

18 April 2017 at 7.00 pm

Conference Room, Argyle Road, Sevenoaks
Despatched: 05.04.17



Audit Committee

Membership:

Chairman, Cllr. Grint;
Cllrs. Clack, Edwards-Winsor, Halford, Layland, McArthur, Purves, Reay and Searles

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 10 January 2017, as a correct record	(Pages 1 - 4)	
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. Internal Audit 2016/17 - 3rd Progress report	(Pages 5 - 24)	Lisa Nyon Tel: 01322 343434 Adrian Rowbotham Tel: 01732 227153
6. Report on Internal Audit recommendations outstanding	(Pages 25 - 34)	Lisa Nyon Tel: 01322 343434 Adrian Rowbotham Tel: 01732 227153
7. Internal Audit Plan 2017/18	(Pages 35 - 54)	Lisa Nyon Tel: 01322 343434 Adrian Rowbotham Tel: 01732 227153

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| 8. Review of the Effectiveness of the Audit Committee | (Pages 55 - 64) | Lisa Nyon
Tel: 01322 343434
Adrian Rowbotham
Tel: 01732 227153 |
| 9. Whistle Blowing Policy | (Pages 65 - 80) | Lisa Nyon
Tel: 01322 343434
Adrian Rowbotham
Tel: 01732 227153 |
| 10. Anti-Fraud and Corruption Strategy | (Pages 81 - 92) | Lisa Nyon
Tel: 01322 343434
Adrian Rowbotham
Tel: 01732 227153 |
| 11. Draft Audit Committee Annual Report to Council | (Pages 93 - 96) | Cllr. Grint |
| 12. Work Plan | (Pages 97 - 98) | |

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 10 January 2017 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllrs. Clack, Edwards-Winsor, Halford, Layland, McArthur, Purves, Reay and Searles

Cllr. Scholey was also present.

The Chairman welcomed the new members of the Committee, Councillors Halford and Searles.

28. Minutes

Resolved: That the minutes of the meeting of the Audit Committee held on 27 September 2016 be agreed and signed as a correct record.

29. Declarations of Interest

There were none.

30. Actions from Previous Meeting

The actions from the previous meeting were noted.

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

Cabinet's response (10 November 2016, [Minute 40](#)) to Minute 22 of the Minutes of the meeting held on 22 September 2016, was noted.

The Chief Finance Officer updated Members on the current situation. The Audit, Risk and Anti-Fraud Manager had been absent for a significant part of the last few months and managers at both Sevenoaks and Dartford were working closely with the Internal Audit Team to ensure that they received full support and that both Councils continued to have an adequate and effective Internal Audit service.

In the meantime Lisa Nyon, Principal Auditor, had stepped up into the Audit, Risk and Anti-Fraud Manager's role and was making good progress with the audit plan. The Chairman was being kept fully informed.

32. External Audit - Housing Benefit Subsidy 2015/16

The Chairman welcomed Sarah Ironmonger and Geoffrey Banister from Grant Thornton.

The Chief Finance Officer advised that the external auditors were required to audit the Housing Benefit Subsidy each year and the report contained the outcome of the 2015/16 audit.

He reported that errors had been identified but as mentioned at previous meetings, any differences even for as little as £0.01 were classified as errors. He was pleased to report that due to improving working practices and ongoing liaison with Grant Thornton, the number of errors had remained much lower than a couple of years previously and officers would continue to work to reduce this further in the current year. The improvement was reflected in the reducing audit fees.

In response to questions, Sarah Ironmonger advised that for most local authorities it was usual to have errors, especially due to increased pressure and running with vacancies. Sevenoaks District Council (SDC) had invested time in good quality checks and monitoring and this along with increased efficiency with computerisation meant the trend here was good in comparison to some others.

Resolved: That the report be noted.

33. External Audit - Annual Audit Letter 2015/16

Geoffrey Banister from Grant Thornton summarised the key issues of the 2015/16 audit.

Members were pleased to see the work by the Chief Finance Officer and his team recognised

Resolved: That the report be noted.

34. Internal Audit 2016/17 - 2nd Progress Report

The Principal Auditor advised that the audit team continued to make good progress with the 2016/17 plan. Since the report some more progress had been made, with one audit now at feedback stage and three briefs issued bringing the total to 4, and those audits would be commencing that week. Seven audits were being deferred and for information she advised Members of the reasoning behind the ones which had been picked. A temporary auditor had been resourced to help deliver the audit plan, and for next year's audit planning she was looking at minimising days lost working on the previous year's plan.

A new audit software tool was being implemented and training for audit staff on 'Team Mate' had been arranged with a live date of 1 April 2017.

Resolved: That

- a) the contents of the report and the progress made by the Internal Audit Team in delivering the 2016/17 Annual Internal Audit Plan, be noted;
- b) the amendments to the internal Audit Plan 2016/17, be approved.

35. Report on Internal Audit Recommendations Outstanding

The Principal Auditor presented the report which updated Members on the progress of the implementation of Internal Audit Recommendations agreed with management, and on outstanding recommendations due for implementation by 30 November 2016.

The report also informed the Committee where implementation dates had been revised, where agreed recommendations had not been implemented or were no longer intended.

Resolved: That

- a) Appendix A be noted; and
- b) the reasons for delayed implementation where the ranking was medium or high be noted, and the revised dates for implementation provided by management, as set out in Appendix B to the report, be endorsed.

36. Member training

The Chief Finance Officer advised that at the last meeting it had been requested that he and the Chairman look at the training options available and provide information to be considered at the meeting. They had concluded that CIPFA provided the most suitable training and the brochure was attached as Appendix A to the report.

Members discussed which possible topics they would like to prioritise subject to Dartford Borough Council Members' views.

Resolved: That, subject to views expressed by Dartford Borough Council,

- a) the preferred training options were:
 - case study using a standard internal audit report;
 - roles and responsibilities ;
 - risk management;
 - fraud and corruption.
- b) the preferred time was an evening training session in May 2017 prior to the next meeting in June 2017.

37. Work Plan

The work plan was noted subject to the addition of a whistleblowing policy report to the next meeting.

THE MEETING WAS CONCLUDED AT 7.58 PM

CHAIRMAN

INTERNAL AUDIT 2016/17 - THIRD PROGRESS REPORT

Audit Committee - 18 April 2017

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

This report supports the Key Aim of Effective Delivery of the Corporate Plan

Portfolio Holder Cllr. Scholey

Contact Officer(s) Lisa Nyon Ext. 3004

Bami Cole Ext.7236

Recommendation to Audit Committee:

That Members note the contents of the report and the progress made by the Internal Audit Team in delivering the 2016/17 Annual Internal Audit Plan.

Reason for recommendation: The Audit Committee is required to review the progress of the Internal Audit Plan and approve amendments to the Annual Plan in compliance with its terms of reference.

Introduction

- 1 This report provides details of the progress of the Internal Audit Team in delivering the Annual Internal Audit Plan 2016/17 and outcomes of final Internal Audit reports issued since the meeting of the committee in January 2017.
- 2 The Internal Audit function is a key process of the Council's overall governance arrangements. Its key purpose is to conduct independent reviews of the Council's system of internal controls and to provide an assurance to both Senior Management and Members regarding the effectiveness of such systems. In fulfilling his duty and responsibilities, the Audit, Risk and Anti-Fraud Manager, is required to report the progress made in delivering the assurance requirements to the Audit Committee, in accordance with regulatory requirements and relevant professional standards.

Summary of Issues Raised Within the Report:

- 3 A summary of progress made towards delivering the assurance requirements for 2016/17 is attached as Appendix A to this report, which sets out details of the reviews agreed by the Audit Committee in March 2016. Members may note that twenty-one reviews had commenced, sixteen have been finalised, one is at draft report stage and the remaining four are in progress.
- 4 Appendix B sets out details of the final reports which have been issued since the last meeting of this committee. It also provides a brief summary of the findings and recommendations agreed with service management, to address any areas for further improvements required to strengthen internal controls. Further details on any of the issues raised on the report summaries would be provided to Members of this Committee on request.
- 5 The definition of the standard Internal Audit opinions are detailed in Appendix C, where a single opinion will be given, which will either be: Full Assurance; Substantial Assurance; Limited Assurance or No Assurance.

Amendments to the Audit Plan

- 6 Members are advised that the Internal Audit Plan 2016/17 has been amended to take account of existing capacity and to reflect the assurance priorities for the rest of the municipal year. Some productive capacities have been lost, due to a vacancy and the long term absence of the Audit Manager. To this effect eight reviews have been risk assessed using an audit needs analysis methodology and as a result removed from the 2016/17 audit plan. Four of these reviews have been carried forward to the 2017/18 plan.
- 7 Details of the amendments are set out in Appendix A. Items 1, 11, 17, and 21 are to be included in the draft plan for 2017/18.
- 8 Members are advised that the proposed change to the plan will not have a material impact on the level of assurance that could be provided in 2016/17; as the proposal take account of assessed risks and assurance needs.

Internal Audit Resources

- 9 Members may note that Internal Audit resources are under capacity due to the long-term absence of the Audit Manager and the resignation of an Internal Auditor. This has consequently put some strain on delivery of the plan. However, this is being mitigated to some extent by employing a temporary senior auditor.
- 10 It is pleasing to report that the audit team have worked hard throughout the year and are due to complete twenty-one reviews, which is an increase of two reviews on last year. To date sixteen reviews have been finalised which is a significant improvement on this stage last year where only six had been completed.

Progress of Internal Audit Improvement Plan

- 11 Members may be pleased to note that the TeamMate electronic audit management software is progressing well and it is anticipated that it will be fully implemented in time for the 2017/18 Internal Audit Plan. This forms part of the agreed actions in the internal audit improvement plan and will facilitate the implementation of more modern ways of working, which is expected to lead to greater efficiency and improved quality of the internal audit service.

Key Implications

Financial

None.

Legal Implications and Risk Assessment Statement.

No additional legal implication beyond the Council's duty to comply with the Accounts and Audit Regulations 2015.

The Council is required to comply with the requirements of the Accounts and Audit Regulations 2015, regarding its arrangements for Internal Audit, in order to ensure fitness for purpose and taking into account the Public Sector Internal Audit Standards and professional guidance. Training and development needs have been identified, to enable all staff to be equipped with the relevant skills required to perform their roles effectively.

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.

Conclusion

This report sets out progress of the Internal Audit Team in delivering the Council's assurance requirements for 2016/17 and provides a summary of final reports issued since the meeting of the Audit Committee in January 2017. The team is also making steady progress in implementing the improvement action plan agreed by the Audit Committee in June 2015.

Appendices Appendix A - Progress Against 2016/17 Plan
 Appendix B - Summary of Final Reports Issued
 Appendix C - Audit Opinions - Definitions 2016/17 onwards

Background Papers: [Internal Audit Annual Plan for 2016/17](#)
 New Public Sector Internal Audit Standards 2015
 <http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>
 [Audit Committee Report 10 January 2017](#)

Agenda Item 5

Accounts and Audit Regulations 2011

<http://www.legislation.gov.uk/uksi/2011/817/contents/made>

Adrian Rowbotham
Chief Finance Officer

PROGRESS AGAINST 2016/17 INTERNAL AUDIT PLAN					Status at 29/3/17		
		Final report issued	Draft report issued	Feedback process in progress	Fieldwork in progress	Brief issued	Removed from 16/17 plan
1	Community Infrastructure Levy						x
2	Procurement & Contracting	x					
3	Environmental Health Services						x
4	Agency Staff, Contracting & Consulting	x					
5	Economic Development						x
6	Key Financial System	x					
7	Income Generation Activities	x					
8	Council Tax and Benefits	x					
9	Payroll	x					
10	Treasury Management	x					
11	Business Rates (Revs)						x
12	Anti-Fraud Arrangements				x		
13	Grant Income	x					
14	Repair & Maintenance	x					
15	Parking					x	
16	Direct Services	x					
17	Licensing						x
18	Business Continuity	x					
19	Emergency Planning	x					
20	Asset Management		x				
21	IT Strategy/Acquisitions						x
22	Planning Applications & Appeals	x					
23	Due Diligence (Organisational Changes)	x					
24	Corporate Governance				x		
25	Risk Management						x
26	Transparency Code	x					
27	Audit Universe						x
28	Data Protection & Freedom of Information	x					
29	Cash Income				x		
	Total	16	1	0	3	1	8
	COMPARATIVE POSITION March 2016	6	6	4	3	0	5

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Review of Council Tax 2016/17

Issued 27 January 2017

Opinion: Substantial Assurance

Previous Review: Good (Framework & Compliance)

The purpose of this review was to provide an assurance that effective and robust controls are in place to ensure the accurate assessment of Council Tax due to the Council and the arrangements in place to ensure correct and proper authorisation of refunds due to customers.

