

# **Audit Committee**

## **Agenda**

### **Members of the Audit Committee**

Cllr G K Nurden (Chairman)

Cllr P C Bulman (Vice Chairman)

Cllr A D Crotch

Cllr S I Holland

Cllr K A Vincent

### **Date & Time:**

Thursday 11 March 2021 10.00am

### **Place:**

To be hosted remotely at: Thorpe Lodge, 1 Yarmouth Road, Thorpe St Andrew, Norwich

### **Contact:**

James Overy tel (01603) 430540

Email: [committee.services@broadland.gov.uk](mailto:committee.services@broadland.gov.uk)

Website: [www.broadland.gov.uk](http://www.broadland.gov.uk)

### **PUBLIC ATTENDANCE:**

**This meeting will be live streamed for public viewing via the following link:**

<https://www.youtube.com/channel/UCZciRgwo84-iPyRImsTCIng>

If a member of the public would like to attend to speak on an agenda item, please email your request to [committee.services@broadland.gov.uk](mailto:committee.services@broadland.gov.uk), no later than midday on 4 March 2021.

# AGENDA

<b>1.</b>	<b>To receive declarations of interest under Procedural Rule no 8</b>	<b>3</b>
<b>2.</b>	<b>Apologies for absence</b>	
<b>3.</b>	<b>Minutes of meeting held on 26 November 2020</b>	<b>5</b>
<b>4.</b>	<b>Matters arising therefrom (if any)</b>	
<b>5.</b>	<b>Annual Report of Audit Committee</b>	<b>9</b>
<b>6.</b>	<b>Audit Committee Self-Assessment</b>	<b>14</b>
<b>7.</b>	<b>Progress Report on Internal Audit Activity</b>	<b>25</b>
<b>8.</b>	<b>Fraud Policies Review</b>	<b>44</b>
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## DECLARATIONS OF INTEREST AT MEETINGS

When declaring an interest at a meeting Members are asked to indicate whether their interest in the matter is pecuniary, or if the matter relates to, or affects a pecuniary interest they have, or if it is another type of interest. Members are required to identify the nature of the interest and the agenda item to which it relates. In the case of other interests, the member may speak and vote. If it is a pecuniary interest, the member must withdraw from the meeting when it is discussed. If it affects or relates to a pecuniary interest the member has, they have the right to make representations to the meeting as a member of the public but must then withdraw from the meeting. Members are also requested when appropriate to make any declarations under the Code of Practice on Planning and Judicial matters.

<p>Have you declared the interest in the register of interests as a pecuniary interest? If Yes, you will need to withdraw from the room when it is discussed.</p>
<p>Does the interest directly:</p> <ol style="list-style-type: none"> <li>1. affect yours, or your spouse / partner's financial position?</li> <li>2. relate to the determining of any approval, consent, licence, permission or registration in relation to you or your spouse / partner?</li> <li>3. Relate to a contract you, or your spouse / partner have with the Council</li> <li>4. Affect land you or your spouse / partner own</li> <li>5. Affect a company that you or your partner own, or have a shareholding in</li> </ol> <p>If the answer is "yes" to any of the above, it is likely to be pecuniary.</p> <p>Please refer to the guidance given on declaring pecuniary interests in the register of interest forms. If you have a pecuniary interest, you will need to inform the meeting and then withdraw from the room when it is discussed. If it has not been previously declared, you will also need to notify the Monitoring Officer within 28 days.</p>
<p>Does the interest indirectly affect or relate any pecuniary interest you have already declared, or an interest you have identified at 1-5 above?</p> <p>If yes, you need to inform the meeting. When it is discussed, you will have the right to make representations to the meeting as a member of the public, but you should not partake in general discussion or vote.</p>
<p>Is the interest not related to any of the above? If so, it is likely to be an other interest. You will need to declare the interest, but may participate in discussion and voting on the item.</p>
<p>Have you made any statements or undertaken any actions that would indicate that you have a closed mind on a matter under discussion? If so, you may be predetermined on the issue; you will need to inform the meeting, and when it is discussed, you will have the right to make representations to the meeting as a member of the public, but must then withdraw from the meeting.</p>

**FOR GUIDANCE REFER TO THE FLOWCHART OVERLEAF.  
PLEASE REFER ANY QUERIES TO THE MONITORING OFFICER IN THE FIRST  
INSTANCE**

## DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF



Minutes of a meeting of the **Audit Committee** held by video link on **Thursday 26 November 2020** at **10.00am** when there were present:

Cllr G K Nurden – Chairman

Cllr N J Brennan

Cllr P E Bulman

Cllr S J Catchpole

Cllr K Leggett, Cllr T Mancini-Boyle and Cllr M Murrell also attended the meeting. Also in attendance were, the Assistant Director Finance (Section 151 Officer), Chief of Staff, Corporate Accountant, Strategy and Programme Manager and the Democratic Services Officers (LA and JO).

Mr D Cooke and Mr M Hodgson of EY were in attendance for item 64 – External Audit Results Report

### **60 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr Crotch, Cllr Holland and Cllr K Vincent.

### **61 MINUTES**

The Minutes of the meeting held on 22 October 2020 were confirmed as a correct record, subject to the correction of a small typographical error.

### **62 MATTERS ARISING**

#### *Minute No: 54 – Matters Arising*

In response to a query from the Chairman regarding online training for Members on Risk Management and Cybercrime, the Assistant Director Finance advised the Committee that he would confirm when this would be available and update the Committee following the meeting.

It was also confirmed that negotiations regarding EY fee levels for 2019/20 had been referred up to Public Sector Audit Appointments. There was no indication at present of when a decision on this matter would be made. A national consultation on audit fee levels was currently taking place. The Council would be making its response in early December.

#### *16 July 2020 – Minute No: 43 – Draft Statement of Accounts 2019/20*

The Chairman advised the Committee that the note on officer remuneration, which was outstanding when the Committee reviewed the draft Accounts on 16 July, was now included in the Accounts (page 75 in today's Agenda). The Chairman requested that the note was amended to also show the cost to BDC. The Assistant Director Finance agreed to review this note to see if it could be updated to include this additional information prior to being signed off.

Since the draft Accounts it was noted that the Norfolk Pension Fund liability had seen a decrease of £231,000, as a result of the remedy proposed to deal with the McCloud judgement on public sector pension reforms.

The Chairman thanked the Assistant Director Finance and the Corporate Accountant, for putting together an informal Member briefing on the accounts system and how the Statement of Accounts were compiled.

The Chairman also thanked officers for making the corrections that he had pointed out in the Statement of Accounts at the 16 July 2020 meeting.

At that meeting the Chairman had asked for detail of how £650,000 interest had been accrued and the meeting was advised that was made up of £420,000 in externally managed funds, £67,000 redemption from the same source, £89,000 was in loan accruals and the rest was derived from fixed term investments.

In respect of the requested amendment to the Statement of Accounts to make clearer how the adjustment between Accounting Basis and Funding Basis of £1,348,000 had been reached, the Assistant Director Finance drew Members' attention to the table on page 33 of the Agenda, which showed the deficit on provision of services of £487,000.

Regarding the breakdown of the Net Cost of Services by Service Category, the Corporate Accountant responded that the movements between years were as a result of the rearrangement of reporting lines based on the new structures within the Council, but that this had made no significant differences in terms of service or operational delivery.

### **63 FINAL STATEMENT OF ACCOUNTS 2019/20**

The Corporate Accountant presented the Final Statement of Accounts to the Committee and advised the meeting that since the draft statements the following changes had been made - the net liability for the pension fund had reduced to £24,080,000.

The debtor and creditor balances had been corrected, in order to correct an item that had been miscategorised. This had not affected the overall Balance Sheet position. Additional narrative had been added in respect of 'Going Concern' to take account of the impact of COVID-19.

#### **RESOLVED**

To approve and delegate authority to the Chairman of the Audit Committee and the Assistant Director Finance to sign off the Final Statement of Accounts 2019/20, subject to any minor adjustments recommended by the External Audit.

### **64 EXTERNAL AUDIT RESULTS REPORT**

Mark Hodgson presented the EY External Audit Results to the Committee and informed the meeting that for 2019/20 the External Audit materiality level had been set at £940,000.

He advised the meeting that the audit had been affected by the pandemic with much of the Audit Plan being undertaken remotely. No fraud, error or management override of controls had been detected. Nor had any issues been identified with the Council's property, plant and equipment valuations.

As already noted earlier in the meeting, there had been a reduction of £231,000 in the Council's Pension Fund Liability, due to the McCloud judgement.

In the light of the uncertainty due to COVID-19 a range of procedures to challenge management's assessment in relation to Going Concern had been utilised and no material uncertainty had been detected.

Under the Value for Money audit, no significant risks had been identified and an unqualified conclusion could be given.

It was confirmed that there were only minor amendments to be made to the Statement of Accounts and that they should be ready for publication on Monday 30 November 2020.

The Assistant Director Finance noted that it had been a very difficult year for conducting audits and the Chairman thanked all concerned for their work in completing the audit.

### **RESOLVED**

To note the External Audit Results report and to agree to provide a management letter of representation in respect of the Financial Year 2019/20, signed by the S151 officer and the Chairman of the Audit Committee

## **65 REVISED DRAFT RISK REGISTER**

The Strategy and Programmes Manager introduced the report, which presented an updated Strategic Risk Register, which took into account the comments made by the Audit Committee at its meeting on 22 October 2020. These included; adding additional risks on the environment and economy and updating the 'progress on actions' column to provide a fuller picture of key activities being undertaken. Members were asked to note that operational risks would be managed by Assistant Directors, but could be escalated to the Strategic Risk Register if considered necessary.

