risk management arrangements. The Internal Audit Annual Opinion was a requirement of Public Sector Internal Audit Standards, and included a summary of the work completed by Internal Audit during the year and other available sources of assurance which should be used to inform Members' scrutiny of the Annual Governance Statement.

There had been significant impacts on the resources of the Audit Team in 2022/23 which meant the Team were unable to complete all programmed audits in the annual Audit Plan. There were fifteen audits considered as part of the review, nine had been given an assurance rating. Two audits had received substantial assurance and a further six had received reasonable assurance which indicated that the control framework was generally operating well. Members were advised that since producing the report, the ethical governance and equality and diversity audits had been deferred to 2024/25 to accommodate the incomplete audits.

Members were concerned about the delayed audits from 2022/23. The Audit Manager reported that there had been a significant number of team vacancies and a few long-term illnesses in the previous year. This had significantly affected the output of the team and there were fourteen audits still underway. However, the vacancies in the team had since been filled and the post of Lead Auditor was also being advertised. In addition, the team were procuring a new audit management system which would allow them to more effectively track the implementation of audit actions. In response to a follow-up question, it was confirmed that the corporate landlord liabilities audit related to commercial properties that the Council was the landowner for.

Agenda Item 1

Audit Committee - 4 July 2023

Members thanked the Audit Manager for her update and hoped that the adverse impact of the staff vacancies could be overcome in the coming year.

Resolved: That the report be noted.

14. Annual Governance Statement 2022/23

The Chief Officer - Finance & Trading presented the Annual Governance Statement. The Statement was a corporate document explaining the Council's governance arrangements and the controls it employed to manage the risk of failure to achieve strategic objectives. It was owned by all Senior Officers and Members of the Council. The process confirmed that the Council had sound systems of internal control and good governance arrangements in place. There were no significant governance issues raised in 2021/22 that required action in 2022/23. One potential governance issue had been raised for 2022/23 which was regarding Sencio Community Leisure ceasing to trade. It was also recognised that operational risk management arrangements were due to be reviewed.

Resolved: That the Annual Governance Statement 2022/23 be agreed for signature by the Leader of the Council.

15. Review of the Effectiveness of the Audit Committee 2022/23

The Chief Officer - Finance & Trading introduced the report which assessed the achievements of the Audit Committee in 2022/23. The process incorporated the recommended self-assessment checklist from the Chartered Institute of Finance and Accounting (CIPFA). The checklist had been completed drawing from the work of the Committee in relation to its terms of reference, using the evidence available from the work of the Committee during 2022/2023. Due to new guidance, this was the first time that the 2022 version of the checklist had been used. The results suggested that the arrangements in place were largely compliant with guidance and recognised that Member's knowledge needed to be kept up to date.

Members supported the suggestions for further engagement with the Committee and the importance of the Member development timetable to achieve this. In response to a query, the Chief Officer - Finance and Trading explained that the new CIPFA guidance introduced in 2022 made a recommendation that Members should not be on both the Audit Committee and Scrutiny Committee. As of May 2023 there were five Members who were Members on both the Audit and the Scrutiny committees. He advised that this would be taken into consideration prior to the next municipal year.

Resolved: That the self-assessment review of the effectiveness of the audit Committee 2022/23 be approved.

Audit Committee - 4 July 2023

16. Work Plan

Members noted the work plan. It was explained that many of the reports appeared on an annual cycle and items for the committee in April 2024 would be added before the next meeting. It was unlikely that the External Audit Reports would appear due to the delay in undertaking the accounts for 2021/22.

THE MEETING WAS CONCLUDED AT 8.27 PM

CHAIRMAN

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AUDIT COMMITTEE MEMBER DEVELOPMENT – RISK MANAGEMENT

Audit Committee – 5 October 2023

<p>Report of: Deputy Chief Executive and Chief Officer - Finance and Trading</p> <p>Status: For Consideration</p> <p>Key Decision: No</p> <p>Portfolio Holder: Cllr. Kevin Maskell</p> <p>Contact Officer(s): Adrian Rowbotham, Ext. 7153 Jennifer Warrillow, Ext 7053</p> <p>Recommendation to Audit Committee:</p> <p>(a) The member development be noted.</p> <p>(b) Confirm the member development subject for the next meeting.</p>
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Introduction and Background

- 1 At the Audit Committee on 4 July 2023 Members received their first member development session and resolved that the Chief Officer - Finance and Trading in consultation with the Chairman devise a timetable for future training sessions and review Member training as required.
- 2 Members also supported the suggestion that each member development session would last roughly twenty minutes and be included as the first main agenda item.

Audit Committee Member Development Programme

- 3 Member development that has taken place since the current committee was formed is as follows:

Committee Date	Member Development
4 July 2023	<ul style="list-style-type: none"> • Organisational Knowledge • Audit Committee Role and Function • Governance

- 4 Following consultation with the Audit Committee Chairman, the following programme has been agreed:

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Committee Date	Member Development
5 October 2023	<ul style="list-style-type: none">• Risk Management
1 February 2024	<ul style="list-style-type: none">• Understanding Local Government Accounts
TBC depending on relevant agenda items	<ul style="list-style-type: none">• External Audit• Internal Audit• Counter Fraud and Whistle Blowing

- 5 Members will have the opportunity to discuss future requirements at each meeting.

Key Implications

Financial

There are no financial implications.

Legal Implications and Risk Assessment Statement

There are no legal implications.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

Please read the Net Zero committee report guidance note on inSite before choosing an option)

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Appendices

None

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer – Finance & Trading

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EXTERNAL AUDIT – ANNUAL AUDIT PLAN 2021/22

Audit Committee – 5 October 2023

Report of: Deputy Chief Executive and Chief Officer – Finance and Trading

Status: For Consideration

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Adrian Rowbotham, Ext. 7153

Recommendation to Audit Committee:

That the report be noted.

Introduction and Background

- 1 Grant Thornton would like to present their Annual Audit Plan 2021/22 (Appendix A).

Key Implications

Financial

None.

Legal Implications and Risk Assessment Statement

None.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact

Agenda Item 6

regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Appendices

Appendix A – Grant Thornton’s Annual Audit Plan 2021/22

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer – Finance & Trading

Sevenoaks District Council audit plan

Year ending 31 March 2022

Sevenoaks District Council
September 2023



Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Sevenoaks District Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed *Terms of Appointment and Statement of Responsibilities* issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Sevenoaks District Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of its subsidiary undertakings, Quercus 7 Ltd, Quercus Housing Ltd and Burlington Mews Management Company Ltd.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Revenue cycle includes fraudulent transactions (risk rebutted)
- Fraud in expenditure recognition
- Management override of controls
- Valuation of land and buildings including council dwellings and investment properties
- Valuation of net pension fund liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1.3m (PY £1.1m) for the group and £1.2m (PY £1m) for the Council, which equates to approximately 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.065m for the group (PY £0.055m) and £0.06m (PY £0.05m) for the Council.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money is complete and did not identify any risks significant weakness:

Audit logistics

Our fee for the audit is £57,730 (PY: £78,730). The fee subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Significant component?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Sevenoaks District Council	Yes		<ul style="list-style-type: none"> Risks identified have been included on pages 5 to 8 	Full scope audit performed by Grant Thornton UK LLP
Quercus 7 Limited	Yes		<ul style="list-style-type: none"> Valuation of Investment Property assets as at 31st March 2022. 	Specific scope procedures on Investment Properties to be performed by Grant Thornton UK LLP
Quercus Housing Limited	Yes		<ul style="list-style-type: none"> Valuation of Property, Plant and Equipment assets as at 31st March 2022. 	Specific scope procedures on Property, Plant and Equipment to be performed by Grant Thornton UK LLP
Burlington Mews Management Company Limited	Yes		<ul style="list-style-type: none"> Valuation of Property, Plant and Equipment and Investment Property assets as at 31st March 2022 	Specific scope procedures on Property, Plant and Equipment and Investment Properties to be performed by Grant Thornton UK LLP

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Council and Group	<p>Under ISA (240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and nature of the revenue streams at Sevenoaks District Council and the group, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited 	We do not consider this to be a significant risk for Sevenoaks District Council or the group.
Fraud in expenditure recognition	Council and Group	<p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk the Council may manipulate expenditure to meet externally set targets and we had regard to this when planning and performing our audit procedures.</p> <p>Management could defer recognition of non-pay expenditure by under-accruing for expenses that have been incurred during the period but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results.</p>	<p>We will:</p> <ul style="list-style-type: none"> • inspect transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period; • inspect a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; and • investigate manual journals posted as part of the year end accounts preparation that reduces expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Council	<p>Under ISA (UK) 240 there is a non rebuttable presumed risk that the risk of management override of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.
Valuation of Land and Buildings (including Council, Investment Properties)	Council and Group	<p>You revalue your land and buildings on a rolling five yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council financial statements is not materially different from the current value or the fair value (for investment properties) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation; • test revaluations made during the year to see if they had been input correctly into your asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>Your pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Kent County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

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Introduction

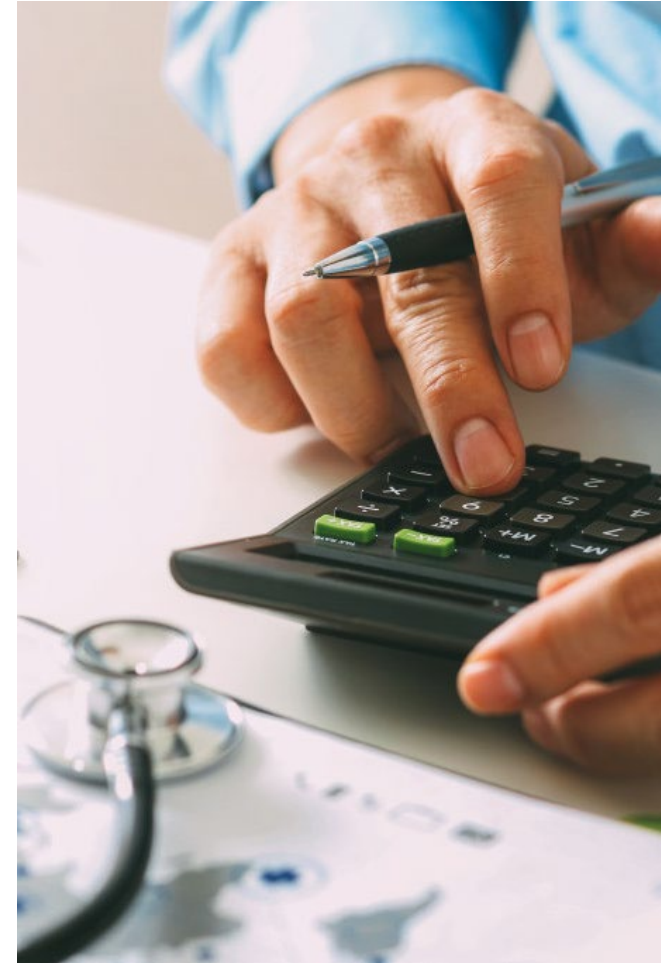
Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Appendix A

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, and investment properties
- Valuation of defined benefit net pension fund liabilities

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Accounting estimates and related disclosures



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Agenda Item 6

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures, we have sent enquiries to management and to the Audit Committee. We would appreciate a prompt response to these enquires in due course.

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
- issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report (see page 18). We will also need to identify whether any material uncertainties in respect of going concern have been reported for the Council's subsidiaries. If such a situation arises, we will consider our audit response for the group.

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

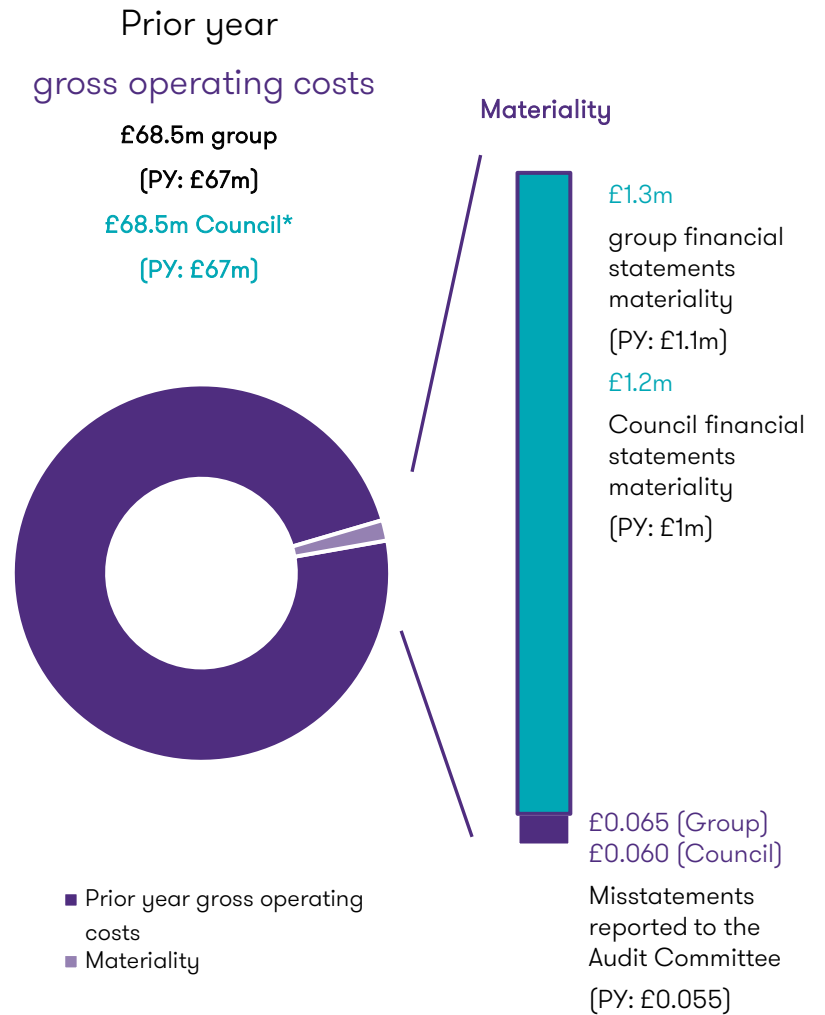
We have determined financial statement materiality based on a proportion of the gross expenditure of the group and Council for the previous financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.3m (PY £1.1m) for the group and £1.2m (PY £1m) for the Council, which equates to approximately 1.8% of your gross expenditure for the previous financial year.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.065m (PY £0.055m) for the group and £0.060m (PY £0.05m) for the Council.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

Revised approach to Value for Money work from 2020/21 onwards

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness

More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach

The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

Our VFM work is complete for 2021/22 and we issued our report in April 2023. Our conclusions are summarised in the table below:

Criteria	Risk assessment	Conclusion
Financial sustainability	Improvement recommendation identified because of the Council’s reliance on reserves and the need to rebuild them.	No significant weaknesses in arrangements identified, but improvement recommendation made.
Governance	Improvement recommendation raised due to the non-inclusion of non-financial information when reporting financial data.	No significant weaknesses in arrangements identified and no improvement recommendations made.
Improving economy, efficiency and effectiveness	Improvement recommendation raised due to the need to develop procurement KPIs. We also note the prior year recommendation relating to a procurement strategy has not been implemented.	No significant weaknesses in arrangements identified, but improvement recommendation made.



