

# Agenda for Audit and Governance Committee

## Thursday 22 September 2016, 2.30pm

### [Members of the Committee](#)

Prior to this meeting at 12:15pm there will be **Member training on audit procedures and process**, presented by SWAP in the Chamber.

**Venue:** Council Chamber, Knowle, Sidmouth, EX10 8HL

[View directions](#)

**Contact:** [Amanda Coombes](#), 01395 517543 (or group number 01395 517546): Issued 13 September 2016



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- 1 [Public speaking](#)
- 2 Minutes for 30 June 2016 (pages 3-6)
- 3 Apologies
- 4 [Declarations of interest](#)
- 5 [Matters of urgency](#) – none identified
- 6 To agree any items to be dealt with after the public (including press) have been excluded. There are no items that officers recommend should be dealt with in this way.

### Part A Matters for Decision

- 7 **Internal Audit Activity – Quarter 1 & 2 2016/17 – SWAP** (pages 7-24)
- 8 **Statement of Accounts 2015/16 and Governance Statement – Strategic Lead, Finance – to follow**
  - a. **Statement of Accounts 2015/16**
  - b. **Governance Statement**
  - c. **Letter of Representation**
  - d. **Report to those charged with Governance – KPMG - to follow**
- 9 **Technical update – KPMG** (pages 25-46)
- 10 **Review of the Anti bribery policy and the Anti fraud theft and corruption policy**  
- Strategic Lead (Legal, Licensing and Democratic Services) and Monitoring Officer (pages 47-48)  
**Appendix 1 – Anti fraud theft and corruption policy** (pages 49-66)  
**Appendix 2 - Anti bribery policy** (pages 67-74)
- 11 **Audit and Governance Forward Plan – Strategic Lead Finance** (page 75)

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[Decision making and equalities](#)

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## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a Meeting of the Audit & Governance Committee held in the Council Chamber at Knowle, Sidmouth on 30 June 2016**

#### **Attendance list at end of document**

The meeting started at 2.30pm and ended at 3.53pm

**\*1 Chairman's welcome**

The Chairman welcomed everyone to the meeting.

**\*2 Public Speaking**

There was no public speaking.

**\*3 Minutes**

The minutes of the Audit and Governance Committee meeting held on 3 March 2016 were confirmed and signed as a true record.

**\*4 Declarations**

Councillor Steve Hall – Minute 7

Interest: Personal

Reason: Is a trustee on Leisure East Devon

Councillor Bill Nash – Minute 7

Interest: Personal

Reason: Is a trustee on Leisure East Devon

**\*5 Technical update and External Audit Progress Report – KPMG**

Tara Westcott, Senior Manager from KPMG provided the committee with an overview on progress in delivering their responsibilities as EDDC's external auditors. The report also highlighted the main technical issues, which were currently having an impact in local government.

Since the last meeting of the Audit Committee in March 2016 KPMG had completed the interim audit, which included understanding the Authority's control environment and performing testing on key controls. The outcome of this work and any observations would be reported back at the next meeting in September 2016. The timing of the certification work on the housing subsidy and pooling of capital receipt grants had been agreed.

**RESOLVED:**

that the Technical update and External Audit Progress Report Plan be noted

**\*6 Annual Audit and Opinion report – SWAP**

Moya Moore, Assistant Director, SWAP provided the outturn position for the Internal Audit Plan at the end of 2015/16 and also provided Internal Audits overall opinion on the systems of internal control at East Devon District Council. The report showed that there had been no significant risks during the year.

**RESOLVED:**

that the Internal Audit Annual Report and Opinion be noted.

**\*7 Annual Report inc. Quarter 4 2015/16 and Internal Audit Activity – Quarter 1 2016/17**

The Audit and Governance Committee agreed the 2016-17 Internal Audit plan at its March 2016 meeting. This report provided an update on the 2015/16 Internal Audit Plan (Quarter 4) and to update with progress made on the 2016/17 Internal Audit Plan (Quarter 1).

In answer to a question on why Food Safety had been removed from the plan, was that this audit area had recently been inspected by the Food Safety Inspectorate.

**RESOLVED:**

that the report be noted

**\*8 Review of Internal Audit Charter – SWAP**

Moya Moore, Assistant Director, SWAP explained to members that SWAP had adopted and worked to the Standards of the Institute of Internal Auditors, and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The internal audit service, provided by South West Audit Partnership Ltd (SWAP), worked to a charter that defined its roles and responsibilities and the roles and responsibilities of the District Council's managers. Best Practice in corporate governance required that the charter be reviewed and approved annually by the Audit and Governance Committee. The Charter was last reviewed by the Audit Committee at their meeting on 25 June 2015.

**RESOLVED:**

that the Internal Audit Charter be approved.

**\*9 Year end full Risk Review 2015/16**

Risk information for the 2015/16 financial year until April 2016 was supplied to allow the committee to monitor the risk status of Strategic and Operational Risks. This followed the year end full review of risks by responsible officers for 2015/16.

The risk management policy required all risks identified by the council to be reviewed bi-annually. There were currently 12 Strategic and 108 Operational Risks, each when first identified were considered high or medium level risks which required some form of mitigation through control actions. For this year end review for 2015/16 all risk owners were asked to reassess the overall risk, update their control action/s and re-score the risk to give a residual score in light of the mitigation from the control actions undertaken.

In the full risk register there was one risk currently scored as high:

- The Council's income now relied on income from new homes bonus monies which was directly related to new house building in the district. There was a risk of lower growth than estimated or the Government changing the mechanism for payment. Impact: Major, Likelihood: Likely, - The reason for the escalation of this risk was that the government was currently considering a new scheme following a period of consultation. There was now uncertainty as to the implications of any changes to the scheme

**RESOLVED:**

that the report be noted.

**\*10 Draft Annual Governance Statement – year ended 31 March 2016**

The Strategic Lead, Finance reported that a final governance statement would be reported back to the committee in September once members had made comments to the draft statement. The Strategic Lead, Finance went through the scope of responsibility

and explained the annual review would check the effectiveness of the governance framework.

**RESOLVED:**

that the that the draft statement be noted

**11 Annual Revenue and Capital Outturn report 2015/16**

This final outturn report had been discussed recently at Cabinet; the Audit and Governance committee would finally agree these accounts in September 2016. Cabinet had agreed various recommendations and it was hoped that this committee would do the same.

**RECOMMENDED:**

1. that the outturn position for 2015/16 be agreed
2. the level of Reserves detailed in the report and the transfers/use as recommended; namely
  - a) to use the General Fund to fund an additional grant payment to Exmouth Sea Cadets of up to £0.050m upon final negotiation and agreement by the Chief Executive in consultation with the Leader of the Council and Portfolio Holder Finance,
  - b) the transfer of £0.294m from the General Fund to the NNDR Volatility Fund together with any sum received as this Council's share of any gain in the Devon NNDR Pool for 2015/16,
  - c) the remaining General Fund Balance above the adopted maximum range, currently calculated at £0.101m, is transferred from the General Fund into the Capital Reserve,
  - d) the Transfer of £1m from the Housing Revenue Account into the HRA Business Plan Volatility Reserve,
  - e) the Transfers to other earmarked reserves for specific projects where funding contributions have been made in advance of spend and monies are held at year end to fund this work in future years. The Outturn Book contains full details of these transfers in 2015/16, all be agreed.

**\*12 Devolution update**

The Chief Executive presented this report seeking approval to sign up '*in principle*' to the pursuit of a Devolution Deal and the creation of a Combined Authority for the Heart of the South West sub-region to administer the powers devolved through the Deal. An '*in principle*' agreement from all of the authorities, partners and MPs involved in the Heart of the South West devolution process would open up negotiations with Treasury to work towards a deal.

**RESOLVED:**

that the views of the Audit and Governance Committee on the following, before the report is put forward to Cabinet on 13 July 2016 are noted

1. Endorse the Leader's current approach to devolution and agree to sign up to the principle of creating a Combined Authority for the Heart of the South West, as set out in the Prospectus for Productivity, as the basis for negotiation with Government towards a Devolution Deal for the area;
2. Note that giving this endorsement did not commit the Council to entering into a Devolution Deal or becoming a member of a Heart of the South West Combined Authority. This would be subject to future debate and agreement by the Council and subject to negotiations with Government.

**\*13 Audit and Governance Forward Plan**

Members noted the contents of the Committee Forward Plan for 2016/17.

Items to be considered at the September Committee included:

- Internal Audit Activity – Quarter 1 & 2 2016/17
- Statement of Accounts 2015/16 including Governance Statement
- Report to those charged with Governance
- Analysis of consultants fees 2015/16
- Partnership Register

On 22 September 2016 at 12.15pm prior to the next meeting, there would be Member training and on audit procedures and process presented by SWAP.

**RESOLVED:**

that the Forward Plan be noted.

**\*14 Annual audit fee 2016/17**

KPMG confirmed the audit work and fee proposal for the 2016/17 financial year.

**RESOLVED:**

that the Annual audit fee letter 2016/17 be noted.

**Attendance list**

**Present:**

Councillors  
Mark Williamson (Chairman)  
Dean Barrow (Vice Chairman)  
Steve Gazzard  
Steve Hall  
John Dyson  
Ben Ingham  
Bill Nash

**Officers:**

Mark Williams, Chief Executive  
Simon Davey, Strategic Lead – Finance  
Tara Westcott, Senior Manager, KPMG  
Moya Moore, Assistant Director, SWAP  
Amanda Coombes, Democratic Services Officer

Chairman ..... Date.....

**Report to:** **Audit and Governance Committee**

**Date of Meeting:** 22 September 2016

**Public Document:** Yes

**Exemption:** None

**Review date for release** None



**Agenda item:** 7

**Subject:** **Internal Audit Plan Progress Quarter 1 (2016/17)**

**Purpose of report:** The Audit and Governance Committee agreed the 2016-17 Internal Audit plan at its March 2016 meeting. This report is to provide an update on the 2016/17 Internal Audit Plan (Quarter 1).

**Recommendation:** **To note the content of the Internal Audit Progress Report**

**Reason for recommendation:** The Committee are required to review the progress of the audit plan.

**Officer:** Moya Moore, Assistant Director (SWAP)  
email: [Moya.Moore@southwestaudit.co.uk](mailto:Moya.Moore@southwestaudit.co.uk)

**Financial implications:** There are no direct financial implications identified

**Legal implications:** The legal framework is reflected in the report. While there are no direct legal implications arising, ensuring Key Actions are carried out will reduce risk to the Council which in turn will reduce the chance of failures or challenges occurring.

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:**

- Approved Internal

**Link to Council Plan:** Continuously improving to be an outstanding council

# East Devon District Council

## Report of Internal Audit Activity

### Plan Progress 2016/17 Quarter 1

## Summary

## Contents

### The contacts at SWAP in connection with this report are:

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## Internal Audit Plan Progress 2015/16 Quarter 4 and 2016/17 Quarter 1

### Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



### Role of Internal Audit

The Internal Audit service for the East Devon District Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 30 June 2016.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

## Internal Audit Plan Progress 2015/16 Quarter 4 and 2016/17 Quarter 1

## Internal Audit Plan Progress 2015/16 Quarter 4 and 2016/17 Quarter 1

### Outturn to Date:

**We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action**



### Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2016/17. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on pages 7 and 8 of this document.