Once agreed the Strategic Risk Register, would be included in future quarterly performance reports to Cabinet and would be considered by the Audit Committee three times a year.

The Chairman suggested that risk 13, (The Council is unable to respond effectively to the environmental challenges, including the associated regulatory and legal requirements, arising from climate change) should include changes to Government Policy, such as bringing forward the phasing out of diesel cars and the implications for rolling out more electric vehicle charging points. The Chief of Staff advised the meeting that this would be covered under regulatory and legal requirements, but further clarification of this could be included within the risk description.

### **RESOLVED**

To note and approve the Strategic Risk Register for the Council.

**66 WORK PROGRAMME**

The Committee noted the Work Programme.

The Chairman suggested that the March 2021 meeting had a very full agenda. The meeting was advised that there was likely to be a meeting between March and July where some of the items scheduled for March could be considered.

*The meeting closed at 10.59am.*

DRAFT



## **ANNUAL REPORT OF THE AUDIT COMMITTEE**

**Report Author:** Faye Haywood  
Internal Audit Manager  
01508 533873  
[fhaywood@s-norfolk.gov.uk](mailto:fhaywood@s-norfolk.gov.uk)

**Portfolio:** Finance

**Wards Affected:** All

### **Purpose of the Report:**

This report summarises the work of the Audit Committee during 2020/21, confirms that it has operated in accordance with its Terms of Reference, has sought to comply with best practice and has demonstrated effective challenge during its meetings.

### **Recommendations:**

1. To recommend that Council approves the content of the Annual Report of the Audit Committee.

## **1 SUMMARY**

- 1.1 The Terms of Reference of the Audit Committee require 'A formal Annual Report of the Committee's work and performance during the year to Council.'
- 1.2 The purpose of this report is, therefore, to summarise the work of the Audit Committee during 2020/21, confirm that it has operated in accordance with its Terms of Reference, has sought to comply with best practice and has demonstrated effective challenge during its meetings.
- 1.3 Thus, this report looks back over 2020/21 and examines the range of reports which have been brought to the attention of the Committee by various parties, Senior Management, Internal Audit and External Audit.

## **2 BACKGROUND**

- 2.1 Broadland District Council's Audit Committee has been meeting on a regular basis since its inaugural meeting on the 23 August 2012, following approval of the Terms of Reference by Council.
- 2.2 The Committee was established to play a pivotal role in the delivery of corporate governance at the authority, improve standards of internal control, review financial information including such items as the Annual Statement of Accounts, and to allow for more specialist consideration to be given to Internal and External Audit related matters, and Risk Management provisions. This wide-ranging remit ensures that the Committee is meeting best practice.
- 2.3 This is the ninth year that an Annual Report has been produced, which sets out to analyse the work of the Audit Committee and in doing so fulfil the requirements within the Terms of Reference of the Committee and to demonstrate compliance with best practice.

## **3 CURRENT POSITION**

- 3.1 The Committee will have met on four occasions for 2020/21, meetings have already taken place in (July 2020, October 2020, and November 2020). A further meeting is scheduled for March 2021. A review of the minutes from meetings highlights that attendance by Members is high, with apologies provided where needed and substitutes attending as appropriate. There has also been a consistently strong level of officer support throughout the year, with regular representation from Finance, Internal Audit, the Council's External Auditors and officers attending to present reports as required.
- 3.2 The work programme of the Committee has been impacted in by the Covid-19 pandemic, with these meetings being temporarily paused whilst the Council focused its efforts on the initial response to the Covid-19 pandemic. Once the Council had found a good solution for remote meetings, the Committee began meeting again with its first remote meeting being held in July 2020.

- 3.3 The Terms of Reference of the Audit Committee are established in the Constitution and emphasise how the Committee is to champion governance arrangements at the authority and follow best practice.
- 3.4 The Committee also ensures that it operates to the highest standards, and with this in mind, a self-assessment exercise is undertaken. The assessment ensures that the Committee continues to meet best practice and identifies where improvements would be beneficial.
- 3.5 The Committee is due to carry out its annual self-assessment exercise again at the March 2021 meeting.
- 3.6 Finally, a rolling work programme is in place which is reviewed and discussed at each meeting, to ensure reports are considered and received by the Committee at appropriate times over the course of the year.

### **Overview of key items considered and reviewed**

#### **3.7 Risk Management Policy**

At the July meeting of the Audit Committee, the Committee considered a new Risk Management Policy, to be used to guide officers, managers and members, regarding the risk appetite of the Council and the approach to be taken in relation to the assessment of risk, the management of risk and the associated actions being taken by the Council. The Policy was initially reviewed in July 2020 with some points of clarification being sought by the Committee which were actioned by The Internal Audit Manager. The new Policy was endorsed by Cabinet on 29 September 2020 and approved by Council on 19 November 2020.

#### **3.8 Annual Governance Statement 2019/20**

The Annual Governance Statement was considered at the July 2020 meeting where Members considered the current governance arrangements of the Council. Some amendments were requested by the Committee. These were actioned and the statement approved at the October 2020 meeting.

#### **3.9 Statement of Accounts 2019/20**

The draft Statement of Accounts were reviewed by the Committee at its July 2020 meeting before they were brought back to the Committee for final approval and publication in November 2020. The timetable for review and sign off of the accounts were heavily impacted on by the Covid-19 pandemic.

#### **3.10 External Audit**

The reports received by External Audit this year, and the timing of these have been impacted on by the Covid-19 pandemic.

Ernst & Young (EY) has experienced significant resource challenges resulting in delays to external audit work. The accounts were published as required by Broadland but not signed off by EY within the deadline. The Committee met in November 2020 to finalise the 2019/20 Statement of Accounts, and to consider the Audit Results Report.

### 3.11 Internal Audit

On an annual basis the Committee reviews and approves the Strategic and Annual Internal Audit Plan for the forthcoming year. The Committee then regularly receives updates on the progress of the completion of the plan of work and the position with the action taken by management to progress audit recommendations. Finally, at the end of the financial year, the Annual Report and Opinion of the Head of Internal Audit is considered by the Committee in terms of the conclusions made in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control.

The Audit Plan was revised in July 2020, in response to the unprecedented circumstances relating to the Covid-19 pandemic, with the majority of audits moving to quarters 3 and 4 for the period 2020/21, and a reduction in coverage also being agreed by the Committee.

The Committee have also been supportive of the Internal Audit Manager in the review and encouragement for completion of the internal audit recommendations. At the meeting in October 2020 the Managing Director was requested to attend and explain to the Committee the reason for delays on the implementation of the historic internal audit recommendations. Each recommendation was reviewed in turn and it was encouraging to see further action that had been taken. The Committee will continue to keep a close eye on the progress by management in implementing audit recommendations.

### 3.12 Strategic Risk Register

Following adoption of the Risk Management Policy the Committee received a first version of the Strategic Risk Register at its meeting in October 2020. There was a good level of discussion regarding the risks and robust challenge was provided, with officer requested to take on board the comments and provide a more balanced risk register to their next meeting.

The revised Strategic Risk Register was presented at the meeting in November 2020 and the Committee noted the amendments to the register.

## 4 PROPOSED ACTION

- 4.1 To note the work of the Audit Committee during 2020/21 and approve the contents of the Annual Report.

## 5 OTHER OPTIONS

- 5.1 Not applicable to this report.

## 6 ISSUES AND RISKS

- 6.1 **Resource Implications** –not applicable to this report.
- 6.2 **Legal Implications** – not applicable to this report.
- 6.3 **Equality Implications** – not applicable this report.

6.4 **Environmental Impact** – not applicable to this report.

6.5 **Crime and Disorder** – not applicable to this report.

6.6 **Risks** - not applicable to this report.

## **7 CONCLUSION**

7.1 This report highlights that the Committee continues to operate in accordance with best practice. It plays an important part in the Council's governance framework, remaining an active Committee and ensuring that it delivers its remit and reviews a wide range of items, providing an appropriate level of support.

## **8 RECOMMENDATION**

8.1 To recommend that Council approves the content of the Annual Report of the Audit Committee.

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## **AUDIT COMMITTEE SELF-ASSESSMENT**

<b>Report Author:</b>	Faye Haywood, Internal Audit Manager <a href="mailto:fhaywood@s-norfolk.gov.uk">fhaywood@s-norfolk.gov.uk</a> 01508 533873
<b>Portfolio Holder:</b>	Finance
<b>Wards Affected:</b>	All
<b>Purpose of the Report:</b>	The Audit Committee carried out a self-assessment exercise in January 2020, the results of which were agreed in March 2020. The results of the assessment have been attached to this report to allow the Committee to discuss progress made against agreed actions and to make any amendments based on the current position.
<b>Recommendation:</b>	<p>a) That Members discuss the March 2020 self-assessment checklist at <b>Appendix 1</b> to this report to ensure that this is an accurate reflection and update as appropriate.</p>

## **1 SUMMARY**

The Chartered Institute of Public Finance and Accountancy (CIPFA) document on “audit committee’s practical guidance for local authorities and police” sets out the guidance on the function and the operation of audit committees. It represents CIPFA’s view of best practice and incorporate the positions statements previously issued.

The Audit Committee used the CIPFA documentation to conduct out a self-assessments exercise in January 2020. The results of the assessment have been written up and are attached to this report for discussion.