Governance

We reviewed the arrangements relating to Governance and have not identified any indications of significant weaknesses in arrangements.

Improving economy, efficiency and effectiveness

The Council has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources.

We reviewed the arrangements relating to the 3e’s and have not identified and indications of significant weaknesses in arrangements. We have raised an improvement recommendation regarding the creation of procurement KPIs and re-raised a prior year recommendation regarding the lack of a procurement strategy.

Audit logistics and team

Planning and risk assessment

Audit committee
October 2023

Audit Plan

Year end audit
TBC

Audit committee
TBC

Audit Findings Report
Audit Opinion

Audit committee
TBC

Auditor's Annual Report



Paul Cuttle, Engagement Lead

Responsible for overall client relationship, quality control, provision of accounts opinions, meeting with key internal stakeholders and final authorization of reports. Attendance of Audit Committee meetings supported by Manager as required.



Trevor Greenlee, Audit Manager

Responsible for overall audit management over the course of the year, support and review of work performed by audit In-charge and junior team members. Attendance Audit Committee meetings alongside Engagement Lead as required.

* The accounts timetable has not been agreed at the time of issuing this audit plan

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

	Fee 2020/21 (£)	Fee 2021/22 (£)
Sevenoaks District Council audit fee	78,730*	57,730

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \[revised 2019\]](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

* The 2020/21 fee has not yet been approved by the PSAA.

Audit fees – detailed analysis

	Fee 2020/21 (£)	Proposed Fee 2021/22 (£)
Scale fee published by PSAA	33,230	33,230
Increase in scale fee published by PSAA		2,800
Revised Scale Fee		36,030
Group audit	3,750	3,750
Increases to scale fee first identified in 2019/20 (regulatory changes, enhanced audit procedures in PPE and pensions).	7,500	4,700
New ISAs from 2020/21 onwards. ISA 540 - £1,500 journals testing - £3,000]	4,250	4,250
Value for Money work	9,000	9,000
Additional fee relating to overruns	21,000	-
Total audit fees (excluding VAT)	78,730	57,730

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

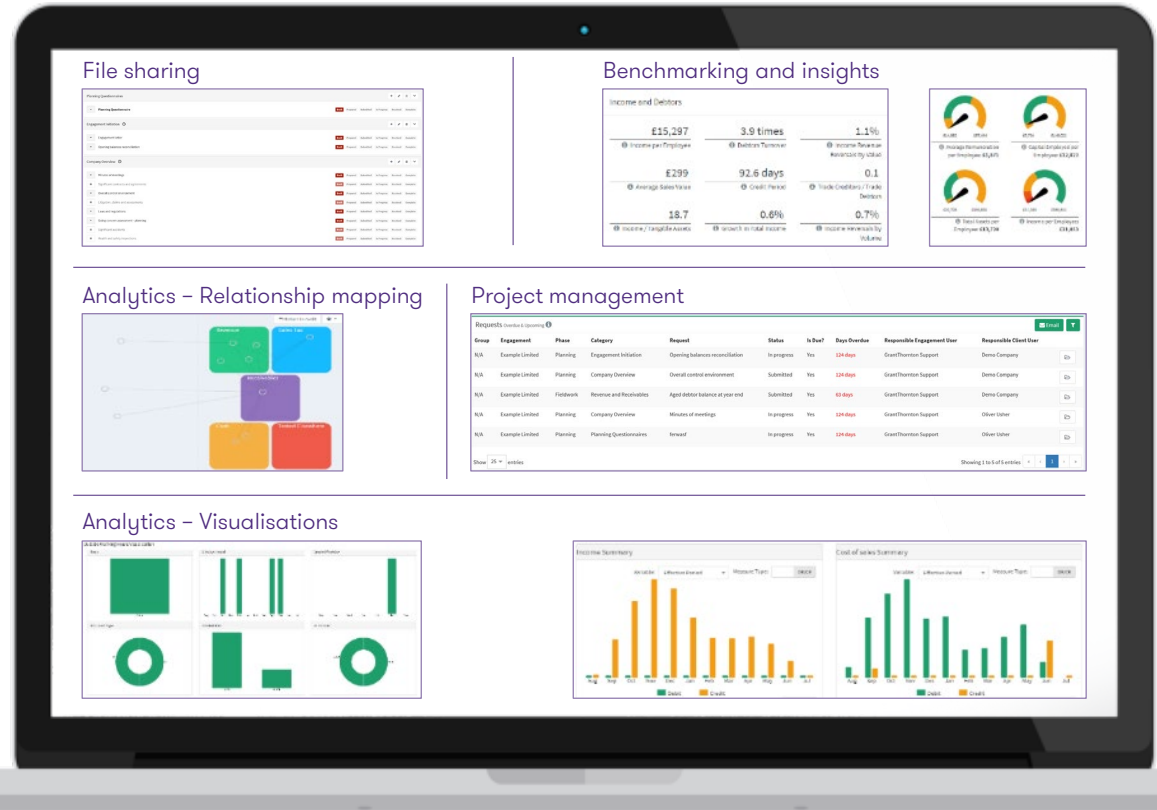
Service	Fees £	Threats	Safeguards
Audit related			
Certification of Housing Benefits grants	20,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £20,500 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations

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Grant Thornton's Analytics solution is supported by Inflo Software technology

Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



Project management

- Facilitates oversight of requests
- Access to a live request list at all times



Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.



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INTERNAL AUDIT PROGRESS REPORT

Audit Committee - 5 October 2023

Report of: Audit Manager

Status: For Consideration

Also considered by: None

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Jennifer Warrillow, Ext. 7053

Recommendation to Audit Committee: Note the contents of the report

Reason for recommendation: This report is part of regular reporting to Audit Committee on Internal Audit progress and outcomes. The overarching purpose is so that Members can assure themselves on the effectiveness of both the service itself and of risk management, governance and control processes within the Council.

Introduction and Background

- 1 The Audit Committee receives regular updates from the Internal Audit Partnership. Principally the focus of these updates is to track progress, findings, and key insights from delivery of the Internal Audit Plan.
- 2 The report also provides an update on the implementation of actions raised as part of our audit work and on the performance of Internal Audit via KPIs.

Other options Considered and/or rejected

None

Key Implications

Financial

There are no direct financial implications associated with this report.

Legal Implications and Risk Assessment Statement.

Under the Accounts and Audit Regulations, the Council is required to maintain an adequate and effective system of internal audit.

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Links to the Corporate Risk Register are provided within Appendix A.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Conclusion

This report provides Members with an update on the Internal Audit's outcomes and performance, including Internal Audit progress towards delivery of the 2023/24 Audit Plan.

Appendices

Appendix A - Internal Audit Progress Update

Background Papers

[Internal Audit Plan 2023/24](#)

Jennifer Warrillow

Audit Manager

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Internal Audit Update Report

5 October 2023



Agenda Item 7

Introduction

1. Internal Audit is an independent and objective assurance and consulting function. The shared team undertake reviews over the course of the year that are designed to evaluate and improve the Council's internal control, governance and risk management processes. Each individual review contributes towards the Chief Audit Executive's overall opinion on systems of risk management, governance and control provided at the end of the year.
2. This report provides Members with an update on internal audit activity, and, most importantly, its outcomes, against the Plan that was agreed by Members of this Committee in March 2023.
3. It also seeks to enable the Committee to discharge its responsibility to provide oversight of the quality and effectiveness of the Internal Audit Partnership. The Key Performance Indicators for Quarter 1 are provided in **Annex A**.

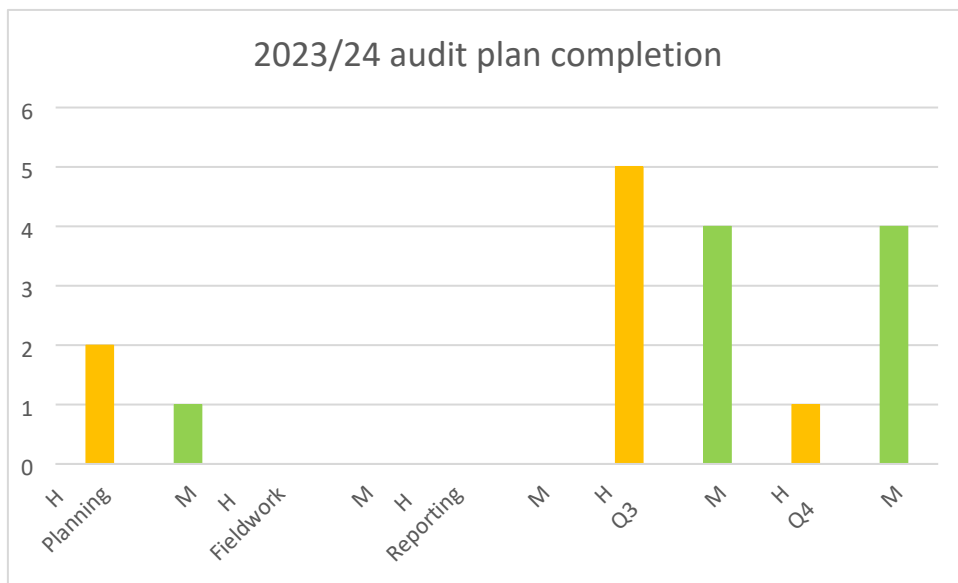
Internal Audit Progress Update

4. After the successful recruitment of two new Trainees and a Support Officer to the team, we unfortunately now have a vacancy for a Lead Auditor. We attempted to recruit to this post in July but that exercise was unsuccessful. We are currently out to advert for the post again.
5. Since the annual report and opinion presented to this committee in July, we have made the following progress on audit work:

Audit Title	Current Status	Assurance
2022/23 Audit Plan		
Service Planning	Complete	Reasonable
Taxi Licensing	Complete	Reasonable
Procurement	Complete	Limited
Landlord Incentive Scheme	Complete	Reasonable
Contract Management	Draft Report	
West Kent Partnership	Fieldwork	
Capital Project Management	Fieldwork	
Net Zero Action Plan	Draft Report	
Business Continuity	Fieldwork	
Revenues & Benefits Discretionary Powers	Draft Report	
2023/24 Audit Plan		
Accounts Payable continuous assurance	Planning	

Audit Title	Current Status	Assurance
IT Service Desk	Planning	
Community Mobilisation (Better Together)	Planning	
HUG1 grant claim verification	Fieldwork	

6. I have reviewed the 2023/24 audit plan and summarise our progress in the chart below. The issues raised above have meant that our focus in the first part of this audit year has unfortunately needed to be on completing 2022/23 work which explains our slow progress towards 2023/24 work. As part of the chart below, you will see when we intend to complete the remainder of the plan.



Internal Audit Outcomes

7. Since the last update report in September, we have completed a further 4 audits. I provide the summaries of the completed audits over the page along with their associated assurance ratings (definitions found at **Annex B**):

Taxi Licensing – Issued July 2023

Reasonable

The objective of this audit was to provide assurance on administration of applications and compliance with relevant legislation.

Sevenoaks District Council has responsibility for receiving and processing applications for both hackney carriage and private hire licenses and undertaking relevant checks to ensure compliance with the Hackney Carriage and Private Hire License Policy, Taxi and Private Hire Licensing: best practice guidance March 2010 & Statutory Taxi & Private Hire Vehicle Standards 2020 as well as other relevant legislation.

Key Strengths:

- There is an approved Hackney Carriage and Private Hire License Policy in place which is currently being reviewed and will be subject to public consultation and follow a formal approval process in preparation for March 2024.
- There is a robust training programme in place for new starters.
- There are sufficient controls in place to ensure applications are only progressed once the knowledge test has been passed.
- Controls are in place to ensure all fees and charges are collected before applications are progressed. A daily reconciliation takes place to match up payments received against applications made.

Areas for Development:

- Testing of new and renewed licence applications found that some applications had been approved when information was missing. Missing information included: practical taxi test certificate, certificate of good conduct, right to work in the UK, and vehicle inspection report.
- Testing of DBS checks found that while DBS checks are being submitted on time, they are not always followed up timely and in one case the 6 monthly check had not taken place.

The table on the next page provides a summary of the number of actions resulting from this audit.

Priority Ranking	Number of audit actions	Actions agreed
High	2	2
Medium	2	2
Low	5	5
Total	9	9

Service Planning – Issued August 2023

Reasonable

The objective of the audit was to consider the effectiveness of the Council’s service planning process. We found the arrangements in place to complete and monitor service plans are generally sound. However, we identified improvements in control to strengthen the process to engage staff and to report progress against objectives.