In the period Quarter 1 work has progressed on the following audits from the 2015/16 Audit Plan:

- Street Scene Asset Use – FINAL – Reasonable assurance
- Asset Register and Land Record Management – FINAL – Partial Assurance
- Housing Rents – DRAFT
- Grants Awarded – DRAFT
- Use of Consultants – DRAFT
- Grounds Maintenance - DRAFT

In the period Quarter1 work has progressed on the following audits from the 2016/17 Audit Plan:

- Cash Spot Checks - FINAL
- Responsive Repairs - IN PROGRESS
- Housing Revenue Account Business Plan - IN PROGRESS
- Business Continuity Plans – IN PROGRESS
- Achievement of Major Projects – IN PROGRESS
- Arrangements with STRATA – IN PROGRESS
- Health and Safety – IN PROGRESS
- Healthy Organisation – IN PROGRESS

## Internal Audit Plan Progress 2015/16 Quarter 4 and 2016/17 Quarter 1

<p><b>Outturn to Date:</b></p> <p><b>We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action</b></p>	<p style="text-align: right;">➔</p> <p><b>Internal Audit Work Programme Contd.</b></p> <p>To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a 'Partial Assurance Opinion' have been summarised in Appendix D.</p> <p>However, in circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised in Appendix C. These items will remain on this schedule for monitoring by the Committee until the necessary management action is taken and appropriate assurance has been provided that the risks have been mitigated / addressed.</p>
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## Internal Audit Plan Progress 2015/16 Quarter 4 and 2016/17 Quarter 1

### Added Value

**Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.**



### Added Value

Primarily Internal Audit is an assurance function and will remain as such. However, Members requested that we provide them with examples of where we have “added value” to a particular service or function under review. In response to this we have changed our approach and internal processes and will now formally capture at the end of each audit where we have “added value”.

The SWAP definition of “added value” is “it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost”.

As we complete our operational audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. Examples in Quarter 1 include the following:

Specific benchmarking exercises have been built into the work programmes for the Grants Awarded Audit, Use of Consultants Audit and Street Scene Asset Controls Audit.

A benchmarking report has been circulated in respect of Revenues and Benefits service provision.

We shared a copy of the Institute of Internal Auditors publication called “What every Director Should Know – How to get the best from Internal Audit”.

SWAP attended an SMT Plus meeting in July to discuss a document called “Delivering Effective Audits”.

## Internal Audit Plan Progress 2015/16 Quarter 4 and 2016/17 Quarter 1

The Assistant Auditor for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



### SWAP Performance

SWAP now provides the Internal Audit service for 14 Councils and also many subsidiary bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for East Devon District Council for the 2016/17 (as at 2 September 2016) are as follows;

Performance Target	Average Performance
<p><b><u>Audit Plan – Percentage Progress</u></b>                      Final, Draft and Discussion                      In progress</p>	<p>7%                      44%</p>
<p><b><u>Draft Reports</u></b>                      Issued within 5 working days</p>	<p>100%</p>
<p><b><u>Final Reports</u></b>                      Issued within 10 working days of                      discussion of draft report</p>	<p>0%</p>
<p><b><u>Quality of Audit Work</u></b>                      Customer Satisfaction Questionnaire</p>	<p>77%</p>

## Internal Audit Plan Progress 2015/16 Quarter 4 and 2016/17 Quarter 1

**We keep our audit plans under regular review so as to ensure that we auditing the right things at the right time.**



### Approved Changes to the Audit Plan

The following changes have been made to the audit plan in Quarter 1 to ensure internal audit resources are focused on the key risks faced by the Council. All changes are made in agreement or at the request of the Section 151 Officer:

- Partnership Working Around Greater Exeter – removed at the request of the client.
- Additional days awarded to Responsive Repairs at the client's request.

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

- Substantial
- Reasonable
- Partial
- None



Audit Framework Definitions

Control Assurance Definitions

<b>Substantial</b>	▲ ★ ★ ★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
<b>Reasonable</b>	▲ ★ ★ ★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>Partial</b>	▲ ★ ★ ★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
<b>None</b>	▲ ★ ★ ★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

**Categorisation of Recommendations**

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

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time. Recommendations are prioritised from 1 to 5 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

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



Audit Framework Definitions

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

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

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5=Major ← 1 = Minor				
						Recommendation				
						5	4	3	2	1
<b>2015/16</b>										
Key Control	Housing Rents	3	Draft		0	0	0	0	0	0
Governance, Fraud & Corruption	Grant Awards	4	Draft		0	0	0	0	0	0
Governance, Fraud & Corruption	Use of Consultants	4	Draft		0	0	0	0	0	0
Operational	Asset Register & Land Record Management	4	Final	Partial	0	0	0	0	0	0
Governance, Fraud & Corruption	Street Scene Asset Use	4	Final	Reasonable	4	0	0	4	0	0
Governance, Fraud & Corruption	Grounds Maintenance	4	Draft		0	0	0	0	0	0

<b>2016/17</b>										
Operational	Cash Spot Checks	1	Final	Reasonable	3	0	0	3	0	0
Operational	Relocation Project Consultancy	1	Ongoing		0	0	0	0	0	0
IT	Arrangements with STRATA	1	In Progress		0	0	0	0	0	0
Operational	Responsive Repairs	1	In Progress		0	0	0	0	0	0
Operational	HRA Business Plan Review	1	In Progress		0	0	0	0	0	0
Governance	Achievement of Major Projects	1	In Progress		0	0	0	0	0	0
Governance	Local Plan Review	1	Not started		0	0	0	0	0	0

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5=Major Recommendation ← 1 = Minor				
						5	4	3	2	1
						Governance	Partnership Working Around Greater Exeter	1	Removed	
IT	New Housing System Implementation	2	In Progress		0	0	0	0	0	
IT	Business Continuity (Service Review)	2	In Progress		0	0	0	0	0	
Governance	Healthy Organisation - Corporate Governance	2	In Progress		0	0	0	0	0	
Governance	Healthy Organisation - Financial Management	2	In Progress		0	0	0	0	0	
Governance	Healthy Organisation - Risk Management	2	In Progress		0	0	0	0	0	
Governance	Healthy Organisation - Performance Management	2	In Progress		0	0	0	0	0	
Governance	Healthy Organisation - Commissioning & Procurement	2	In Progress		0	0	0	0	0	
Governance	Healthy Organisation - Programme & Project Management	2	In Progress		0	0	0	0	0	
Governance	Healthy Organisation - Information Management	2	In Progress		0	0	0	0	0	
Governance	Healthy Organisation - People & Asset Management	2	In Progress		0	0	0	0	0	
Operational	Corporate Health & Safety	2	In Progress		0	0	0	0	0	
Key Controls	Key Controls Provision	3			0	0	0	0	0	
Key Controls	Housing Rents	3			0	0	0	0	0	
Governance	New Recycling & Waste Contract Arrangements	3			0	0	0	0	0	
Governance	Procurement Review	3			0	0	0	0	0	

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5=Major <span style="font-size: 2em;">↔</span> 1 = Minor				
						Recommendation				
						5	4	3	2	1
Follow Up	Creditors Follow up	3			0	0	0	0	0	0
Governance	Data Protection	4			0	0	0	0	0	0
Governance	Electoral Registration	4			0	0	0	0	0	0
Operational	Organisational Resourcing	4			0	0	0	0	0	0

Schedule of potential significant risks identified from Internal Audit work in the period Quarter 4

Ref	No	Name of Audit	Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Agreed Date of Action	Manager's Update (Date)
			There were no significant risks in the period.					

Summary of key points related to ‘Partial Assurance’ reviews

Audit Tittle	Significant Audit Findings	Key Actions Agreed by Service	Dates of Agreed Implementation	Date of programmed follow up
<p>Asset Register and Land Record Management</p>	<p>Corporate appetite for a central asset register has not been tested.</p> <p>At present there are a number of standalone systems which record Council assets. Although the Strategic Lead – Finance has expressed his intention to take a paper to SMT to discuss the possibility of having a centralised asset register, the appetite of this approach among managers had yet to be tested at the time of the audit.</p> <p>During the audit a number of issued were identified as follows, which support the need for a centralised approach:</p> <ul style="list-style-type: none"> <li>• Without an interface between the many systems in use at the Council there may be inaccuracies and inconsistencies in the data and a lack of certainty over the most up to date information. There is currently no automated integration of reconciliation between the Uniform system and the Legal and Finance systems for example.</li> <li>• There is no criteria to stipulate what assets should be included in the asset registers (for example type or value of asset).</li> <li>• Regarding valuation, there is no interface between the capital accounting system and the other systems, meaning changes made to assets, which may affect their value, are not communicated directly to the Accountancy Team.</li> <li>• Without an integrated, shared system there is a risk of duplication of effort, and time consuming preparation of reports where information has to be manually collated from a number of sources. Uniform is capable of producing report templates to display virtually any information it stores, which could be of use to all</li> </ul>	<p>The Strategic Lead-Finance will seek agreement from the Senior Management Team to commit to the use of a central asset register.</p>	<p>10 August 2016</p>	<p>TBA</p>

Audit Title	Significant Audit Findings	Key Actions Agreed by Service	Dates of Agreed Implementation	Date of programmed follow up
	<p>relevant services; depicted in Appendix A.</p> <ul style="list-style-type: none"> <li>The Principal Estates Surveyor believes EDDC could be maintaining assets that is no longer owned by EDDC because of a lack of interface between different systems. We understand that the Strategic Lead-Housing is currently looking at reducing the amount of cost/time spent maintaining land that is Devon County Council's jurisdiction.</li> </ul> <p>As part of this review, we liaised with the Principal Estates Surveyor to create a diagram highlighting current processes and potential opportunities which should be considered for further review.</p>			



# Technical update

East Devon District Council

9 September 2016

# Contents

**The contacts at KPMG  
in connection with this  
report are:**

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**KPMG resources**

**Technical developments**

**Appendices**

1. 2015/16 audit deliverables

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This report provides the Audit Committee with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

 High impact

 Medium impact

 Low impact

 For information



# KPMG resources

# Publication 'Value of Audit - Perspectives for Government'

## What does this report address?

This report builds on the Global Audit campaign – *Value of Audit: Shaping the future of Corporate Reporting* – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed.

Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future.

## What are the key issues?

- The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements.
- The importance of trust and independence of government across different markets.
- How government audits can provide accountability thereby enhancing the government's controls and instigating decision-making.
- The importance of technology integration and the issues that need to be addressed for successful implementation
- The degree of reliance on government financial reports as a result of differing approaches to conducting government audits

The *Value of Audit: Perspectives for Government* report can be found on the KPMG website at <https://home.kpmg.com/xx/en/home/insights.html>

The *Value of Audit: Shaping the Future of Corporate Reporting* can be found on the KPMG website at [www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx](http://www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx)

# Publication 'Reimagine - Local Government'

KPMG have published a number of reports under the headline of *Reimagine – Local Government*. These are summarised below:

## **Council cash crunch: New approach needed to find fresh income**

- By 2020, councils must generate all revenue locally.
- More and more are looking towards diversifying income streams as an integral part of this.
- Councils have significant advantages in becoming a trusted, independent supplier.
- To succeed, they must invest in developing commercial capability and capacity.