## **2 BACKGROUND**

- 2.1 The CIPFA Audit Committee guidance states “the purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
- 2.2 The Section 151 Officer has overarching responsibility for discharging the requirements for sound financial management, and to be truly effective requires an audit committee to provide and support challenge.
- 2.3 Good audit committees are characterised by; balanced, objective, independent, knowledgeable and properly trained members, a membership that is supportive of good governance principles, a strong independently minded Chair, an unbiased attitude and the ability to challenge when required.
- 2.4 It is therefore good practice to complete a regular self-assessment exercise against a checklist, to be satisfied that the committee is performing effectively. In addition, the Public Sector Internal Audit Standards also call for the committee to assess their remit and effectiveness, in relation to Purpose, Authority and Responsibility, to facilitate the work of this committee. This committee has been undertaking self-assessment exercises on a regular basis since 2012 and has acted where necessary to ensure full compliance with best practice.
- 2.5 The first part of the assessment is a yes / no response and covers:
  - Purpose and Governance;
  - Functions of the Committee;
  - Membership and Support; and
  - Effectiveness of the Committee.
- 2.6 The second part of the exercise requires an assessment as to how the committee displays it is effective through the reports it receives, and is broken down into the following key areas:
  - Promoting the principles of good governance and their application to decision making;
  - Contributing to the development of an effective Audit Committee;

- Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks;
- Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively;
- Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence;
- Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, controls and assurance arrangements;
- Supporting the development of robust arrangements for ensuring value for money;
- Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.

### 3 CURRENT POSITION / FINDINGS

3.1 At the meeting held on the 9 January 2020 the Internal Audit Manager facilitated the self-assessment exercise by asking the Committee to consider the first and second part of the questionnaire. The report summarising the results of this exercise were provided to the Committee in March 2020 and are included at **Appendix 1** of this report for review and update.

3.2 The exercise has highlighted the following areas of partial conformance with best practice. It is suggested that the Committee considers progress against the agreed improvement recommendations.

- Question 4 – The Committee considers that more could be done to highlight the role and purpose of the audit committee across the authority.

The Audit Committee suggested that this area could be improved by enhancing the executive summary section of the Annual Report which is presented to Full Council by going into more detail about what the Committee are responsible for and how their role supports the Council. This detail was provided in the Annual Report of the Committee presented to Council in July 2020.

- Question 15 – The membership of the committee had not been provided with the CIPFA Audit Committee core knowledge and skills framework.

The CIPFA Skills and Knowledge Matrix was circulated to members by email on 10 January 2020. No additional requests for training were received. It is therefore suggested that this score is moved to yes.

- Question 18 – The Committee feels that more could be done to seek feedback on its performance from those interacting with the committee or relying on its work.

It was suggested that when the Annual Report of the Committee is reported to Council, feedback from members on performance would be requested. A



review of the minutes from the meeting does not indicate that this took place. It is therefore recommended that if this did not take place the committee considers whether to reinstate this action for the annual report presentation to Council in 2021.

- 3.3 In part two of the questionnaire, members were asked to score the activities of the Committee in supporting the establishment of arrangements for the governance of risk, and for effective arrangements to manage risks.

The Committee gave this area a score of three, suggesting that members have mixed experience in supporting improvement in this area and that there are also significant gaps.

Whilst the Committee is responsible under its terms of reference for reviewing the adequacy of the risk management framework, risk registers or risk reports were not being presented to the Committee at the time of writing.

This has since been rectified and the committee were significantly involved in reviewing and providing feedback regarding the risk management policy before its approval. The Council's strategic risk register has also now been presented and reviewed by the Audit Committee in October 2020 and again following revisions made at the Committee's request in November 2020. Training for members is yet to take place so it is therefore recommended that progress is discussed and actions for improving the scoring in this area are agreed.

## **4 PROPOSED ACTION**

- 4.1 For the Audit Committee to review the areas of partial non-conformance and agree the suggested improvement actions to ensure that best practice is demonstrated.

## **5 OTHER OPTIONS**

- 5.1 The alternative approach would be for the Audit Committee not to complete the Self-Assessment exercise; however, this would not allow the Committee to provide assurance that it is assisting the Council in achieving good corporate governance.

## **6 ISSUES AND RISKS**

- 6.1 **Resource implications** – none
- 6.2 **Legal implications** – none
- 6.3 **Equality implications** – none
- 6.4 **Environmental impact** – none
- 6.5 **Crime and disorder** – none

**Risks** – The Committee is responsible for supporting the oversight of the Council's risk management framework, which will in turn ensure that the Council's key risks are accurately reviewed and addressed. This is ensured by following best practice and adopting sound terms of reference.

## **7 CONCLUSION**

- 7.1 In conclusion, the Audit Committee self-assessment has indicated that the Committee feels it is acting broadly in line with best practice and can demonstrate that it is adding value to the Council through its role and terms of reference. This exercise will be carried out annually and improvement actions tracked in the Audit Committee work plan to ensure completion.

## **8 RECOMMENDATION**

- a) That Members note the attached checklist at **Appendix 1** to this report to ensure that this is an accurate reflection and update as appropriate.
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### **Background Papers**

None

### Self-assessment of good practice

This evaluation will support an assessment against recommended practice to inform and support the Audit Committee. This is a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principle's then it is an indicator that the committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

	Good Practice Questions	Yes	Partly	No
	<b>Audit Committee purpose and governance</b>	√		
1	Does the authority have a dedicated audit committee?	√		
2	Does the audit committee report directly to full council?	√		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's position statement?	√		
4	Is the role and purpose of the audit committee understood and accepted across the authority?		Partly	
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	√		
6	Are the arrangements to hold the committee to accounts for its performance operating satisfactorily?	√		
	Functions of the committee	√		
7	Do the committee's terms of reference explicitly address all the core area identified in CIPFA's position statement? <ul style="list-style-type: none"> <li>- Good governance</li> <li>- Assurance framework</li> <li>- Internal audit</li> <li>- External audit</li> <li>- Financial reporting</li> <li>- Risk management</li> <li>- Value for money or best value</li> <li>- Counter fraud and corruption</li> </ul>	√		
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	√		
9	Has the audit committee considered the wider areas identified in CIPFA's position statement and whether it would be appropriate for the committee to undertake them?	√		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	Not applicable		

## Appendix 1

11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	√		
	<b>Membership and support</b>			
12	Has an effective audit committee structure and composition of the board been selected? This should include: - Separation from the executive - An appropriate mix of knowledge and skills among the membership - A size of committee that is not unwieldy - Where independent members are used, that they have been appointed using appropriate process	√		
13	Does the chair of the committee have appropriate knowledge and skills?	√		
14	Are arrangements in place to support the committee with briefings and training?	√		
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			No
16	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	√		
17	Is adequate secretariat and administrative support to the committee provided?	√		
	<b>Effectiveness of the committee</b>			
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		Partly	
19	Has the committee evaluated whether and how it is adding value to the organisation?	√		
20	Does the committee have an action plan to improve any areas of weakness?	√		

4 – Whilst the committee are content with the mechanisms for reporting against their performance in the annual report, it is felt that the executive summary section of the report could be enhanced to go into details about what the committee are responsible for and how they support the Council.

15 – The CIPFA skills and knowledge framework will be circulated to the Committee for a discussion.

18 – When the Annual Report of the Committee is reported to full Council, feedback from members on performance will be requested.

## Evaluating the Effectiveness of the Audit Committee

This assessment tool helps Audit Committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the Audit Committee should be able to identify evidence of its impact or influence linked to specific improvements.

Assessment Key:

- 5 Clear evidence is available from a number of sources that the committee is actively supporting the improvement across all aspects of this area. The improvements made are clearly identifiable.
- 4 Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
- 3 The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2 There is some evidence that the committee has supported improvements, but the impact of this support is limited.
- 1 no evidence can be found that the audit committee has supported improvements in this area.

Areas where the audit committee can add value by supporting improvement	Self-evaluation examples, areas of strength & weakness	Assessment 1-5
Promoting the principles of good governance and their application to decision making	<p>The Committee meets regularly to question and challenge as appropriate, as shown through the minutes.</p> <p>Significant control weaknesses identified during the Audit Committee meetings are reported to full Council. The Annual governance statement is reviewed by the committee.</p>	5

## Appendix 1

	<p>The Committee seeks to gain assurance as needed on the reports received. The Committee provides robust review of the Annual Governance Statement and the assurances underpinning it. The Audit Committee also discusses any significant constitutional changes.</p> <p>Through the reports received and the questions raised, the Committee supports reviews / audits of governance arrangements. The Committee regularly participates in self-assessments of governance arrangements.</p>	
Contributing to the development of an effective control environment	<p>The Committee monitors the implementation of recommendations made by the auditors, and regularly challenges those that are overdue.</p> <p>The Committee encourages ownership of the internal control framework by appropriate managers and calls managers to account as necessary / required. The Committee raises significant concerns over controls with appropriate senior managers through those presenting the reports.</p> <p>The Committee recently provided feedback on the revised Contract Standing Orders suggesting changes where appropriate to strengthen the control framework. The Commercialisation Strategy was also recently reviewed by the Committee and they have been robust in their challenge of revised deadlines for the completion of recommendations in relation to noncompliance with 'No PO No Pay'.</p>	5
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<p>Risk registers/reports are not presented to the Committee despite being included within their remit in the terms of reference. The Committee is however very supportive of a recent risk maturity assessment undertaken by Internal Audit which concluded that the Risk Management framework required improvements in relation to reporting. The Committee will be working with Internal Audit to champion these improvements.</p>	3