To this effect the following risks were examined:

1. Risk that the Council does not comply with relevant legislation for example the Local Government Finance Act 1992 (primary) and the Council Tax (Administration and Enforcement) Regulations 1992 (operationally). Also the Limitation Act 1980 regarding the reimbursement of credit.
2. Risk that bills raised for Council tax are inaccurate (for example, incorrect billing amounts, incorrect names displayed on bill) and not raised in a timely manner.
3. Risk that refunds are not properly checked or authorised together with procedures.
4. Risk that fraud and corruption may be undetected.
5. Risk that Operational and Strategic risk assessments may not be undertaken in accordance with Council policy and risks not adequately managed.

Audit testing results indicated that controls were substantially met. Arrangements are in place to ensure that effective and robust procedures are in place to allow the accurate assessment of Council Tax due to the Council. A comprehensive system is embedded to ensure a controlled property database together with a structured billing process.

Further steps have been added to the refund process for Council Tax credit bills since the last audit review, which has enhanced the checking procedure. Given the nature of this process together with the volume of refunds, where possible the Academy system should be integrated into the procedure. This would add value to the process as it would allow more thorough checks to be undertaken for the more irregular refunds.

The following recommendations have been agreed with Management to address the above:

- A refund flow chart should be produced which clearly lays out all the checks and the process that can be used to identify any gaps in the process.

- Consultation should take place with the Control Team to ascertain whether current information already stored in Academy can be used (via an interface) to allow an automatic checking process regarding refunds. This would add value to the process as it would allow for more thorough checks to be undertaken for the more irregular refunds.

Members will be advised of the progress in implementing these recommendations in due course.

Review of Key Financial Systems 2016/17

Issued 31 January 2017

Opinion: Substantial Assurance

Previous Review: Good (Framework & Compliance)

The purpose of this audit review was to provide an assurance regarding the accuracy and completeness of financial transactions and their compliance with Council policy and financial procedures. The finance team has recently undergone a staffing restructure and part of this review focused on how this was embedding.

To this effect the following risks were examined:

1. Risk that the Council does not comply with relevant legislation for example the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2015 together with the CIPFA Code of Practice. This would include the revised, earlier date of the publication of the audited 2017/18 financial statements by 31st July.
2. Risk previous Internal Audit recommendations haven't been implemented.
3. Risk that appropriate procedures are not in place to aid the restructured Finance team.
4. Risk that there are skills gaps in the restructured Finance team.
5. Risk that fraud and corruption may be undetected.
6. Risk assessments may not be undertaken and risks not adequately managed.

Audit testing results indicated that controls were substantially met. Arrangements are in place to ensure compliance with current relevant legislation for example the Local Government Act 1988 and Accounts and Audit Regulations 2015. There is an effective system in place to ensure implementation of previous audit recommendations and appropriate procedures in place to aid the restructured Finance team. Current working processes are constantly being evaluated with enhancements made to ensure any skills gaps are covered.

One key area needs further enhancement and added resource/skills. Bank accounts are not reconciled on a monthly basis. Bank reconciliation is a key internal control carried out by the Finance function. Performing the bank reconciliation is necessary for the accuracy of accounting records. If the bank reconciliation is

undertaken on a regular basis (ideally monthly) it provides accurate details together with easy maintenance should any discrepancies occur.

The following recommendation has been agreed with Management to address the above:

- Bank reconciliations should be carried out on a monthly basis so that outstanding items can be dealt with promptly.

Members will be advised of the progress in implementing these recommendations in due course.

**Review of Treasury Management 2016/17
2017**

Issued 6 February

Opinion: Full Assurance

Previous Review: Good (Framework & Compliance)

The purpose of this audit review was to provide an assurance on the Council's arrangements for Treasury Management.

Treasury Management can be described as the processes involved in planning and organising the control of cash and borrowings so as to optimise interest and minimise cost of funds, with the ultimate goal of managing liquidity and mitigating financial risk.

To this effect the following risks were examined:

1. Risk that the Council does not have sufficient funds to meet day to day expenditure (Cash flow forecasting).
2. Risk that Treasury Management activity is not regularly reviewed by officers and members.
3. Availability of funds at short notice to cover cost of emergency expenditure.
4. Risk that transferring of funds is not correctly authorised, complete or recorded.
5. Surplus funds not invested promptly or receiving interest due.
6. Investments/ borrowings do not comply with the Council's Treasury Management Strategy.
7. Risk that Operational and Strategic risk assessments have not been undertaken in accordance with Council policy, therefore risks identified for Treasury Management may not be adequately managed.

From audit sampling, testing and discussion we are able to provide assurance in the following areas: -

- There is a comprehensive Treasury Management Strategy in place.
- Treasury Management is discussed with members, with updates presented to the Finance Advisory Committee (FAC) and Cabinet.
- Investment decisions comply with the Treasury Management Strategy & any breaches reported to FAC.
- At the time of this review (13th December) the Council was able to meet its day to day financial obligations.
- Treasury management decisions are documented and correctly authorised.

However, there was one area that internal audit felt could be improved:

- The updating of Treasury Management procedural notes, as these were last reviewed in 2009.

A recommendation to review the procedure notes has been agreed with Management to address the above.

Members will be advised of the progress in implementing these recommendations in due course.

Review of Procurement & Contracting 2016/17

Issued 1 March 2017

Opinion: Substantial Assurance

Previous Review: Good (Framework & Compliance)

The purpose of this audit review was to provide an assurance regarding the effectiveness of the arrangements in place for proposed and recent procurement activities at the Council.

To this effect the following risks were examined:

1. Risk that the Council may not comply with relevant procurement legislation (including EU Directives and UK legislation).
2. Risk that the Council may not comply with relevant internal policies, Contract Procedure Rules, Financial Procedure Rules or other good professional practice in procurement.
3. Risk that opportunities to achieve or to demonstrate efficiencies and/or value for money may not be maximised, such as by insufficient or infrequent market-testing being undertaken or by a lack of strategic planning in procurement.
4. Risk that procurement plans are not produced and future procurement activity recorded.
5. Risk that contracts may not be effectively managed.

6. Risk that fraud and corruption may be undetected for example “supplier kickbacks” are received for the award of tenders or tenders are improperly awarded to connected persons such as family members.
7. Risk that Operational and Strategic risk assessments may not be undertaken in accordance with Council policy and procurement risks not adequately managed.

Audit testing results indicated that controls were substantially met. Arrangements are in place to ensure compliance with current relevant legislation for example the EU Directives and Contract Procedure Rules. There is an effective system in place to ensure the production of forward procurement plans and market testing. Current contracts are adequately managed and risk assessed.

However, there are areas where further enhancements can be made especially where these could compliment the imminent staff development programme.

The following recommendations have been agreed with Management to address the above:

- The Council’s revised procurement Strategy should be made available to Officers via the Intranet. A responsible officer should monitor the key documents available to officers to ensure that they are the latest version and in accordance with current legislation.
- Enhance intranet based policies and procedure links and their availability to compliment changes, training and potential new portal.
- Consideration should be given to adding the following to the strategic risk register “Procurement and commissioning of services is not carried out effectively, consistently or in accordance with law”.

Members will be advised of the progress in implementing these recommendations in due course.

Review of Direct Services (Fuel & Stock) 2016/17

Issued 2 March 2017

Opinion: Full Assurance

Previous Review: None

The purpose of this audit review is to provide an assurance regarding the effectiveness of the arrangements in place for procurement and issue of stock and fuel supplies at the Dunbrik Depot site and to ensure that these arrangements are fit-for-purpose to deliver service objectives and comply with Council procedures.

To this effect, the following key risks and controls were examined:

1. Risk that the Council may not comply with relevant legislation, such as the Oil Duties Act 1979, Council policies and good practice.

2. Risk that there may be ineffective authorisation controls for purchase of stock and fuel supplies.
3. Risk that there may be weak physical access controls for stock items and fuel.
4. Risk that there may be weak monitoring controls relating to expenditure on stock and fuel supplies.
5. Risk that there may be ineffective or infrequent stock checks undertaken of store items.
6. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised, for example best prices are not obtained when purchasing stock and fuel.
7. Risk that fraud and corruption may be undetected, for example pilfering of stock items or fuel may go unnoticed.
8. Risk that Operational and Strategic risk assessments may not be undertaken in accordance with Council policy and the risks not adequately managed.

Audit testing and fieldwork demonstrated that there were effective controls in place for the ordering, storing and issuing of fuel at the Dunbrik depot. Fieldwork did not identify any significant control weaknesses. Effective controls were also in place for the ordering and issue of vehicle parts and other stock items held in the store area.

As a result of the above findings there were no recommendation made in the audit report.

**Review of Due Diligence 2016/17
(Organisational Changes)**

Issued 3 March 2017

Opinion: Full Assurance
Previous Review: None

The purpose of this audit review is to provide an assurance regarding the effectiveness of the organisational changes that took place between January and May 2016 within the senior management structure at Sevenoaks District Council.

To this effect, the following key risks and controls were examined:

1. Risk that the Council may not comply with relevant legislation, policies or good practice, such as employment law or corporate objectives.
2. Risk that the rationale for organisational changes may not be open or transparent.
3. Risk that key stakeholders may not have been properly consulted during the evaluation of organisational changes.

4. Risk that officers taking on new organisational responsibilities may not have the necessary experience or skill set to take on the role.
5. Risk that insufficient funding may not have been provided to deliver the agreed changes.
6. Risk that the expected benefits from the organisation changes may not have been realised.
7. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised, for example the organisational changes may have an adverse effect on service delivery.
8. Risk that fraud and corruption may not be detected, for example the organisational changes do not allow effective separation of duties for key tasks.
9. Risk that Operational and Strategic risk assessments may not be undertaken in accordance with Council policy and risks not adequately managed.

Audit fieldwork and testing confirmed that the organisational restructure has been undertaken effectively and no significant control weaknesses had been identified by this audit review. The decision making process had been clearly documented. Officers affected by the change and Council Members were fully consulted and had the opportunity to scrutinise proposals put forward by the Council. Feedback received during the audit process has been positive.

As a result of the above findings there were no recommendation made in the audit report.

**Review of Data Protection &
Freedom of Information Arrangements 2016/17**

Issued 17 March 2017

Opinion: Substantial Assurance
Previous Review: Good (Framework & Compliance)

The purpose of this audit review is to provide reasonable assurance to Senior Management, on the Council's arrangements in place for the effective compliance with the Data Protection Act 1998 (DPA) and Freedom of Information Act 2000 (FOIA), to ensure that the Publication Scheme in respect to FOI, is published in accordance with the Information Commissioners Office (ICO) model guidance. The ICO is an independent body set up to promote access to official information, and to protect personal information. The DPA relates to "personal data" held by the Council about individuals. This legislation makes provisions on how this data (manual, electronic, audio and images) is obtained, held, used, processed or disclosed.

To this effect the following risks were examined:

1. Risk that the Council is not compliant with DPA 1998, FOIA 2000, corporate policies and good practice as cited by the ICO.
2. Risk that Council staff may not be aware of their responsibilities, or the procedure for dealing with requests under the DPA and FOI.
3. Risk that the FOI Model publication scheme may not be implemented in accordance with good practice as specified by the ICO.
4. Risk that the Council may not be compliant with the prescribed turnaround deadlines to respond to request under the DPA and FOI.
5. Risk that issues relating to DPA and FOI may not be effectively embedded into the corporate complaints procedure.
6. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised, for example review processes to improve turnaround on specific information requests.
7. Risk that fraud and corruption may be undetected, for example altering or concealing information.
8. Risk that risk assessments may not be undertaken in accordance with Council policy and risks not adequately managed.

From the audit testing results we generally found that, the administrative process in dealing and meeting the ICO target turnaround times was good. However, we provided advice (where there was no significant risk impact) where applicable, to support better efficiency in both the FOI and DPA processes. There were areas we felt could benefit from some improvement and these are listed below.