Key strengths

- The Council Planning Framework sufficiently sets out the thread between the Council Plan, Corporate Strategy and service planning.
- There is sufficient coverage of all five of the Council’s themes and Corporate Strategy pillars across service plan objectives.
- The progress update template provides sufficient guidance on the elements requiring an update.

Areas for development

- The service plan template does not ask managers to consider and document the risks to achievement of their objectives and how these will be mitigated. Nor does it cover the resources required, including input from other teams across the Council.
- There is no defined or documented timeline in place for the service planning process.
- The approach to reporting progress against service objectives needs reviewing to ensure management receive an accurate picture of progress, including those who do not return an update.

Priority Ranking	Number of audit actions	Actions agreed
High	1	1
Medium	3	3
Low	4	4
Advisory	1	1
Total	9	9

Procurement – Issued August 2023

Limited

The objective of this audit was to review the Council's compliance with legislation and Contract Procedure Rules when undertaking procurement.

Procurement is embedded across all Council services and a key function to deliver best value and help the Council achieve their vision. The Council does not have dedicated procurement resources. Overall responsibility for Council procurement activity is devolved to the respective Chief Officers and by delegation to their respective Service Managers. The experience, knowledge and advice of the Head of Legal and Democratic Services, Procurement Assurance Group (PAG), and Service Managers are relied upon to ensure that procurements are implemented and aligned with the Council's Procurement Manual (PM), Contract Procurement Rules (CPR) and the relevant regulations.

Key Strengths:

- There is an up to date and approved PM and CPR in place which are aligned to regulations. These were developed by an external consultant.
- There is a Scheme of Delegation (SoD) in place which is built into the Council's financial system, Agresso.

Areas for Development:

- There are inconsistencies between the requirements of the Council's procurement guidance, PM and CPR.
- Guidance does not detail the procurement process for each of the different spending thresholds.
- There is a lack of resources and structure in place to provide monitoring and oversight and therefore Officers do not have assurance that procurement is being effectively implemented.
- There is no process in place to analyse Council spend to ensure aggregation of spend.
- The Head of Legal and Democratic Services is not supported in the procurement process, leading to overstretched resources, bottlenecks and continuity issues.
- The process to complete waivers/ exemptions is not always followed.
- The Council does not have a formal approach to procurement training for officers and members of the PAG to ensure that the rules are acknowledged and understood. Nor is there a process in place to ensure that relevant officer's awareness is refreshed periodically.

A summary of the number of actions we have raised is shown in the table below:

Priority Ranking	Number of audit actions	Actions agreed
High	7	7
Medium	7	7
Advisory	1	1
Total	15	15

Landlord “Help to Let Scheme” – Issued August 2023

Reasonable

The objective of the audit was to seek assurance on the adequacy and effectiveness of the Landlord Help to Let Scheme in line with requirements, as well as on the accuracy of performance and financial information. Overall, we found that arrangements in place for managing the Help to Let Scheme are adequate and effective. We have identified the following strengths and areas for development which have contributed to the Reasonable audit opinion provided.

Key strengths:

- The Help to Let Scheme is aligned to the Council’s and Housing Directorate’s priorities.
- There is a scheme of delegation to approve financial incentive payment requests.
- Sample testing confirmed Help to Let applications have been processed in accordance with the Scheme requirements and approved in accordance with the Council’s Scheme of Delegation.
- There is Help to Let KPI “*Number of Customers housing in PSL property*” and target included in the Housing 2022/23 Service Plan that was approved by Chief Officer of People and Places.
- The Help to Let KPIs performance was monitored and reported monthly to Senior Management Team and quarterly exception reports submitted to Scrutiny Committee.
- There are a variety of communication channels used to raise awareness of the Help to Let Scheme. These include advertising on Twitter, the Landlord Forum, and the Inshape Magazine distributed across the district.
- Sample testing confirmed landlords’ compliance certificates meet the Help to Let Scheme requirements.

Agenda Item 7

Areas for development:

- The criteria/basis for determining and calculating the Scheme’s financial incentive payments is not clearly defined in the Help to Let Brochure.
- The Help to Let Private Sector Letting (PSL) Procedures which guide staff on the processing of Help to Let applications and payments are not consistent with the current working practices. In addition, there is no evidence to demonstrate the PSL Procedures have been reviewed and approved.
- The General Home Pot budget is overspent by £18,077 and there is no record on the Department’s Finance Budget Summary to explain the reason why and the corrective action taken.

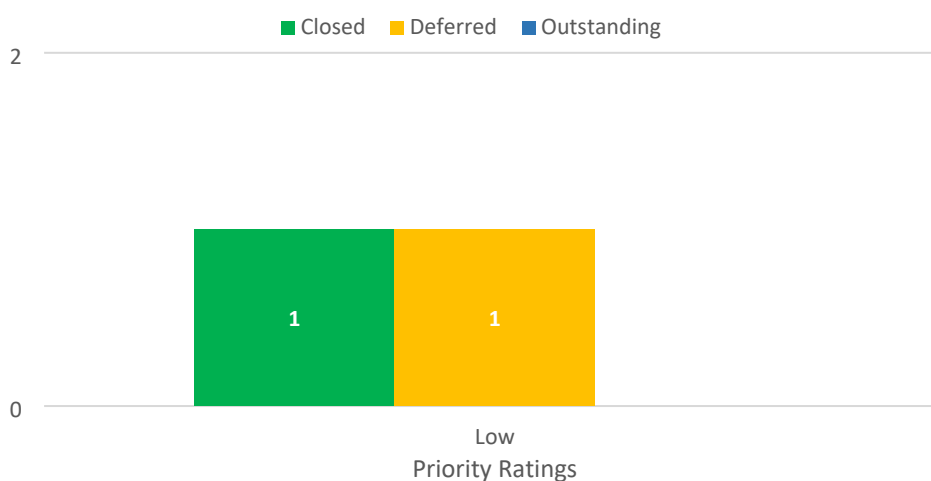
The below table provides a summary of the actions we have raised:

Priority Ranking	Number of audit actions	Actions agreed
Medium	3	3
Total	3	3

Follow Up

8. Internal Audit follows up all Critical, High, Medium and Low priority findings as they fall due. The below table shows the results of our follow up process for actions due in Quarter 1 this financial year. All deferrals have been agreed by the Chief Officer – Finance and Trading or the actions have made significant progress and we are expecting them to be fully implemented shortly.

Action progress between 1 April and 30 June 2023



Internal Audit Performance

9. **Annex A** contains the results of our Performance Indicators (PIs) for Quarter 1 (April - June). Our PIs indicate that we are still struggling with meeting timelines and budgets agreed when planning audits. We are working to identify the main causes of these issues so that we can address them, though we have already made some improvements to our processes since the audits that have impacted on these figures were started. As a result, throughout this year, I would anticipate that the PIs should improve. Issues during the past 12 months including vacancies within the team, long term sickness have contributed to these figures. Additionally, with ensuring that our 3 new members of the team have been properly supported during their induction and training, this has also had an impact on our performance as reported during quarter 1.
10. One of our Trainees, Abigail Corbett recently received a letter of commendation from Birmingham City University for achieving the highest score in her cohort for their recent exam on Internal Audit Leadership.

Conclusion

11. While slower than desired, completion of prior year's audit work is progressing well and is improved from recent years. Work on the 2023/24 audit plan has started and is in line with anticipated timings given the delays in completing 2022/23 work.
12. The majority of our vacancies are now filled and the new Members of the team are settling in well. Efforts to recruit to the remaining vacant post are ongoing.
13. We would like to thank Officers, Managers and Members for their ongoing support and co-operation to enable us to deliver our work.

Jennifer Warrillow

Audit Manager

Annex A – Key Performance Indicators for Q1 (April to June 2023)

Finance: Associated performance indicators	Q1 2023	Internal processes: Associated performance indicators	Q1 2023
F1: Percentage of budgeted days taken to complete projects – <i>Target 110%</i> Reported on a cumulative basis Indicator measures any variance between the days agreed on the final brief vs. the actual time coded	218%	I1: Percentage of draft audit reports issued by the date given on the final audit brief - <i>Target 70%</i> Reported quarterly Indicator measures the efficiency of our audit work and effective engagement between auditors and clients	0%
F2: Chargeable days – <i>Target 65%</i> Reported on a quarterly basis Indicator measures the actual chargeable activities against the assumptions made in the audit plan	52%	I2: Average time taken between issue of the DRAFT report and FINAL report – <i>Target 15 working days</i> Reported quarterly Indicator measures the effectiveness of our process to finalise audit reports and currency of reporting	4.7 days
Client satisfaction: Associated performance indicators	Q1 2023	Learning & Development: Associated performance indicators	Q1 2023
C1: Percentage of audits with real time service improvements – <i>Information only.</i> Reported quarterly Indicator measures percentage of audits which result in service improvements identified and actioned during the audit process and not included in management action plans	67%	L1: Audit actions fully implemented within agreed timescales – <i>Target 80%</i> Reported quarterly Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process	DBC 12/19 63%
C2: Respondents agreement with the audit actions – <i>Target 90%</i> Reported on a project by project basis Indicator measures Client agreement to the audit findings and resulting actions from our audit work	100%	L2: Number of audits using data analytics tools – <i>Target 60%</i> Reported quarterly Indicator measures our development of the use of data analytics to enable greater assurance to be provided.	67%

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Annex B - Definitions of Assurance ratings:

OPINION	DEFINITIONS
<p>Substantial Assurance</p>	<p>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.</p>
<p>Reasonable Assurance</p>	<p>There is a generally sound system of governance, risk management and control in place.</p> <p>Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>
<p>Limited Assurance</p>	<p>Significant gaps, weaknesses or non-compliance were identified.</p> <p>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.</p>
<p>No Assurance</p>	<p>Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified.</p> <p>The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.</p>

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STRATEGIC RISK REGISTER

Audit Committee - 5 October 2023

Report of: Audit Manager

Status: For Consideration

Also considered by: None

Key Decision: No

Executive Summary: This report presents the most recent version of the Strategic Risk Register for consideration by Audit Committee.

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Jennifer Warrillow, Ext. 7053

Recommendation to Audit Committee: Consider and note the contents of the Strategic Risk Register

Reason for recommendation: The Audit Committee, through its Terms of Reference, has responsibility for maintaining an overview of risk management development and operations. Regular oversight of the Strategic Risk Register is an important part of discharging this responsibility.

Introduction and Background

- 1 Audit Committee is required, through its Terms of Reference, to maintain oversight of risk management arrangements and operations. As such, it receives periodic updates on risk management, including the Strategic Risk Register.
- 2 The Strategic Risk Register was last presented to Audit Committee in March 2023. Since then, the register has been updated quarterly through individual meetings with risk owners and collective discussions at Strategic Management Team (SMT). The most recent update (September 2023) is presented at Appendix A.
- 3 The table on Pages 2 of Appendix A gives an overview of changes made to the Strategic Risk Register since January 2023. There have been no increases in risk scores since the last quarter.
- 4 Six risks are currently above the target score and actions are in place to reduce the current score accordingly:
 - a. SR01 Finance

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- b. SR02 Asset management & maintenance
- c. SR05 Information & data management
- d. SR08 Health & Safety (incl. Staff Wellbeing)
- e. SR12 Capital Projects
- f. SR13 Net Zero

Other options Considered and/or rejected

None

Key Implications

Financial

There are no direct financial implications associated with this report, however financial risk is considered as part of the Strategic Risk Register.

Legal Implications and Risk Assessment Statement.

The Strategic Risk Register is the core mechanism used by the Council to identify, assess and monitor key risks. There are no direct legal implications associated with this report, however compliance risk is considered as part of the Strategic Risk Register.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

Since the last update to Audit Committee in March 2023, there have been some changes to the Strategic Risk Register. As part of its governance and oversight role regarding the Council's risk management, Audit Committee is asked to review and consider the updated Strategic Risk Register.

Appendices

Appendix A - Strategic Risk Register

Background Papers

None

Jennifer Warrillow

Audit Manager

Strategic Risk Register

September 2023



Strategic Risk Profile

Risks are assessed based on *impact and likelihood* to gain an overall view of the significance of the risk's threat to the achievement of objectives. These are multiplied to give an overall score which is used to inform our response to the risk. The table below summaries the net score (after controls have been applied) for each risk including changes since the last update and a comparison with the target score.

Ref	Risk Title	Jan 2023 Score	March 2023 Score	June 2023 Score	September 2023 Score	Target Score	Net risk within target risk?
SR01	Finance	10 Medium	10 Medium	15 High	15 High	10 Medium	No
SR02	Asset management & maintenance	8 Medium	8 Medium	8 Medium	8 Medium	6 Low	No
SR03	Knowledge, capacity & culture	8 Medium	8 Medium	8 Medium	8 Medium	8 Medium	Yes
SR04	Technology	6 Low	6 Low	6 Low	6 Low	6 Low	Yes
SR05	Information & data management	9 Medium	9 Medium	9 Medium	9 Medium	6 Low	No
SR06	Legal compliance, governance & ethics	6 Low	6 Low	6 Low	6 Low	6 Low	Yes
SR07	Capacity of community partners	6 Low	6 Low	6 Low	6 Low	6 Low	Yes
SR08	Health & Safety (incl. Staff Wellbeing)	9 Medium	9 Medium	9 Medium	9 Medium	6 Low	Yes
SR09	Emergency planning & severe weather events	9 Medium	9 Medium	9 Medium	9 Medium	9 Medium	Yes
SR10	Safeguarding	4 Low	4 Low	4 Low	4 Low	4 Low	Yes
SR11	Temporary Accommodation	12 Medium	12 Medium	9 Medium	9 Medium	9 Medium	Yes
SR12	Capital Projects	8 Medium	8 Medium	12 Medium	12 Medium	8 Medium	No
SR13	Net Zero	9 Medium	9 Medium	9 Medium	9 Medium	6 Low	No
SR14	Cost of Living Pressures	9 Medium	9 Medium	6 Low	6 Low	6 Low	Yes

The matrix below shows the Council’s overall risk profile, again based on net risk. The impact matrix which gives guidance on the definitions to be applied when considering impact is provided at the end of this document.