## **Councils can save more than cash by sharing data**

- Better data sharing in the public sector can save lives and money.
- The duty to share information can be as important as the duty to protect it.
- Local authorities are yet to realise the full value of their data and are wary of sharing information.
- Cross-sector structures and the right leadership is the first step to combating the problem.

## **English devolution: Chancellor aims for faster and more radical change**

- Experience of Greater Manchester has shown importance of strong leadership.
- Devolution in areas like criminal justice will help address complex social problems.
- Making councils responsible for raising budgets locally shows the radical nature of these changes.
- Cuts to business rates will stiffen the funding challenge, even for the most dynamic councils.

## **Senior public sector pensions**

- Recent changes to pensions taxation have particularly affected the public sector, with fears senior staff may quit as pension allowances bite.
- 'Analyse, control, engage' is the bedrock of an effective strategy.

## **Time for the *Care Act* to deliver**

- Momentum behind last year's *Care Act* risks stalling.
- Councils are struggling to create an accessible care market with well-informed consumers.
- Local authorities must improve digital presence and engage providers.
- Austerity need not be an impediment to progress. It could be an enabler.

The publications can be found on the KPMG website <https://home.kpmg.com/uk/en/home/insights/2016/04/reimagine-local-government.html>

# Publication 'The future of cities'

We are delighted to share *The future of cities*, a report that helps local government leaders build and evaluate sustainable cities for their current and future generations.

## **What is *The future of cities*?**

*The future of cities* is a global report that follows from the UK firm's thought leadership partnership with the City of Bristol and the work surrounding its European Green Capital 2015 designation. The report is broken into two modules that draw on the expertise of KPMG practitioners around the world and includes a range of case studies to ensure you find approaches relevant to your context.

The first module, *The future of cities: creating a vision*, explains the central role of vision in the success of second cities, identifying seven guiding principles to make cities more attractive. Examples are provided of various cities around the globe that are putting some of these principles into action.

The second, *The future of cities: measuring sustainability*, discusses some of the ways in which cities are being measured and how these metrics could evolve. More important, it provides practical examples of what leading cities are doing, the lessons to be learned and how these can be applied to other cities.

This content is now featured on [kpmg.com/futurecities](http://kpmg.com/futurecities) where readers can access a broader collection of reports and shorter opinion pieces from KPMG's leading thinkers on different aspects on how to create better, more sustainable places to live and work.



# Technical developments

# Appointment of external auditor

Level of impact: ● (Medium)	KPMG perspective
<p>Following the Audit Commission’s closure local authority external audits are currently governed by transitional arrangements under the <i>Local Audit and Accountability Act 2014</i>, with audit contracts overseen by Public Sector Audit Appointments Ltd (PSAA). These transitional arrangements end with the audit of 2017/18 financial years, so auditors must be appointed under the new arrangements from 2018/19. In practice this decision must be made by 31 December 2017. There are three main options for local authorities to consider:</p> <ol style="list-style-type: none"><li>1. Undertake an individual auditor procurement and appointment exercise;</li><li>2. Undertake a joint audit procurement and appointing exercise with other bodies, for example those in the same locality; or</li><li>3. Join a ‘sector led body’ arrangement where an approved third party procures audit on behalf of multiple bodies.</li></ol> <p>As the relevant supervisory body, the Institute of Chartered Accountants in England and Wales (ICAEW) maintains a register of audit firms and ‘key audit partners’ who have been recognised as meeting the eligibility criteria for local audit. Whatever the approach taken, local authorities can only appoint audit firms from the ICAEW register. KPMG has been registered by ICAEW for local audit work and has 21 Partners and Directors recognised as meeting the eligibility criteria, providing comprehensive national coverage through an experienced senior team.</p> <p>For options 1 and 2, the Act requires an Auditor Panel to be established. Guidance on auditor panels at local authorities has been issued by the CIPFA – see <a href="http://www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf">www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf</a></p> <p>One option, subject to complying with EU procurement rules, might be to continue with your current auditor for an initial period. Although this would delay testing the market, fees could be benchmarked for reasonableness against published data or by comparing to similar bodies. This would provide stability of service in the short term and avoid the ‘rush to market’ as other local authorities undertake procurement exercises within a short time period, allowing tendering later in a more settled market.</p>	<p><i>Members may wish to discuss the options open to them on how to procure their auditor for 2018/19 and beyond and ensure they formulate a timetable for making this decision.</i></p>

# Appointment of external auditor (cont.)

Level of impact: ● (Medium)	KPMG perspective
<p>The Audit Commission produced a report and slide pack summarising the lessons learnt from its 2012 and 2014 procurements of audit services, providing the reader with a list of factors that contributed to the delivery of successful outcomes for both procurements. A copy of this document can be found on the PSAA website at <a href="http://www.psa.co.uk/wp-content/uploads/2016/01/Learning-the-lessons-from-the-2012-and-2014-Audit-Commission-procurements-of-audit-services.pdf">www.psa.co.uk/wp-content/uploads/2016/01/Learning-the-lessons-from-the-2012-and-2014-Audit-Commission-procurements-of-audit-services.pdf</a></p> <p>The lessons learnt may be helpful in generally informing procurements of audit services undertaken by individual local public bodies or collective procurement bodies under the new arrangements. However, it should be noted that the procurements undertaken by the Audit Commission were unique to the Commission's regime and the approaches taken may not be relevant in their entirety to other procurements.</p> <p>For option 3, in July 2016 the Secretary of State for Communities and Local Government specified PSAA as an appointing person under regulation 3 of the <i>Local Audit (Appointing Person) Regulations 2015</i>. This means that PSAA can make auditor appointments from 2018/19 to relevant principal authorities that choose to opt into its national collective scheme. For further information, see PSAA's website - <a href="http://www.psa.co.uk/supporting-the-transition/appointing-person/">www.psa.co.uk/supporting-the-transition/appointing-person/</a></p>	

# Business Rates Retention

Level of impact: ● (Medium)	KPMG perspective
<p>The Chancellor of the Exchequer has proposed some radical reforms of local government finance. The proposals are that by the end of the decade, councils will retain all locally raised business rates but will cease to receive core grant from Whitehall.</p> <p>Under the proposals, authorities will be able to keep all the business rates that they collect from local businesses, meaning that power over £26 billion of revenue from business rates will be devolved.</p> <p>The uniform national business rate will be abolished, although only to allow all authorities the power to cut rates. Cities that choose to move to systems of combined authorities with directly elected city wide mayors will be able to increase rates for specific major infrastructure projects, up to a cap, likely to be set at £0.02 on the rate.</p> <p>The system of tariffs and top-ups designed to support areas with lower levels of business activity will be maintained in its present state.</p> <p>Committee members may wish to be aware that, as a result of these proposals, DCLG has launched two consultations on its proposals for 100% retention of business rates by the local government sector.</p> <p>The first consultation seeks to identify issues that should be kept in mind when designing the reforms; the second is a call for evidence to inform the government's fair funding review of what the needs assessment formula should be following the implementation of 100% business rates retention. Both consultations close on 26 September 2016.</p> <p>The consultation documents and information about how to respond are available for both at <a href="http://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention">www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention</a></p>	<p><i>The Committee may wish to enquire of officers whether their Authority responded to the consultation and the views expressed.</i></p>

# NAO Report on Capital Expenditure and Resourcing

Level of impact: ● (Low)	KPMG perspective
<p>Committee members may wish to be aware that the National Audit Office has published its report <i>Financial Sustainability of Local Authorities: Capital Expenditure and Resourcing</i>. This report found that local authorities in England have maintained their overall capital spending levels but face pressure to meet debt servicing costs and to maintain investment levels in their existing asset bases.</p> <p>The report can be accessed via the NAO website at <a href="http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/">www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/</a></p>	<p><i>The Committee may wish to seek assurances that the impact for their Authority is understood.</i></p>

# PSAA's Value For Money Tool

Level of impact: ● (Low)	KPMG perspective
<p>The PSAA's Value for Money Profiles tool (VFM Profiles) was updated on 1 July 2016.</p> <p>The VFM profiles have been updated with the latest available data. The adult social care section has been re-designed based on the new adult social care financial return (ASC-FR). Data is available from 2014/15 onwards with no comparable data from earlier years. The children and young people section has also been updated with 2014/15 data.</p> <p>The VFM profiles have also been updated with the latest available data from the following sources:</p> <ul style="list-style-type: none"><li>— Adult Social Care Financial Return (new data collection) (2014/15)</li><li>— Referrals, assessments and packages of care for adults (RAP) (2014/15)</li><li>— Pupil numbers (2015)</li><li>— Provision for Children Under Five Years of Age in England (2015)</li><li>— Children in Care and Adoption Performance Tables (2014/15)</li><li>— Key Stage 2 Attainment (2014/15)</li><li>— GCSE and Equivalent Attainment by Pupil Characteristics in England (2014/15)</li><li>— Section 251 outturn data - Table A1 Children and young people services (2014/15)</li><li>— Section 251 outturn data - Table A Education budget (2014/15)</li><li>— Special Educational Needs in England (2014/15)</li><li>— Attainment by Age 19 (2014/15)</li><li>— Participation in Education, Training and Employment by 16-18 Year Olds in England (2015)</li><li>— Pupil Absence in Schools (2014/15)</li><li>— National road maintenance condition survey (2014/15)</li></ul>	<p><i>The Committee may wish to seek further understanding for areas where their Authority appears to be an outlier.</i></p>

## Technical developments

# PSAA's Value For Money Tool (cont.)

Level of impact: ● (Low)	KPMG perspective
<ul style="list-style-type: none"><li>— Proportion of bus services running on time (2014/15)</li><li>— Annual Population Survey (2015)</li><li>— Finance and General Statistics (2014/15)</li><li>— Revenue Collection (2014/15)</li><li>— Claimant count (2016)</li><li>— Affordable housing supply (2014-15)</li><li>— Active people survey (2014/15)</li><li>— Public Health Outcomes Framework (2014/15)</li><li>— Conception Statistics, England and Wales (2014)</li><li>— First time entrants into the Youth Justice system (2014/15)</li></ul> <p>The Value For Money Profiles can be accessed via the PSAA website at <a href="http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing">http://vfm.psaa.co.uk/nativeviewer.aspx?Report=/profiles/VFM_Landing</a></p>	

# Whole of Government Accounts

Level of impact: ● (Low)	KPMG perspective
<p>Committee members may wish to be aware that HM Treasury has published the local government data collection tool (DCT) and guidance. Authorities who have problems with their DCT should contact HM Treasury directly.</p> <p>HM Treasury has confirmed in its guidance that the deadlines for local government WGA submissions are as follows:</p> <ul style="list-style-type: none"><li>— 12 August: the DCT to be submitted by the authority for auditor review.</li><li>— 21 October: auditor’s work to be completed.</li></ul> <p>Committee members are reminded that auditors will not issue their Audit Certificate, which formally closes the 2015/16 audit, until they have completed their work on WGA.</p>	<p><i>The Committee may wish to understand how their Authority is progressing with the WGA submission process and seek assurances that an appropriate timescale is in place.</i></p>

# 2015/16 Code of Practice Update

Level of impact: ● (Low)	KPMG perspective
<p>CIPFA/LASAAC has issued an update to the <i>2015/16 Code of Practice on Local Authority Accounting in the United Kingdom</i> (the Code) following its consultation process. The 2015/16 Code update should be read alongside the 2015/16 Code published in April 2015.</p> <p>Authorities should note that the update confirms the transitional reporting requirements for the measurement of the Highways Network Asset. The Code does not require a change to the preceding year information for the move to measuring the Highways Network Asset at current value (and under that provision would not require a change to the balance sheet information at 1 April 2015). It also does not require a restatement of the opening 1 April 2016 information but there will need to be an adjustment to those balances.</p> <p>The Code update also includes amendments as a result of legislative changes and particularly the <i>Accounts and Audit Regulations 2015</i> for English authorities. It specifies the principles for narrative reporting which CIPFA/LASAAC considers should be used to meet the new requirements of those regulations.</p>	<p><i>The Committee may wish to seek assurances that their Authority is aware of the update to the 2015/16 Code.</i></p>

# Government contracting

### Level of impact: ● (For Information)

The NAO has recently published an overview of its work on the government's management of contracting which Committee members may wish to be aware of, particularly in relation to value for money arrangements.