The following recommendations have been agreed with Management to address the above:

- Ensure that all key policies and procedures relating to both FOI and DPA are updated, approved, version controlled, dated and reviewed regularly.
- Ensure that all staff that is involved in the FOI administration, has completed the required mandatory training for FOI and DPA modules and that the Service Manager and HR. monitor this.
- Consideration is to be given for an impact review into the likely event of a partial/full loss of email service for the Customer Services Team responsible for the administration of FOI requests. The results of this review should inform the Service Business Continuity Plan.
- Consider including the following areas as part of the development of the Council's website FOI reporting facility that will support improvement in the service:
 - Comments on FOI survey
 - The impact on operational risk (responses outside 20 days without extensions)

- The analysis of FOI complaints in the period
- The DPO and/or the Solicitor (Legal services) should consider training members (as part of induction or ongoing) about the potential risks of the use of private emails for Council business, and update relevant policies to support the discouragement of such practices.

Members will be advised of the progress in implementing these recommendations in due course.

Review of Agency Staff & Contracting 2016/17

Issued 17 March 2017

Opinion: Full Assurance

Previous Review: Good (Framework & Compliance)

The purpose of this audit review is to provide an assurance regarding the effectiveness of the implementation of previous recommendations from the review undertaken in 2014/15. In view of the Council's commitment to providing good value for money, it was agreed that this follow-up review is undertaken.

To this effect the following risks were examined:-

1. Risk that the Council may not comply with relevant internal policies, such as, Contract Procedure Rules, Financial Procedure Rules or good professional practice.
2. Risk that the Council may not comply with relevant internal policies, Contract Procedure Rules, Financial Procedure Rules or other good professional practice in procurement.
3. Risk that opportunities to achieve or to demonstrate efficiencies and/or value for money may not be maximised, such as by insufficient or infrequent market-testing being undertaken or by a lack of strategic planning in procurement.

Audit testing results indicated that controls were fully met. Arrangements are in place to ensure compliance with current relevant legislation and Council policies including the Contract Procedure Rules. There is an effective system in place to ensure implementation of previous audit recommendations and appropriate procedures in place to ensure that alternative options are considered. All recruitment has been appropriately authorised and risk assessed.

Review of Payroll 2016/17

Issued 23 March 2017

Opinion: Full Assurance

Previous Review: Good (Framework & Compliance)

The purpose of this audit review is to provide reasonable assurance to Senior Management, on the Council's arrangements for the effective operation of the

payroll function (I-Trent system) in accordance with Council procedures and legal requirements.

To this effect the following risks were examined:-

1. Risk the Council may not comply with relevant legislation, policies or good practice, such as the proper PAYE collection of tax and national insurance.
2. Risk the payroll payments are not made on a due and timely basis.
3. Risk the fraud and corruption may be undetected, for example in regards to allowances claimed or “ghost employees” or other inaccurate unauthorised or fraudulent payroll payments being made.
4. Risk the payroll system may not correctly reconcile to the main accounting system resulting in potential misstatements in the accounts.
5. Risk the starters and leavers may not be correctly set up or removed.
6. Risk the changes to individual pay scales may not be correctly set-up and authorised.
7. Risk the overtime payments may not be appropriate, correctly applied and authorised.
8. Risk the opportunities to achieve or demonstrate efficiency or value for money may not be maximised, for example by greater use of on-line transactions and access.
9. Risk the Operational and strategic risk assessments may not be undertaken and risks not adequately managed.

From the audit testing results we found that the framework of controls in place were sound, to enable the effective processing of the payroll for the period under review. For example:

- There were up to date procedures in place.
- New staff at the Council was correctly added onto the payroll system, and staff leaving the Council was also correctly removed.
- Monthly reconciliations of payroll totals against the totals recorded the main accounting system (Agresso).
- The timely submission of HRMC information.
- Suitable separation of duties that facilitated the appropriate validation, and independent checks at each stage of the payroll process.
- Staff were paid on time.
- Access to the payroll system was restricted to authorised staff only.
- Regular back up of payroll data was performed.

The overall opinion was Full Assurance, so no further recommendations were made in this review.

DEFINITIONS OF AUDIT OPINIONS

OPINION	DEFINITIONS
Full Assurance (no High or Medium Risk Recommendations)	<p>A sound framework of control is in place that meets the Council’s or service objectives. All expected controls tested are in place and are operating effectively.</p> <p>No specific follow-up review will be undertaken; follow-up will be undertaken as part of the next planned review of the system.</p>
Substantial Assurance (no High Risk Recommendations)	<p>There is generally a sound framework of control in place designed to meet the Council’s or service objectives. However, there are isolated weaknesses in design of controls, or inconsistent application of controls, which puts the achievement of a limited number of objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken within 3 to 6 months; follow up of low priority recommendation will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses identified within the framework and there exist evidence of non-compliance with Council procedures or good practice, which puts the achievement of the Council’s or service objectives in many of the areas reviewed at risk.</p> <p>Follow-up of high and medium priority recommendations only will take place within 3 to 6 months; follow-up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>Absent or non-existent evidence of framework; fundamental weaknesses identified within design; operation of key controls has resulted in failure, or could result in failure to achieve the Council’s or service objectives in the areas reviewed.</p> <p>Follow-up of high and medium priority recommendations only will take place within 3 to 6 months; follow-up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

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REPORT ON INTERNAL AUDIT RECOMMENDATIONS OUTSTANDING

Audit Committee - 18 April 2017

Report of the: Chief Finance Officer

Status: For Consideration

Key Decision: No

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Scholey

Contact Officer Lisa Nyon Ext. 3004

Bami Cole Ext. 7236

Recommendations to Audit Committee: That Members:

- a) review the information in Appendix A and request further information or explanation as appropriate; and
- b) note the reasons for delayed implementation, where the ranking is medium or high, and endorse the revised dates for implementation provided by management, as set out in Appendix B to the report.

Introduction

- 1 This report updates Members on progress of the implementation of Internal Audit Recommendations agreed with management, and to report on outstanding recommendations due for implementation by 31 January 2017.
- 2 The report also informs the Committee where implementation dates have been revised, where agreed recommendations have not been implemented or are no longer intended.

Summary of Issues Raised Within the Report

- 3 Appendix A provides a summary of the reports for which management had agreed recommendation implementation dates, for the period to 31 January 2017. Internal Audit has obtained the current status from the responsible managers, but it should be noted that, where implementation has been confirmed, Internal Audit has not yet undertaken any additional testing to verify this. Implementation checks will be carried out in due course, usually between 3 to 6 months of the agreed implementation date.

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- 4 Appendix B provides details of agreed recommendations (where the Priority/Ranking is medium or high) where management have advised Internal Audit that implementation of the actions agreed has initially been delayed from the date originally stated. Enquires with management indicates that satisfactory progress is being made, or proposed; and that there are no major concerns arising as a result of the change in implementation dates. However Internal Audit will continue to monitor progress where appropriate and report back to the Audit Committee as necessary.

Key Implications

Financial

This report has no financial implications.

Legal Implications and Risk Assessment Statement

The purpose of Internal Audit recommendations are to manage identified risks and improve internal controls and value for money in service provision. Consequently, risk profiles may increase in areas where the implementation of recommendations is delayed, if there are no compensating mitigating controls in place. This may have potential financial and legal consequences for the Council. Members' consideration of this report will facilitate the Council's ability to manage such risks.

Value for Money and Asset Management

Timely implementation of Internal Audit recommendations could facilitate the Council's ability to obtain greater value for money and guard against waste, inefficiency and identified risks.

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

The report on recommendations outstanding enables Members to review the timeliness of implementation of Internal Audit recommendations. When recommendations have not been implemented, it enables Members to seek explanations, or agree revised dates. If management propose not to action recommendations and accept the risk, Members can review this action to determine if it meets the objectives of the Committee and the Council's risk appetite. Where appropriate, Members may request responsible management to attend the Committee and provide further explanations as necessary.

Appendices

Appendix A - Summary of recommendations followed up

Appendix B - 'Overdue' recommendations where implementation delayed (ranking medium or high)

Background Papers:

None

**Adrian Rowbotham
Chief Finance Officer**

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SUMMARY OF RECOMMENDATIONS FOLLOWED UP

Audit (Number of Recommendations originally accepted)	Date final report issued	Number of recommendations where implementation not yet due	Number of recommendations where implementation now confirmed by management	Number of recommendations where management advise that implementation delayed (Appendix B)	Number of recommendations where management advise that implementation is no longer intended (Appendix C)	Number of recommendations where implementation not confirmed or alternative date not provided
Council Tax/NDR 2014/15 (2)	5/2/15	1	1	0	0	0
Key Financial Systems 2014/15 (1)	5/5/15	0	1	0	0	0
Repair & Maintenance Arrangements 2014/15 (13)	5/5/15	1	12	0	0	0
Community Grants 2015/16 (5)	24/6/15	1	4	0	0	0
Organisational Effectiveness & HR Strategy 2015/16 (6)	15/1/16	3	2	1	0	0
Dunbrik (TASK) 2015/16 (4)	7/6/16	1	3	0	0	0
Council Tax Support 2015/16 (1)	14/6/16	0	0	1	0	0
Corporate Fraud Post DWP Proposals 2015/16 (4)	16/6/16	1	3	0	0	0
Section 106 Affordable Housing 2015/16 (1)	8/7/16	0	1	0	0	0

APPENDIX A

Emergency Planning 2016/17 (1)	22/7/16	0	0	1	0	0
Business Continuity 2016/17 (4)	26/7/16	0	0	4	0	0
Transparency Code 2016/17 (3)	12/8/16	0	2	1	0	0
Repair & Maintenance Arrangements 2016/17	2/12/16	3	1	0	0	0
Planning Applications 2016/17	16/12/16	1	0	0	0	0
Income Generation 2016/17	20/12/16	2	0	0	0	0
Council Tax 2016/17	27/1/17	1	0	0	0	0
Key Financial Systems 2016/17	31/1/17	1	0	0	0	0
Treasury Management 2016/17	6/2/17	0	1	0	0	0
Procurement & Contracting 2016/17	1/3/17	3	0	0	0	0

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All recommendations for the audits in the shaded areas are not yet due.

‘OVERDUE’ RECOMMENDATIONS WHERE IMPLEMENTATION HAS BEEN DELAYED (WHERE RANKING IS MEDIUM OR HIGH)

Audit: Council Tax Support 2015/16

Recommendation	Priority/ ranking	Original response	Latest position + (source)
<p>Management need to ensure that a member of staff is made responsible for ensuring that relevant staff are notified when updates/changes take place in the Council’s Anti - Fraud and Corruption Strategy. This may require liaison with the Audit Risk and Anti -Fraud Manager.</p>	<p>Medium</p>	<p>Management comment: Whilst I agree with this recommendation as this review relates specifically to Council Tax Support it would seem more appropriate for it to be included in a review of the newly formed Corporate Fraud Team.</p> <p>Responsible Officer: Head of Revenues & Benefits</p> <p>Recommendation Implementation Date: 31/3/17</p>	<p>Internal Audit Comment: The Anti-Fraud and Corruption Strategy has been updated by the Principal Auditor. This will be presented to the Audit Committee on 18th April 2017.</p>

Audit: Emergency Planning 2016/17

Recommendation	Priority/ ranking	Original response	Latest position + (source)
<p>1 a) The Head of Parking and Surveying should review the website links referred to in the Major Emergency Plan to ensure that they are correct. Checks should be programmed to ensure that the links are still working on a regular (quarterly) basis.</p>	<p>Medium</p>	<p>Agreed Action: Agreed (although one of the links that is currently broken is operated by the Kent County Council). They have been made aware of the situation by the Head of Parking & Surveying as this is out of the Council’s control.</p>	<p>The Major Emergency Plan will be reviewed in April 2017 and the necessary alterations will be completed at this time.</p> <p>Head of Parking & Surveying - 24/2/17</p> <p>Internal Audit Comment Responsibility for this recommendation has passed to the new Emergency Planning and Property Services Manager now that the Head of Parking & Surveying has left the authority. Internal Audit will continue to follow this recommendation and will advise the Committee further at the meeting in June 2017.</p>

Recommendation	Priority/ ranking	Original response	Latest position + (source)
<p>b) Consideration should be given as to how emergency contacts and their details can remain current and up to date in between reviews. These could form part of a different document or as an appendix. Although the immediate emergency team is aware of current officers and contact changes, due to the significant importance of the document and the urgent access that might be required outside of the emergency team all contact data should be current at all times.</p>		<p>Responsible Officer: Head of Parking & Surveying</p> <p>Recommendation Implementation Date: 31/12/16</p>	

Audit: Business Continuity 2016/17

Recommendation	Priority/ ranking	Original response	Latest position + (source)
2 A system should be put into place whereby certain checks are carried out to ensure that all Business Impact Assessments (BIA) have been signed and dated.	Medium	<p>Agreed Action: Agreed</p> <p>Responsible Officer: Head of Parking & Surveying</p>	<p>Signatures will be added to Business Impact Assessments as they are reviewed during 2017.</p> <p>Head of Parking & Surveying - 24/2/17</p>