		Impact	Impact	Impact	Impact	Impact
		Minimal (1)	Minor (2)	Moderate (3)	Major (4)	Critical (5)
Likelihood	Very Likely (5)					
Likelihood	Likely (4)	SR10				
Likelihood	Possible (3)		SR14	SR05 SR08 SR09 SR11 SR13	SR12	SR01
Likelihood	Unlikely (2)			SR04 SR06 SR07	SR02 SR03	
Likelihood	Very Unlikely (1)					

The summary below maps each of the strategic risks to the Council Plan:

No.	Risk	Net Risk Rating	Value for Money	Keep the District Safe	Provide high quality services	Protect the Green Belt	Support and grow the local economy
01	Finance	15	✓	✓	✓	✓	✓
02	Asset management & maintenance	8	✓		✓		✓
03	Knowledge, capacity & culture	8	✓	✓	✓	✓	✓
04	Technology	6	✓	✓	✓	✓	✓
05	Information & data management	9	✓	✓	✓	✓	✓
06	Legal compliance, governance & ethics	6	✓	✓	✓	✓	✓
07	Capacity of community partners	6	✓	✓	✓		✓
08	Health & Safety (incl. Staff Wellbeing)	9	✓	✓	✓	✓	✓
09	Emergency planning & severe weather events	9	✓	✓	✓	✓	✓
10	Safeguarding	4		✓	✓		
11	Temporary Accommodation	9	✓	✓	✓		
12	Capital Projects	12	✓		✓		✓
13	Net Zero	9		✓		✓	✓
14	Cost of Living Pressures	6	✓	✓	✓		✓

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Strategic Risk Register

The strategic risks are detailed below. Each risk has a lead officer who is best placed to co-ordinate the response to the risk.

Each risk is first assessed **gross** (without existing controls in place) and then re-assessed following the identification of key controls to give the **net** score. Each risk is also given a **target** score, which is the desired rating for the risk.

The overall **rating (R)** is derived by multiplying the **likelihood (L)** and the **impact (I)**.

Actions have been identified to further enhance controls where relevant.

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
SR01: Finance - Failure to deliver a balanced budget Lead Officer: Adrian Rowbotham & Alan Mitchell											
• Limited opportunity to generate income through the business rates retention scheme and New Homes Bonus • Effect of council tax referendum limits • Low, decreasing and uncertain level of government grant • Uncertainty of the timing and outcome of the Government spending and fair funding review • Potential for negative government funding (local authority to make payments to Government) • Effect of cost of external borrowing on the Council's budgets • Loss of external funding • Budget assumptions not accurate	• Poor financial health • Inability to maintain services and deliver Council Vision and Promises • Requirement to issue S114 notice • Reputational damage • Negative impact on staff morale and potential recruitment and retention difficulties • Poor outcome for the Audit of Accounts or Value for Money assessment • Potential for increased intervention • Reduced income or increased	4	5	20	• Self-sufficient budget position; no reliance on direct government funding • Long term 10-year budget framework including Savings Plan • Flexible use of reserves • Alternative funding source - Property Investment Strategy • Strong financial and scenario planning over the short, medium and long term • Effective budget setting and financial monitoring processes embedded • Financial and budget risk management process in place • Effective financial governance including reports to FIAC, Cabinet, Audit Committee and Scrutiny Committee • Qualified and experienced officers in post	3	5	15	2	5	10

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
<ul style="list-style-type: none"> Ability to identify increase in savings requirement to deliver a balanced 10-year budget Failure to meet savings targets Poor financial plans and strategies Ineffective financial governance Lack of capacity and skilled professionals within the finance team Failure to maintain proper financial and budgetary controls Change in customer demand (eg car parking) and expectation Inflation Treasury management returns below expectations. Under performance of property investment assets (SDC & Quercus 7) Uncertain inflationary environment Pay award 2023/24 negotiations not yet agreed Failure of partners Recognising an increase in section 114 notices from other Councils 	<p>expenditure as a result of changing customer demands</p> <ul style="list-style-type: none"> Treasury management change in approach may result in higher volatility of returns Inflationary expenditure increases exceeding income and funding increases Reduced property investment strategy income 				<ul style="list-style-type: none"> 10-year balance sheet 3-year detailed cash flow Finance Procedure Rules in place (but see action below) 2022/23 early indications financial report to FIAC & Cabinet May 2022 Effective financial governance of property investment strategy including reports to FIAC, Cabinet and Scrutiny Committee Regular Quercus 7 Board and Trading Board meetings Review of section 114 notices from other Councils. 						
<p>Actions</p> <p>Update Finance Procedure Rules - October 2023</p> <p>Budget setting process for 2024/25 will run from September to February which will include a detailed savings exercise - February 2024</p>											
<p>Available Assurance</p> <ul style="list-style-type: none"> Counter Fraud assessment - of 52 sections, 19 Compliant, 21 Partially Compliant, 12 Not Met Internal Audit of ten year budget process issued September 2021 - 'Reasonable' assurance External Audit of 2020/21 financial statements External Audit value for money report for 2022/23 Internal Audit of corporate credit cards - Completed in October 2021 with Limited Assurance 											

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
<ul style="list-style-type: none"> Internal Audit of Property Investment Strategy completed June 2022 with Reasonable assurance Ad hoc external consultants provide reports on state of the property markets Annual property investment valuation carried out by independent consultant, in line with CIPFA and RICS standards 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR02: Asset Management & Maintenance - Losing the ability to: a) Dispose of surplus land; b) Maintain and develop assets and land holdings; c) Secure tenants for vacant or part-vacant assets Lead Officers: Adrian Rowbotham & Detlev Munster											
<ul style="list-style-type: none"> Lack of finance to deliver asset management plans and maintenance programmes Lack of capacity to appropriately manage, maintain and invest in the council's assets Failure to maximise the benefit from asset disposals Lack of tenants to occupy vacant or part-vacant assets Lack of buyers for surplus Council land Failure to adopt effective governance procedures Project management skills to ensure cost effective and robust developments 	<ul style="list-style-type: none"> Decrease in asset values placing increased pressure on council budgets Failure to maximise the opportunity to raise income from investment in assets Increased insurance premiums Adverse impact on service delivery Loss of investment or income opportunities Reputational damage Closure of public assets and loss of community facilities 	3	4	12	<ul style="list-style-type: none"> Property / Asset Register (record of land in Council ownership) Asset maintenance budgets reviewed annually Ongoing strategic review of council owned property Inventory registers in place Financial procedure rules in place (but see action below) Economic Development & Property team in place Professional, external advisers engaged to support the development of strategies and fill skills and capacity gaps 	2	4	8	2	3	6

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<ul style="list-style-type: none"> Failure to identify partners to take forward projects and initiatives Loss of contracted providers to manage and operate assets Covid-19 / Economic conditions - ability to find or retain tenants, collect lease or rental income, reduction in asset values (systemic risk) Lack of suitable skills or sufficient capacity Inadequate Property/Asset Register held by SDC and other statutory bodies Legislative and regulatory changes resulting in novel work areas needing to be completed which have not been budgeted for (RAAC and MEES). 	<ul style="list-style-type: none"> Corporate Landlord liabilities associated with poorly maintained assets (tenants and corporate buildings) - cross refer to SR09 				<ul style="list-style-type: none"> Capital Programme and Asset Maintenance plan in place Surveys of all Council buildings completed and reflected in Asset Maintenance plan Long term leases in place with providers with regular monitoring 						
<p>Actions</p> <ul style="list-style-type: none"> Prepare and periodically review Asset Management Plan - April 2024 Disposals policy to be approved and decision on property procedure rules awaited - October 2023 Update Asset Register - in progress and has become a higher priority due to ongoing issues being identified - April 2024 RAAC risk assessments being undertaken following Government guidance - Current 											
<p>Available Assurance</p> <ul style="list-style-type: none"> Internal Audit of Corporate Landlord Liabilities - Limited Assurance (July 2022) 											

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
SR03: Knowledge, capacity & culture - Management of the Council's human resources fails to protect the Council's culture, making it difficult to address gaps in capacity and knowledge Lead Officer: Jim Carrington-West & Diana Chaloner											
<ul style="list-style-type: none"> Continuing reductions to Council budgets National and local pay constraint Increasing cost of living Inability to employ and retain high quality staff Increased demand for services and high levels of work with reduced capacity and resources Requirement for new skills to deliver the Council's Corporate Plan promises Lack of capacity within the Human Resources team to develop policy and support the workforce Ineffective succession planning High staff turnover Loss of IIP Platinum status Impact of Covid-19 on working practices and greatly increased working from home 	<ul style="list-style-type: none"> Lack of resources to employ, develop and support the wellbeing of staff Impact of poor mental health across the organisation Reduced morale and staff satisfaction Reduced productivity Reduced quality of staff and work / services Unable to recruit or retain high quality staff Increased absence levels Unable to continue to deliver the range and quality of services currently experienced Skills gaps that inhibit the ability to deliver Council projects Reputational damage as an employer and a service provider 	4	4	16	<ul style="list-style-type: none"> 10-year budget minimises the need for short notice changes to the workforce Recruitment and retention policies Managing Attendance Policy supported by return to work and staff wellbeing initiatives Staff Appraisal Scheme and Personal Development Plans further enhanced by the introduction of the Clear Review system Regular Staff Surveys and Investors in People Assessments to benchmark effectiveness as an employer Management and Staff Development programmes to support staff and protect the organisational culture Ability to engage professional, external advisers to support the organisation and fill skills and capacity gaps Investors in People Platinum status maintained (re-assessed in January 2023), demonstrating the Council is a high quality employer Re-evaluated HR strategies, training, development and retention plans and internal 	2	4	8	2	4	8

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
					communications to address the post Covid working environment <ul style="list-style-type: none"> • Introduction of new Workforce strategy • New LMS launched • Training and support around financial planning and wellbeing package to support staff in coping with cost of living crisis 						
Actions											
Available Assurance <ul style="list-style-type: none"> • Investors in People Platinum status (re-assessed January 2023) • Internal Audit of ten-year budget strategy reported September 2021 - 'Reasonable' assurance • Internal Audit of appraisals - completed in October 2021 with 'Reasonable' assurance • Internal Audit Staff Wellbeing completed November 2022 'Reasonable' assurance 											

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
SR04: Technology - The Council's Information Technology doesn't meet the needs of the Council, Members, Officers and the local community Lead Officer: Jim Carrington-West & Amy Wilton											
<ul style="list-style-type: none"> Lack of finance to effectively procure and develop IT infrastructure and solutions across the Council Lack of capacity and skilled professionals to procure, implement and develop IT infrastructure and solutions across the Council Failure to identify areas where IT solutions could improve service delivery and reduce costs Failure to implement robust IT security arrangements in existing and new infrastructure and software Failure to meet the demands of partnership working in the delivery of solutions and on-going IT support Poor data management preventing the implementation of new services User base may not have sufficient broadband to work from home 	<ul style="list-style-type: none"> Failure to effectively deliver Council services and objectives Failure to benefit from the service efficiencies good use of IT would deliver e.g. channel shift, demand management, digital services Failure to maximise the cost savings and value for money efficient use of IT would deliver Security lapse could compromise the Council IT network and render systems inoperable Data loss Reputational damage Failure to deliver projects within required timescales Failure to provide adequate day to day support to customers Failure to prioritise projects effectively as 	4	4	16	<ul style="list-style-type: none"> IT Security Policy recently updated Business Continuity Plan Disaster recovery plans in place Network security measures in place including firewall and access level controls Procurement practices in place within the IT Service Experienced staff in post Effective budget setting and financial monitoring processes embedded Officer groups in place to support progress of digital services Ability to work in office or to deploy applications via Citrix or RDS Ability to engage professional, external advisers to support the organisation and fill skills and capacity gaps Digital Strategy Core server infrastructure including back-up infrastructure area recently updated Wifi in the building recently improved 	2	3	6	2	3	6

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
	financial resources reduce										
Actions <ul style="list-style-type: none"> Conducting an in-depth review of the disaster recovery and business continuity plans and how they would be actioned in practice, including the systems that support these plans - Timescale to be determined. 											
Available Assurance <ul style="list-style-type: none"> Internal Audit of IT Governance October 2022 with Reasonable assurance LGA Cyber Security Review Central Digital and Data Connection Officer PSN certificate received September 2023 and valid until August 2024 											

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Gross Score

Net Score

Target Score

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R

SR05: Information & Data Management - Failure to properly protect, preserve and make best use of the data and information resources that the Council holds
Lead Officer: Jim Carrington-West & Martin Goodman

<ul style="list-style-type: none"> Lack of capacity or skills within the workforce to implement a knowledge management system Lack of IT capacity to support a knowledge and information management system Ensuring compliance with the requirements of the Code of Connection Ensuring security levels are appropriate to protect data and information without preventing effective and efficient service delivery Breach / non-compliance with General Data Protection Regulations (GDPR) 	<ul style="list-style-type: none"> Breach of regulations and potential for significant financial penalties Impact on residents / customers Failure to meet the Council's objectives Failure to continue to deliver high quality services across the Council Increased costs from recruitment and staff training Negative impact on the organisation's culture and on staff morale Reputational damage 	4	5	20	<ul style="list-style-type: none"> Ability to engage professional, external advisers to support the organisation and fill skills and capacity gaps Data Protection policies in place and available to all staff Training for all staff on Data Protection IT policies in place Annual assessment against the Code of Compliance Disaster recovery plans in place Business Continuity Plan in place Information Governance Policy endorsed by SMT Digital strategy Actions from Cyber Security Audit implemented Core IT infrastructure recently updated 	3	3	9	2	3	6
--	--	---	---	----	--	---	---	---	---	---	---

Actions

- Conducting an in-depth review of the disaster recovery and business continuity plans and how they would be actioned in practice, including the systems that support these plans - Timescale to be determined.
- Improvements to data back-up in progress as a result of funding from DLUC