The publication examines subjects including the government's commercial capability, accountability and transparency, and its management of contracted-out service delivery. It finds that government now spends about £225 billion a year with private and voluntary providers. The role of providers in the public sector has evolved from relatively simple contracts to provide goods or established services, to innovative high profile commissioning arrangements in sensitive public service areas such as health and justice

The overview is available from the NAO website at [www.nao.org.uk/report/government-commercial-and-contracting-an-overview-of-the-naos-work/](http://www.nao.org.uk/report/government-commercial-and-contracting-an-overview-of-the-naos-work/)

# 2016/17 Work Programme and Scale of Fees

Level of impact: ● (For Information)

Following consultation, Public Sector Audit Appointments Ltd (PSAA) has published the work programme and scale fees for the audits of the 2016/17 accounts of principal audited bodies. There are no changes to the overall work programme for 2016/17.

The 2016/17 work programme documents and scale fees for individual audited bodies are now available to view on the PSAA website at [www.psa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees](http://www.psa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees)

### Level of impact: ● (For Information)

In spring 2016, the NAO published its report *English devolution deals*. This report finds that devolution deals to devolve power from central government to local areas in England offer opportunities to stimulate economic growth and reform public services for local users, but the arrangements are untested and government could do more to provide confidence that these deals will achieve the benefits intended.

The report is available free of charge and the full version or a summary can be accessed at [www.nao.org.uk/report/english-devolution-deals/](http://www.nao.org.uk/report/english-devolution-deals/)

In addition, CIPFA's Yorkshire and Humber regional executive and KPMG are hosting a free event on devolution in local government in our Leeds office on the evening of the 29 September.

Full details of the event (and where you can sign up) can be found here: [www.cipfa.org/training/c/cipfa-regions-yorkshire-and-humber-events--devolution--can-it-deliver-20160929](http://www.cipfa.org/training/c/cipfa-regions-yorkshire-and-humber-events--devolution--can-it-deliver-20160929)



# Appendix

## Appendix 1

# 2015/16 audit deliverables

Deliverable	Purpose	Timing of Audit Committee	Status
<b>Planning</b>			
Fee letter	Communicate indicative fee for the audit year	April 2015	Complete
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2016	Complete
<b>Interim</b>			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	September 2016	Part of our ISA 260 Report - Complete
<b>Substantive procedures</b>			
Report to those charged with governance (ISA 260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2016	Provided to the Audit Committee at this meeting.

## Appendix 1

# 2015/16 audit deliverables (cont.)

Deliverable	Purpose	Timing of Audit Committee	Status
<b>Completion</b>			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2016	Provided to the Audit Committee at this meeting.
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2016	Provided to the Audit Committee at this meeting.
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2016	TBC
<b>Certification of claims and returns</b>			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	December 2016	TBC



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**Report to:** **Audit and Governance Committee**

**Date of Meeting:** 22 September 2016

**Public Document:** Yes

**Exemption:** None

**Review date for release** None



**Agenda item:** 10

**Subject:** **Review of the Anti-Fraud Theft and Corruption Policy and Anti-Bribery Policy**

**Purpose of report:** The Council's Anti-Fraud Theft and Corruption and Anti-Bribery Policies require reviewing. Revisions have been made to the policies, as set out below, although there have not been any changes of substance. The revised policies are presented to Audit and Governance with a recommendation that they are adopted.

**Recommendation:** **That the following revised policies are adopted;**

- (i) Anti-Fraud Theft and Corruption Policy (Appendix 1)**
- (ii) Anti-Bribery Policy (Appendix 2)**

**Reason for recommendation:** A review of the Council's Anti-Fraud Theft and Corruption and Anti-Bribery Policies has now been carried out. Revised policies are appended to this report for consideration by the Committee. A link to the existing versions of the Policy are contained within the background links. The changes are detailed below;

Anti-Fraud Theft and Corruption (attached as Appendix 1)

- Updated to reflect appropriate bodies that the Council shares information with and clarity on widened scope for fraud investigations as well as referencing the Proceeds of Crime Act 2002 in the tools available section.
- Updated to reflect change to officer titles and the team within the Council responsible for counter fraud.
- The procedure section (Section 11) was not entirely clear and so has been re-organised slightly so that it is now fully explained, is clearer and more user friendly and the flowcharts has been moved in to a separate appendix so as not to confuse the text in the section.

Anti-Bribery (attached as Appendix 2)

- Updated to reflect change to officer titles and personnel in agency's referenced and other minor tidying up / consistency changes.

It is considered that the revised Policies are up to date with legal requirements and are fit for purpose. The changes to the Anti-Fraud, Theft and Corruption Policy results in a more robust policy in terms of procedure and which is now also more user friendly for those reading and applying it.

For the above reasons the revised Policies are recommended for adoption.

<b>Officer:</b>	Henry Gordon Lennox, Strategic Lead Legal, Licensing, Democratic Services & Monitoring Officer <a href="mailto:hgordonlennox@eastdevon.gov.uk">hgordonlennox@eastdevon.gov.uk</a> Tel: 01395 517401
<b>Financial implications:</b>	There are no direct financial implications.
<b>Legal implications:</b>	The policies have been revised (as set out in the report) and these changes make the policy easier to understand and more robust generally. There are no substantive changes. Accordingly it is advised that the policies are recommended for adoption. It should be noted that the Council must adhere to any adopted policy in the circumstances where it applies. Otherwise there are no legal implications arising.
<b>Equalities impact:</b>	Low Impact
<b>Risk:</b>	Low Risk
<b>Links to background information:</b>	<ul style="list-style-type: none"> <li>• <a href="http://eastdevon.gov.uk/council-and-democracy/council-business/our-key-policies/anti-fraud-theft-and-corruption-policy/">http://eastdevon.gov.uk/council-and-democracy/council-business/our-key-policies/anti-fraud-theft-and-corruption-policy/</a></li> <li>• <a href="#">090916antibriberypolicy</a></li> </ul>
<b>Link to Council Plan:</b>	Encouraging communities to be outstanding and Continuously improving to be an outstanding council

## Anti-Fraud, Theft and Corruption Policy

<b>Issue details</b>																																									
<b>Title:</b>	<b>Anti-Fraud, Theft and Corruption Policy</b>																																								
<b>Issue and version number:</b>	<b>Issue 3</b>																																								
<b>Contents:</b>	<table border="0"> <tr><td>Policy Statement</td><td>Page 2</td></tr> <tr><td>The Council's Commitments</td><td>Page 2</td></tr> <tr><td>Specific Policy Areas</td><td>Page 2</td></tr> <tr><td>Culture</td><td>Page 3</td></tr> <tr><td>Prevention</td><td>Page 4</td></tr> <tr><td>Detection and investigation</td><td>Page 6</td></tr> <tr><td>Deterrence</td><td>Page 7</td></tr> <tr><td>Fraud response plan</td><td>Page 8</td></tr> <tr><td>Procedure for reporting and investigating suspected fraud and corruption</td><td>Page 9</td></tr> <tr><td>Awareness and accessibility</td><td>Page 11</td></tr> <tr><td>Whistleblowing</td><td>Page 11</td></tr> <tr><td>Bribery</td><td>Page 11</td></tr> <tr><td>Review</td><td>Page 11</td></tr> <tr><td>Policy consultation</td><td>Page 12</td></tr> <tr><td>Assessment and appraisal</td><td>Page 12</td></tr> <tr><td>Policy Review</td><td>Page 12</td></tr> <tr><td>Related policies and strategies</td><td>Page 12</td></tr> <tr><td>Appendix 1</td><td>Page 13</td></tr> <tr><td>The seven principles of public life</td><td></td></tr> <tr><td>Appendix 2 – Process Charts</td><td>Page 14</td></tr> </table>	Policy Statement	Page 2	The Council's Commitments	Page 2	Specific Policy Areas	Page 2	Culture	Page 3	Prevention	Page 4	Detection and investigation	Page 6	Deterrence	Page 7	Fraud response plan	Page 8	Procedure for reporting and investigating suspected fraud and corruption	Page 9	Awareness and accessibility	Page 11	Whistleblowing	Page 11	Bribery	Page 11	Review	Page 11	Policy consultation	Page 12	Assessment and appraisal	Page 12	Policy Review	Page 12	Related policies and strategies	Page 12	Appendix 1	Page 13	The seven principles of public life		Appendix 2 – Process Charts	Page 14
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<b>Officer responsible:</b>	<b>Monitoring Officer</b>																																								
<b>Authorisation by:</b>	<b>Audit &amp; Governance Committee</b>																																								
<b>Authorisation date:</b>	<b>22 September 2016</b>																																								
<b>Review date:</b>	<b>September 2018</b>																																								

## **Previous Policy**

March 2012

### **1. Policy Approval**

Audit and Governance Committee

### **3. Policy Statement**

3.1. The Council has always set itself high standards of honesty and probity. Although the instances of fraud and theft are rare, and the Council is not aware of any corruption, this policy is the Council's stance on these matters. The Committee in Public Life have produced a report, which sets out seven principles of public life (see Appendix 1). The Council endorses these principles, which apply to everybody who is involved with the work of this Council, including:

- Councillors
- Employees
- Contractors
- Consultants
- Suppliers and partners
- Customers and residents who deal with the Council.

3.2. In addition, the Council expects the citizens of East Devon to be honest in their dealings with the Council.

### **4. The Council's Commitments**

4.1. The Council is against fraud, theft and corruption whether it is attempted on or from within the Council, and is committed to this Anti-Fraud, Theft and Corruption Policy which is designed to:

- Encourage prevention
- Promote detection, and
- Identify a clear approach for investigation

4.2. The strategy, however, will not compromise the authority's Equality and Diversity Policy or any obligations as an employer under the code of conduct for local government employees.