<p>There is a risk that without this detail the latest version may not be used which could lead to incorrect actions being taken especially if functions or priorities have changed.</p>		<p>Recommendation Implementation Date: 31/12/16</p>	<p>Internal Audit Comment Responsibility for this recommendation has passed to the new Emergency Planning and Property Services Manager now that the Head of Parking & Surveying has left the authority. Internal Audit will continue to follow this recommendation and will advise the Committee further at the meeting in June 2017.</p>
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Audit: Transparency Code 2016/17

Recommendation	Priority/ ranking	Original response	Previous response	Latest position + (source)
<p>2.1) Senior Salaries information published on the website should be consistent with the requirements of the Transparency Code.</p> <p>2.2) Benefits in kind should be fully disclosed.</p> <p>2.3) Information gathered should be obtained from the relevant department and not acquired from individual officers.</p>	<p>Medium</p>	<p>Agreed Action:</p> <p>2.1) Information is agreed with the relevant departments before it is published.</p> <p>2.2) Agreed. Benefits in kind should include a wider range of benefits. The information provided will be reviewed and compared with the format used by Leeds City Council.</p> <p>2.3) Agreed. Information is obtained from the relevant department. For example, budget details are obtained from the Finance Team to ensure consistency and accuracy.</p>	<p>A table has been published on the Council's website which seeks to address the requirements of the transparency code in relation to senior salaries and organisational chart information. All data has been provided by the payroll and finance teams.</p> <p>However, bonus and benefits in kind are yet to be included and will be added in due course.</p> <p>Head of Transformation & Strategy - 30/11/16</p>	<p>The layout of the Council's salaries data is being reviewed for the launch of the new Council website at the end of March 2017. This will include clarity on benefits in kind.</p> <p>Head of Transformation & Strategy - 14/3/17</p> <p>Internal Audit Comment In view of latest management update, Internal Audit will continue to liaise with the Head of Transformation & Strategy and advise the Committee further at the meeting in June 2017.</p>

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		<p>Responsible Officer: Head of Transformation & Strategy</p> <p>Recommendation Implementation Date: 30/7/16</p>		
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ANNUAL INTERNAL AUDIT PLAN 2017/18

Audit Committee - 18 April 2017

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Scholey

Contact Officer(s) Lisa Nyon, Ext. 3004
Bami Cole, Ext. 7236

Recommendation to Audit Committee: That Members approve the draft Internal Audit Plan for 2017/18

Reason for recommendation: The Internal Annual Audit Plan is required to be approved by the Audit Committee prior to implementation.

Introduction

- 1 This report incorporates the Annual Internal Audit Plan and Programmed Reviews for 2017/18, attached as an Appendix to this report. The objective of the plan is to ensure that Internal Audit resources are deployed in order to add value to the Council's objectives, whilst delivering reasonable assurance to the Council, regarding the effectiveness of internal control, governance and risk management processes in fulfilment of the Council's statutory responsibilities.
- 2 The plan has been prepared in accordance with professional guidance, including the Public Sector Internal Audit Standards 2016 using an audit needs analysis methodology which takes into account and regulatory requirements, in particular the Accounts and Audit Regulations 2015.
- 3 The Audit Committee is required by its terms of reference, to approve the Annual Internal Audit Plan prior to its implementation.
- 4 The programmed work of Internal Audit is informed by an assessment of the audit environment consisting of all the activities within the Council. This took account of changes proposed or implemented within the Council over the last 12 months; incorporating audit priorities on a risk assessed basis, in consultation with senior management. This methodology has been used to help ensure that audit resources are targeted to the areas where the work of

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Internal Audit would be most effective in improving internal controls, the efficiency of service delivery, and to facilitate the effective management of identified risks.

Summary of Issues in the Audit Plan:

- 5 The proposed Audit Plan for 2017/18 has 24 key reviews totalling 250 direct audit days, which cut across the whole Council and includes key financial systems and payroll.
- 6 In addition to the planned reviews, 24 audit days have been set aside for system advice and information, 20 days for fraud irregularity and special projects (including participating in the National Fraud Initiative (NFI) aimed at protecting the Council against external fraud), 161 days for service development, audit planning, risk management, Audit Committee reporting and general administration. Thirty days are also set aside for Audit Management and Supervision.
- 7 In addition to the programmed reviews set out in Annex 1 to the Appendix, a resource plan for Sevenoaks District Council is attached as Annex 2 to the Appendix, showing the resource available for the year and how it has been allocated.
- 8 Additional days this year have been allocated to training needs for the team. It is proposed that all reviews included in the 2017/18 plan will be completed using our 'TeamMate' audit software which will help the team become more efficient and will bring consistency to audit report writing.
- 9 All work undertaken during the year and any proposals for amendments of the plan will be reported to the Audit Committee through the routine monitoring arrangement of progress against the Audit Plan by the Audit Committee.

Liaison and Co-operation with External Audit

- 10 During the course of the year, Internal Audit will work closely with the External Auditors, Grant Thornton, within the terms of an agreed protocol, to ensure an effective and efficient delivery of the assurance requirements for the Council and to minimise duplication.

Revisions to the Audit Plan

- 11 The plan is risk based and took account of the assessed risks at the time of planning. However, in view of the changing and dynamic nature of the current economic, political and regulatory environment, risk profiles may change at fairly short notice. Internal Audit will remain responsive to the needs of the Council during 2017/18. As a result, revisions to the plan may be required should the risk profiles, or regulatory requirements affecting the Council changes. Where changes within the environment necessitate revisions to the audit plan, any proposed changes would be agreed with

Senior Management prior to seeking the approval of the Audit Committee, and before implementation.

Key Implications

Financial

Not Applicable.

Legal Implications and Risk Assessment Statement.

No additional legal implication beyond the Council's duty to comply with the Accounts and Audit Regulations 2015.

The Council is required to comply with the requirements of the Accounts and Audit Regulations 2015, regarding its "arrangements to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The report indicates that the Council has effective arrangements in place as required by regulatory requirements and professional standards.

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

The attached plan incorporates the assurance requirements for 2017/18, and had been prepared in accordance with relevant professional and regulatory requirements. The Committee is therefore requested to approve the plan.

Appendices Appendix A - Draft Internal Audit Plan for 2017/18

Annex 1 - Details of Programmed Reviews 2017/18

Annex 2 - Resource Plan 2017/18

Background Papers: Internal Audit Annual Plan for 2017/18
Public Sector Internal Audit Standards 2016
<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

Accounts and Audit Regulations 2015
<http://www.legislation.gov.uk/uksi/2011/817/contents/made>

Adrian Rowbotham
Chief Finance Officer

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SEVENOAKS DISTRICT COUNCIL - DRAFT OPERATIONAL INTERNAL AUDIT PLAN 2017/18

1. BROUGHT FORWARD REVIEWS FROM 2016/17 ANNUAL INTERNAL AUDIT PLAN

	Title of Review	Description	Link to risk.	Proposed Quarter	Proposed Number of days
1	Community Infrastructure Levy (CIL)	To review the implementation of CIL in order to provide an assurance regarding compliance with Council policy and procedures for the collection and allocation of funds.		Q4	5
2	IT Acquisitions	To review the arrangements in place for the procurement of IT equipment.	SR05/SR06	Q2	10
	Business Rates (Shared Service Review)	To review the arrangements currently in place for the billing and collection of business rates in order to provide an assurance regarding accuracy and timeliness and to ensure that all business rates due are being collected. This review will also cover the arrangements in place for the identification of new buildings liable for business rate charges.	SR01/SR09	Q2	10
4	Licensing	To review the Council's arrangements for Licensing in order to provide assurance regarding compliance with legislation, Council policies and procedures and the effectiveness in delivering service objectives and to see how the new partner is embedding into the new partnership.	SR09	Q1	10

2. CHIEF FINANCE OFFICER

	Title of Review	Description	Link to Risk	Proposed Quarter	Proposed Number of days
5	Key Financial Systems	Annual review of the Key Financial Systems, in order to provide assurance regarding the accuracy and completeness of transactions and compliance with Council policy (Financial aspects covered will be agreed at the Audit Scoping Meeting).	SR01	Q3	15
6	Housing Benefits & Council Tax Reduction (Shared Service Review)	To review the processes around the use of Risk Based Verification (RBV) that was introduced in February 2017 to ensure verification checks made on new claimants/ changes in claimant circumstances are in accordance with Council Policy and Government Legislation. This audit will also include a cursory review of the changes introduced from 1 April 2017 under the Council Tax Reduction Scheme and a review of the new 'retriever' system.	SR01/SR09	Q2	10
7	Property Investment Strategy	To review the governance and financial aspects of the strategy and attainment so far of set objectives.	SR01 SR02	Q2-Q3	15
8	Discretionary Housing Payments. (Shared Service Review)	To review the processes in place to ensure compliance with the Discretionary Housing Policy and Government Legislation and decisions made with regard to the allocation and use of the funding received.		Q1	5
9	Insurances (Joint Review)	This review will provide an assurance regarding the effectiveness and fitness for purpose of the insurance arrangements.		Q2	10

3. CHIEF OFFICER COMMUNITITES AND BUSINESS SERVICES

	Title of Review	Description	Link to Risk	Proposed Quarter	Proposed Number of days
10	HERO Project	To review the processes in place for this project focusing on the client need analysis, identification of needs, advice and support given to clients and the reporting of client outcomes.	SR08 OR 5.2	Q1	10
11	Private Sector Letting Scheme (PSLS)	To review processes in place for background checks undertaken on landlords, rent in advance payments and repayment of rent deposits.	SR07/SR08 OR 5.1	Q2	10
12	Homelessness Prevention	To review procedures in place to help the prevention of homelessness and the homelessness prevention strategy to ensure compliance with the Homelessness Act 2002.	SR07 OR 5.1,5.3	Q3	10
13	Safeguarding	To review the arrangements in place for safeguarding Children and Vulnerable Adults, taking into account Aspects of Anti-Slavery, Human Trafficking (Modern Slavery Act 2015) and the Councils duty to report potential victims and arrangements in place for this.	SR07 OR 6.1 to 6.6	Q3-Q4	10

4. CHIEF OFFICER ENVIRONMENTAL AND OPERATIONAL SERVICES

	Title of Review	Description	Link to Risk	Proposed Quarter	Proposed Number of days
14	Disabled Facilities Grants	To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Disabled Facility Grants are efficiently and effectively administered to maximise the funds available to make the most difference to those in need of the	SR07 OR 1.1	Q2	10

		scheme.			
15	Vehicle Procurement (Dunbrik Depot)	To review the processes and the Financial Strategy used to procure vehicles for the Depot to ensure adequacy and fitness for purpose.	OR 2.2, 2.4 6.2	Q4	15
16	Health and Safety	To review the procedures in place to ensure that they conform to government legislation and Council policy. This review will also consider the processes in place to ensure the appropriate training for staff.	SR10	Q2	15
17	Environmental Health (Shared Service Review)	To review the customer perception of EH to form an opinion on the fitness for purpose of the current customer feedback survey process and how feedback on the service is received from customers and followed up.	SR09	Q3	5
Page 42	Environmental Health Project	To review the cost split between the partnership with Dartford, with focus on core work carried out for the two authorities by the EH team.	SR09	Q3	20

5. CHIEF OFFICER CORPORATE SERVICES

19	Members Expenses	To review the processes for paying members expenses to ensure authorisation, accuracy and completeness of claims made for reimbursement.	SR07	Q4	5
20	Payroll	An annual review of the processes used by Payroll. To provide an assurance regarding the accuracy, authenticity and completeness of the payroll system, in particular, starters and leavers and to provide assurance regarding compliance with HMRC regulations.	SR04	Q3	10

6. CHIEF OFFICER PLANNING SERVICE

21	Operational Changes	To review the operational aspects of combining strategic planning and housing policy and how this contributes to the overall effectiveness of the Planning Service.	SR04 OR 1.2,1.3,5. 2	Q4	10
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7. COUNCIL WIDE REVIEWS

22	Print Studio	To review the income generation and income collection processes for the print studio from external and internal customers.		Q4	5
23	Quercus 7	To review the relationship between Q7 and SDC, with particular focus on potential conflicts of interest between the two entities and use of Council resources to support Q7 initiatives.	SR01	Q2	15
24	Channel Shift (Phase 1)	To review the 'Chanel Shift' initiatives put forward by the Council to ensure they are meeting their overall objectives.	SR05	Q3-Q4	10