## Appendix 1

Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<p>The Committee is responsible for assuring itself that internal audit coverage is sufficient when the annual plan is presented each year. The Internal Audit team where possible has been working on ensuring that where possible joint reviews are carried out with South Norfolk to identify inconsistencies in shared processes.</p> <p>Whilst Broadland did not experience any significant delays from EY in relation to delivering external audit work in 2019/20; the Chair of the committee will be kept informed of any future difficulties experienced by EY that could impact on delivery during 2020/21. The Chair has recently attended an EY event in Cambridge.</p>	5
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<p>The Committee reviews the audit charter and functional reporting arrangements as part of the annual internal audit plans report brought to the Committee by the Internal Audit team.</p> <p>The Committee assesses the effectiveness of internal audit arrangements and supports improvements. The Committee recognises that internal audit is a key source of information for them to consider.</p>	5
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	The Committee reviews and endorses the risk based internal audit plan annually and is involved in reviewing the effectiveness of performance management arrangements through the specific internal audit reviews as appropriate. In addition, external audit provides reports in relation to the financial stability of the Council.	4
Supporting the development of robust arrangements for ensuring value for money	The Committee evaluates the three E's (effectiveness, efficiency and economy) regularly and ensures that assurances on value for money arrangements is included in the assurances received by the Committee. The Committee considers how performance in value for money is evaluated as part of the AGS, contract standing orders and through internal/external audits.	5

## Appendix 1

Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	<p>The Committee reviews the arrangements in place for countering fraud and corruption through regular review of the relevant policies and receives regular updates from the Fraud team.</p> <p>The Committee recognises that fraud risks and the effectiveness of the organisations strategy to address those risks are highlighted through the reports received from internal audit as necessary and through the Annual Governance Statement.</p>	4
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## **PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY**

<b>Report Authors:</b>	Faye Haywood, Internal Audit Manager <a href="mailto:fhaywood@s-norfolk.gov.uk">fhaywood@s-norfolk.gov.uk</a> 01508 533873
<b>Portfolio Holder:</b>	Finance
<b>Wards Affected:</b>	All
<b>Purpose of the Report:</b>	This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2020/21 during the period 12 October 2020 to 2 March 2021 and includes executive summaries in respect of audit reviews which have been finalised in this period.

### **Recommendation:**

1. That members note the progress in completing the internal audit plan of work and the outcomes of the completed audits for the 2020/21 financial year.

## **1 SUMMARY**

- 1.1 This report reviews the work performed by Internal Audit in delivering the Annual Internal Audit Plan for 2020/21 during the period 12 October 2020 to 2 March 2021 and includes executive summaries in respect of audit reviews which have been completed over this period.

## **2 BACKGROUND**

- 2.1 The Audit Committee receive updates on progress made against the annual internal audit plan. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.
- 2.2 The Public Sector Internal Audit Standards require the Chief Audit Executive to report to the Audit Committee the performance of internal audit relative to its agreed plan, including any significant risk exposures and control issues. To comply with the above the report identifies:
- Any significant changes to the approved Audit Plan;
  - Progress made in delivering the agreed audits for the year;
  - Any significant outcomes arising from those audits; and
  - Performance Measures.

## **3 CURRENT POSITION / FINDINGS**

- 3.1 The position in relation to the delivery of the Annual Internal Audit Plan 2020/21 is shown in the report attached.

## **4 PROPOSED ACTION**

- 4.1 For the Audit Committee to review the progress made in the completion of the Annual Internal Audit Plan for 2020/21.

## **5 OTHER OPTIONS**

- 5.1 n/a

## **6 ISSUES AND RISKS**

- 6.1 **Risks** - Failure to undertake the Annual Internal Audit Plan could result in the Head of Internal Audit not being able to provide an annual opinion. Reductions in Internal Audit coverage could permit on-going weaknesses in the internal control environment at the Council not being detected and reported upon.

6.2 **Resource implications** – none

6.3 **Legal implications** – none

6.4 **Equality implications** – none

6.5 **Environmental impact** – none

6.6 **Crime and disorder** – none

## **7 RECOMMENDATION**

7.1 That members note the progress in completing the internal audit plan of work and the outcomes of the completed audits for the 2020/21 financial year.

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### **Background Papers**

None

## Eastern Internal Audit Services



**Broadland District Council**

**Progress Report on Internal Audit Activity**

**Period Covered: 12 October 2020 to 2 March 2021**

**Responsible Officer: Faye Haywood –Internal Audit Manager for Broadland District Council**

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## 1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes:
  - Any significant changes to the approved Audit Plan;
  - Progress made in delivering the agreed audits for the year;
  - Any significant outcomes arising from those audits; and
  - Performance Indicator outcomes to date.

## 2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 16 July 2020 the Annual Internal Audit Plan for the year ahead was revised to respond to the unprecedented circumstances surrounding the Coronavirus Pandemic. The Audit Committee approved the revised plan which identified the specific audits to be delivered. There have been no further significant amendments made to the plan.

## 3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1** and progress to date is in line with expectations. Executive summaries of the reports finalised in this period can be found at **Appendix 2**.
- 3.2 In summary 72 days of programmed work has now been completed, equating to 56% of the revised Internal Audit Plan for 2020/21.

## 4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

**Substantial Assurance:** Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

**Reasonable Assurance:** Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

**Limited Assurance:** Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

**No Assurance:** Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage

risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

- 4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

**Urgent (priority one):** Fundamental control issue on which action to implement should be taken within 1 month.

**Important (priority two):** Control issue on which action to implement should be taken within 3 months.

**Needs attention (priority three):** Control issue on which action to implement should be taken within 6 months.

- 4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.
- 4.4 During the period covered by the report Internal Audit has issued one report as shown in the table below.

Audit	Assurance	P1	P2	P3
Accounts Payable	Reasonable	0	2	1

The Executive Summary of this report is attached at **Appendix 2**, a full copy can be requested by Members.

- 4.5 As can be seen in the table above, as a result of this audit, three recommendations have been raised and agreed by management.

In addition, one Operational Effectiveness Matter has been proposed to management for consideration.

- 4.6 During this period, we have concluded the Assurance Mapping review undertaken in quarter two. Since concluding this piece of work, it has been used by the Internal Audit Team to consider risks and additional testing requirements for audits included within the 2020/21 plan, including the Coronavirus Response and Recovery review, which is currently in progress. It will also be used for 2021/22 internal audit planning considerations. The results of this review can be found at **Appendix 2**.

## 5. PERFORMANCE MEASURES

- 5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA will be reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.
- 5.2 There are individual requirements for performance in relation to each measure; however, performance will be assessed on an overall basis as follows:
- 9-11 KPIs have met target = Green Status.
  - 5-8 KPIs have met target = Amber Status.
  - 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by TIAA and agreed with the Internal Audit Consortium Manager to ensure that appropriate action is taken.

- 5.3 The latest performance position is at green status however, the contractor has experienced difficulties in issuing and finalising quarter three work. A total of four reports are in the quality assurance phase and will be passed to the Internal Audit Manager for review imminently.

A total of three quarter four internal audits are now in fieldwork stages and are on track for completion by year end. Arrangements for Economic Development and Service Desk are being discussed with management to ensure the work can be scheduled at a time where impact on service delivery is minimised.

Performance and progress will be closely monitored by the Internal Audit Manager. Weekly meetings are taking place with the aim of resolving delays.

## APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
<b>Quarter 1</b>											
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>							
<b>Quarter 2</b>											
Assurance Mapping	BRD2101	8	8	8	Final report issued 23 February 2021						Mar-21
<b>TOTAL</b>		<b>8</b>	<b>8</b>	<b>8</b>							
<b>Quarter 3</b>											
Corporate Governance	BRD2102	4	4	3	Quality assurance stage						
Accounts Payable	BRD2103	12	12	12	Final report issued 23 February 2021	Reasonable	0	2	1	1	Mar-21
Payroll and Human Resources	BRD2104	10	10	9	Quality assurance stage						
Council Tax and NNDR	BRD2105	15	15	12	Fieldwork complete						
Housing Benefit and Council Tax Support	BRD2106	15	15	12	Fieldwork complete						
<b>TOTAL</b>		<b>56</b>	<b>56</b>	<b>48</b>							
<b>Quarter 4</b>											
Economic Development	BRD2107	10	10	1	APM issued						
Key Controls and Assurance	BRD2108	10	10	4	Fieldwork underway						
Coronavirus Pandemic Response and Recovery	BRD2109	15	15	2	Fieldwork underway						
Procurement Contract Management	BRD2110	10	10	3	Fieldwork underway						
<b>TOTAL</b>		<b>45</b>	<b>45</b>	<b>10</b>							
<b>IT Audits</b>											
Service Desk	BRD2111	7.5	7.5	3	Fieldwork underway						
Remote Access	BRD2112	7.5	7.5	1	APM issued						
<b>TOTAL</b>		<b>15</b>	<b>15</b>	<b>4</b>							
<b>Follow Up</b>											
Follow Up	NA	5	5	2							
<b>TOTAL</b>		<b>5</b>	<b>5</b>	<b>2</b>							
<b>TOTAL</b>		<b>129</b>	<b>129</b>	<b>72</b>			<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>	
<b>Percentage of plan completed</b>				<b>56%</b>							



## APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

### Assurance Review of Accounts Payable

#### Executive Summary

##### OVERALL ASSURANCE ASSESSMENT



##### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
New and changes to suppliers	0	1	0	1
Payment of invoices	0	1	0	0
Reconciliations	0	0	1	0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>

No recommendations have been raised in respect of policies and procedures, purchase orders, receipting of goods and authorisation of invoices.