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
Available Assurance <ul style="list-style-type: none"> • LGA review of cyber security • Annual penetration testing - covered with LGA review as above • PSN certificate received September 2023, valid until August 2024 • Monitoring Officer monitors compliance with DP training using system reports • Internal Audit of Information Security completed June 2022 with Reasonable assurance 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR06: Legal compliance, governance & ethics - Failure to recognise and adapt to changes in legislation and to deliver proper governance, scrutiny and internal control to protect the Council from poor practice and mismanagement Lead Officer: Jim Carrington-West & Martin Goodman											
<ul style="list-style-type: none"> Lack of capacity in the workforce to identify and adhere to legislative changes Lack of finance to adjust to changes in legislation Lack of Member or Senior Management support to deliver service changes in response to new legislation Breakdown in relationships between Members and Officers Lack of capacity and skilled professionals within the Legal, Democratic and Internal Audit teams Lack of financial resources to deliver high quality governance arrangements Governance arrangements which may not provide effective oversight of shared service arrangements Lack of skills and resources to provide Counter-Fraud and Corruption service Ineffective support for Councillors in relation to governance, legal compliance and ethics Procurement undertaken outside of / in breach of the Rules 	<ul style="list-style-type: none"> Failure to fulfil statutory duties resulting in government intervention and an increase in legal liabilities Failure to continue to deliver high quality services Increase in customer complaints and falling satisfaction levels Increase in incidences of fraud and error Failure to maximise the opportunities changes to legislation may bring Ineffective political and management leadership Ineffective scrutiny of decision making and performance Failure to deliver statutory requirements including an up to 	3	4	12	<ul style="list-style-type: none"> Dedicated in house Legal team with qualified and experienced officers in place Professional managers within service areas (Council-wide) Council's Constitution including Codes of Conduct, Officer / Member Protocol and Standards regime Cabinet and Committee Structure including Advisory, Governance, Audit, Scrutiny & Standards Committee's Monitoring Officer and Section 151 officers in post Effective budget setting and financial monitoring processes embedded Annual review of Committee Terms of Reference Members Handbook and Training Annual Governance Statement and action monitored and plan reported to Audit Committee Risk management framework recently updated 	2	3	6	2	3	6

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
	date constitution, an effective Internal Audit function and an Annual Governance Statement <ul style="list-style-type: none"> • Reputational damage 										
Actions											
Available Assurance											
<ul style="list-style-type: none"> • Internal Audit of Members Allowances and Expenses reported September 2021 - Substantial assurance • Internal Audit review of AGS returns • Internal Audit of Legal Case Management completed June 2022 with Limited assurance • Internal Audit of IT Governance completed October 2022 with Reasonable assurance 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR07: Capacity of Community Partners - The impact of austerity and reduced public spending on the workloads and budgets of community partners and the voluntary sector Lead Officer: Sarah Robson											
<ul style="list-style-type: none"> • Reductions in Government funding of partners such as housing, health, leisure, Kent County Council (KCC), Police and Fire and Rescue Services. • Significant annual budget savings being proposed by public services operating locally, including KCC and NHS, which may impact community partners and voluntary sector. • Increased demand on partner resources and services as a result of rising cost of living, against historic reductions in government funding • Changes to the way Government grant is distributed inhibiting the delivery of local priorities e.g. health funding • Reductions in Council grant constraining the funding available for community grants • Reduction in the number of voluntary sector organisations operating in the District as a result of funding difficulties or lack of willing volunteers. • Loss of community partners 	<ul style="list-style-type: none"> • Unable to deliver the priorities and actions set out in the Community Plan, Community Safety Action Plan and Health and Wellbeing Action Plan • Cost shunt of customer demand to local services is unsustainable • Unable to deliver on the priorities and actions set out in the Council's health and housing strategies • Increased hardship in the District • Loss of partner organisations and assistance in the District • Greater health inequalities across the District 	3	3	9	<ul style="list-style-type: none"> • Robust budget setting processes in place which consider the benefits of the Council's community grant scheme and Service Level Agreements • Representation on the Kent Voluntary and Community Sector Strategic Partnership Board • Continue regular interaction with advisers at DLUHC • Service Plans being adapted and delivered • Internal and external working groups established to address financial hardship • Ability to attract external funding to sustain community projects • Strong relationships with local community and voluntary groups • Community Awards Scheme to celebrate the success of local residents and community projects and promote the benefits of volunteering • Local Strategic Partnership delivery of the Community Plan, supported by the Community Wellbeing Fund funding local organisations and initiatives responding to 	2	3	6	2	3	6

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					the impact of the cost of living <ul style="list-style-type: none"> Local Strategic Partnership for the District Robust monitoring process in place for Service Level Agreements and Grants to ensure outcomes are being achieved. Processes and controls under review. Voluntary Sector Forum established for the District Annual barometer survey of voluntary sector organisations operating in the District Working in partnership with Imago to increase volunteers in the District Delivery of x2 volunteer fairs each year Partnership Agreement in place and monitored with West Kent Housing Association Funding Agreement with Kent Public Health to deliver One You programme in the district to address health inequalities. 						
Actions Undertake annual voluntary sector barometer survey											
Available Assurance <ul style="list-style-type: none"> Internal Audit consultancy review of Community Grants reported September 2021 Sevenoaks District Voluntary Sector Forum Community Grants and LSP Community Wellbeing Fund Service Level Agreements in place with key voluntary sector partners 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR08: Health & Safety - Breach / non-compliance with Health & Safety legislation and practices resulting in harm to workforce											
Lead Officer: Jim Carrington-West and Nick Chapman and Trevor Kennett											
<ul style="list-style-type: none"> Ineffective or lack of Health and Safety Policy, guidance and training for staff Ineffective controls for the management of Health and Safety Ineffectiveness of health and safety risk assessments Lack of awareness of health and safety controls and practices at work Lack of capacity and skills to ensure continuous provision of high quality health and safety in the work place Property standards decline Threats posed by the pandemic - both in the office and - how we use everything Increased home working as a result of hybrid working - equipment and facilities - staff not have equipment to work from home 	<ul style="list-style-type: none"> Poor working practices Increased absence from work Work place accidents and near misses Health and Safety Executive inspections and fines Reputational damage as a service provider and as an employer Corporate Manslaughter Financial impact Non-compliance with statutory requirements 	4	5	20	<ul style="list-style-type: none"> Health and Safety Policy regularly updated Health and Safety guidance Health and Safety risk assessments Regular review and monitoring of risk assessments and safe working practices Health and Safety training Health and well-being monitoring including sickness monitoring Accident recording, monitoring and action planning Suitably trained officers undertake H&S risk assessments Occupational health service Corporate Health and Safety update reported to SMT quarterly Staff wellbeing (Health, Safety and Security) is a standing item on the SMT agenda. The Action Manager (TAM) health and safety management system for Direct Services Depot health and safety handbook 	3	3	9	2	3	6

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					<ul style="list-style-type: none"> Corporate H&S Group has been refreshed with new ToR 						
Actions <i>Vacant post in structure with Health and Safety focus which will pick up ongoing review and update of framework</i> <i>Expand the use of Tam H&S admin system -</i> <i>HSE inspection at the Depot on 9 June 2023, final report lists minor traffic management breaches which involve minor improvement, which are underway.</i>											
Available Assurance <ul style="list-style-type: none"> HSE Covid-19 inspection - confirmed arrangements in place are robust for Covid Internal Audit of Staff Wellbeing - Reasonable October 2022 HSE Depot Inspection June 2023 											

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Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR09: Emergency planning & severe weather events - Ability to respond effectively in the event of a prolonged major incident while maintaining the ability to keep services running Lead Officer: Adrian Rowbotham & Trevor Kennett											
<ul style="list-style-type: none"> Inadequacy of emergency plan & business continuity plans Inability to appropriately implement emergency plans in response to any given event Lack of capacity or specialist skills within the workforce to co-ordinate and respond to a major emergency Insufficient controls for major emergency hazards Security - responding to national threat levels (move to critical plans within the major) emergency plan Insufficient resilience in the face of a long-term event Multiple successive and/or simultaneously occurring events i.e. EU exit, Covid and a severe weather event 	<ul style="list-style-type: none"> Disruption to the community and to community services Inability to maintain Council services Excessive non-recoverable expenditure on response Loss of Council information Reputational damage Inability to adequately respond to multiple occurring events either separately or concurrently Insufficient staffing capacity to deal with a long term and/or major /or concurrent event(s) 	3	4	12	<ul style="list-style-type: none"> Cohort of trained officers on rota to formulate and co-ordinate the Council's emergency response (In place with a cohort of 8 trained senior managers on an 8 week on-call rota but see action below) District Major Emergency Plan (including BCP) in place (Version 15) https://www.sevenoaks.gov.uk/downloads/download/112/sevenoaks_district_council_major_emergency_plan The Action Manager (TAM) to co-ordinate response effectively including documentation IT Disaster Recovery Plan in place (but see action below, currently being updated) Collaborative arrangements and plans agreed with other Category 1 and 2 responders, Town and Parish Councils, the voluntary sector and others Access to support resources from across the Council, including Direct Services Council is a member of the Kent Resilience Forum which gives access to expertise and resources Business continuity impact assessments undertaken identifying priority services Mutual aid provision via CCA Managers Emergency Planning guidance manual distributed to all senior managers 	3	3	9	3	3	9

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					<ul style="list-style-type: none"> Operational participation in KRF exercises to test various plans. 						
Actions <ul style="list-style-type: none"> Training of additional officers and to cover more roles - <i>In progress</i> Desktop exercise to test plan - In development Senior Manger Silver Commander Training - <i>In progress</i> Elected Member training completed 											
Available Assurance <ul style="list-style-type: none"> Internal Audit of Emergency Planning - Substantial assurance (September 2022) Scrutiny Committee Member working group on Covid-19 response 											

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Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR10: Safeguarding - Failure to identify and act on a Safeguarding concern Lead Officer: Sarah Robson & Jim Carrington-West											
<ul style="list-style-type: none"> Failure by the organisation or a member of staff to take action to refer a child or vulnerable adult to the appropriate agency when we become aware that they may be at risk Failure to provide staff training and awareness of the organisation's safeguarding duties and processes <p>Increased interaction with potentially vulnerable children and adults</p> <p>Reductions or loss of resources, capacity and knowledge / expertise</p>	<ul style="list-style-type: none"> Could result in domestic homicide, suicide or other death, injury or continuing neglect, continuing modern slavery, human trafficking, terrorism Damage to public confidence and Council reputation 	3	4	12	<ul style="list-style-type: none"> Safeguarding Policy to be reviewed annually. Latest update 2022. Designated Safeguarding Officers trained every 2 years (May 2023 most recent) - next round of DSO training to be delivered in June 2022. SMT safeguarding training delivered annually, online staff training launched by the HR team. Additional training offered relating to Prevent, Domestic Abuse, Child Sexual Exploitation etc. DBS checks in place for relevant staff Promotion of safeguarding to all staff through posters, Safeguarding newsletters and Grapevine Simple internal reporting arrangements in place for staff to report safeguarding issues A corporate Safeguarding Group to continually review and update policy and processes, and monitor strategic risk. Terms of Reference for the Group were reviewed and updated in October 2021 Workload management process and analysis kept up to date to ensure staff capacity to respond Staff trained as trainers Trained Designated Safeguarding Officers Frontline staff training undertaken on a quarterly basis New online referrals system went live in December 2022 Lead Chief Officer reports regularly to SMT Deputy Lead is also a Chief Officer 	1	4	4	1	4	4

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					<ul style="list-style-type: none"> Annual Section 11 Audits and assessments to provide external assurance Good working relationship with KCC and the Kent Safeguarding Boards Safeguarding awareness included into the staff 'new starter' induction process. Safeguarding added as a standing agenda item to Procurement Working group and procurement guidance provided Staff Domestic Abuse policy launched in 2022 White Ribbon campaign promoted internally and externally annually in November Delivery of annual West Kent Domestic Abuse Forum Designated safeguarding officers training was held in June 2023 Frontline staff safeguarding training to be delivered quarterly 						
<p>Actions</p> <ul style="list-style-type: none"> About to go out to advert for a Safeguarding Officer on a 2 year fixed term contract. 											
<p>Available Assurance</p> <ul style="list-style-type: none"> Internal Audit of Safeguarding issued November 2021 with Limited assurance Officer Safeguarding Group and Designated Safeguarding Officers Safeguarding Policy Online safeguarding referral software and tracker E-learning for safeguarding Annual Section 11 Audit - last undertaken Nov 2022 Kent and Medway Safeguarding Adults Board self-assessment framework completed July 2022 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR11: Temporary Accommodation - Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets. Lead Officers: Sarah Robson											
<ul style="list-style-type: none"> Changes in government funding Rising numbers of placements Impact on Council finances Increase in rising cost of living related homelessness Increase in out of area placements in the District for households fleeing domestic abuse in line from Domestic Abuse Act Increase in homelessness arising from the homes for Ukraine Scheme and other asylum schemes 	<ul style="list-style-type: none"> Failure to fulfil statutory obligations Impact on life chances and outcomes for individuals and families in temporary accommodation Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) Pressure on other services 	4	4	16	<ul style="list-style-type: none"> Temporary Accommodation Action Plan in place for the Housing team. Use of DLUHC’s annual Homelessness Prevention Grant to the organisation to prevent homelessness and support costs for temporary accommodation. Focus on preventing homelessness and diversion to alternative housing options through: <ul style="list-style-type: none"> -Xantura early intervention online prevention tool - Landlord and Tenancy advice, support and sustainment - Assistance, (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Family incentive and mediation support to prevent homelessness and retain individual in the family home Delivery of the Quercus Housing Business Plan to ensure the supply reduces the reliance on nightly paid accommodation Voluntary Relocation scheme. Implementation of the Quercus Housing Business Plan to ensure the 	3	3	9	3	3	9