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SDC - RESOURCES FOR ANNUAL INTERNAL AUDIT PLAN 2017/18

	DAYS PLANNED
Total Available Days for Year 2017/18	682
LESS Unavailable Days:	
Bank holidays and authorised leave	108
Staff development & training	49
Sick leave	15
Total	172
AUDIT DAYS AVAILABLE	510
Planned Direct Audit Days	250
Fraud, irregularity and special projects	20
Contingencies	25
Systems advice & information	24
General administration/Board reporting/service development/Audit Planning/risk management/joint working	161
Audit Management and supervision	30
Total Days	510

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Internal Audit Plan

2017/18

D R A F T

Background

1. The Accounts and Audit Regulations 2015 requires the Council to have an effective Internal Audit Function which would provide an opinion on the adequacy and effectiveness of financial control, as well as to provide reasonable assurance on the Council's overall governance and internal control processes. This includes the arrangements for the Annual Governance Statement, the review of the effectiveness of internal audit and the management of business risks.
2. This requires an annual internal audit plan which:
 - Draws on effective co-operation with External Auditors and other external review agencies, from which the public may gain assurance regarding the effectiveness of the Council's system of internal control.
 - Provides Councillors, the Chief Executive, the Section 151 Officer, and other senior managers with an overall opinion on the status of the Council's governance arrangements, including internal control and risk management.
 - Supports the Chief Finance Officer in fulfilling his obligations under Section 151 of the 1972 Local Government Act and the Accounts and Audit Regulations 2015, to ensure the Council operates safe and efficient financial and management information systems.
 - Enables the Council to place assurance on the work of Internal Audit in fulfilling its obligations under the Accounts and Audit Regulations 2015, Regulation 4, to establish proper practices for the publication of an Annual Governance Statement; and Regulation 6 to review the effectiveness of the internal audit function.
 - Conducts audit reviews of the Council's risk management, internal control, and governance arrangements in a way that takes full account of the Council's objectives and risks.
 - Aims to improve the Council's risk management, internal control, and governance arrangements by providing line management with practical recommendations arising from audit work; including consultancy and advice and information as necessary or on request.
 - Delivers an audit service that meets the Public Sector Internal Standards 2016 and relevant guidance issued by CIPFA.

Internal Audit's objectives

3. The internal audit function is provided through a shared services arrangement with Dartford Council, which came into force in April 2010. Its remit is set out in the Internal Audit Charter. The objective of the team is to provide an independent, objective assurance and consultancy activity designed to add value to the existing internal control and governance framework to support the achievements of services and corporate objectives. This plan outlines the team's work for Sevenoaks District Council only, regarding the provision of Internal Audit Services, in fulfilment of the Council's Section 151 responsibilities and its obligations under the Accounts and Audit Regulations 2015.
4. In recognition of the statutory requirement, it is the responsibility of Internal Audit to review, appraise and report upon:
 - The soundness, adequacy, and application of financial and other management controls.
 - The extent of compliance with, relevant and financial effect of, established policies, plans and procedures.
 - The extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from:
 - Fraud, bribery, corruption and other offences
 - waste, extravagance, and inefficient administration, poor value for money and other causes.
 - The suitability and reliability of financial and other management data developed within the organisation.
 - The effectiveness of the Council's risk management framework

Proposed Audit Techniques

5. To fulfil our responsibility, we propose to adopt the following techniques. The relevant technique adopted will depend on the nature and scope of each audit review:

Risk-based audit

Risk-based auditing takes account of the Council's strategic and operational objectives, and evaluates through audit testing the management of risks to achievement of these objectives, thereby providing an opinion on the quality of internal control within a system. Recommendations for improvements in control are proposed proportionate to the impact and likelihood of existing risks.

Systems-based audit

Where appropriate, Audit may undertake wider documentation, evaluation and testing of financial operational and management information systems providing an opinion as to the adequacy of control and offering suggestions and advice to enable strengthening of systems weaknesses and assist in improving the effectiveness of controls.

Systems based auditing provides high quality assurance on management controls for those systems evaluated externally.

Our systems-based audit work is based on the CIPFA System Control Matrices. The matrices draw on the approach, standards, and guidance of a variety of audit and regulatory bodies, including the Audit Commission.

Financial/Probity Reviews

Examination of financial records for compliance with agreed policy, regulations, and procedures.

Investigation of Irregularities

We will undertake enquiries into cases of discovered or reported irregularity including, where required, liaison with other investigatory bodies, such as the National Fraud Initiative (NFI). These usually lead to the enhancement of risk management activities within the Council, and strengthening of internal controls.

Advice and Information

We offer advice, information and assistance to all levels of management on internal control, governance and risk management.

IT audit

IT audit is a specialist area, to this effect we will seek to buy in technically qualified and experienced agency staff, or liaise with other Kent Councils for assistance in providing this service for any relevant aspects, which requires technical expertise.

VFM audit

Value for money considerations will be factored into our approach where relevant and appropriate. This would enable us to determine whether managers are making use of the opportunities available to them for obtaining good value for money, especially within the current austerity environment.

Audit Approach

6. In order to make best use of staff resources and to maximise the team's effectiveness, the need for audit reviews in individual areas, is considered based on an audit needs analysis, which evaluates the audit universe using a scoring system.
7. The audit needs analysis then informs the annual operational plan, which sets out the areas to be covered in 2017/18, taking into account the highest scores on the audit needs analysis and resource constraints. Areas that have not scored highly enough for the operational plan for this year are considered for inclusion in the strategic audit plan.
8. In order to ensure that the Audit Plan for 2017/18 addresses the Council's key risks and add value, we have identified and prioritised the areas for coverage by:-
 - Reviewing the Council's Risk Registers and Corporate Plan;
 - Identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review.
 - Analysing coverage of Internal Audit reviews over the last three years and the assurance opinions provided following each review, to identify any gaps or areas where follow up work would be of value.
 - Identifying any areas of the Audit Universe, which have not been subject to Internal Audit review during the last three years.
 - Meetings with Senior Management to discuss key risks and emerging risk areas for the year ahead and also any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

The Plan for 2017/18

9. The table on Annex 1 to this report sets out the audit plan for 2017/18 and a summary of the scope of each review. As part of the process, an annual review of key financial systems and payroll is carried out. These are systems with high inherent risks, usually areas of major income and expenditure where a failure to manage risks effectively might result in material financial loss, or significant damage to the Council's reputation. The reviews are intended to ascertain the arrangements management have in place to manage strategic, operational or business risks and to give an assurance regarding their effectiveness.

[See Annex 1, attached - for details of reviews proposed for 2017/18]. In addition to the programmed reviews, the resource plan also includes work in the following aspects:

Arrangements to prevent fraud and corruption

<i>audit area</i>	<i>review objectives</i>
Contracts	To check that contract payments are only made in accordance with contract terms and when properly authorised.
Cashing up	To check that officers are able to account for all income received by them on the day of the cashing up.
Housing Benefit, Council Tax Support, Council Tax Discounts and Housing Records	To check the robustness of the process to prevent and detect fraud in accordance with National Fraud Initiative requirements.
Special investigations	To carry out investigations into suspected internal frauds, losses etc. in accordance with the Fraud Response Plan.

Follow up of recommendations made in previous audit reports

Audit reports	To follow up recommendations made in previous reports, to confirm that agreed action has been implemented effectively within the agreed time scales. Additional audit resource has been allocated to this area for the 2017/18 year to help ensure this happens and to give additional support and advice to services where appropriate.
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Available Resources

10. A resource plan for 2017/18 is set out on Annex 2 to this report. This plan assumes that the current staffing of the shared services establishment for Internal Audit, which consists of a Principal Auditor (Acting as Audit Manager), 3.8 Senior Auditors, and 0.5 Admin assistant will continue. This also takes into account additional training needs for the team on the new audit software 'TeamMate' which will be used for all reviews conducted in 2017/18.

Internal Audit Performance

11. During 2017/18, the team will continue to work in compliance with the Public Sector Internal Audit Standards and professional guidance issued by CIPFA.
12. The following proposed performance indicators relating to the delivery of the Annual Internal Audit Plan are based on a balanced scorecard approach which considers four perspectives, the customer, innovation & leaving, internal processes and financial. This approach is used across local authorities in Kent.

Proposed Performance Indicators - based on a Balanced Scorecard Approach

Customer Perspective		Innovation & Learning Perspective	
<ul style="list-style-type: none"> Percentage of auditees Strongly Agree/Agree with the way the audit has been conducted. 	Target 90%	<ul style="list-style-type: none"> Training days used against budget 	Target 95%
<ul style="list-style-type: none"> Percentage of auditees Strongly Agree/Agree with audit findings. 	Target 90%	<ul style="list-style-type: none"> Recommendations made/recommendations implemented 	Target 90%
Internal Perspective		Financial Perspective	
<ul style="list-style-type: none"> Percentage of draft reports sent to auditee within 15 days of audit feedback meeting. 	Target 95%	<ul style="list-style-type: none"> Cost of auditor team - taking actual audit salaries against budgeted. 	Budget vs actuals
<ul style="list-style-type: none"> Percentage of feedback meetings held within 6 weeks of opening meeting 	Target 90%	<ul style="list-style-type: none"> Percentage of team time spent on delivery of audit plan (days allocated to plan against audit team activity) 	Target 80%

Reporting Protocol

- Internal Audit work undertaken during the year will be periodically reported to clients (Service Managers, Heads of Service, Chief Officers and the Chief Executive), the culmination of the year's work being an Annual Report to the Audit Board. The reports provide overall audit opinions as to the adequacy and effectiveness of the control environment within the area examined. The Annual Report will contain an overall opinion on the adequacy of internal control, governance and risk management within the Council.

Audit Opinion

14. The simplified Audit Opinions Framework which was introduced last year continues to work well and has been well received by Service Managers and their teams.
15. We aim to involve auditees at key stages of the audit process and to ensure their agreement to audit findings and recommendations. The table below sets out how auditees will be involved in the audit process this year. There are no changes to the process from last year.

Audit stage	Involvement
Agreement of brief at the start of the audit	Head of Service/Chief Officer
Feedback and discussion of main findings arising from an audit	Service Manager/Head of Service
Agreed report	Chief Executive Chief Financial Officer Chief Officer as appropriate Head of Service Service Manager
Audit satisfaction questionnaire completion	Head of Service/Service Manager as appropriate
Mid-year progress reports	Strategic Management Team and Audit Committee
Annual Report Annual Plan	Strategic Management Team and Audit Committee

Audit Recommendations

16. We will continue to report recommendations by highlighting the significance of each item in relation to risk and materiality. Thus as a guide, recommendations will be graded as follows:

High - Fundamental weaknesses in the system or process under review.

Medium - System weaknesses which leave the system open to minor risks.

Low - Desirable but non-threatening improvements.

REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE 2016/17

Audit Committee - 18 April 2017

Report of the: Chief Finance Officer

Status: For Consideration

Key Decision: No

This report supports the Key Aim of Effective Delivery of the Corporate Plan

Portfolio Holder Cllr. Scholey

Contact Officer(s) Lisa Nyon, Ext. 3004

Bami Cole, Ext. 7236

Recommendation to Audit Committee: That Members approve the Annual Self-assessment Review of the Effectiveness of the Audit Committee 2016/17.

Reason for Recommendation: An effective Audit Committee contributes to robust governance and overall effectiveness of the Council. The self-assessment indicates that the Committee has conducted itself in compliance with good practice and therefore effective in delivering its terms of reference remit.

Introduction and Background

- 1 It is considered good governance practice to have a process for evaluating a committee's performance. Members of this committee have accepted the underlying principals requiring the Audit Committee to measure the robustness of its own performance, not least, because of its oversight role for Internal Audit, Risk Management, Governance and Internal Control. Current governance arrangements for Local Councils issued by CIPFA in compliance with the Accounts and Regulations 2015 require that the Audit Committee be assessed annually, in order to determine its effectiveness and identify areas for further development.
- 2 This report puts forward proposals for assessing the achievements for the Audit Committee for the year 2016/17. The reasons for measuring the Committee's achievements and details of how this can be done are set out below.