##### SCOPE

These key financial systems feed into the Head of Internal Audit Opinion and Statement of Accounts and require regular review to confirm the adequacy and effectiveness of controls. The scope of the audit included policies and procedures, supplier maintenance, purchase orders and receipting of goods, authorisation of invoices, payment of invoices and reconciliations.

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'important' and one 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.
- The previous audits of Accounts Payable at both Councils, completed during 2018/19, also concluded in a 'Reasonable' assurance opinion, indicating that the level of control is unchanged.

## POSITIVE FINDINGS

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It is acknowledged there are areas where sound controls are in place and operating consistently:

- Access to the purchasing system is set up so that permissions are based on the needs of a user's role, with key tasks such as creating suppliers and making payments restricted to staff in the Financial Transactions team, to reduce the risk of fraudulent payments being made.
- System controls prevent users from raising purchase orders to suppliers not already on the system. The system also alerts users if there is insufficient budget for a purchase order, to help manage the Council's budget.
- Purchase orders are raised and authorised in accordance with the Council's policies and delegated authority limits, to ensure that expenditure is appropriate and necessary for delivering Council functions.
- BACS payment runs are independently reviewed and authorised prior to transmission, to ensure payments are made accurately.

## ISSUES TO BE ADDRESSED

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The audit has highlighted the following areas where two 'important' recommendations have been made.

### **New and changes to supplier**

- Changes to supplier bank details be verified with the supplier, to reduce the risk of inaccurate changes and payments being made.

#### **Payment of invoices**

- Data on payments to suppliers be published on both Council's websites, in accordance with the Public Contracts Regulations 2015.

The audit has also highlighted the following areas where one 'needs attention' recommendation has been made.

#### **Reconciliations**

- Creditor control account reconciliations be independently reviewed, to reduce the risk of errors going unidentified or uncorrected.

#### **Operational Effectiveness Matters**

The operational effectiveness matters, for management to consider relate to the following:

- Consideration be given to using 'new supplier forms' at Broadland District Council, to ensure that all necessary information about new suppliers is received and to align with the process at South Norfolk Council.

#### **Previous audit recommendations**

The previous audit of Accounts Payable at Broadland District Council (BRD/19/06) was undertaken in February 2019 with a 'Reasonable' assurance opinion, as a result of one 'needs attention' recommendation being raised upon the conclusion of our work, along with one 'important' recommendation that was outstanding from the key controls audit (BRD/18/09) in relation to Accounts Payable. Two further 'important' recommendations were raised in the Key Controls audit in March 2020 (BRD/20/08). One of these recommendations remains outstanding, relating to the use of purchase orders for all purchases.

At South Norfolk Council, the previous review audit of Accounts Payable (SNC/19/11) was undertaken in December 2018 with a 'Reasonable' assurance opinion, as a result of two 'important' and two 'needs attention' recommendations being raised. All four of these have been confirmed as implemented through internal audit's cyclical follow up checks. No recommendations relating to Accounts Payable were raised in the most recent Key Controls audit (SNC/20/10) in March 2020.

#### **Other points noted**

During the audit it was identified that the Councils have not had an up to date Authorised Signatory List for the first half of 2020/21. A new Authorised Signatory List was approved by the Corporate Management Leadership Team on 13<sup>th</sup> October 2020 and, in addition, power was delegated to the S151 Officer to make amendments to the list, such as adding and removing officers. As such, no recommendation has been raised.

# Assurance Mapping

## Executive Summary

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### INTRODUCTION

1. This review of Assurance Mapping was carried out between September and November 2020 as part of the planned internal audit work for 2020/21.
2. The outcomes of the Assurance Mapping will inform the audit planning for 2020/21 and 2021/22, with regard to the impact of COVID-19 and associated risks identified by management and from our knowledge on the delivery of services since the outbreak.
3. We have identified three possible outcomes following our risk assessment on management assurances:
  - 3.1 No additional internal audit work is warranted in the area in 2020/21.
  - 3.2 Risks have been identified that require specific review in relation to an audit already scheduled. These audits are BRD/SNC2102 Corporate Governance, BRD/SNC2104 HR and Payroll, BRD/SNC2105 Housing Benefit and Council Tax Support, BRD/SNC2106 Council Tax and NNDR, BRD/SNC2108 Key Controls and Assurance, BRD/SNC2109 Coronavirus Response and Recovery, BRD/SNC2110 Procurement and Contract Management and BRD/SNC2112 Remote Access.
  - 3.3 Risks have been identified that are deemed to require review and are not scheduled in the current audit plan, for management to consider for inclusion in the 2020/21 plan or is less urgent and should be considered in the 2021/22 plan.

### SCOPE

4. The objective of the review was to undertake a fact-finding exercise, by issuing questionnaires to relevant management asking them to detail the impact of COVID-19 on their service, how this has impacted on service delivery, resources, sustainability and risk mitigation for the Council. In addition, to scrutinise management reporting on service areas and risk to ascertain whether this aligns with the management of service areas and our knowledge of the issues and risks. The questionnaire covered a set of wide-ranging questions which include ascertaining the key changes in the department/service; if provision of services can be continued in the short and long term; how risks are being managed; and the effect on service performance. A copy of the full questionnaire is included in appendix 4.
5. This review provides an overview of the Council's response at a point in time. It is recognised that, due to the continuously changing situation, some of the points raised and risks identified will have been superseded in the intervening period.

## **MATERIALITY**

6. Councils carry out a wide range of regulatory roles in meeting their many statutory duties of protecting the public, individuals and the environment. These duties are met using a wide range of activities. During the initial outbreak resources were directed to frontline services, alternative working practices were engaged and service delivery going forward has major impacts.

## **KEY FINDINGS**

7. Responses to our fact finding questionnaire for this review were received from a number of directorates across the Council and these, along with scrutinising the Council's recovery and delivery plans from the initial outbreak and continuing pandemic, have been used to formulate a risk assessment and in setting the scope and objectives with audits included in this year's revised audit plan. This has provided insight into where additional audit testing is required, where there are considerations for the following financial year and where relevant management assurances provide levels of assurance over non-key areas.
8. Considerable work has been undertaken to identify and coordinate the areas that require some level of scrutiny and to ascertain the best way to undertake this. The majority of the outcomes from this review feature in the review of BRD/SN2109 Coronavirus Response and Recovery audit that will commence in February 2021, where a detailed Position Statement will be produced providing management with the Council's current position in responding to the COVID-19 pandemic. Other risks identified by this exercise will be subject to scrutiny within individual service area audits where relevant.
9. The majority of the COVID-19 changes and associated risks identified by officers can be addressed within this year, or next year's audit plans. There are two areas for Broadland and South Norfolk District Councils that would could be considered for the 2021/22 internal audit plan:
  - 9.1 Business Planning and Performance Management. It is noted that the Councils have had to produce recovery plans and revised delivery plans to address reduced income, increased costs and changes in ability to meet key performance targets. Both Councils have also updated their Medium-Term Financial Position which has been reported to members. The proposed work would cover:
    - Review of 2020/21 plans to ensure that the Council meets its statutory financial duties
    - Review of performance against 2020/21 targets to ensure that the Council meets its statutory duties and associated targets
    - Review of performance management regimes and (proposed) change to performance metrics to reflect the impact of COVID-19 to ensure that they are realistic and meet required targets/levels
    - Revision to plans for 2021/22 onwards to ensure that the Council meets its statutory duties
  - 9.2 Housing Services (both Standards and Wellbeing services). It is noted that there have been particular additional challenges with managing onward movement of travellers, and those who are or are at risk of homelessness. The latter is expected to increase due to the longer term COVID-19 impact on the economy. It is proposed to carry out a review of this service to provide assurance that risks are mitigated and the service is on track to deliver its key requirements.

10. A summary of all the outcomes of the review are detailed in the table below. Questionnaires were not received from all departments. Please see Appendix 2 for a list of those who were able to return their questionnaires and do appreciate that this work was being undertaken at a time when all officers were incredibly busy.
11. Other areas put forward to be considered for inclusion within the 2021/22 audit plan are as follows:
  - Corporate Governance – the usual annual audit to include the Councils investigation into the potential to hold hybrid meetings, for meetings not covered by Government statute that expire on 6<sup>th</sup> May 2021.