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					supply reduces the reliance on nightly paid accommodation. <ul style="list-style-type: none"> • Delivery of Council led housing projects e.g. Vine Court Road and Stay Green House • Temporary Accommodation secured from WKHA and Moat at no cost to the Council • Homelessness and Rough Sleeping Strategy / Housing Strategy • Communications plans in place to promote good news stories and initiatives (InShape, social media). • Work with Housing Associations and TA providers to secure accommodation units in district. Homes for Ukraine and asylum schemes: <ul style="list-style-type: none"> • Dedicated team to work with KCC, hosts and guests to ensure as many placements as possible are maintained • Private Sector Housing Team resource allocated for property inspections, prioritising those of potential 'rematch' hosts • Welcome Pack and leaflets (in English and translated) providing information on the district, local services, housing 						
Actions <ul style="list-style-type: none"> • Deliver the Rough Sleeper Initiative funding action plan over the next three years • Utilise Homes for Ukraine funding allocation to support placements into the private rented sector, rather than temporary accommodation • Allocate capital spend from Local Authority Housing Fund allocation to support households seeking asylum in the District 											
Available Assurance <ul style="list-style-type: none"> • Homelessness and Rough Sleeping Strategy adopted by Council in 2023. • Internal Audit of Temporary Accommodation completed in October 2022 (Reasonable Assurance) • Monthly Homelessness Data Report to SMT and Cabinet Members • Monthly budget monitoring 											

		Gross Scores						Net Scores			Target Scores		
Risk Factors	Potential Effect	L	I	R	Internal Controls			L	I	R	L	I	R
<ul style="list-style-type: none"> DELTA homelessness return submitted monthly to DLUHC 													
		Gross Scores						Net Scores			Target Scores		
Risk Factors	Potential Effect	L	I	R	Internal Controls			L	I	R	L	I	R
SR12 - Capital projects - not delivered to time, budget or quality Lead Officer: Adrian Rowbotham & Detlev Munster													
<ul style="list-style-type: none"> Lack of available funding to deliver planned schemes either due to accessibility or acceptable interest rates Ambitions do not align to viability or lack of consensus Lack of capacity to deliver capital projects (resources and skills available within the organisation) at all stages from initiation to completion Schemes go over budget Risk appetite is averse and opportunities are missed Schemes are progressed at the expense of asset maintenance programme Higher than assumed inflation levels Significant market volatility resulting in systemic risk Member appetite for development 	<ul style="list-style-type: none"> Projects do not commence or progress as planned Projects go over budget meaning that resources are diverted from other areas Delays to starting schemes Reputational damage if projects delayed or part completed Increased revenue impact could result in an unbalanced 10-year budget Projects may need to be re-prioritised and placed on hold at appropriate stages. 	3	5	15	<ul style="list-style-type: none"> Strategic Property Team in place and augmented depending on type of scheme presented Project Management and governance protocols in place Pre-feasibility and due diligence investigation undertaken prior to commitment of funds Capital programme set annually, approved by full council Investigate viability and funding options on a scheme by scheme basis Bidding process for projects on capital plan Corporate / Strategic Programme Board - monitoring including viability reviews for individual projects Augment team with external specialist consultants (as necessary) Commence discussions with local Planning Authority as soon as possible Commence early consultation with key interested and affected parties Review of lessons learned logs from previous projects 	3	4	12	2	4	8		

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					<ul style="list-style-type: none"> Revised schemes to be approved by Members A detailed capital programme process Looking at ways to cap and collar inflationary pressures being done on case by case basis through shadowing exercises and adjusting procurement exercises Continue to check on lessons learned from previous projects Investigate appropriate project insurance 						
<p>Actions</p> <p>Appraisals for capital projects to be updated on a regular basis with appropriate scenario and sensitivity tests. Where appropriate external advice to be sought.</p> <p>Implementation of certain projects may need to be delayed due to economic and market uncertainty. View to be taken by CPB depending on viability assessments and project reports.</p> <p>Members to receive training on viability appraisals.</p>											
<p>Available Assurance</p> <p>All projects have external consultants to provide reports which inform decision making.</p> <p>Capital programme management audit underway</p>											

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		Gross Scores						Net Scores			Target Scores		
Risk Factors	Potential Effect	L	I	R	Internal Controls	L	I	R	L	I	R		
SR13 - Net Zero 2030 - Failure to achieve carbon neutral													
Lead Officer: Richard Morris													
<ul style="list-style-type: none"> Technology does not sufficiently advance to allow the Council to replace fleet Technology is too expensive to allow the Council to replace fleet Cost of work to Council assets (prohibitive) Retrofitting of assets not technically feasible Delay in delivering actions and projects beyond 2030 Lack of adequate funding Slippage on Net Zero pathway 	<ul style="list-style-type: none"> Reputational damage Environmental enhancements not achieved Political impact Financial impact on 10-year budget Inability to sufficiently fund schemes Failure to meet 2030 target 	4	4	16	<ul style="list-style-type: none"> Officer Working Group Monitoring and political oversight Training and skills development through best practice groups Net Zero fund Net Zero Action Plan has been agreed by Members Progress against actions is monitored by Cleaner & Greener Committee quarterly Kent & Medway Environment Group (KMEG) & County alignment Continual pathway analysis Procurement of a carbon reduction plan 	3	3	9	2	3	6		
Actions Instigate conversation with new Leader as to 2023/24 priorities - Q2 2023/24 Agree & cost new action plan - Q2 2023/24 Re-establish governance arrangement - Q2 2023/24													
Available Assurance Net Zero 2030 a standing agenda item on Cleaner and Greener Portfolio briefings and regular updates to CGAC Net Zero Internal Audit due 2022/23													

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR14 - Cost of Living Pressures Lead Officer: Sarah Robson and Jim-Carrington West											
<ul style="list-style-type: none"> Significant increase in the cost of living results in many more residents requiring urgent support to meet their basic needs and to keep on top of their essential bills. Impact on businesses across the district, as residents may have less disposable income. 	<ul style="list-style-type: none"> Increased pressure on Council services - notably Housing, Revenues and Benefits. Increased service demand on key partners such as Citizens Advice. Council income streams could also be more severely impacted. 	3	4	12	<ul style="list-style-type: none"> Financial Hardship Officer Working Group in place - meets quarterly and reports to SMT. Co-ordinate Government Support to ensure it reaches those people who need it. Housing and Communities Hub held monthly at Argyle Road. Promote affordable warmth, insulation and energy saving schemes, to improve heat retention and better insulated homes. Liaise with others including Kent County Council and local NHS organisations to help maintain and support residents in good physical and mental health, including engaging in community-led health and wellbeing initiatives, volunteering and socialising via local initiatives. Prepare for a possible 'rent shock' or increased Council Tax arrears as households in the district may prioritise between heating and eating instead of paying rent or council tax. Increase capacity to provide housing advice that focuses on tenancy sustainment and preventing homelessness. Work in partnership with Citizens Advice to ensure residents can access the help they need and are 	2	3	6	2	3	6

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					entitled to, including money and debt management. <ul style="list-style-type: none"> • Bi-monthly ‘Help for You’ leaflet, explaining how the Council, and its partners, can support residents. • Work with town and parish councils, churches, businesses and other organisations to provide a Warm Spaces directory of safe and friendly public places. • HERO team on hand to provide advice and support to our most vulnerable customers. • Work with KCC to promote low-cost internet connections and social tariffs. • New homes delivered via Quercus Housing, offering rents set at LHA and discounted affordable rent. • Funding available to voluntary groups to support residents facing hardship via the LSP Community Wellbeing Fund. • Everyone Active provision of concessionary leisure memberships. • Access to free health and wellbeing support and activities through One You programme. • Support for local businesses through the Council’s business support network (WKP). 						
Actions											
Available Assurance											
<ul style="list-style-type: none"> • Financial Hardship Officer Working Group in place - meets quarterly and reports to SMT. 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<ul style="list-style-type: none"> Benefits team single point of contact for processing all Government support schemes (e.g. Council Tax energy rebate scheme and Household Support Fund) - submitting relevant funding monitoring reports. 											

Strategic Risk Radar

Long-term horizon scanning allows us to be aware of key risks which are, as yet, too uncertain to assess or quantify. By keeping our eye on and tracking these issues we are able to draw them down into the strategic risk register when the timing is right. Having a longer-term view of strategic risk also enables us to be aware of local, sector-wide and even global issues. The bullet points below shows some of issues we are keeping on our radar.

2024/25

- Climate Change
- Legislation Changes
- Regeneration Projects
- Increased demand from migration and people movement (Ukraine, Afghanistan)
- Ukraine war
- Political change
- Impact of KCC's budget cuts on SDC

2025+

- Ageing Population
- Advancing Technologies
- Infrastructure
- Business Rates Retention
- Regional reorganisation
- Political change (county & national level)
- Possible Kent & Medway devolution deal

Sevenoaks Impact Matrix

	Financial	Service Delivery & Capability	Reputation	Legal & Regulatory	People & culture
Impact Headings	<i>Relating to uncontrolled expenditure or loss of income</i>	<i>Relating to operational delivery of services / objectives</i>	<i>May cause harm to public confidence or embarrassment</i>	<i>Related to breaches of law, rules or governance</i>	<i>May impact negatively on our workforce, culture or values</i>
Critical (5)	Uncontrolled financial losses in excess of multiple £m's	Failure to deliver <i>statutory</i> service / service disruption for >14 days	National adverse publicity perceived as failing in a significant area of responsibility	Breach of law, regulations leading to significant sanctions Breakdown of governance / internal control resulting in fraud	Significant staff dissatisfaction / increased long term absence & staff turnover Loss of culture and value framework
Major (4)	Uncontrolled financial losses in excess of £1m+ overspend in budget by >£1m+	Unable to deliver <i>discretionary</i> service / service disruption for >14 days	Sustained negative local media attention & damage to public confidence	Breach of law or regulation leading to some sanction Breakdown of internal controls open to abuse	Adverse staff dissatisfaction / likely increased absence and turnover of staff Negative impact on culture & value framework
Moderate (3)	Uncontrolled financial losses between £500k - £1m / overspend in budget by >£500k	Unsatisfactory service performance / service disruption of >5 days	Isolated negative local publicity	Breach of regulation or internal standard (limited sanctions) Isolated internal control weaknesses	Declining staff dissatisfaction Isolated instances of behaviours outside of value framework
Minor (2)	Uncontrolled financial losses between £100k - £500k / overspend in budget by >£100k	Reduced service delivery / service disruption for 7 hours	Local publicity, but manageable through communication channels	Breach of internal policies Internal controls partially effective	Isolated areas of staff dissatisfaction / likely impact on absence and turnover
Minimal (1)	Uncontrolled financial losses less than £100k / overspend in budget less than £100k	Disruption managed within normal day to day operations	Unlikely to cause adverse publicity	Breaches of internal procedures / working practices	Loss of staff morale but unlikely to result in absence or turnover of staff

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COUNTER FRAUD STRATEGY & WHISTLEBLOWING POLICY & PROCEDURE

Audit Committee – 5 October 2023

Report of: Audit Manager

Status: For Consideration

Also considered by: None

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Jennifer Warrillow, Ext. 7053

Recommendation to Audit Committee:

- (a) Review and note the Counter Fraud and Corruption Strategy;
- (b) Review and note the Whistleblowing Policy & Procedure

Reason for recommendation: The Counter Fraud and Corruption Strategy and the Whistleblowing Policy are key components of the Council's effective response to fraud and corruption risks. Audit Committee is responsible for monitoring and oversight of these policies and is therefore requested to review and note the revised policies.

Introduction and Background

- 1 The Counter Fraud and Corruption Strategy and Whistleblowing Policy are both important components in the Council's fight against fraud. The Strategy is designed as a high level framework which sets out the Council's approach towards fraud (prevention, detection and investigation) including the desired culture. The Whistleblowing Policy is a key part of the control framework to detect fraud. It is intended to be comprehensive, encouraging staff (and other relevant individuals) to raise concerns while providing them with all the information they need to do so.
- 2 Both policies were last approved by the committee in 2020. They have both been reviewed and reflect current recommended practice.

Other options Considered and/or rejected

None

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Key Implications

Financial

There are no direct financial implications associated with this report.

Legal Implications and Risk Assessment Statement.

While a whistleblowing policy is not mandatory, the existence of such a policy helps to demonstrate the Council's compliance with, and commitment to, whistleblowing law as located in the Employment Rights Act (as amended by the Public Interest Disclosure Act 1998).

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

Conclusions

The Counter Fraud and Corruption Strategy and the Whistleblowing Policy have been reviewed and are in line with the latest good practice. They are designed to strengthen the Council's counter fraud culture and promote accountability for counter fraud throughout the Council.

As those charged with governance of counter fraud matters, the Audit Committee is requested to review both of these revised policies.

Appendices

Appendix A – Counter Fraud & Corruption Strategy

Appendix B – Whistleblowing Policy & Procedure

Background Papers

None

Jennifer Warrillow

Audit Manager



Counter-Fraud and Corruption Strategy

SEVENOAKS DISTRICT COUNCIL

Author	Date	Approved by	Date	Date of next review
Jen Warrillow, Audit Manager	September 2023	Strategic Management Team	26 September 2023	September 2025
		Audit Committee	05 October 2023	

Counter-Fraud and Corruption Strategy

Item	CONTENTS	PAGE No
1	Policy Statement	2
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1. POLICY STATEMENT

- 1.1. The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council. The Council's expectation of propriety and accountability is that Members and Officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The Council also expects that individuals and organisations (e.g. suppliers, contractors, service providers) with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.
- 1.2. The purpose of this Counter-Fraud and Corruption Strategy is to set out the Council's commitment towards the prevention of fraud and corruption (including bribery) from both internal and external sources. It is primarily designed to improve resilience to fraud and to create a strong counter-fraud culture which highlights the Council's zero-tolerance approach to all stakeholders. Specifically it aims to:
 - Encourage prevention,
 - Promote detection; and
 - Identify a clear pathway for reporting and investigation.
- 1.3. The Council's Counter-Fraud and Corruption Strategy is based on a series of elements, which when in place will contribute towards a strong anti-fraud culture and practice across the Council. The Council also supports the Fighting Fraud and Corruption Locally Strategy.
- 1.4. This document has been made publicly available via the Council's website and intranet and all staff have been informed of its existence and revision.