### **5. Specific Policy Areas**

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

- Culture
- Prevention
- Detection and Investigation
- Deterrence

- Response
- Training
- Whistleblowing
- Bribery

5.2. There is also a high degree of external scrutiny of Council business by a variety of bodies, including:

- Local Government Ombudsman
- Audit Commission
- Central Government Departments and Parliamentary Committees
- Her Majesty's Revenues and Customs (HMRC)
- Inland Revenue
- Department of Work and Pensions (DWP)
- The Surveillance Commissioner
- The Information Commissioner

5.3. These bodies are important in highlighting any areas where improvements can be made. In addition, the External Auditor's statutory duties include ensuring that the Council has in place adequate arrangements for the prevention and detection of fraud and corruption. The Council is fully committed to implementing changes to working practices that any of these bodies identify as necessary to improve our controls. Finally, the Council's internal auditors (SWAP) have an important role to play in monitoring the Council's control environment.

5.4. For the purposes of the policy, Fraud and Corruption are defined as:

5.5. Fraud – A deliberate deception to secure unfair or unlawful gain or deprive a victim of a legal right including the intentional distortion of financial statements or other records by anyone internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.

5.6. Corruption - The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person.

5.7. This policy also covers the failure to disclose an interest in order to gain financial or other pecuniary gain.

## **6. Culture**

6.1. The Council is committed to ensuring that its culture will continue to be one of honesty and opposition to fraud, theft and corruption. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Council will act with integrity and that Council staff and Members, at all levels, will lead by example in these matters.

6.2. The Council has a range of interrelated policies and procedures to provide a framework to counter fraudulent or corrupt activities. These include (but see Section 12 also):

- The Constitution
- Standards Committee and Audit and Governance Committee
- Members' Code of Conduct
- Standing Orders
- Code of Conduct for Employees
- Corporate Counter Fraud and Compliance Team
- National Fraud Initiative and the Local Code of Data Matching
- Financial Regulations
- Procurement Strategy
- Corporate Risk Register
- IT Security Policy framework, particularly the Security Incident Policy
- Effective audit procedures with South West Audit Partnership (SWAP)
- Recruitment and Selection Procedures
- Disciplinary Procedures
- Whistleblowing Policy
- Anti Bribery Policy
- Training

## **7. Prevention**

### **Employees**

- 7.1. The Council recognises that a key preventative measure in the fight against fraud, theft and corruption is to take effective steps at the recruitment stage to establish as far as possible, the previous record of potential staff, in terms of their propriety and integrity. Temporary and contract staff should be treated in the same manner as permanent staff.
- 7.2. Staff recruitment must be in accordance with approved employee selection policies and, in particular, the Council will seek to obtain written references on the honesty and integrity of candidates before employment offers are made. Criminal Record Checks are made where appropriate.
- 7.3. Each employee is governed in his or her work by:
- The Council's Standing Orders
  - Financial Regulations
  - The Code of Conduct for Employees
  - Employment Contract and Handbook, together with the suite of policies our employees read and sign at the start of their employment
  - Gifts and Hospitality Register

- 7.4. Employees are expected always to be aware of the possibility that fraud, corruption or theft may exist in the workplace and be able to share their concerns with management.

### **Members**

- 7.5. Members are required to operate within:
- The Constitution — this sets out responsibility for functions and contains:
  - Council's Standing Orders
  - Members' Code of Conduct
  - Section 106 of the Local Government Finance Act 1992
  - Local Government legislation
- 7.6. These matters are specifically brought to the attention of Members in the Members' Manual and include the declaration and registration of interests with the Monitoring Officer, potential areas of conflict between Members' Council duties and responsibilities, and any other areas of their personal or professional lives.
- 7.7. The Members Code of Conduct was approved by the Council and the Standards Committee. This Committee have responsibility for maintaining high standards of conduct by Members of this council.

### **Systems**

- 7.8. The Council has Financial Regulations in place that require staff, when dealing with the Council's affairs, to act in accordance with best practice.
- 7.9. The Section 151 Officer has statutory responsibility under the Local Government Act 1972 to ensure the proper arrangements of the Council's financial affairs and has developed Financial Codes of Practice and Accounting Instructions, which outline the system.
- 7.10. The Monitoring Officer has a statutory responsibility under Section 5 of the Local Government Housing Act 1989 for monitoring the conduct of the Council's business.
- 7.11. The Council has developed, and is committed to continuing with, systems and procedures which incorporate efficient and effective internal controls and which include adequate separation of duties. Strategic Management Team has to ensure that these controls are properly maintained and documented. Their existence and appropriateness is independently monitored by SWAP.

### **Working with other agencies**

7.12. There are arrangements in place to encourage the exchange of information between the Council and other agencies on national and local fraud, theft and corruption activity in relation to Local Authorities.

These include:

- Police
- Cabinet Office
- DWP
- HM Revenues and Customs
- Other Local Authorities

## **8. Detection and investigation**

8.1. The array of preventative systems, particularly internal control systems within the Council, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud. It is often the alertness of staff, Members and the public to indicators of fraud, theft or corruption that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.

8.2. Despite best efforts of managers and auditors, many frauds and thefts are discovered by chance or by a tip-off and the Council has in place arrangements to enable such information to be properly dealt with.

8.3. Employees of the Council are required by its Financial Regulations to report (verbally or in writing) all suspected irregularities to their manager.

8.4. Reporting is essential and:

- ensures consistent treatment of information on fraud, theft and corruption
- facilitates proper investigation
- ensures the proper implementation of a fraud response investigation plan.

8.5. The Fraud Forum (see paragraph 11.5 for who the forum comprises) will meet to discuss any relevant issue raised by a Strategic Lead. Their decision will depend on the nature and anticipated extent of the allegations, and where necessary, anybody appointed to carry out an investigation will work closely with either the S151 Officer or Monitoring Officer (or both) to ensure that a proper investigation is undertaken and a report with supporting evidence is produced.

8.6. The Council's Disciplinary Procedures will be used where the outcome of any Investigation indicates improper behaviour.

- 8.7. The Council will normally contact the Police where financial impropriety is discovered.

### **Detection and investigation of fraud**

- 8.8. East Devon District Council's aim is to:
- take all reasonable steps to deter, prevent, and detect fraudulent claims
  - conduct investigations fairly, tactfully and consistently
  - take appropriate and justifiable action in cases where fraud is found
  - defend the finances of the council by maximisation of subsidy through sanction action and appropriate recovery of overpayments.

### **Fraud — Prosecutions and sanctions**

- 8.9. Where fraud is proven the Council will prosecute offenders where appropriate taking into account the:
- severity of the offence
  - public interest
  - social factors such as the age/state of health of the offender and possibly his/her family
  - amount stolen / illegally claimed
  - co-operation and explanation of the offender
  - strength of evidence.
- 8.10. No single factor will determine whether or not a prosecution will be pursued, but officers will strive to apply consistency when reaching a decision. A separate prosecution policy sets in more detail the Council's approach.

## **9. Deterrence**

- 9.1. There are a number of ways to deter potential fraudsters from committing or attempting fraudulent or corrupt acts and these will be reported regularly to Strategic Management Team.
- 9.2. The Council will:
- publicise the fact that the Council is firmly set against fraud and corruption
  - act decisively and robustly when fraud or corruption is suspected or proven
  - take action to maximise recovery of losses to the Council
  - publicise successful prosecutions and share learning across the council
  - have in place sound systems of internal control that are based on risk assessment and minimise the opportunity for fraud or corruption.

### **Fraud Drives**

- 9.3. Fraud Drives will be undertaken to verify and proactively identify possible frauds. East Devon District Council will work with organisations such as Department of Work and Pensions and the Her Majesty's Revenues and

Customs to undertake joint fraud drives which ensure that a robust approach and larger claim base is verified.

### **National Fraud Initiative**

- 9.4. The NFI is a data matching exercise carried out by Cabinet Office every year, as part of the statutory audit function and in accordance with the Audit Commission Act 1998. All Councils are required to provide data from their systems, which are then matched against the records held by other Councils to identify fraud. East Devon District Council fully comply with the requirements of this initiative.

### **Tools available to combat fraud**

- 9.5. A number of different acts have come into power which gives the authority powers to investigate fraud and error in a number of ways. Some of the tools are powerful weapons in the fight against fraud and are used where the authority believe that a fraud is being perpetrated.
- 9.6. These include:
- Use of a dedicated counter fraud specialist
  - Access to Royal Mail redirection information
  - Access to information from other Government departments, for example, HMRC
  - Direct access to benefit data held by the DWP
  - Enforcing disclosures from landlords/agents
  - Use of civil penalties, administrative penalties and prosecution
  - Additional overpayment recovery powers
  - Powers that enable authorised officers of the authority to request details from banks, building societies, utilities and other organisations and pay records, that pertain to an individual which will identify income, capital or other details that have not been declared.
  - Proceeds of Crime Act 2002

## **10. Fraud response plan**

- 10.1. The key documents that contain the procedures to be followed in the event of fraud are the:

- Fraud investigation process in Section 11 below
- Paragraph 11 of Code of Conduct for Employees
- Disciplinary Policy

- 10.2. The Welcome Process for new employees will explain this, and related policies and procedures. Council staff are positively encouraged to raise any concerns about fraud, theft and corruption that they may have on these issues where they are associated with the Council's activities. Concerns must be raised when Members or employees reasonably believe that one or

more of the following has occurred, is in the process of occurring, or is likely to occur:

- A criminal offence
- A failure to comply with a statutory or legal obligation (such as our Standing Orders or Financial Procedure Rules) or any other unlawful action
- Improper unauthorised use of public or other funds
- A miscarriage of justice
- Improper conduct,
- Malpractice or acting against established practice / policies,
- A health and safety danger
- A risk of environmental damage, or
- Concealment of any of the above.

10.3. They can do this in the knowledge that such concerns will be treated in confidence and properly investigated.

## **11. Procedure for reporting and investigating suspected fraud and corruption**

11.1. The Council relies on its staff to help prevent and detect fraud. It is often members of staff who are in a position to identify potential cases of fraud and corruption at an early stage.

11.2. Staff are encouraged to report any suspected fraud or corruption and the means for reporting confidentially is detailed in the Employee Code of Conduct. That requires any suspected fraud to be reported initially to the Strategic Lead. If this is not appropriate, for example, if they may be involved, then you should contact either the Section 151 Officer or Monitoring Officer instead. The process is also set out in Chart 1 in Appendix 2.

11.3. The actions that are taken at the early stages when fraud is suspected can affect the success of any investigation. There is a need for coordinated action which should be clear, prompt and appropriate to the circumstances.

11.4. Our response will be coordinated by the Fraud Forum – comprising the Section 151 Officer, Monitoring Officer, Deputy Monitoring Officer, Strategic Lead (Organisational Development and Transformation) and any other officer deemed appropriate, for example the Strategic Lead originally notified.

11.5. The Forum will agree next steps (see Chart 4 of Appendix 2), for example:

- allocate responsibility for the investigation to a lead officer (who does not need to be from the Council and could be from SWAP) and decide on the extent of their powers and remit
- decide whether it is appropriate to involve other agencies such as the Police
- decide on the frequency of reports, meetings and communication/publicity

11.6. If the Police are called, for example, if a burglary is discovered out of normal working hours, the member of staff must alert the Section 151 Officer or Monitoring Officer as soon as is practicable.