## SUMMARY OF OUTCOMES - CONSIDERATIONS FOR, AND IMPACT ON, THE INTERNAL AUDIT PLAN

Area	Observations	Internal Audit Coverage
Overarching	<p>The overarching governance of the Council is paramount to meeting the Council's overall objectives throughout the pandemic, from mobilising resources to respond to the initial outbreak, to plans for longer term management. The following observations were made by officers or identified in the recovery plans as risks:</p> <p>The response was managed by a central group supported by focussed cell working.</p> <p>A service log of all COVID-19 issues and actions has been maintained by the Assistant Director of Finance.</p> <p>Financial returns have been submitted monthly to central government for reimbursement.</p> <p>There is a risk that all funding available from central government is not identified and reclaimed.</p> <p>Planning for a second wave was undertaken with the Norfolk Resilience Forum.</p> <p>Senior management are planning for future working and long term resilience of officers.</p>	<p>The 2020/21 Coronavirus Response and Recovery audit (BRD/SNC2109) will focus on providing assurance on the robustness of the Emergency Response Plan and ascertain whether consideration has yet to be given to the return to business as usual.</p>
Finance	<p>The Councils' finances have been impacted by the pandemic, in terms of both reduced income and increased expenditure. Covid-19 financial monitoring has been undertaken and financial returns have been submitted to government. The medium term financial position has changed and this has been reported to members. A recovery plan has been agreed by members of both Councils, and a revised delivery plan has been agreed by officers and will go to Councils.</p> <p>The following observations were made by officers or identified in the recovery plans as risks:</p> <p>A temporary relaxation of some controls agreed to accommodate home working.</p> <p>Debt recovery was on hold for several months and only fully recommenced in Q3.</p> <p>Additional work was undertaken to process COVID-19 business grant and hardship payments.</p> <p>There is a risk of underspend of capital received from the Better Care Fund.</p> <p>Additional salary costs need to be fully captured and recovered from government COVID funding.</p>	<p>The 2021/21 Coronavirus Response and Recovery audit (BRD/SNC2109) will provide assurance that actions have been considered, agreed and shared with members aiming to mitigate the losses faced by the Council in responding to the pandemic.</p> <p>In addition, specific risks and changes to controls will be reviewed during the 2020/21 Key Controls and Assurance work (BRD/SNC2108).</p>

Area	Observations	Internal Audit Coverage
Community Services	<p>This area includes key services which directly affect residents of the districts. South Norfolk's leisure centres and waste collections are managed in-house, while Broadland's waste collections are outsourced. The following observations were made by officers or identified in the recovery plans as risks:</p> <p>There was a significant drop in income from leisure centres (£3,366k to £286k reduction).</p> <p>A service recovery plan for Leisure has been agreed by Cabinet and put in place.</p> <p>There are ongoing extra costs at leisure centres, due to social distancing requirements and increased cleaning.</p> <p>There has been a drop in income from Commercial Waste. However, this has been partially offset by an increase in Garden Waste.</p> <p>The Early Help Hub Service helped manage some of the additional workload.</p> <p>Business Continuity Plans are being reviewed and revised in light of lessons learned during the first wave.</p>	<p>The 2020/21 Coronavirus Response and Recovery audit (BRD/SNC2109) will provide assurance over how services have continued to be provided throughout the pandemic and the return to business as usual.</p>
Housing Standards and Housing Wellbeing	<p>These services help to ensure suitable and safe housing for residents. This includes delivering adaptations, monitoring HMOs, preventing homelessness and administering housing benefits. The following observations were made by officers or identified in the recovery plans as risks:</p> <p>The emphasis for housing solutions has been addressing homelessness. Many households are at risk of being made homeless, despite evictions being put on hold.</p> <p>There is an ongoing 50% increase in workload expected within Housing Wellbeing for at least 12 months.</p> <p>Due to a reduction in home visits, there is a backlog of internal works to residential properties to be cleared.</p> <p>Telephone assessments for adaptations have been used, but this has only partly compensated for the lack of home visits.</p> <p>The service has had to manage the onward movement of travellers within both districts.</p> <p>The extra workload and restrictions on service delivery have had an adverse effect on performance figures.</p>	<p>The 2020/21 Housing Benefit and Council Tax Support audit (BRD/SNC2105) will provide assurance over the continued service delivery of benefits.</p> <p>An audit of the Delivery of Housing Services will be considered for inclusion in the 2021/22 plan, to provide assurance that the Councils are continuing to fulfil legislative requirements despite increased demand, especially in respect of homelessness.</p>



Area	Observations	Internal Audit Coverage
Governance and Business Support	<p>Governance and Business Support plays a vital role in ensuring that the Council acts legally and responsibly throughout the pandemic and that correct protocols and delegations have been followed. The following observations were made by officers or identified in the recovery plans as risks:</p> <p>There is an ongoing additional workload in managing virtual meetings and live streaming.</p> <p>An assessment is required of ongoing resource implications to support emergency committee meetings.</p> <p>Risk registers have been updated to reflect changes in risk focus.</p> <p>There is a need for review of authorisation limits to allow contingency for staff working off site.</p>	<p>The 2020/21 Corporate Governance audit (BRD/SNC2102) will focus on providing assurance that decisions made during meetings have been completed in line with the Constitution, that member attendance continues to be high despite being held online and that members were supported with new ways of working. This review will consider compliance with national regulatory changes, particularly regarding constituting meetings.</p> <p>The usual annual audit of Corporate Governance in 2021/22 will consider the inclusion of the potential for holding hybrid meetings.</p>
Council Tax and NNDR	<p>On top of the usual responsibilities for the collection of Council Tax and NNDR, the service has also been responsible for administering grants from central government to support local businesses. The following observations were made by officers or identified in the recovery plans as risks:</p> <p>Additional work this year has included processing business grants and new NNDR reliefs. The Economic Delivery team assisted with the business grant process.</p> <p>The costs of administering the business grants is reclaimable from central government.</p> <p>There has been a significant reduction in net collectable NNDR debt and the collection targets for Council Tax and NNDR are unlikely to be met.</p>	<p>The collection of Council Tax and Business Rates and the administration of new reliefs will be included with the 2020/21 Council Tax and NNDR audit (BRD/SNC2106).</p>
Procurement	<p>The Procurement function provides support to services on procuring goods and services. During the pandemic there has been a need for some procurement exercises to be completed expediently, while others have been delayed. The following observations were made by officers or identified in the recovery plans as risks:</p> <p>Some existing contracts have been extended rather than re-procured.</p> <p>There has been a delay in progressing with some improvement projects.</p>	<p>The risks identified will be reviewed as part of the 2020/21 Procurement and Contract Management audit (BRD/SNC2110) and the Coronavirus Response and Recovery audit (BRD/SNC2109).</p>

Area	Observations	Internal Audit Coverage
IT	<p>The IT service has been essential in enabling remote working and providing technological support to enable the continued delivery of other services across the Council. The following observations were made by officers or identified in the recovery plans as risks:</p> <p>Extra resource has been brought in to help deliver the return to work project.</p> <p>The longer term impact on IT resources, including supporting increased remote working, will need to be assessed.</p> <p>Consideration is being given to a single IT service for the team using a web-based system that provides efficiency of delivery for remote working.</p>	<p>The 2020/21 audits on Coronavirus Response and Recovery (BRD/SNC2109) and Remote Access (BRD/SNC2112) will provide assurance over the arrangements for remote working and the long term implications for the IT service.</p>

\* The Coronavirus Response and Recovery audit will include review of plans to complete work that has had to be temporarily put on hold during the pandemic.

## **APPENDIX 4 - Assurance Mapping Questionnaire**

### **Coronavirus Questionnaire**

1. What are the key changes in the department/service due to the impact of COVID-19, including for example governance / reporting arrangements?
2. How is the service being managed?
3. Are services continuing to be provided in both the short and longer term?
4. What legal requirements are there for the service and are these being met?
5. What is the financial impact on the service?
6. How will budgets be managed and met?
7. What are the resource implications as a result of the key changes, including remote working, plans for returning and/or whether there are longer terms plans for new working arrangements based on any lessons learnt?
8. What health and safety assessments have been undertaken for working remotely and coming back to the office?
9. Have contingency plans been put in place for a second outbreak?
10. How have corporate/service risks changed, and have risk registers been updated?
11. Has the performance framework been reviewed (both statutory and local measures)? How has performance been affected and will measures need to be altered in the future?
12. How have changes, such as to risks or performance, been reported to senior management?
13. Are all contractual arrangements being fulfilled, including whether or not contracts nearing expiry are being retendered for and any new contracts being procured?
14. Are residents and other stakeholders being kept informed of the Council's services and other help and advice?
15. Is there any other information that you think may be relevant?

## **FRAUD POLICIES REVIEW**

**Report Authors:** Rodney Fincham  
Assistant Director Finance  
Emma Hodds  
Assistant Director Governance & Business Support

**Portfolio:** Finance & Resources

**Wards Affected:** All

### **Purpose of the Report:**

To present the following policies for review and approval.

- Counter Fraud, Corruption and Bribery Policy.
- Anti-Money laundering Policy.
- Whistleblowing policy.

### **Recommendation:**

To recommend to Council the amended policies.

## **REVIEW OF POLICIES**

- 1.1 It is good practice that policies are regularly reviewed, to ensure that they remain fit for purpose.
- 1.2 The existing council policies have been reviewed, and the new policies attached are based on latest best practice.

## OTHER OPTIONS

- 1.3 Members could propose amendments to the attached policies

## ISSUES AND RISKS

- 1.4 **Resource Implications** – Ensuring that policies remain up to date helps ensure our Governance framework remains in line with best practice.
- 1.5 **Legal Implications** – The policies have been complied in line with best practice.
- 1.6 **Equality Implications** – There are no direct equality implications.
- 1.7 **Environmental Impact** – No direct impact.
- 1.8 **Crime and Disorder** – No direct impact on crime and disorder.
- 1.9 **Risks** – There are no other risks to consider.

## RECOMMENDATION

To recommend to Council the following amended policies

- Counter Fraud, Corruption and Bribery Policy.
- Anti-Money laundering Policy.
- Whistleblowing policy.

## Background Papers

None.

**BROADLAND DISTRICT COUNCIL  
COUNTER FRAUD, CORRUPTION AND BRIBERY POLICY**

**1. Introduction**

- 1.1 The Council wishes to promote a culture of openness and honesty consistent with the principles for conduct identified by the Committee for Standards in Public Life and expects all those who work for and with the Council to adopt the highest standards of propriety and accountability.
- 1.2 The Council recognises the need for a policy to prevent wrongdoing and to have in place a clear network of systems and procedures to assist in the prevention and investigation of fraud, bribery and corruption. The Council is committed to ensuring that these arrangements keep pace with developments, in both preventative and detection techniques, regarding fraudulent or corrupt activity that may affect its operation or related responsibilities.
- 1.3 The Council has an important role in ensuring that public services are provided efficiently, effectively and economically. In doing so, corporate governance arrangements need to address the risks posed by fraud and corruption to ensure that the Council is able to achieve its objectives.
- 1.4 Council staff and elected members are an important element in its stance on fraud and corruption. They are positively encouraged to raise any concerns surrounding activities associated with the Council's responsibilities. They can do this in the knowledge that such concerns will be treated in confidence, properly investigated and fairly dealt with.