2. DEFINITIONS

- 2.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as "any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss."
- 2.3. Under the Fraud Act 2006, a person can be guilty of fraud by:
 - False representation - *for example providing false information when applying for Single Person Discount, or staff falsely claiming to be sick*
 - Failure to disclose information - *for example failing to disclose a financial interest in a company the Council is trading with*
 - Abuse of position - *for example ordering goods through Council accounts for personal use*
- 2.4. Transparency International UK defines corruption as 'the abuse of entrusted power for personal gain'

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2.5. This includes the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person to act inappropriately.

2.6. In the UK, the Bribery Act 2010 creates the following offences:

- Offering, promising or giving a bribe
- Requesting, agreeing to receive or accepting a bribe
- Bribing a foreign official to obtain or retain business
- Failure by an organisation to prevent bribery by those acting on its behalf

3. ROLES AND RESPONSIBILITIES

3.1. The Council expects and requires all its officers, members, contractors and all who associate with the Council to act with propriety and accountability. Specific responsibilities are set out below:

STAKEHOLDER	RESPONSIBILITIES
Deputy Chief Executive and Chief Officer - Finance and Trading (s151 Officer)	<p>The Deputy Chief Executive and Chief Officer - Finance and Trading has overall responsibility for:</p> <ul style="list-style-type: none"> • developing, maintaining and implementing this strategy • maintaining adequate and effective internal control arrangements • ensuring that all suspected irregularities are reported to the Audit Manager or the Deputy Chief Executive and Chief Officer - Finance and Trading who will advise on the most appropriate course of action.
Chief Officers and Chief Executive	<p>All Chief Officers and the Chief Executive are responsible for:</p> <ul style="list-style-type: none"> • embedding a strong counter-fraud culture with an ethos of honesty and integrity • embedding an open and transparent culture where staff feel empowered to report suspicions of wrong-doing • maintaining the internal control system including those designed for the prevention and detection of fraud and other illegal acts • ensuring that all suspected irregularities or financial improprieties are reported to the Audit Manager and the Deputy Chief Executive and Chief Officer - Finance and Trading • instigating the Council's disciplinary procedures where the outcome of an Internal Audit or similar investigation indicates improper behaviour • maintaining and regularly reviewing a service register of staff disclosures of financial or commercial interests in the Council's functions.
Counter Fraud Manager	<p>The Counter Fraud Manager is responsible for:</p> <ul style="list-style-type: none"> • proactively using appropriate tools and techniques and working with other relevant agencies to identify potential fraud

STAKEHOLDER	RESPONSIBILITIES
	<ul style="list-style-type: none"> investigating and reporting on cases of alleged or potential external fraud (primarily Revenues and Benefits) promoting counter fraud awareness within the organisation
Audit Manager	<p>The Audit Manager is responsible for:</p> <ul style="list-style-type: none"> reviewing and updating the Counter Fraud and Corruption Strategy on behalf of the Deputy Chief Executive and Chief Officer - Finance and Trading maintaining the Council’s Whistleblowing policy and arrangements investigating and reporting of cases of alleged or potential internal fraud promoting counter fraud awareness within the organisation ensuring that fraud risks are considered as part of the annual audit planning process and during the course of individual internal audits
Money Laundering Reporting Officer	<p>The Council’s Money Laundering Reporting Officer (MLRO) is responsible for disclosing all known or suspected money laundering offences to the National Crime Agency. This role is filled by the Principal Accountant.</p>
Audit Committee	<p>Audit Committee is responsible for monitoring the Council’s strategies and policies and considering the effectiveness of the arrangements for Whistleblowing and Counter-Fraud and Corruption Procedures.</p>
All Council Officers & Members	<p>All Council Officers and Members are responsible for:</p> <ul style="list-style-type: none"> leading by example in ensuring adherence to legal requirements, rules, procedures and practices declaring all potential conflicts of interest that may affect their independence within their role as Members or officers acting with integrity and conducting their business in a forthright and honest manner paying regard to the requirements of the Bribery Act 2010 when acting on behalf of the Council or doing business with the Council familiarising themselves with the Council’s Whistleblowing Policy reporting any suspicions of fraud or improper behaviour.

4. CULTURE

4.1. The Council is committed to a strong counter-fraud and corruption culture and has a zero-tolerance approach towards fraud, bribery and corruption activity.

4.2. The Council is determined that its ethos will be one of honesty and integrity. The Council supports the Seven Principles of Public Life (the ‘Nolan Principles’) as set out below:

- **Selflessness** - Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

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- **Integrity** - Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
 - **Objectivity** - In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
 - **Accountability** - Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
 - **Openness** - Holders of public office should be as open as possible about all the decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
 - **Honesty** - Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
 - **Leadership** - Holders of public office should promote and support these principles by leadership and example.
- 4.3. To promote this culture all managers, supported by Council policies, are expected to create and embed an environment in which employees feel they can raise concerns without recrimination and are confident that all concerns will be thoroughly investigated.
- 4.4. Whistleblowing arrangements exist to enable concerns to be raised and for the whistleblower to be protected.
- 5. PREVENTION - FRAUD, BRIBERY AND CORRUPTION RISKS**
- 5.1. The Council and other Local Authorities face a range of risks regarding fraud, bribery and corruption.
- 5.2. Chief Officers and Service Managers are expected to ensure that fraud risks are considered as part of their risk management processes, both in terms of identification and mitigation measures.
- 5.3. The Internal Audit Team can support this process by providing advice and guidance on risks and controls as requested and providing assurance on the effectiveness of these controls in practice.
- 5.4. Some key fraud, bribery and corruption risks that the Council faces are set out below (this list is not exhaustive):

Member and Employee Fraud

- False representation or failure to disclose information in order to gain employment at the Council
- Abuse of position in order to award a contract to a relative or friend without declaring an interest
- Offering or accepting a bribe in order to ignore a liability or award a grant or contract
- Offering or accepting a bribe in order to allow planning permission that does not meet the agreed criteria
- Abuse of position to make payments to someone who is not entitled to receive them

Contractor Fraud

- Charging for goods and services that have not been delivered or received

External

- False representation or failure to disclose information in order to gain social housing
- False representation or failure to disclose information to obtain Council Tax or Business Rates discounts or exemptions
- False representation or failure to disclose information in order to receive parking permits
- Submission of false invoices or false changes to bank details for existing suppliers
- Cybercrime, such as ransomware attacks
- Phishing, for example emails purporting to be from a senior officer requesting a payment to be made

6. PREVENTION - INTERNAL CONTROL

- 6.1. The Council has a series of policies and codes which form part of the internal control framework and a key part of the fight against fraud. These are communicated to all employees and Members to ensure they are aware of activities that are permitted and prohibited, including relevant actions that will be taken if requirements are breached. Key relevant policies are detailed below:

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Employees	Members
<ul style="list-style-type: none">• Code of Conduct• Disciplinary Procedure• Standing Orders on Declarations of Interest• Financial Procedure Rules• Contract Standing Orders• Local Taxation/Council Tax Support Fraud and Compliance Strategy• Whistleblowing Policy	<ul style="list-style-type: none">• The Constitution• Member Code of Conduct• Gifts and Hospitality Protocol• Standing Orders on Declarations of Interest• Financial Procedure Rules• Contract Procedure Rules• Whistleblowing Policy

- 6.2. The Council recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential employees, in terms of their propriety and integrity. In this regard temporary and contract employees should be treated in the same manner as permanent employees.
- 6.3. Employee recruitment must comply with HR Policy. In particular references will be obtained regarding the honesty and integrity of all prospective employees prior to commencing employment with either Council. Also where appropriate, a Disclosure and Barring Services (DBS) check will be undertaken before commencement of employment for certain roles.

7. DETECTION AND INVESTIGATION

- 7.1. The array of preventative measures, including internal control systems within the Council, has been designed to deter fraud. Monitoring controls, if properly applied, should facilitate the identification of any unusual activity.
- 7.2. Managers should be alert to the possibility that unusual events or transactions could be symptoms of fraud or attempted fraud. Fraud may also be highlighted as a result of specific management checks or be brought to management's attention by a third party.
- 7.3. All Officers and Members have a duty to report any allegations or suspicions of fraud, bribery or corruption, as follows:

8. External Fraud

- 8.1. Suspicions about external fraud (Revenues and Benefits) should be reported to the Counter Fraud Manager for investigation.
- 8.2. An investigation will be carried out in accordance with the Sanctions and Prosecution Policy.

9. Internal Fraud

- 9.1. Employees may report their suspicions to their line manager or Chief Officer, or can utilise the arrangements set out in the Whistleblowing Policy, which exists to provide further support and guidance to employees regarding raising concerns and to provide protection to these employees.
- 9.2. The line manager, Service Head or Chief Officer who receives the allegation (whether from a Councillor or a Council employee) must refer the matter to the following people, to determine how the potential irregularity will be investigated:
 - Chief Executive
 - Deputy Chief Executive and Chief Officer - Finance and Trading
 - Audit Manager
- 9.3. If an investigation is required, an investigating officer will be appointed who will carry out an investigation in line with the Council's investigation processes. This investigation will seek to confirm or refute the allegation of fraud, bribery and corruption but will also look to identify any improvements to prevent similar incidents occurring.
- 9.4. On conclusion of the investigation, a report will be presented to the Deputy Chief Executive and Chief Officer - Finance and Trading and the Chief Executive for a decision on the next steps.
- 9.5. Where a fraud has occurred, management must subsequently make any necessary changes to systems and procedures to minimise the risk of similar frauds recurring. The investigation may have identified where there has been a failure of supervision, breakdown or an absence of control.

10. SANCTIONS

- 10.1. The Council considers all fraudulent activity to be unacceptable and operates a 'zero tolerance' approach to fraud. As such, on the conclusion of an investigation with regard to both internal and external fraud it will consider applying the full range of sanctions available including prosecution. Decisions on sanctions will take into account relevant legislation and internal policies, the Code for Crown Prosecutors and the aggravating and mitigating factors in the case. The Council will also consider referral to the police.
- 10.2. Where the outcome of an investigation indicates improper behaviour by a Council employee, this will be dealt with through the Disciplinary Policy. Where financial impropriety is discovered or it appears that a criminal offence may have been committed, the Council may also refer the matter to the police.
- 10.3. The Council will also pursue the repayment of any financial gain from individuals involved in malpractice and wrongdoing.

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11. **WORKING WITH OTHERS**

- 11.1. In view of the rapid increase in fraud perpetrated against local authorities and benefits agencies, including fraudsters having multiple identities and addresses, there is a need to liaise and share information with other agencies and regulators in the fight against fraud and corruption.
- 11.2. Arrangements are in place to develop and encourage the exchange of information between other external agencies on national and local fraud and corruption activity, to help both prevent and detect these activities.
- 11.3. This includes data sharing and matching using records from other public sector bodies through the National Fraud Initiative and the Kent Intelligence Network. Other bodies with whom the Council works includes the Police, the Department for Work and Pensions, and the Kent Investigating Officers Group.
- 11.4. Whilst the ethos and required outcome of this Strategy is expected to remain constant, the procedures and processes by which this is undertaken may alter over time due to the changing nature of fraud, improvements in investigation techniques, and alterations to legislation.

12. **REPORTING**

- 12.1. The Audit Committee will receive reports on counter fraud activity and outcomes and are responsible for approving and monitoring this strategy. These reports will be publicly available on the Council's website.

13. **TRAINING AND AWARENESS**

- 13.1. The Council recognises that the continuing success of its Counter-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of awareness, training and responsiveness of employees throughout the organisation.
- 13.2. This strategy will be available to all Members, officers and the public on the Council's internal and external website.
- 13.3. Counter fraud awareness will be promoted periodically throughout the organisation.

14. **STRATEGY REVIEW**

- 14.1. This strategy will be reviewed and updated on a two-yearly basis, unless earlier changes are required. All changes will be subject to approval and endorsed by the Audit Committee.



Whistleblowing Policy and Procedure

SEVENOAKS DISTRICT COUNCIL

Author	Date	Approved by	Date	Date of next review
Jen Warrillow, Audit Manager	September 2023	Strategic Management Team	26 September 2023	September 2025
		Audit Committee	05 October 2023	

Whistleblowing Policy

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1. Background

- 1.1. Whistleblowing is defined by the Whistleblowing Commission's Code of Practice as "the raising of a concern, either within the workplace or externally, about a danger, risk, malpractice or wrong-doing which affects others."
- 1.2. The [Public Interest Disclosure Act 1998](#) gives statutory protection to employees who "blow the whistle" on their employer's malpractice.
- 1.3. The Act makes clear the important role that a whistleblowing mechanism can play in helping organisations and employers to comply with the law. To this effect, the Council has developed a whistleblowing policy and procedure. This has been designed to align with the Whistleblowing Commission's Code of Practice 2013, which sets out a best practice whistleblowing framework for the Public Sector.
- 1.4. This policy underpins the Counter Fraud and Corruption Strategy and is complementary to the Officer and Member Codes of Conduct.