#### *Investigation stage*

11.7. The Forum or lead officer investigating will need to consider whether suspending an individual is appropriate and get appropriate HR advice. Any officer or employee of a company working for the Council who is suspended must be asked to hand back their security pass, office keys, council laptop and any other council assets in their possession.

11.8. The lead officer investigating will ensure that only fully qualified staff who are fully aware of the implications of the Police and Criminal Evidence Act are involved in the investigation.

11.9. Specialist recording equipment may be used in interviews and should the situation warrant it, the lead officer investigating may make arrangements with the local Police to have the member of staff arrested and interviewed in a custody suite at the local Police station.

11.10. All interviews must be conducted with more than one person present (usually this will be the lead officer investigating and one other person). The persons interviewing must advise the member of staff of their right to legal advice and permit them to have a representative present.

11.11. The lead officer investigating will liaise with HR staff so that disciplinary matters can be discussed.

#### *Following investigation*

11.12. The Fraud Forum or the lead officer investigating will prepare a report detailing the findings of any investigation that has been carried out and which make recommendations on the next steps. The Fraud Forum shall meet to consider the report and recommendations and thereafter determine the next steps to be taken.

11.13. The investigation should only be closed once the Fraud Forum on behalf of the Council are satisfied that the matter can successfully be concluded and that

the legal advisers have all the information they need to undertake a prosecution – should that be the recommendation.

**The Charts in Appendix 2 show how we will deal with suspected fraud, from initial concerns on the part of a member of staff through to what happens after an investigation.**

## **12. Awareness and accessibility**

12.1. The Council recognises that the effectiveness of its Anti-Fraud, Theft and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation. To facilitate this, the Council supports training for Members and particularly for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

12.2. In addition, the Monitoring Officer will maintain a record of reports of suspected fraud and corruption and report to Strategic Management Team on a regular basis so that they are aware of issues.

## **13. Whistleblowing**

13.1. The Council is aware of the difficulties and conflicts that may arise for staff and Members who suspect a colleague of fraud, theft or corruption. It is nevertheless essential that all instances be reported without delay. It is incumbent on all staff and Members to report any suspicions related to the workplace. Our Whistleblowing Policy outlines the details and procedures for employees and members of the public.

13.2. Wherever possible, all instances reported will be treated in the strictest confidence and in extreme cases, facilities exist to report anonymously. It is, however, impossible to guarantee anonymity, especially where disciplinary action or prosecution arises.

## **14. Bribery**

14.1. The Bribery Act 2010 came into force in July 2011 and made bribery a criminal offence. Our Bribery Policy outlines our approach to meeting the legal requirements and provides a consistent framework for officers and councillors.

## **15. Review**

15.1. If needed, the Section 151 Officer will arrange to meet with the Monitoring Officer, Deputy Monitoring Officer and Strategic Lead – Organisational Development and Transformation on a six monthly basis to review any reported fraud and the subsequent action that has been taken to:

- ensure that the response plan has been followed
- review whether or not the response plan has been robust enough to react correctly to the allegation made
- review the results of the investigation and what actions, if any, need to be taken to ensure that nothing similar happens in the future
- follow up with the relevant officer the changes that need to be made to ensure that they are put in place.

## **16. Policy Consultation**

16.1. Strategic Management Team, Staff Joint Forum and South West Audit Partnership

## **17. Assessment and appraisal**

17.1. This Policy has had an equality analysis.

## **18. Policy Review**

18.1. The Monitoring Officer will review this policy in the light of any legislation and in September 2019 to consider any changes required.

## **19. Related Policies and Strategies**

- Prosecution Policy
- Anti-Money Laundering Policy
- Fraud Strategy
- Code of Corporate Governance
- Codes of Conduct (Employees and Members')
- Anti Bribery Policy
- Grievance Policy and Procedure
- Whistleblowing Policy
- Procurement Strategy
- Financial Regulations
- Financial Operating Procedures
- Contract Standing Orders

## **Appendix 1**

### **The Seven Principles of Public Life**

#### **Selflessness**

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

#### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

#### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

#### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

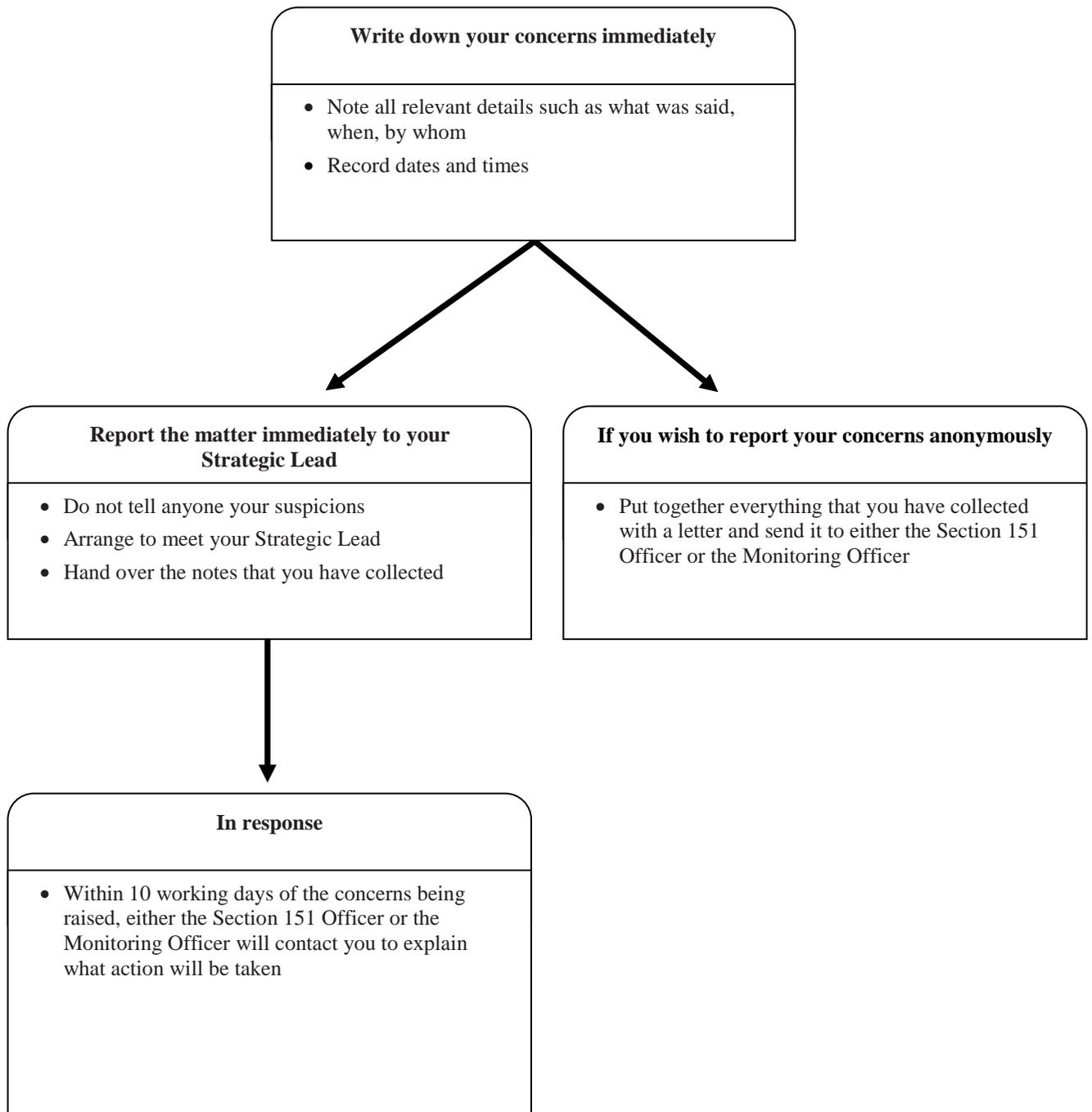
#### **Leadership**

Holders of public office should promote and support these principles by leadership and example.

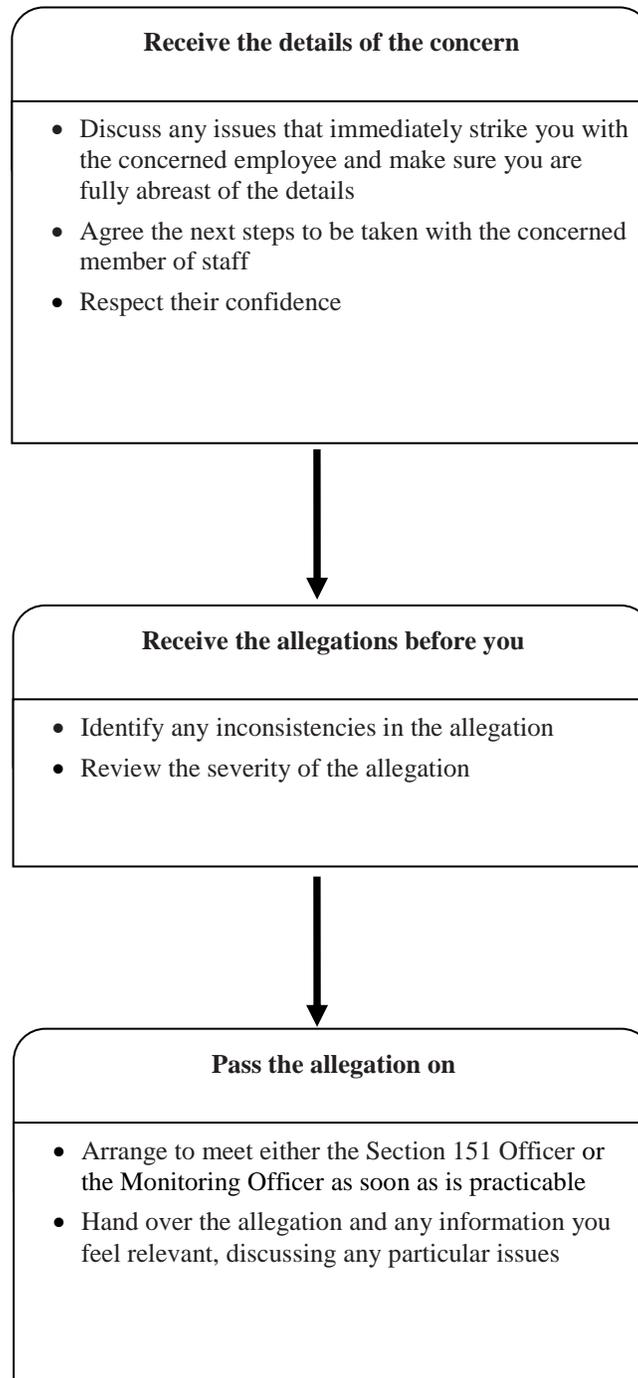
## Appendix 2

The following diagrams show the various stages of dealing with suspected fraud, from initial concerns on the part of a member of staff through to what happens after an investigation.