**2. Who This Policy Applies To**

- 2.1 This Policy applies to all employees (including temporary and agency workers), elected members, contractors, suppliers, voluntary organisations and members of the public.

**3. Definitions and Examples**

- 3.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) define fraud as "the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain."
- 3.2 With reference to corruption, CIPFA describes this as "the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person". We might usually term this as bribery – for example, if someone was to try to offer an incentive to ensure that a planning application was approved, or, conversely someone accepted or asked for something of

material value from contractors, suppliers or persons in return approval to provide services / goods to the Council.

- 3.3 The legal framework for fraud and corruption is defined by a number of acts. Primarily, the Fraud Act 2006 which establishes a criminal liability for fraud through either false representation, failing to disclose information or abuse of position. Section 17 of the Theft Act 1968 creates an offence of destroying, defacing, concealing or falsifying any account, record or document made, or required, for any accounting purposes. The Bribery Act 2010 makes it an offence to attempt to bribe someone, or receive a bribe where that may result in improper discharge of a public function.
- 3.4 While not an exhaustive list, below are some examples of fraud, bribery and corruption:
- Theft of Council property or services
  - Evading liability for payment
  - False accountancy, including the destruction, concealment or falsification of any account or record, or giving misleading, false or deceptive information
  - Obtaining property by false pretences
  - Misuse of office
  - Bribery
  - Working while on sick leave
  - Falsifying time or mileage sheets
  - Selling Council equipment inappropriately
  - Failure to declare an interest
  - Fraudulent tendering process
  - Fraudulent property letting
  - Accepting any gift or consideration as an inducement for doing or refraining from doing anything in relation to Council business

#### **4. Responsible Officers**

- 4.1 The Senior Fraud and Inspections Officer is responsible for reviewing and updating the Counter Fraud, Corruption and Bribery Policy, along with making staff aware of the Policies requirements through training and publicising initiatives.
- 4.2 The Managing Director has overall responsibility for the Council's counter fraud, corruption and bribery arrangements. Directors, Assistant Directors and Service Managers support the Managing Director in this role; they are responsible for the prevention and detection of theft, fraud, corruption and other irregularities within their area of responsibility. They are expected to:
- Identify and assess the types of risks and fraud or corruption that might occur within their area.
  - Promote the Strategy through publicity and relevant training of staff and bodies they do business with.
  - Be alert for any indication of fraud or corruption.

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## COUNTER FRAUD, CORRUPTION AND BRIBERY POLICY

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- Be ready to take appropriate action in a timely way should there be a suspicion of theft, fraud or corruption.

4.3 The Section 151 Officer has a statutory duty to report where a decision has been made that would involve expenditure, or a loss, which is unlawful. This officer will also ensure the Council has adequate resources in place for the provision of an Internal Audit Service that is able to provide an annual opinion on the quality of systems of internal control which inform the Council's Annual Governance Statement.

### 5. Review of Policy

- 5.1 This policy is to be reviewed at least every 3 years and the following parties will be consulted prior to approval:
- CMLT
  - Audit Committee

### 6. How to Raise Concerns

- 6.1 Concerns can be raised in confidence and with the knowledge that they will be properly addressed.
- 6.2 Concerns should normally be raised with an employee's line manager, however if necessary a route other than a line manager may be used, as follows:

Managing Director	Trevor Holden <a href="mailto:mdtobdcandsnc@broadland.gov.uk">mdtobdcandsnc@broadland.gov.uk</a> 01508 533601
Monitoring Officer & Head of Internal Audit	Emma Hodds <a href="mailto:ehodds@broadland.gov.uk">ehodds@broadland.gov.uk</a> 01508 533791
Senior Fraud and Inspections Officer	Ian Kerrison <a href="mailto:ian.kerrison@broadland.gov.uk">ian.kerrison@broadland.gov.uk</a> 01603 430406
Internal Audit Manager	Faye Haywood <a href="mailto:fhaywood@broadland.gov.uk">fhaywood@broadland.gov.uk</a> 01508 533873

- 6.3 All concerns raised and the outcomes will be reported to the Audit Committee annually in a form that does not endanger confidentiality. However, if no concerns are raised no report will be provided.

### 7. Members

- 7.1 All Councillors are expected to maintain high standards of Conduct when performing their public duties, and in particular to ensure compliance with the Nolan Principles of Standards in Public Life. The Monitoring Officer works with the Standards Committee to monitor standards of conduct and provide advice, guidance and training with both the legal requirements, and the Council's own expectations.



- 7.2 Members are provided a copy of the Code of Conduct, advice and guidance on the declaration of interests, gifts and hospitality, and protocols on Member / Staff behaviour and involvement in planning and other judicial matters.

### **8. Employees**

- 8.1 The Council has put in place a number of policies, procedures and other actions to promote an anti-fraud culture to the Council's Officers.
- 8.2 All Officers must abide by the Council's Standards of Work/Code of Conduct, which sets out the requirements on personal conduct. Professionally qualified officers of the Council are also expected to follow any Code of Conduct or Ethics as required by their Professional Bodies.
- 8.3 The Senior Fraud and Inspections Officer is responsible for Benefit and Corporate Fraud.
- 8.4 Any breach of conduct will be dealt with under the disciplinary procedures and may result in dismissal.
- 8.5 Officers must comply with the Standards of Work/Code of Conduct in respect of the declarations of interests, and in particular declaring any financial or non-financial interests that could conflict with the Council's interests, or could cause conduct to be questioned.

### **9. Partners, Suppliers, Contractors and Other Organisations that the Council interacts with**

- 9.1 The Council expects the highest standards from all organisations that have dealings with them. Any partners, suppliers, contractors and other third parties funded by or in receipt of payments from the Council are required to adopt or abide by Council policies, procedures, protocols, and codes of practice, where appropriate, in order to prevent and detect fraud.
- 9.2 All transactions with suppliers and other organisations will be entered into in line with the Council's Contract Procedure Rules. These make appropriate provisions for declaring interests and the circumstances where such regulations may not apply, and rules regarding entering into contracts and verifying contract conditions. In addition, prior to entering into significant, ongoing transactions, Procurement procedures require that appropriate due diligence checks are undertaken to ensure that suppliers have an appropriate financial and risk profile before transactions are entered into.

### **10. Members of the Public**

- 10.1 Members of the public have an important role to alert the Council to any concerns about the potential for fraud, corruption or bribery that they may become aware of. They are encouraged to report their concerns, either through the Council's complaint procedure or by contacting the relevant officers.

**11. Internal Control environment**

- 11.1 The Council's internal control environment plays a key role in ensuring that fraud can be prevented. Soundly designed systems, with adequate checks built in, minimises the opportunities for untoward activities. This could be through automated controls, or through management oversight of transaction activity.
- 11.2 Management retains responsibility for the oversight of the internal control environment within their specific service areas. Internal and external inspections additionally play an important role in ensuring that operational arrangements are functioning effectively.
- 11.3 In the course of completing audit assignments; Internal Audit will separately identify fraud risks and determine what management control mechanisms have been put in place to address those risks and review their adequacy and effectiveness. Recommendations will be put forward aimed at strengthening systems of internal control which are designed to remove potential opportunities for fraud, corruption and error in the future. This also ensures that any concerns External Audit may have with regards to the risk of misstatement due to fraud and error is both sufficiently addressed and appropriate recommendations made and actioned where necessary.
- 11.4 The Council also recognise that a key preventative measure against the possibility of fraud or corruption is to take effective steps at the recruitment stage to establish, as far as possible, the propriety and integrity of potential employees. This include temporary and contract staff. Agencies providing temporary staff will be required to confirm references have been obtained and validated.
- 11.5 Once recruited, employees are subject to an induction process. Similarly, upon election, members are also required to complete an induction. As part of this induction, members and officers are required to review the relevant Codes of Conduct.

**12. Working with others**

- 12.1 External Audit are charged with ensuring that the Council is correctly reporting its arrangements in relation to counter fraud, corruption and bribery. In the event that External Audit suspects a fraud, they will pass this over to Internal Audit for investigation, or in exceptional circumstances reserve the right to retain control over a fraud investigation.
- 12.2 Annually the Head of Internal Audit provides a response to the External Auditors. This provides information to assist the External Auditors in assessing the Council in relation to:
- Knowledge of any actual, suspected or alleged fraud affecting the Authority;
  - Views about the risks of fraud at the Authority;
  - Areas within the Council at greater risk of fraud;

- Procedures used by Internal Audit to detect fraud; and
  - Management's response to any findings as a result of these procedures.
- 12.3 The Council participates, wherever possible, with exercises specifically developed to ensure that opportunities to identify instances and risks of fraud are maximised. In this regard, the Council takes part in activities such as the National Fraud Initiative (NFI).
- 12.4 The Council participates in Single Person Discount reviews. In addition, the Council seeks to work with partners and other stakeholders to make the best use of resources and exchange information (subject to provisions of the General Data Protection Regulations and Human Rights Act) to minimise losses. Other partners include but are not limited to The Police, the Department for Work and Pension, Trading Standards, the National Health Service and other Local Authorities.