2. Policy statement and objectives

- 2.1. Sevenoaks District Council takes seriously its responsibilities for safeguarding public funds and assets and for operating in an ethical manner that ensures the well-being of its employees, suppliers, service providers and customers.
- 2.2. To this end, the Council is committed to having effective whistleblowing arrangements in place in order to support, encourage and protect individuals who have genuine cause for raising concerns and to promote good governance and safeguard the public interest.
- 2.3. The Council will take all reports of improper activity seriously and will investigate all concerns raised fairly and consistently.
- 2.4. The Council will protect the person raising the concerns against victimisation, harassment and / or recrimination and recognises they may wish to raise concerns on a confidential basis.
- 2.5. The overarching objective of the Whistleblowing policy is to outline a framework which encourages potential whistleblowers to communicate their concerns within a safe environment without fear of recrimination. Specifically, it aims to:
 - encourage employees to feel confident in raising serious concerns and to question and act upon concerns in practice
 - provide avenues for employees to raise those concerns and receive feedback on any action taken

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- reassure employees that they will be protected from possible reprisals or victimisation, if they have a reasonable belief that they have made any disclosures in good faith

3. Responsibility

- 3.1. **Strategic Management Team** is responsible for approving and endorsing the Policy and for embedding an open and supportive culture where employees feel empowered to whistleblow without fear of reprisals. They are also responsible for assuring themselves that the policy is operating effectively and that concerns are investigated properly and fairly.
- 3.2. **Audit Committee** are responsible through their Terms of Reference for reviewing and monitoring the Policy.
- 3.3. The **Audit Manager** has overall responsibility for the maintenance and operation of this Policy and for keeping a record of all allegations received, their outcomes and the feedback provided.
- 3.4. **All staff** are responsible for raising relevant concerns they may have under this policy.
- 3.5. **All managers** are responsible for ensuring that concerns raised with them are taken seriously, treated appropriately and investigated fairly.
- 3.6. The **Monitoring Officer's** Annual Report to Members will incorporate a summary of whistleblowing events and their outcomes.
- 3.7. The **External Auditor** will also be advised at least annually, of all proven whistle-blowing events and their outcomes.

4. SCOPE

- 4.1. This Policy applies to all employees (including temporary and agency staff), Councillors, co-optees, volunteers, contractors, their agents and/or subcontractors, consultants, suppliers and service providers in the course of their work for the Council.
- 4.2. Disclosures may be made under the Whistleblowing policy relating to the following concerns:
 - Conduct of a criminal nature or a breach of the law
 - Miscarriage of justice
 - Bullying, harassment or victimisation of a third party
 - Disclosures related to miscarriages of justice
 - Health and safety risks, including risks to the public as well as other employees
 - Damage to the environment

- Covering up or concealing any of the above
- The unauthorised use of public funds
- Possible fraud and corruption including offences falling under the Bribery Act 2010
- Sexual or physical abuse of customers
- Breach of Council procedures; or
- Other unethical conduct or malpractice.

4.3. Any serious concerns that employees have about any aspect of service provision or the conduct of officers, councillors, co-optees, partners or others acting on behalf of the Council, can be reported under this Policy. This may be about something that:

- makes you feel uncomfortable in terms of known standards, your experience or the standards you believe the Council subscribes to; or
- relates for example to a breach of the Council's Standing Orders, Financial Regulations, policies, practices and procedures; or
- falls below established standards of practice; or
- amounts to improper conduct.

4.4. The Whistleblowing policy does not replace the Corporate Complaints and Grievance procedures. Concerns relating to individual complaints or personal grievances, including employment matters, are likely to fall under complaints and grievance policies. Employees must not use this Policy to deal with day to day problems, such as, mistakes, errors, or general differences of view that arise in the workplace. Operational matters should be raised with management first.

5. Safeguards and Support

5.1. The Council expects employees and others that they deal with who have serious concerns about any aspect of the Council's work, to come forward and voice those concerns. Employees are often the first to realise that there may be something seriously wrong within the Council.

5.2. Nonetheless, the Council recognises that the decision to report a concern can be a difficult one to make, such that employees may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment, victimisation or retribution from the Council.

5.3. Provided they believe they are acting in the public interest and are making disclosures in good faith, employees raising a disclosure are protected by both employment law and this policy. 'Confidentiality' or other clauses in settlement agreements do not prevent employees from making disclosures in the public interest.

5.4. The Council has a strong commitment to good practice and high standards in protecting its employees from harassment, victimisation and

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recrimination when raising a whistle-blowing disclosure. It will not tolerate any harassment, victimisation or recrimination when a concern is raised in good faith or in order to deter someone from making a disclosure. Any such instances amount to serious misconduct and will be dealt with under the Disciplinary policy.

- 5.5. The above provisions apply regardless of the outcome of the investigation including where the concern is unfounded or unsubstantiated, provided that the allegation is made in good faith.
- 5.6. The Council is also committed to providing support for whistleblowers. The person with whom you are raising your concern will discuss with you options available for support, which could include, for example, mentoring or a referral to Employee Assistance.
- 5.7. If you believe you have suffered or are under threat of suffering victimisation or harassment as a result of raising concerns, you may also report this concern as set out under section 9 below.

6. Confidentiality

- 6.1. Where requested, the Council will use its best endeavours to treat in confidence all concerns raised and will do its utmost not to reveal your identity without your agreement. However, the Council cannot guarantee that any investigation process will not reveal the source of the information, particularly in matters of criminal or civil law. If it is necessary to disclose your identity, the Council will make every effort to discuss this with you first, including arrangements that can be put in place to support you.

7. Anonymous Allegations

- 7.1. Whilst you are encouraged to put your name to your allegation whenever possible, it is recognised that in some instances, individuals may have genuine concerns about their safety, security or well-being which may prevent them from revealing their identity. Under such circumstances, the policy allows for anonymous disclosures and these are always preferable to remaining silent.
- 7.2. Before you choose to remain anonymous however, you should carefully consider the following:
 - Anonymity may limit the actions that the Council is able to take as, for example, it may not be able to contact you for any follow-up information
 - You are unlikely to be able to receive feedback on your concern
 - Invoking legal protections for whistleblowers may be more difficult as there will not be any documentary evidence to link you to the concern raised.

8. False Allegations

- 8.1. If you make an allegation in good faith but the investigation finds this to be unsubstantiated or unfounded, no action will be taken against you. If, however, you make a false or malicious allegation for an ulterior motive, disciplinary action may be taken against you. It is therefore important that any allegation is made in good faith.

Whistleblowing Procedure

How to raise a concern

9. Who to contact

- 9.1. Depending on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice, you are encouraged in the first instance to raise concerns with your immediate manager or your supervisor.
- 9.2. If you believe that your line manager may be involved, if you do not feel comfortable discussing the issue with your line manager or if you are not satisfied with the response that you receive, you may raise your concern with any of the individuals or contacts below. Key contact details are provided at **Appendix A - Key Contacts**.
 - Head of Service
 - Chief Officer
 - The Audit Manager (or member of the Audit Team)
 - The Chief Executive
 - The Council's whistleblowing reporting line / email address
- 9.3. If you are not an employee, you may raise your concern using any of the contacts given in **Appendix A - Key Contacts**.
- 9.4. Anyone who receives a report of a concern must notify the Audit Manager (unless the concern relates to Internal Audit). This ensures that all concerns are recorded, that they are treated fairly and consistently and that any patterns of behaviour are identified.
- 9.5. If your concerns are about Internal Audit, or a Chief Officer, you must contact the Chief Executive in the first instance.
- 9.6. If your concerns are about the Chief Executive, you must contact the Deputy Chief Executive and Chief Officer - Finance and Trading (s151 Officer) in the first instance.
- 9.7. For all concerns, you may also contact the Chairman of the Audit Committee, as a last resort, if you believe that your concerns have not been appropriately dealt with.

10. How to report a disclosure

- 10.1 Concerns may be raised verbally (in person or on the telephone), in writing or by email.

- 10.2. A dedicated Freephone telephone number has been set up to allow you to speak in confidence to the Internal Audit Team (0800-496-3245). Alternatively you can email whistleblowing@sevenoaks.gov.uk.
- 10.3. Please provide the following information when making a whistleblowing disclosure:
 - The background and history of the concern (giving relevant dates and evidence where available)
 - The reason why you are particularly concerned about the situation.
- 10.4. The earlier you express the concern, the easier it is to take action, as delays may make it more difficult to obtain the relevant evidence.
- 10.5. You are not expected to provide evidence or to prove the truth of an allegation, however you should ensure that there are reasonable grounds for your concern.
- 10.6. Where concerns are raised in person, you may invite your trade union representative, or a work place colleague to be present during any meetings or interviews in connection with the concerns you have raised.

11. What we will do

- 11.1. The Council will take every whistleblowing concern seriously and will investigate appropriately.
- 11.2. Where appropriate, the matters raised may:
 - be investigated by senior management and / or the Internal Audit Team
 - be referred to the police
 - be referred to the external auditor or
 - form the subject of an independent inquiry.
- 11.3. In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take.
- 11.4. The overriding principle which the Council has in mind, is the public interest.
- 11.5. Concerns or allegations which fall within the scope of specific procedures (for example discrimination issues) will normally be referred for consideration under those procedures.
- 11.6. Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.
- 11.7. Within ten working days of a concern being raised, provided you have supplied your contact details, the investigating officer will write to you:

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- Acknowledging that the concern has been received
- Indicating how we propose to deal with the matter and who will investigate
- Giving an estimate of how long it will take to provide a final response
- Advising you how and to whom you should report if you feel you are being treated unfairly as a result of the disclosure
- Supplying you with information on staff support mechanisms
- Advising you that you are entitled to independent advice.

11.8. The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern.

11.9. The Council accepts that you need to be assured that the matter has been properly addressed. Subject to legal constraints, you will be informed of the outcomes of any investigation.

12. If you are not satisfied

12.1. If you are not satisfied with how a whistle-blowing disclosure has been managed, please speak to the Audit Manager or the Chief Executive.

13. External Disclosures

‘Prescribed’ Disclosures

13.1. If you feel that the Council has not responded to your concern satisfactorily, or if you feel unable to raise the matter internally, the law allows for disclosures to be made externally to ‘prescribed people or bodies’ whilst maintaining whistleblower protections for the individual. The relevant ‘prescribed person’ depends on the subject matter of the concern and a full list can be found, by clicking on this [hyperlink](#) to the relevant Government website page.

13.2. The most likely relevant bodies for the Council’s business are set out in **Appendix B - External Contacts**.

13.3. You may also contact the police or seek advice from a legal professional.

‘Non prescribed’ Disclosures

13.4. These are disclosures made to other people or bodies, such as the media. Whistleblower protections would only apply to these disclosures in exceptional circumstances and therefore you are encouraged to seek independent, specialist advice prior to making any such disclosure.

14. External Advice

14.1. If you wish to seek advice outside the organisation you can also contact:

- Protect (formerly Public Concern at Work) on 0203 117 2520
whistle@protect-advice.org.uk
- The Council's External Auditor (Grant Thornton) on 0207 383 5100
- Relevant professional bodies or regulatory organisations
- Your trade union representative

15. Policy review

15.1. The Whistleblowing policy will be reviewed and updated every 2 years, or as and when amendments are needed.

16. Training

16.1. As part of the Council's Counter-Fraud and Corruption Strategy, appropriate training will be offered to officers on key aspects of the whistleblowing policy and how it should be implemented. The policy will be available on the Council's website for easy access by staff. Guidance will be provided to managers on how to respond to concerns raised.

Appendix A - Key Contacts

Name	Job Title	Contact details
Pav Ramewal	Chief Executive	pav.ramewal@sevenoaks.gov.uk 01732 227298
Adrian Rowbotham	Deputy Chief Executive and Chief Officer - Finance and Trading	adrian.rowbotham@sevenoaks.gov.uk 01732 227153
Sarah Robson	Deputy Chief Executive and Chief Officer - People and Places	sarah.robson@sevenoaks.gov.uk 01732 227129
Jim Carrington-West	Deputy Chief Executive and Chief Officer - Customer and Resources	jim.carrington-west@sevenoaks.gov.uk 01732 227286
Richard Morris	Deputy Chief Executive and Chief Officer - Planning and Regulatory Services	richard.morris@sevenoaks.gov.uk 01732 227139
Jen Warrillow	Audit Manager	jen.warrillow@dartford.gov.uk 01732 227053 or 01322 343004
Whistleblowing hotline		whistleblowing@sevenoaks.gov.uk 0800 496 3245

Appendix B - External Contacts

Prescribed body	Scope of disclosures	Contact details
The Comptroller and Auditor General	Contact them about the proper conduct of public business, value for money, fraud and corruption in relation to the provision of public services.	The Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road London SW1W 9SP Tel: 020 7798 7999 Website: www.nao.org.uk/contact-us/whistleblowing-disclosures/
The Information Commissioner	Contact them about compliance with the requirement of legislation relating to data protection and to freedom of information.	The Information Commissioner's Office Wycliffe House Water Lane Wilmslow SK9 5AF Tel: 0303 123 1113 Email: casework@ico.org.uk www.ico.org.uk
Grant Thornton (the Council's External Auditors)	Disclosures relating to local authorities	0207 383 5100
The Health and Safety Executive	The industries and work activities for which the Health and Safety	Tel: 0300 003 1647 Online form: www.hse.gov.uk/contact/concerns.htm

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Prescribed body	Scope of disclosures	Contact details
	<p>Executive is the enforcing authority under the Health and Safety (Enforcing Authority) Regulations 1998</p> <p>the health and safety of individuals at work, or the health and safety of the public arising out of or in connection with the activities of persons at work</p>	

Audit Committee 2023/24 - Work Plan (as at 13/09/2023)

	01 February 2024	16 April 2024	Summer 2024
Internal Audit (Irregularities to be reported confidentially as & when necessary)	Internal Audit Progress Report 2023/24	Internal Audit Progress Report 2023/24 Internal Audit Plan 2024/25	Internal Audit Annual Report and Opinion 2023/24
Accounts and External Audit	Statement of Accounts 2021/22 External Audit - Annual Audit Report 2021/22	Statement of Accounts 2022/23 External Audit - Annual Audit Report 2022/23	Statement of Accounts 2023/24 - Establishment of Member Working Group

	01 February 2024	16 April 2024	Summer 2024
Other	Audit Committee Member Development	Audit Committee Member Development Strategic Risk Register Independent Members Terms of Office	Audit Committee Member Development Audit Committee Terms of Reference Counter Fraud and Compliance Team Report Annual Governance Statement 2023/24 Review of the Effectiveness of the Audit Committee 2023/24