Details of the Process

- 3 The process incorporates the recommended self-assessment checklist taken from the CIPFA guide "Audit Committees - Practical Guidance for Local Authorities"

Agenda Item 8

- 4 The self-assessment checklist (attached as an Appendix to this report) has been amended where necessary to reflect local needs or customs. To facilitate and expedite the process, the checklist has been completed as far as possible 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 2016/17. The checklist incorporates the following eight key issues that the Committee is required to measure its achievements against.
- **Terms of Reference** - Does it comply with best practice?
 - **Internal Audit Process** - Is there sufficient oversight by the Committee?
 - **External Audit Process** - Is there sufficient involvement?
 - **Membership** - Does it comply with good practice requirements?
 - **Meetings** - Frequency and robustness
 - **Training** - Is it fit for purpose?
 - **Administration** - Is the Committee supported by relevant officers?
 - **Compliance** - With Public Sector Internal Audit Standards (PSIAS)

Questionnaire for Members of the Audit Committee

- 5 In addition to the above, a separate questionnaire has been sent to each member of the Committee in order to obtain their individual views on the workings of the Committee and their own personal contribution to the work of the Committee. The responses to the questionnaire will be used to improve relevant aspects of the workings of the Committee where appropriate. The responses to the questionnaire can be found in Appendix B.

Next Steps

- 6 The Committee is requested to go through the checklist as a group during the meeting and consider the details set out in it and make any additional comments or changes it deems necessary.
- 7 On completion of the checklist, areas for further development could be transferred into an action plan identifying the key areas for further development and relevant timescales. The action plan would then be taken to Council for agreement.

Key Implications

Financial

This report has no financial implications.

Legal Implications and Risk Assessment Statement

This report has no additional 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.

Value for Money and Asset Management

An effective Audit Committee will contribute towards the overall management of the Council and would help to improve good value for money in service provision.

Conclusions

The outcome of the review indicates that the Audit Committee substantially meets the requirements of existing CIPFA code and therefore is making a valuable contribution towards effective governance, good internal controls and the management of business risk within the Council.

Appendices

Appendix A - Self-Assessment Checklist

Appendix B - Results of questionnaire response from Members

Background Papers:

CIPFA guide “Audit Committees - Practical Guidance for Local Authorities” (2013 Edition)

The Accounts and Audit (England) Regulations 2015:
http://www.legislation.gov.uk/uksi/2015/234/pdfs/uksi_20150234_en.pdf

[Public Sector Internal Audit Standards.](#)

Adrian Rowbotham
Chief Finance
Officer

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Self-assessment Checklist - Assessing the Effectiveness of the Audit Committee
2016/17

ISSUE	YES	NO	N/A	COMMENT
1. Terms of Reference				
1.1 Have the Committee's terms of reference been approved by full Council?	✓			
1.2 Do the terms of reference follow the CIPFA model	✓			
2. Internal Audit Process				
2.1 Does the Committee approve the strategic audit approach and annual programme?	✓			
2.2 Is the work of Internal Audit reviewed regularly?	✓			
2.3 Are summaries of quality questionnaires from managers reviewed?	✓			These are currently reviewed annually in the Annual Internal Audit Report.
2.4 Is the Annual Audit Report, from the Head of Audit, presented to the Committee?	✓			
3. External Audit Process				
3.1 Are reports on the work of External Audit and other inspection agencies presented to the Committee?	✓			
3.2 Does the Committee input into the external audit programme?	✓			The Committee has opportunities to influence the external audit programme through attendance of the external auditor at its meetings.
3.3 Does the Committee ensure that officers are acting on and monitoring action taken to implement recommendations?	✓			
3.4 Does the Committee take a role in overseeing:				These are part of the Committee's standard terms of Reference
• Risk Management strategies	✓			
• Annual Governance	✓			

Statement				
• Anti-fraud arrangements	✓			
• Whistle-blowing strategies	✓			

ISSUE	YES	NO	N/A	COMMENT
4. Membership				
4.1 Has the membership of the Committee been formally agreed and a quorum set?	✓			
4.2 Is the Chair free of executive or scrutiny functions?	✓			
4.3 Are members sufficiently independent of the other key Committees of the Council?	✓			
4.4 Have all members' skills and experiences been assessed and training given for identified gaps?	✓			Training for members has been discussed at Committee meetings and is due to take place in June 2017.
4.5 Can the Committee access other committees as necessary?	✓			
5. Meetings				
5.1 Does the Committee meet regularly?	✓			At least 4 times a year
5.2 Are separate, private meetings held with the external auditor and the internal auditor?	✓			There are arrangements in place to facilitate a meeting with the External Auditor if necessary. A separate meeting with the Audit Manager is held as necessary. The Chairman also routinely meets jointly with the Audit Manager and the Chief Finance Officer.
5.3 Are meetings free and open without political influences being displayed?	✓			
5.4 Are decisions reached promptly?	✓			
5.5 Are agenda papers	✓			

circulated in advance of meetings to allow adequate preparation by members?				
ISSUE	YES	NO	N/A	COMMENT
5.6 Does the Committee have the benefit of attendance of appropriate officers at its meetings?	✓			Other officers attend as and when necessary, or on request of the Chairman
6. Training				
6.1 Is induction training provided to members?	✓			Yes, the Council provides induction training for all members. Additional training has been provided to the committee.
6.2 Is more advanced training available as required?	✓			Training as requested by members will be provided in June.
7. Administration				
7.1 Does the authority's S151 Officer or deputy attend all meetings?	✓			The Chief Finance Officer (Section 151 Officer) attends all meetings.
7.2 Are the key officers available to support the Committee?	✓			
8. PSIAS				
8.1 Has the Committee been advised of the requirements of the Internal Audit Standards?	✓			

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Questionnaire for the Members of the Audit Committee

	Question	Response
1	How do you think the Audit Committee has performed over the course of the year?	a. Fine. The Chairman takes great pains to explain things and welcomes questions. Encouraging that following feedback from the Audit Committee, risk rating for the Property Investment Strategy changed. b. Quite well. c. Performing well.
2	Do you think the Audit Committee has addressed the correct subjects? If not, what subjects would you like to see included in its agenda?	a. Yes. b. More auditing of procedures. c. Yes, happy to continue with the current subjects. It is good that the Chairman regularly asks for views on future subjects.
3	What is your view on the quality of the reports received?	a. Fine. b. Very good. c. Excellent.
4	Is the level of detail correct?	a. Fine. b. Yes - but creating an error report for small sums of pence does seem a bit OTT. c. Yes.
5	What improvements would you like to see in reports?	a. Fine as they are. b. Round the figures up to no more than 2 decimal places. c. Nothing.
6	Is it helpful to have Grant Thornton present at 3 meetings?	a. Yes. Sarah Ironmonger has a knack of explaining things in a simple and understandable manner for those of us who do not have a financial background. b. Yes. c. Do not require GT for more than 2 meetings.
7	a) Do you think your personal contribution has been effective? b) What steps do you think could be taken to improve your personal contribution further?	a. I feel I make little contribution. I ask basic questions which may be very frustrating for others who have a good financial & audit understanding. b. Yes. c. Yes. a. Training is always useful. b. I don't think that's for me to say c. More training and by gaining greater experience.
8	Any other comments	a. Internal Audit Reports, such as Review of Planning Pre Applications and Planning Applications and Appeals. Include these as

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Questionnaire for the Members of the Audit Committee

		<p>Appendices to the Agenda rather than summarise so that Members can read the whole report if they wish prior to the Meeting, rather than request a copy to be supplied.</p> <p>Public access: Internal Audit Reports should be more accessible and on the SDC web site. If they are there, I have not found them. A brief description of the roles and functions of members of the SDC Audit team do would help to give an overall picture.</p> <p>b. No. c. No.</p>
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March 2017

**WHISTLEBLOWING
POLICY**

FOR

SEVENOAKS DISTRICT COUNCIL



Whistleblowing Policy

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Whistleblowing Policy

1.0 Overview

- 1.1 Sevenoaks District Council is committed to having effective whistleblowing arrangements, in order to safeguard individuals who, have genuine cause for raising concerns in the work place and to promote good governance and safeguard the public interest. To facilitate this commitment, this whistleblowing policy incorporates both the requirements of The Public Interest Disclosure Act 1998 and the Whistleblowing Commission's Code of Practice 2013. The policy also underpins the Council's Anti-Fraud and Corruption Strategy.
- 1.2 Key Requirements of the Public Interest Disclosure Act 1998:
 - (a) It is designed to give statutory protection to employees who "blow the whistle" on their employer's malpractice;
 - (b) although not requiring the employer to set up an appropriate mechanism for dealing with whistleblowing, the Act makes clear the important role that such a mechanism can play in helping the employer comply with the law (a good policy, is one key way, to deliver accountability throughout the organisation). To this effect, the Council has adopted the Whistleblowing Commission's Code of Practice 2013, which sets out best practice whistleblowing framework for the Public Sector.
- 1.3 The Council aims to mitigate the risk of inappropriate behaviour by those undertaking work on behalf of the Council. To mitigate the risks of inappropriate behaviour, the Council refers to this Policy in contracts with suppliers and service providers, in the Procurement Guide and in its partnership arrangements.
- 1.4 The Council takes seriously and will investigate all reports of improper activities. This Policy aims to ensure that when concerns are raised, the Council will address the concerns and protect the person raising the concern. Employees are often the first to realise that there may be something seriously wrong within the Council. However, they 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 recrimination from the Council. The Council takes its responsibilities for safeguarding public funds and assets seriously, as well as safeguarding the well-being of its employees. Thus this Policy outlines a framework which provides potential whistleblowers the opportunity to communicate their concerns within a safe environment without fear of recrimination.
- 1.5 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment, the Council expects employees and others that they deal with who

Whistleblowing Policy

have serious concerns about any aspect of the Council's work, to come forward and voice those concerns. The Council recognises that whistleblowers may wish to raise concerns on a confidential basis.

- 1.6 This Policy applies to all employees (including temporary and agency staff), councillors, co-optees, contractors, their agents and/or sub-contractors, consultants, suppliers and service providers in the course of their work for the Council.
- 1.7 This Policy does not replace the Council's Corporate Complaints and Grievance Procedures and/or any other statutory reporting procedures applying to the Council.
- 1.8 This Policy furthers the aims of and is complementary to the Code of Conduct for Local Government Employees, the Council's Anti-Fraud and Corruption Strategy and the Member Code of Conduct.

2.0 Aims and Scope of this Policy

2.1 This Policy 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
- ensure that employees receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied
- 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

2.2 Where employees are aggrieved at any matter relating to their own employment, then other procedures apply e.g. grievance procedure. 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.

2.3 Examples of the types of concerns this Policy is intended to cover are as follows:

- conduct of a criminal nature or a breach of the law;
- 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;
- the unauthorised use of public funds;

Whistleblowing Policy

- 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.

2.4 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.

3.0 Safeguards

3.1 Harassment or Victimisation

3.1.1 By publicising this Policy, the Council is demonstrating a strong commitment to good practice and high standards in protecting its employees from harassment and victimisation.

3.1.2 The Council recognises that the decision to report a concern can be a difficult one to make. Where you are raising a concern in good faith, you will have nothing to fear, because you will be doing your duty to the Council and those for whom you are providing a service; as well as acting in the wider public interest.

3.1.3 The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action, (which may include removal from the workplace of the offending party where appropriate) to protect you when you raise a concern in good faith.

3.1.4 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 4 below.

3.2 Confidentiality

3.2.1 The Council will use its best endeavours to treat in confidence all concerns raised and every effort will be made by the Council not to reveal your identity without your agreement. However, it must be

Whistleblowing Policy

appreciated that the Council cannot guarantee that any investigation process will not reveal the source of the information.

3.3 Anonymous Allegations

3.3.1 While you are encouraged to put your name to your allegation whenever possible, it is recognised that in some instances, employees may have genuine concerns about their safety, security of well-being which may preclude them from revealing their identity. Under such circumstances, employees may make anonymous complaints or allegations.

3.3.2 Concerns expressed anonymously are much less powerful, but will be considered, on their merits, at the discretion of the Council.

3.3.3 In exercising this discretion, the factors to be taken into account will include:

- the seriousness of the issues raised;
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources and available evidence.

3.4 Untrue Allegations

3.4.1 If you make an allegation in good faith but it is not confirmed by the investigation, 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 you ensure your allegation is made in good faith.

4.0 How to raise a concern

4.1 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. Generally, concerns should be raised with individuals in the order they are listed in Annex A except where they are involved in the issue, or are the cause of the concerns. If your concerns are about Audit, or a Chief Officer, you must contact the Chief Executive in the first instance. 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.

4.2 Concerns may be raised verbally or in writing. A dedicated Freephone telephone number has been set up to allow you to speak in confidence to the Internal Audit Team (0800-496-3245). If you wish to submit your concern in writing, send this to the Audit, Risk & Anti-

Whistleblowing Policy

Fraud Manager, Council Offices, Argyle Road, Sevenoaks, Kent TN13 1HG and mark your envelope 'private and confidential'. Alternatively you can email whistleblowing@sevenoaks.gov.uk.