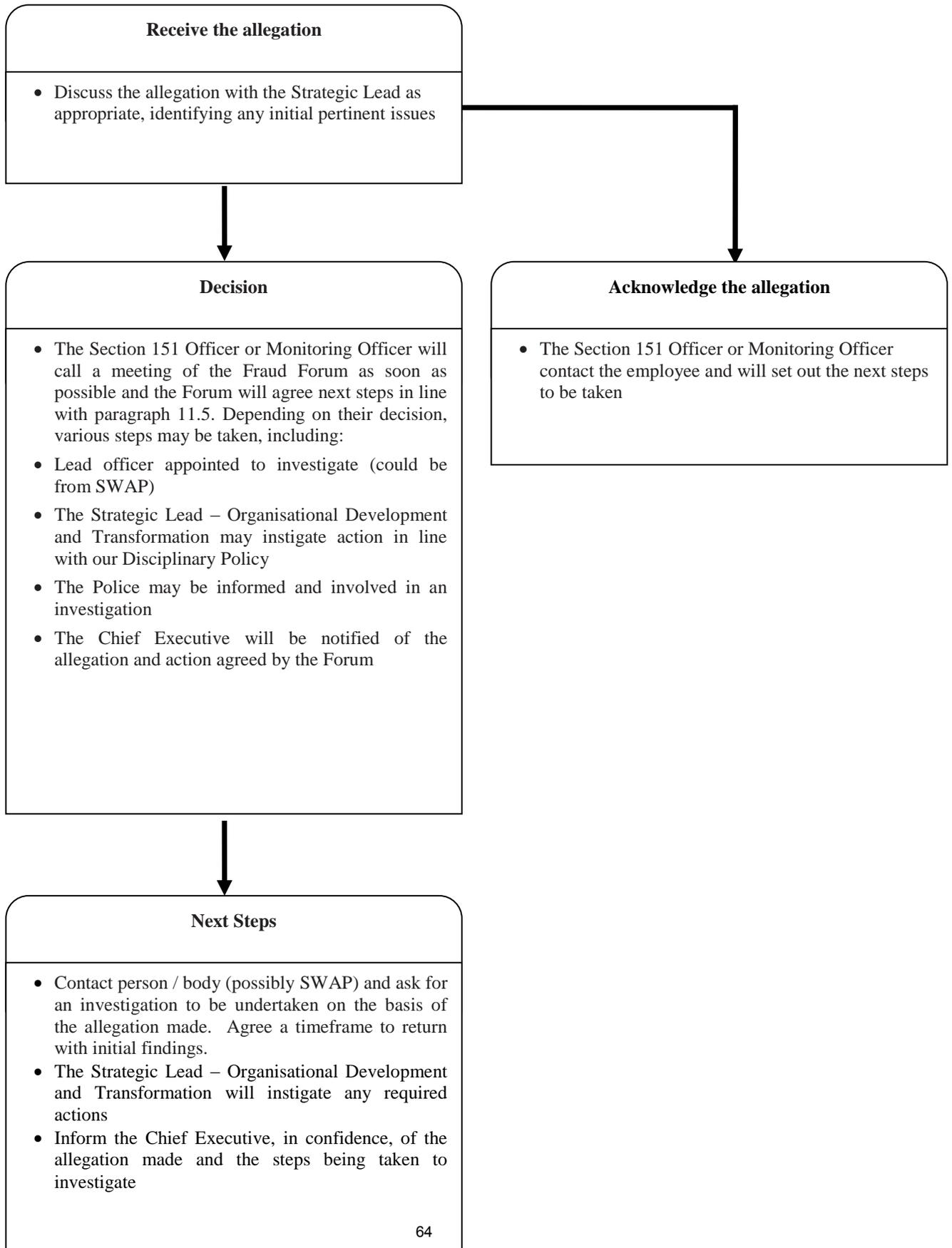
### Chart 1: Action by employees



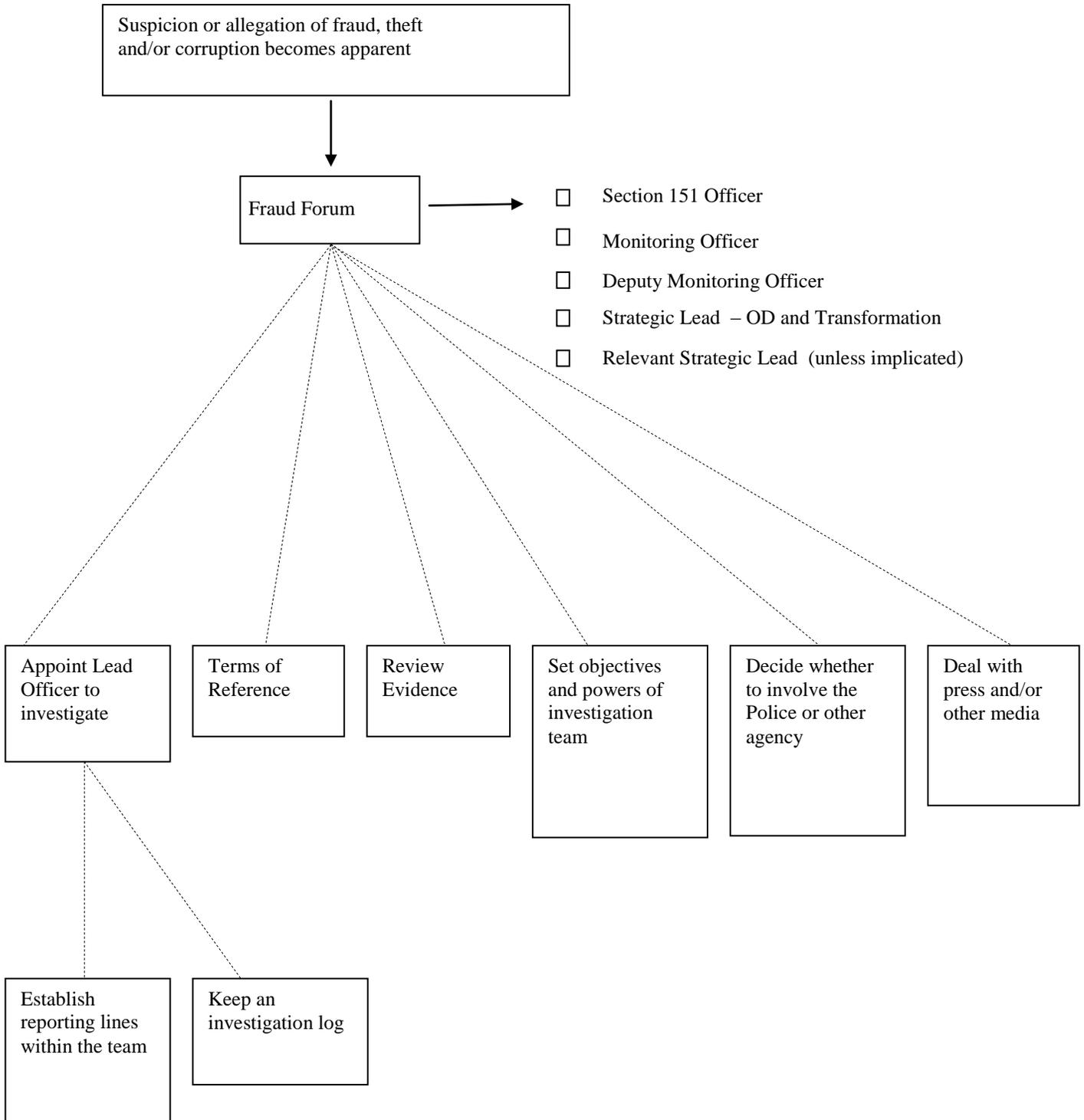
## Chart 2: Action by Head of Service



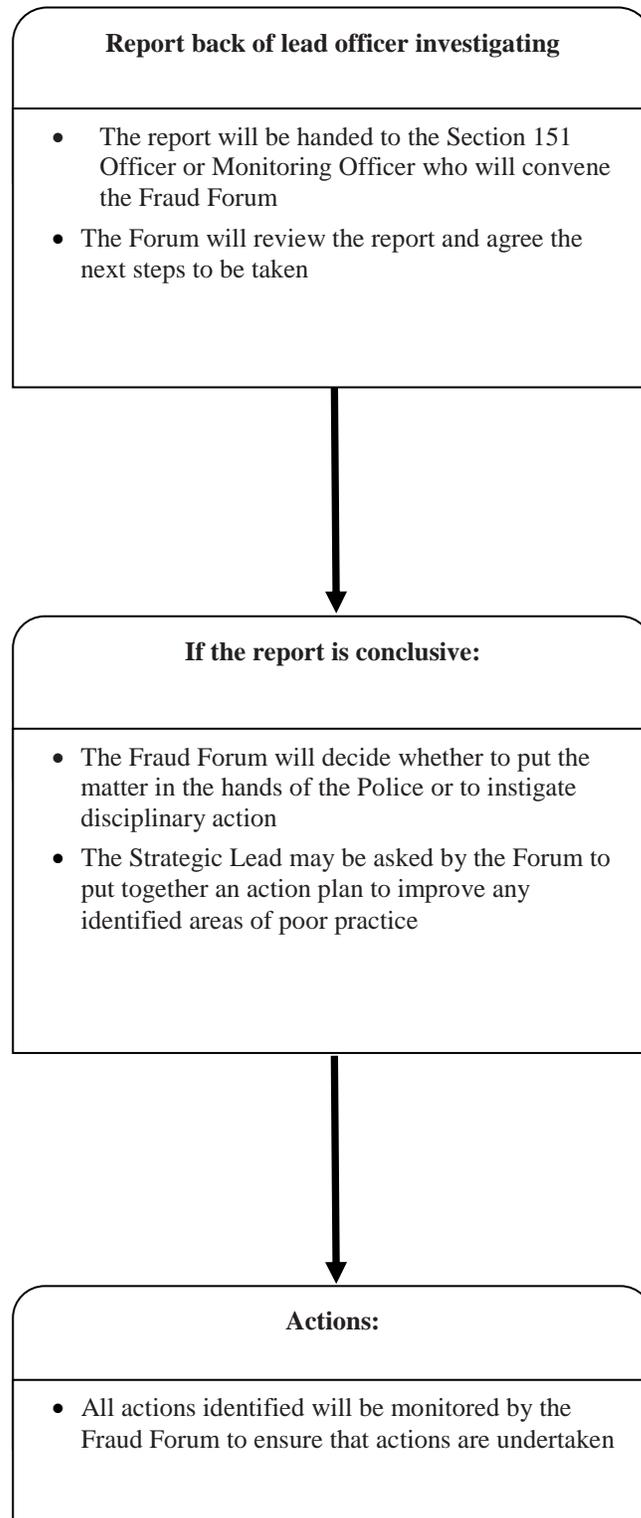
### Chart 3: Action by Section 151 Officer and/or Monitoring Officer



# Chart 4: Fraud Forum



## Chart 5: After a SWAP investigation



## Anti- Bribery Policy

<b>Issue details</b>																																			
<b>Title:</b>	<b>Anti-Bribery Policy</b>																																		
<b>Issue and version number:</b>	<b>Issue 2</b>																																		
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<b>Officer responsible:</b>	<b>Monitoring Officer</b>																																		
<b>Authorisation by:</b>	<b>Audit and Governance</b>																																		
<b>Authorisation date:</b>	<b>22 September 2016</b>																																		
<b>Review date:</b>	<b>September 2019</b>																																		

## **1. Previous Policy**

March 2012

## **2. Policy Approval**

Audit and Governance Committee

## **3. Policy Statement**

3.1 Bribery is a criminal offence. In summary Bribery is:

- an inducement or reward offered, promised or provided to
- gain personal, commercial, regulatory or contractual advantage.