- 4.3 You are invited to use the following format:
- the background and history of the concern (giving relevant dates);
 - the reason why you are particularly concerned about the situation.
- 4.4 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.
- 4.5 Although you are not expected to prove beyond doubt the truth of an allegation, you should ensure that there are reasonable grounds for your concern.
- 4.6 Advice and guidance on how matters of concern may be pursued can be obtained from the Audit, Risk & Anti-Fraud Manager, Chief Executive, relevant Chief Officer or the Head of Legal and Democratic Services.
- 4.7 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
- 4.8 Where concerns are raised in person, you may invite your trade union representative, or a friend to be present during any meetings or interviews in connection with the concerns you have raised.
- 4.9 An officer will be appointed to investigate your concerns.
- 5.0 How the Council will respond**
- 5.1 The Council will take every whistleblowing concern impacting on fraud and corruption seriously and will conduct an appropriate investigation.
- 5.2 Where appropriate, the matters raised may:
- be investigated by senior management and/or the Internal Audit Team, or through the disciplinary process;
 - be referred to the police;
 - be referred to the external auditor; or
 - form the subject of an independent inquiry.

Whistleblowing Policy

- 5.3 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. The overriding principle which the Council has in mind, is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example discrimination issues) will normally be referred for consideration under those procedures.
- 5.4 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.
- 5.5 Within ten working days of a concern being raised, the investigating officer will write to you if you provide your contact details:
- acknowledging that the concern has been received
 - indicating how we propose to deal with the matter
 - giving an estimate of how long it will take to provide a final response
 - telling you whether any initial enquiries have been made
 - supply you with information on staff support mechanisms; and
 - telling you whether further investigations will take place and if not, why not.
- 5.6 The amount of contact between the investigating officer and you, will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the investigating officer will seek further information from you.
- 5.7 Where any meeting is arranged, off-site if you so wish, a union representative, or professional association representative, or a friend can accompany you.
- 5.8 The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Council will arrange for you to receive advice and support.
- 5.9 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.
- 6.0 The Responsible Officer**
- 6.1 The Chief Executive has overall responsibility for the maintenance and operation of this Policy. A record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) is maintained and reported (in such a way as to preserve confidentiality), to the Audit Committee.
- 7.0 How the matter can be taken further**

Whistleblowing Policy

7.1 This Policy is intended to provide you with an avenue within the Council to raise concerns. The Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, please refer to the external contacts listed in Annex 2.

7.2 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information without obtaining further advice from any of the Council contacts referred to in Annex 1.

8.0 Policy review

This Policy will be subject to annual review by the appropriate committee. The review will take into consideration the views of users of the Policy and any relevant professional or regulatory changes.

9. Training, Dissemination and Monitoring

9.1 As part of the Councils' Anti-Fraud and Corruption Policy, appropriate training will be offered to officers on key aspects of the policy and how it should be implemented. The policy will be available on the Council's website for easy access by staff.

9.2 The Monitoring Officer's Annual Report to Members will incorporate a summary of whistleblowing events and their outcomes. The external auditor will also be advised at least annually, of all proven whistleblowing events and their outcomes.

10. Any doubts?

10.1 If there are any doubts about the contents of this Policy or where there are issues that are not adequately covered, then the matter should be discussed with the Audit, Risk & Anti-Fraud Manager.

DETAILS OF WHOM YOU MAY REPORT YOUR WHISTLEBLOWING CONCERNS TO ARE AS FOLLOWS:

Generally, concerns should first be raised with your line manager or supervisor. Then concerns should be raised with individuals in the order they are listed below except where they are involved in the issue, or are the cause of the concerns. If your concerns are about Audit, or a Chief Officer, you must contact the Chief Executive in the first instance. 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.

Sevenoaks District Council:

- (a) Your Head of Service, or
- (b) Your Chief Officer, or
- (c) Dr Pav Ramewal (Chief Executive) or;
- (d) Audit, Risk & Anti-Fraud Manager, or
- (e) Chair of the Audit Committee
- (f) (Also see Annex 2 for external contacts below)

**DETAILS OF EXTERNAL CONTACTS TO WHOM YOU MAY REPORT
YOUR CONCERNS**

If you are not satisfied with the response you have received from the Council with respect to your concerns and you want to take the matter outside of the Council, the following are possible contact points:

- Public Concern at Work on 0207 404 6609 (a charity which gives advice about raising concerns)
- External Auditor
- Your local Citizens Advice Bureau
- Relevant professional bodies or regulatory organisations
- A relevant voluntary organisation
- The police
- Your trade union representative
- Local Government Ombudsman

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WHISTLEBLOWING POLICY

Audit Committee - 18 April 2017

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

This report supports the Key Aim of Effective Delivery of the Corporate Plan

Portfolio Holder Cllr. Scholey

Contact Officer(s) Lisa Nyon Ext. 3004

Bami Cole Ext. 7236

Recommendation to Audit Committee: That Members review and approve the proposed amendments to the Council's Whistleblowing Policy.

Reason for recommendation: Section 8 of the Whistleblowing Policy states that this Policy is subject to annual review by the appropriate committee, in this instance the Audit Committee, and will take into consideration the views of users of the Policy and any relevant professional or regulatory changes.

This report sets out the proposed amendments to the Council's existing Whistleblowing Policy, which was approved by the Audit Committee in January 2015.

Introduction

- 1 This report sets out the proposed amendments to the Council's Whistleblowing Policy, which incorporates the requirements of the new Statutory Code of Practice, recommended by the Whistleblowing Commission in 2013.
- 2 The Whistleblowing Commission was established in February 2013 by the Whistleblowing Charity, 'Public Concern at Work'. The Commission produced a code of practice in 2013, which is intended to make whistleblowing more effective within organisations and recommends that it be rooted in statute. The code could be taken into account in court cases and by regulators.
- 3 The Code of Practice provides practical guidance to employers, workers and their representatives and sets out recommendations for raising, handling, training and reviewing whistleblowing in the work place.

Summary of Issues Raised Within the Report

- 4 The Council's existing whistleblowing policy substantially meets the code requirements. However, where appropriate, amendments have been made to close any gaps identified under the new code. The whistleblowing policy reflects Sevenoaks Council's existing anti-fraud and corruption framework.
- 5 A sound whistle blowing arrangement is an essential part of good governance. Sevenoaks Council is committed to good governance and robust anti-fraud and corruption arrangements.
- 6 Details of Amendments to the Policy.

The existing whistleblowing policy is largely consistent with good practice and is attached as an appendix to this report. Only minor changes have been made where appropriate, to reflect the new Code of Practice. The changes made are set out below for easy identification by Members. The Strategic Management Team has reviewed the changes. The changes are set out on the following sections of the policy, attached as Appendix A to this report:

- References made with regard to contacting the Anti-Fraud Team about a whistleblowing concern have been replaced with the Internal Audit Team.
- Revision of the whistleblowing hotline and email address (see section 4.1)

Key Implications

Financial

This report has no financial implications.

Legal Implications and Risk Assessment Statement.

The Council is required to have sound anti-fraud and corruption arrangement as part of its overall governance framework. By adopting the requirements of The Whistleblowing Commission's Code of Practice, the Council will be compliant with regulatory requirements, as well as ensuring that it has effective arrangements in place to manage the risk of fraud occurring.

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.

Conclusion

The Council is required to have sound anti-fraud and corruption arrangement as part of its overall governance framework. By adopting the requirements of The

Whistleblowing Commissions' Code of Practice, the Council will be compliant with regulatory requirements.

Appendices Appendix A - Whistleblowing Policy 2017

Background Papers: Whistleblowing Policy 2016

<S:\Charter and Other Policy Documents\Whistleblowing Policy\SDC\Whistleblowing Policy Final Oct 2016.docx>

Adrian Rowbotham
Chief Finance Officer

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ANTI-FRAUD & CORRUPTION STRATEGY

Audit Committee - 18 April 2017

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

This report supports the Key Aim of Effective Delivery of the Corporate Plan

Portfolio Holder Cllr. Scholey

Contact Officer(s) Lisa Nyon Ext. 3004

Bami Cole Ext. 7236

Recommendation to Audit Committee: That Members review and approve the proposed amendments to the Anti-Fraud and Corruption Strategy as set out in Appendix A to the report.

Reason for recommendation: Section 5 of the Anti-Fraud and Corruption Strategy states that this document is subject to review and any changes will be subject to approval and endorsed by the Audit Committee, and will take into consideration the views of users of the Strategy and any relevant professional or regulatory changes.

This report sets out the proposed amendments to the Council's existing Anti-Fraud and Corruption Strategy, which was last reviewed by Members in 2011.

Introduction

- 1 The Bribery Act 2010 came into force in July 2011. The Act introduced new requirements which UK organisations (both commercial and public bodies) must comply with.
- 2 The purpose of the Anti-Fraud and Corruption Strategy is to set out the Council's commitment towards the prevention of fraud and corruption from both internal and external sources.
- 3 The Strategy covers the Council's expectations and responsibilities of its officers, members, contractors and all who associate with the Council to act with propriety and accountability. It sets out four inter-related procedures (Culture, Prevention, Detection and Investigation and Training) designed to prevent any attempted fraudulent or corrupt act.

Amendments to Anti-Fraud and Corruption Policy

- 4 The existing Anti-Fraud and Corruption Strategy is consistent with good practise and is attached as Appendix A to this report. Only minor changes

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have been made where appropriate, which in the main are references made to the Anti-Fraud team.

5 The Strategic Management Team has reviewed these amendments which are shown below: -

- As this is no longer a joint policy references made to Dartford Borough Council have been removed.
- References made to the Anti-Fraud Team have been replaced with Counter Fraud Team.
- Reference is made to the Local Taxation/Council Tax Support Fraud and Compliance Strategy which is a document produced by the Counter Fraud Team.

Key Implications

Financial

This report has no financial implications.

Legal Implications and Risk Assessment Statement.

The Council is required to have sound anti-fraud and corruption arrangement as part of its overall governance framework. By adopting the requirements of The Anti-Fraud and Corruption Strategy, the Council will be compliant with regulatory requirements, as well as ensuring that it has effective arrangements in place to manage the risk of fraud occurring.

No additional legal implication beyond the Council's duty to comply with the Bribery Act 2010

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.

Appendices Appendix A - Anti Fraud & Corruption Strategy 2017

Background Anti-Fraud & Corruption Strategy 2011

Papers:

[Charter and Other Policy Documents\Anti-Fraud & Corruption Strategy\Previous Versions\Final - Anti-Fraud and Corruption Strategy V2.1 March 2012.doc](#)

Bribery Act 2010

[S:\Charter and Other Policy Documents\Bribery Act\bribery-act-2010-quick-start-guide.pdf](#)

Adrian Rowbotham
Chief Finance Officer

**ANTI-FRAUD AND
CORRUPTION STRATEGY**

FOR

SEVENOAKS DISTRICT COUNCIL



February 2017

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INTRODUCTION

The purpose of this Anti-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, and is primarily designed to:

- encourage prevention,
- promote detection; and
- identify a clear pathway for investigation.

The Council's Anti-Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to prevent any attempted fraudulent or corrupt act. These cover:

- Culture (Section 1)
- Prevention (Section 2)
- Detection and Investigation (Section 3)
- Training (Section 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.

SCOPE

Under the Fraud Act 2006 a person is guilty of fraud by:

- False representation
- Failing to disclose information, or
- Abuse of position.

In each case the person is in breach of the act if, by their actions or lack of action, they intend to make a gain for themselves, or cause a loss to another or expose another to a risk of loss.

Obviously fraud can be perpetrated by persons outside as well as inside an organisation. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.

The Bribery Act 2010 came into force on 1 July 2011. The Act creates the following offences:

- Offering, promising or giving a bribe.
- Requesting, agreeing to receive or accepting a bribe

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- Bribing a foreign official to obtain or retain business
- Failure by an organisation to prevent bribery by those acting on its behalf

The Bribery Act has implications for all Council staff, Members and third parties who act for and on behalf of the Council in the discharge of its functions. All parties doing business with, or on behalf of the Council, are required to comply with the requirements of the Act.

Computer fraud is where information technology equipment has been used to manipulate programs or data dishonestly (for example, by altering, substituting or destroying records, or creating spurious records), or where the use of IT was a material factor in the perpetration of fraud. This definition includes the fraudulent use of computer time and resources.

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.

EXPECTATIONS AND RESPONSIBILITIES

The Council expects and requires all its officers, members, contractors and all who associate with the Council to act with propriety and accountability, including adherence to the following

- Chief Officers and their managers are responsible for preventing and detecting fraud and corruption including bribery.
- All individuals and organisations associated in whatever way with the Council will act with integrity and conduct their business in a forthright and honest manner. In particular, they must pay regard to the requirements of the Bribery Act 2010 when acting on behalf of the Council or doing business with the Council.
- Council Members and officers will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- Individuals are expected to declare all potential conflicts of interest that may affect their independence within their role as Members or officers.
- The Chief Finance Officer has a statutory responsibility under Section 151 of the Local Government Act 1972, to ensure the proper arrangements of the Council's financial affairs. The Council has Financial Procedure Rules and other accounting instructions which underpin Financial Regulations

and outline the systems, procedures and responsibilities of employees in relation to the Council's financial activities.

- All Officers have a duty to report any allegations or suspicions of fraud, bribery or corruption, to the section 151 officer, the Monitoring Officer and/ or the Money Laundering Reporting Officer (MLRO) and are required to familiarise themselves with the Council's Whistleblowing Policy.
- The Principal Accountant is the Money Laundering Reporting Officer (MLRO). The MLRO has a responsibility to disclose all known or suspected money laundering offences to the Serious Organised Crime Agency.
- Officers are responsible for raising suspicions with the Counter Fraud Team about an individual's circumstances regarding their Council Tax Discount & Exemptions, in line with the "Local Taxation/Council Tax Support Fraud and Compliance Strategy".
- The Chief Finance Officer will ensure that allegations of fraud and corruption are investigated and where appropriate, reported to the Audit Committee.
- As part of their statutory duties the External Auditor is required to ensure that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption.

These requirements are covered in further detail in the sections that follow.

1. CULTURE

- 1.1 The Council is determined that the culture and ethos is one of honesty, integrity and opposition to fraud and corruption, including bribery.
- 1.2 To promote this culture all managers, supported by Council policies, should promote an environment in which employees believe that dishonest acts will be detected and investigated.
- 1.3 The Council has developed and is committed to employing systems and procedures, which incorporate efficient and effective internal controls; this includes adequate separation of duties to ensure that error or impropriety are prevented or detected. Under Financial Regulations and Contract Procedure Rules, Chief Officers and Senior Managers ensure that such controls, including those in a computerised environment, are properly documented, maintained and effective.
- 1.4 The overall framework of internal controls within the Council is reviewed and reported upon annually. An independent review of the existence,

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- appropriateness and compliance with particular internal controls are carried out across the Council, by the Internal Audit Section, on a risk assessed basis.
- 1.5 Officers of the Council are encouraged and expected to raise any concerns that they may have on potential fraud, corruption or bribery in relation to Council affairs in compliance with the Whistleblowing Policy.
 - 1.6 To aid this the Council has proper arrangements within the Whistleblowing Policy which sets out communication channels and information regarding how to make a complaint, including arrangements for raising complaints or allegations in confidence, and safeguarding of anonymity of complainants.
 - 1.7 The normal route for raising concerns is via the employee's line manager, however, other routes have been provided for circumstances where this may not be appropriate. Examples of such routes include:
 - Chief Executive
 - Section 151 officer
 - Chief Officers
 - Relevant Head of Service or Service Manager
 - Internal Audit Manager
 - Internal Audit Team
 - Counter Fraud Team
 - Whistleblowing Procedure
 - 1.8 If employees feel unable to raise their concerns through any of the above internal routes then they may wish to raise them through Public Concern at Work (<http://www.pcaaw.co.uk/>), a registered charity whose services are free and strictly confidential.
 - 1.9 Members of the public are also encouraged to report concerns through the above routes or, if appropriate, through the Council's Corporate Complaints Procedures.
 - 1.10 The Council will further demonstrate their commitment to the culture of integrity through prompt and thorough investigation of any matter brought to their attention.

2. PREVENTION

- 2.1 Effective communication of our respective cultures regarding sound ethics and integrity will contribute towards having at least, a deterrent effect to potential fraud, corruption or bribery.

- 2.2 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.
- 2.3 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.
- 2.4 The Council has a series of policies and codes which are communicated to all employees and Councillors to ensure they are aware of activities that are permitted and prohibited, including relevant actions that will be taken if requirements are breached.
- 2.5.1 Employees:
- The Employee's Handbook;
 - Disciplinary Procedure;
 - Standing Orders, which remind employees that they must operate within Section 117 of the Local Government Act 1972, regarding the disclosure of pecuniary interests in contracts relating to the Council or the non-acceptance of any fees or rewards whatsoever other than their proper remuneration;
 - Financial Regulations;
 - Contract Standing Orders;
 - Local Taxation/Council Tax Support Fraud and Compliance Strategy
 - Whistleblowing Policy.
- 2.5.2 Councillors:
- The Constitution
 - Member Code of Conduct;
 - Standing Orders on Declarations of Interest;
 - Financial Regulations.
 - Contract Procedure Rules.
- 2.5 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.

- 2.6 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.

3 DETECTION AND INVESTIGATION

- 3.1 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.

- 3.2 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.

- 3.3 On discovery of any impropriety, fraud or breach of procedure, employees are required by Financial Regulations and Code of Conduct, to report to their Chief Officer or Senior Manager, who should then immediately take appropriate action in line with Financial Regulations, the Employees Code of Conduct or the Council's Whistleblowing Policy as appropriate. It is essential that the correct procedure is complied with, in order to ensure:

- consistent treatment of information regarding fraud and corruption;
- proper investigation by an independent and experienced audit team;
- the optimum protection of the Council's interests.

- 3.4 Investigations will be carried out in line with the procedures in the Disciplinary Policy, and may include:

- An Investigating Officer
- Internal Audit Team
- Counter Fraud Team
- Serious Organised Crime Agency (SOCA)
- National Anti-Fraud Initiative (NFI)
- Police

- 3.5 The External Auditor also has powers to independently investigate fraud and corruption where they believe it exists, and the Council can use their services for this purpose.

- 3.6 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. The Internal Audit Section is available to offer advice and assistance on matters relating to internal control.

4. TRAINING

- 4.1 The Council recognises that the continuing success of its Anti-Fraud and Corruption strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of employees throughout the organisations.
- 4.2 Specific training will be provided for specialist staff as required.

5. STRATEGIC REVIEW

5. This strategy will be reviewed annually. The review will take account of any suggestions made by officers, members and changes in professional or regulatory requirements. However, a review may not necessarily result in changes to the strategy if it is not considered that a change will result in practical benefit. All changes will be subject to approval and endorsed by the Audit Committee.

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DRAFT AUDIT COMMITTEE ANNUAL REPORT 2016/17

Audit Committee - 18 April 2017

Report of Cllr Grint, Chairman of the Audit Committee

Status: For Consideration

Introduction and Background

- 1 This is my report to the Council on the work of the Audit Committee during the year 2016/17.
- 2 The Audit Committee is responsible for discharging the functions conferred by the Accounts and Audit Regulations 2015. The Committee met four times during the year. The key responsibilities include approving the Council's Annual Statement of Accounts, approving the Annual Governance Statement, approving the Annual Internal Audit Plan and monitoring and reviewing the work of Internal Audit, and reviewing the arrangements for the management of business risks.
- 3 In line with its Terms of Reference, the Audit Committee has met regularly during the course of the year. As Chair of the Committee, I have held regular briefings with Officers. Details of the range of issues considered by the Committee over the course of the year are set out below:

Internal Audit

- | | |
|----------------|--|
| June 2016 | <ul style="list-style-type: none">• Annual Internal Audit Plan 2016/17• Internal Audit Strategy 2016/17• Annual Review of the Effectiveness of the Audit Committee 2015/16• Annual Review of the Effectiveness of the Internal Audit Service 2015/16• Internal Audit Annual Report 2015/16 |
| September 2016 | <ul style="list-style-type: none">• Internal Audit 2016/17 - 1st Progress Report• Internal Audit Recommendations Outstanding |
| January 2017 | <ul style="list-style-type: none">• Internal Audit 2016/17 - 2nd Progress Report• Internal Audit Recommendations Outstanding |
| April 2017 | <ul style="list-style-type: none">• Internal Audit 2016/17 - 3rd Progress Report• Internal Audit Recommendations Outstanding |

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- Internal Audit Plan 2017/18
- Review of the Effectiveness of the Audit Committee

Governance, Risk & Anti-Fraud

- | | |
|----------------|---|
| June 2016 | <ul style="list-style-type: none">• Anti-Fraud Team Annual Report 2015/16• Annual Governance Statement 2015/16 |
| September 2016 | <ul style="list-style-type: none">• Draft Strategic Risk Register• Members' Allowance Scheme - Monitoring• Fraud Update |
| April 2017 | <ul style="list-style-type: none">• Anti-Fraud and Corruption Strategy |

Accounts and External Audit

- | | |
|----------------|--|
| June 2016 | <ul style="list-style-type: none">• External Audit - Annual Audit Plan and Update• Statement of Accounts 2015/16 - Member Working Group |
| September 2016 | <ul style="list-style-type: none">• Statement of Accounts 2015/16• Future Appointment of External Auditors |
| January 2017 | <ul style="list-style-type: none">• External Audit - Housing Benefit Subsidy 2015/16• External Audit - Annual Audit Letter 2015/16 |
| April 2017 | <ul style="list-style-type: none">• Whistle Blowing Policy |

- 4 In addition to the core work of the Committee, a Member Working Group was also set up in June 2016 to review the draft Statement of Accounts. Its findings were reported back to the full Audit Committee at its meeting in September. The external auditors commented favourably on Members' involvement in the Annual Accounts process.
- 5 The Audit Committee maintains a constructive dialogue and effective working relationship with the Council's external auditors, Grant Thornton. The audit partner and audit manager from Grant Thornton have attended 3 of the 4 Audit Committee meetings during the year.
- 6 It is my opinion that the work of the Committee has had a positive impact on the overall control environment within the Council. The Committee has developed good working relationships with Officers and External Audit, and has offered constructive comments on a range of issues. The Committee continues to develop and improve its understanding of the many technical issues presented to it.

- 7 Training of Audit Committee Members is important so as to ensure that they can add value to the discussions at the Committee. Members have been asked for their views on training requirements, and a training session has been arranged to take place in June, to be held jointly with Dartford BC. Grant Thornton will also be providing an Annual Accounts training session at the start of the Committee's June 2017 meeting.
- 8 The Audit, Risk and Anti-Fraud Manager has been absent for a large part of the year. In his absence, managers have worked closely with the Internal Audit Team to ensure they were adequately supported. The Audit Committee wishes to place on record its appreciation for the steps taken to ensure that the Council has continued to have a fully effective Internal Audit Service.
- 9 I should like to thank all members of the Audit Committee for their personal contribution to the work of the Committee over the past year. I should also like to thank Officers, in particular Adrian Rowbotham and Lisa Nyon, for the help and support they have given the Committee throughout the year. Lisa deserves a special mention, having stepped up due to the Audit, Risk and Anti-Fraud Manager's absence; she has played a key role in fully supporting both the Audit Committee and myself on all Internal Audit matters.
- 10 Finally, I should like to pay tribute to the contribution to the Committee made by Cllr Robert Brookbank, who sadly passed away last August. Cllr Brookbank served as Vice Chairman of the Committee from May 2014, and his wisdom, knowledge and experience are greatly missed.

Cllr John Grint
Chairman, Audit Committee

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Audit Committee 2016/17 - Work Plan (as at 16/3/17)

	18 April 2017	13 June 2017	26 September 2017	9 January 2018
Internal Audit (Irregularities to be reported confidentially as & when necessary)	Internal Audit 2016/17 - 3 rd Progress Report Report on Internal Audit recommendations outstanding Internal Audit Plan 2017/18	Internal Review of Effectiveness of Internal Audit Internal Audit Annual Report	Internal Audit 2016/17 - 1 st Progress Report Report on Internal Audit recommendations outstanding	
Risk Management			Risk Management Report Draft Strategic Risk Register	
Accounts and External Audit		External Audit - Annual Audit Plan and Update Statement of Accounts 2016/17 - Establishment of Member Working Group	Statement of Accounts 2015/16	

	18 April 2017	13 June 2017	26 September 2017	9 January 2018
Other	Review of the Effectiveness of the Audit Committee Annual Report to Council Whistle Blowing Policy Anti-Fraud and Corruption Strategy	Counter-Fraud & Compliance Report 2016/17	Members' Allowance Scheme Monitoring	