3.2 In relation to bribery, our Council's stance is:

- We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose.
- We do not, and will not, accept bribes or improper inducements from anyone for any purpose.
- We do not, and will not, use a third party as a conduit to channel bribes or encourage bribery in any way.

3.3 We have a zero tolerance approach to bribery and are committed to its prevention, deterrence and detection. We aim to maintain anti-bribery compliance "business as usual", rather than as a one-off exercise, and our approach applies to everybody who is involved with the work of this Council, including:

- Councillors
- Employees
- Contractors
- Consultants
- Suppliers and partners
- Customers and residents who deal with the Council.

## **4. The Council's Commitments**

4.1 The Council is committed to helping everyone involved in the work of the Council to act honestly and with integrity at all times. Our Anti-Fraud, Theft and Corruption Policy is closely linked with this Anti-Bribery Policy and both are designed to:

- Encourage prevention of unlawful activity
- Promote detection, and
- Identify a clear approach for investigation

4.2 Our specific commitments in relation to anti-bribery are to:

- Set out a clear anti-bribery policy and keep it up to date
- Train all employees so that they can recognise and avoid the use of bribery by themselves and others
- Encourage our employees to be vigilant and to report any suspicions of bribery by making sure it is easy to report and by sensitive handling of information

- Investigate any evidence that points to alleged bribery and support the Police and other appropriate authorities in any resulting prosecution
  - Take appropriate action against any individual(s) involved in bribery, including potentially using the Disciplinary Policy and involving the Police.
  - Include appropriate clauses in contracts to prevent bribery.
- 4.3 The Council is also committed to the seven principles of public life which are shown in Appendix 1. The Council's own values are also relevant and worth repeating here:
- Open
  - Caring
  - Listening
  - Accountable
  - Looking Forwards

## 5. Specific Policy Areas

### **Bribery act 2010**

- 5.1 There are four key offences under the Bribery Act 2010: ([http://www.opsi.gov.uk/acts/acts2010/ukpga\\_20100023\\_en\\_1](http://www.opsi.gov.uk/acts/acts2010/ukpga_20100023_en_1))
- bribery of another person (section 1)
  - accepting a bribe (section 2)
  - bribing a foreign official (section 6)
  - failing to prevent bribery (section 7)
- 5.2 In relation to section 7 of the Act, an organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of people associated with the organisation.

### **Anti-Bribery Procedures**

The Council's procedures are based on six principles:

#### ***Proportionality***

The Council has procedures in place to prevent bribery by people associated with it. These are proportionate to the bribery risks faced by the Council and to the nature, scale and complexity of the Council's activities. They are also clear, practical, accessible, effectively implemented and enforced.

#### ***Top level commitment***

The Chief Executive and his Management Team are committed to preventing bribery by people associated with it. They foster a culture within the organisation in which bribery is never acceptable.

#### ***Risk Assessment***

The nature and extent of the Council's exposure to potential external and internal risks of bribery on its behalf by people associated with it is periodically assessed. This includes financial risks but also other risks such as reputational damage.

### ***Due diligence***

The Council takes a proportionate and risk based approach, in respect of people who perform or will perform services for or on behalf of the organisation, in order to mitigate identified bribery risks.

### ***Communication (including training)***

The Council seeks to make sure that its bribery prevention policies and procedures are embedded and understood throughout the organisation through internal and external communication, including training that is proportionate to the risks it faces.

### ***Monitoring and review***

Procedures designed to prevent bribery are monitored and reviewed and improvements are made where necessary.

### **Gifts, hospitality and facilitation payments**

5.4 Our Employee and Councillor Codes of Conduct (which can be located in the Council's Constitution - outline the Council's agreed approach to hospitality and gifts and our Hospitality Register is on our website to make it more open and accessible to the public, in line with our council values. The Register is an existing tool which will help us meet the demands of the Act as it will be critical for businesses to maintain proper books and records and ensure total transparency of payments made and corporate hospitality given.

5.4 In addition to bribes being illegal, facilitation or "grease" payments (the payment of small sums of money to ensure someone performs their duty, either more promptly or at all) are also illegal.

5.5 Employees of the Council are required by its Financial Regulations to report (verbally or in writing) all suspected irregularities to their manager.

### **What are the penalties?**

5.6 If an organisation is found guilty of failing to prevent bribery, there is a risk of a prison sentence of up to 10 years. The Council risks unlimited fines, blacklisting from European Union contracts and the forfeiture of the value of illegal deals under related Proceeds of Crime and money laundering laws. Though the Serious Fraud Office is keen to encourage businesses to self report and potentially avoid the most draconian consequences, this decision should only be made after weighing up the position very carefully and taking specific legal advice.

5.7 In terms of penalties for our individual members of staff, this Policy and the Anti Fraud, Theft and Corruption Policy outline the importance for all people associated with the work of the Council to understand that they play a role in preventing, detecting and reporting bribery and other forms of corruption. As well as the possibility of civil and criminal prosecution, staff that breach this policy will face disciplinary action, which could result in summary dismissal for gross misconduct.

### **Prevention and reporting**

- 5.8 Our Anti Fraud, Theft and Corruption Policy sections on culture, members, systems and reporting are all relevant to this Anti Bribery Policy. In essence, our work to make sure the six principles (described in paragraph 5.2) and procedures outlined in the Anti Fraud, Theft and Corruption Policy are embedded mean we have adequate procedures in place to demonstrate a culture/organisation where bribery and corruption are unlikely to succeed.
- 5.9 The array of preventative systems, particularly internal control systems within the Council, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud. It is often the alertness of staff, Members and the public to indicators of fraud, theft bribery or corruption that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.
- 5.10 Reporting is essential and:
- ensures consistent treatment of information on fraud, theft, bribery and corruption
  - facilitates proper investigation
  - enables the council to properly implement an investigation plan.

### **Raising a concern**

- 5.11 This Council is committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want each and every member of staff to know how they can raise concerns.
- 5.12 We all have a responsibility to help detect, prevent and report instances of bribery. If you have a concern about a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved. There are multiple channels to help you raise concerns, all outlined in the Anti Fraud, Theft and Corruption Policy, the link for which is in paragraph 5.8 above.
- 5.13 Staff and councillors who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. We aim to encourage openness and will support anyone who raises a genuine concern in good faith under this policy and the Council's Whistleblowing Policy, even if they turn out to be mistaken. We are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in the reasonable belief that it is in the public interest. If you wish to discuss any worries relating to evidence which points to potential bribery or corruption, you can contact:

Henry Gordon Lennox, Monitoring Officer  
Email: [hgordonlennox@eastdevon.gov.uk](mailto:hgordonlennox@eastdevon.gov.uk)  
Tel: 01395 517401  
Write to: Knowle, Sidmouth, EX10 8HL

Anita Williams, Deputy Monitoring Officer

Email: [alwilliams@eastdevon.gov.uk](mailto:alwilliams@eastdevon.gov.uk)  
Tel: 01395 571556  
Write to: Knowle, Sidmouth, EX10 8HL

Simon Davey, S151 Finance Officer  
Email: [sdavey@eastdevon.gov.uk](mailto:sdavey@eastdevon.gov.uk)  
Tel: 01395 517490  
Write to: Knowle, Sidmouth, EX10 8HL

Jo George, Assistant Director for the South West Audit Partnership (SWAP):  
E-mail: [jo.george@southwestaudit.co.uk](mailto:jo.george@southwestaudit.co.uk)  
Tel: 07720312466  
Write to: Yeovil Innovation Centre, Barracks Close, Copse Road, Yeovil Somerset BA22 8RN.

Alternatively, you may contact the East Devon District Council Fraud Line number which is 01395 517494.

- 5.14 In addition, the Fraud Forum (Section 151 Officer, Monitoring Officer, Deputy Monitoring Officer, Strategic Lead – Organisational Development and Transformation, any other officer deemed appropriate, for example the Strategic Lead of the Service affected) may meet to discuss any relevant issue raised. Their decision will depend on the nature and anticipated extent of the allegations, and where necessary, SWAP will work closely with either the S151 Officer or Monitoring Officer (or both) to ensure that a proper investigation is undertaken and a report with supporting evidence is produced.

#### **Awareness and accessibility**

- 5.15 The Council recognises that the effectiveness of its Anti-Bribery Policy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation. To facilitate this, the Council supports training for Members and particularly for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

In addition, the Monitoring Officer will maintain a record of reports of suspected fraud, bribery and corruption and report to Strategic Management Team on a regular basis so that they are aware of issues.

## **6. Review**

- 6.1 If needed, the Section 151 Officer will arrange to meet with the Monitoring Officer, Deputy Monitoring Officer and Strategic Lead – Organisational Development and Transformation on a six monthly basis to review any reported fraud or bribery attempts and the subsequent action that has been taken to:
- Make sure that the response plan has been followed
  - review whether or not the response plan has been robust enough to react correctly to the allegation made
  - review the results of the investigation and what actions, if any, need to be taken to ensure that nothing similar happens in the future

- follow up with the relevant officer the changes that need to be made to ensure that they are put in place.

## **7. Policy Consultation**

Strategic Management Team, Staff Joint Forum and South West Audit Partnership

## **8. Assessment and appraisal**

This Policy has had an equality analysis.

## **9. Policy Review**

The Monitoring Officer will review this Policy in the light of any legislation and in September 2019 to consider any changes required.

## **10. Related Policies and Strategies**

- Prosecution Policy
- Anti-Money Laundering Policy
- Fraud Strategy
- Code of Corporate Governance
- Codes of Conduct (Employees and Members')
- Anti-Fraud Theft and Corruption Policy
- Grievance Policy and Procedure
- Whistleblowing Policy
- Procurement Strategy
- Financial Regulations
- Financial Operating Procedures
- Contract Standing Orders

## **Appendix 1**

### **The Seven Principles of Public Life**

#### **Selflessness**

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

#### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

#### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

#### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

#### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

#### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

#### **Leadership**

Holders of public office should promote and support these principles by leadership and example.

# Agenda Item: 11

## Audit and Governance Committee

22 September 2016



## Audit and Governance Committee

### Forward Plan 2016/17

Date of Committee	Report	Lead Officer
17 November 2016	<ul style="list-style-type: none"><li>• Annual audit letter</li><li>• Risk management review – half year review</li><li>• Future of External Audit</li><li>• Partnership Register</li><li>• Analysis of consultants fees 2015/16</li></ul>	KPMG Management Information Officer Strategic Lead – Finance Management Information Officer Financial Services Manager
5 January 2017	<ul style="list-style-type: none"><li>• Internal Audit Activity – Quarter 3 2016/17</li><li>• Audit Committee update</li><li>• Certification Report</li><li>• Anti-Money Laundering Policy approval</li></ul>	SWAP KPMG KPMG Strategic Lead - Finance
2 March 2017	<ul style="list-style-type: none"><li>• Annual Audit Plan 2017/18</li><li>• External Audit Plan</li><li>• Audit Committee update</li><li>• Accounting Policies Approval</li></ul>	SWAP KPMG KPMG Financial Services Manager