### 13. DETECTING AND INVESTIGATING

- 13.1 The Council expects its Senior Managers to be vigilant regarding the possibility of fraud or corruption occurring within their spheres of control. However, it is often the alertness of other employees, Councillors or members of the public that enables detection to occur and appropriate action to take place.
- 13.2 Despite best efforts some fraudulent activity or corrupt acts will be discovered by a chance, "tip off" or via a "whistleblowing" incident. The Council has developed appropriate arrangements to enable such matters to be dealt with in a timely and appropriate manner.
- 13.3 Employees are required by the Rules for Financial Governance to report any suspicion they have that fraud or corruption has or may be about to take place. The Standards of Work/Employee code of conduct also advises them to report any aspect of the provision of service or behaviour of a colleague which might, if more widely known, bring the Council into disrepute.
- 13.4 Participating in activities such as NFI more readily helps the Council to identify where fraud has potentially occurred. The work of The Corporate Fraud Team, Internal Audit, and the Council's External Auditors may also lead to the detection of fraud.
- 13.5 The primary means of investigating fraudulent activity is through the Senior Fraud and Investigations Officer who is trained in Professionalism in Security (PINS) and has the necessary expertise to undertake investigations, and apply appropriate sanctions.
- 13.6 It is recognised in unusual situations that it may not be appropriate for the Corporate Fraud team to undertake an investigation. In these circumstances there are provisions in the Internal Audit Service contract to engage trained auditors. The Head of Internal Audit can be involved in such special investigations.

- 13.7 The Monitoring Officer is responsible for monitoring and ensuring the investigation of “Whistleblowing” concerns received. Where such cases involve an instance of fraud and corruption, these will need to be jointly overseen by the Monitoring Officer /Head of Internal Audit.
- 13.8 The Head of Internal Audit shall be responsible for the reporting of the outcomes of non-housing and council tax support fraud cases to Council members, through providing updates in response to any cases that arise.
- 13.9 All reported cases will be handled in a fair and consistent manner. The Council will remain mindful of the legal framework governing the investigation of concerns, in particular:
- Freedom of Information Act 2000
  - GDPR – General Data Protection Regulations 2018
  - Human Rights Act 1998
  - Criminal Procedures and Investigations Act 1996
  - Police and Criminal Evidence Act 1984.

#### **14. SANCTIONS AND REDRESS**

- 14.1 Where it has been identified that fraud, corruption or bribery has occurred, the Council is committed to ensuring that all appropriate sanctions and courses of redress are undertaken.
- 14.2 Although the Council's primary means of sanction and redress of employees is through the Disciplinary Procedure, and members may be investigated through the Standards Committee; this does not preclude the Council taking additional action.
- 14.3 The Council will seek to work with other parties, in particular the Police, wherever necessary or appropriate. The Council has a PINS trained Officer who may seek to pursue cases through to conviction where appropriate. The Council has a public duty to seek financial redress, wherever feasible.

Release:	Draft BDC v1
Date:	12/01/2021
Author:	Ian Kerrison

**BROADLAND DISTRICT COUNCIL  
ANTI-MONEY LAUNDERING POLICY**

**Contents**

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**THE COUNCIL'S RESPONSE**

5. The Money Laundering Reporting Officer
6. Reporting to the Money Laundering Reporting Officer
7. Customer Due Diligence
8. Training
9. Further Information
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**Appendix 1**

How the Council may be exposed to Money Laundering

1. Guidelines to staff and members on concerns or suspicions
2. The types of activities that may be affected

**Appendix 2**

- Money Laundering Report Form
- Money Laundering Disclosure Form – to be completed by the Money Laundering Reporting Officer
- Customer Due Diligence Form – Private Individual
- Customer Due Diligence Form – Business

Effective Date – tbc

## ANTI-MONEY LAUNDERING POLICY

### INTRODUCTION

#### 1. Purpose and Rationale

- 1.1 The risks to the Council of contravening money laundering legislation are relatively low and some aspects of the legal and regulatory requirements do not apply to public authorities. However, it is recognised that Councils are not completely immune from the risks surrounding money laundering. For this reason, the purpose of the Anti-Money Laundering Policy is to clearly demonstrate that the Council embraces the underlying principles of money laundering legislation and is taking reasonable steps to minimise the likelihood of such activities occurring, by developing a suitable framework of arrangements to safeguard itself against action of this nature, whilst making satisfactory provisions to achieve compliance with legal and regulatory requirements, where appropriate.

#### 2. Who does this policy apply to?

- 2.1 This Policy applies to all employees and members of the Council; also to third parties who have suspicions of money laundering activities. **It is extremely important that all employees are familiar with their legal responsibilities and are vigilant at all times: serious criminal sanctions may be imposed for breaches of the legislation. The key requirement is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer (MLRO).**
- 2.2 Failure by any employee to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them.

#### 3 What is Money Laundering?

- 3.1 Money laundering is a term designed to cover a number of offences. These offences may relate to the improper handling of funds that are the proceeds of criminal acts, or terrorist acts, so that they appear to come from a legitimate source.

There are six main offences that may be committed under money laundering legislation, as established by The Proceeds of Crime Act 2002 (as amended by The Crime and Courts act 2013, Serious Crime Act 2015 and the Criminal Finances Act 2017)

- Concealing, disguising, converting, transferring or removing criminal property from anywhere within Great Britain and Northern Ireland;
- Being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- Acquiring, using or possessing criminal property;

- Doing something that might prejudice an investigation – for example, falsifying a document;
- Failing to disclose information relating to any of the above money laundering offences; and,
- “Tipping off” – informing someone who is, or is suspected of being involved in money laundering activities, in such a way as to reduce the likelihood of their being investigated.

These money laundering offences may be committed by an organisation or by individuals working for an organisation.

- 3.2 ‘Criminal property’ has a relatively broad definition in money laundering legislation and no financial ceiling has been specified above which organisations are obliged to take action when money laundering activities are suspected. Benefiting from ‘criminal property’ can work on two levels, an individual benefiting financially from the proceeds of a crime they have committed themselves, or an individual benefiting from the proceeds of a crime/dishonest activities perpetrated by someone else. No matter how large or small the sum of money involved in these dishonest activities, the full weight of the money laundering legislation and regulations will apply regardless of the financial sums identified.

#### **4. The Legal and Regulatory Framework and the Obligations that it places on the Council**

- 4.1 The main laws and regulations which set out the money laundering regulations:
- The Proceeds of Crime Act 2002 (as amended by The Crime and Courts act 2013, Serious Crime Act 2015 and the Criminal Finances Act 2017)
  - The Terrorism Act 2000 (as amended by the Criminal Finances Act 2017)
  - The Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020
- 4.2 Under the Terrorism Act 2000, all individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.
- 4.3 The Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020 establish that as long as businesses are not operating within the “regulated sector”, then the offences of failing to disclose suspicions of money laundering, and tipping off, do not apply. The list of businesses within the regulated sector does not include local authorities, and as such these offences do not apply to the Council.
- 4.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance on how legal and regulatory provisions impact on public authorities. CIPFA has confirmed that local authorities are not a “relevant business” in terms of Money Laundering Regulations, and thus not required to

have systems in place to identify, record and report money laundering. However, CIPFA has also advised that 'it is prudent and responsible practice for public service organisations, including those outside the scope of the regulations, to put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements, designed to enable them to detect and avoid involvement in the crimes described in the legislation and regulations.' CIPFA guidance further emphasises that there could be a "substantial reputational risk for an authority which does not have such procedures in place".

- 4.6 This Policy and the working practices aligned to it have thus been designed to address the risk the Council may face if it does not properly address the potential for money laundering. As a responsible authority, we need to be mindful that a money laundering offence could be committed by an employee, or the Council could be a victim of such an offence.

## THE COUNCIL'S RESPONSE

### 5 The Money Laundering Reporting Officer

- 5.1 The Council has nominated the Senior Fraud and Inspections Officer as the Money Laundering Reporting Officer (MLRO). Their contact details are as follows:

Ian Kerrison  
Senior Fraud and Inspections Officer  
Broadland District Council  
Thorpe Lodge  
1 Yarmouth Road  
Norwich  
NR7 0DU  
Telephone: 01603 430406  
E-mail: [ian.kerrison@broadland.gov.uk](mailto:ian.kerrison@broadland.gov.uk)

In the absence of the MLRO, the Monitoring Officer is authorised to deputise for him and can be contacted as follows:

Emma Hodds  
Monitoring Officer  
[ehodds@s-norfolk.gov.uk](mailto:ehodds@s-norfolk.gov.uk)  
01508 533791

### 6 Reporting to the Money Laundering Reporting Officer (MLRO)

- 6.1 The primary duty of any employee, member or third party under this Policy is to ensure that any suspicions or concerns that money laundering has occurred, or is likely to occur, should be reported to the MLRO as soon as the suspicion arises. It is essential that an employee comes forward as soon as practical to the MLRO. The disclosure should be within 'hours' of a suspicious activity coming to an individual officer's attention, rather than several days or weeks later. **Should this not be done, the employee may be liable to prosecution.** To support the above process, **Appendix 1** provides information on the types of activities where the Council may be subject to



money laundering offences and guidance on situations where money laundering activities could occur.

- 6.2 Suspensions can be raised through direct contact with the MLRO, however it is preferable to use the reporting form which has been developed at **Appendix 2**, and e-mail the completed form to the MLRO.
- 6.3 The employee, member or third party should not make any further enquiries into the matter themselves, and any further action must be with the approval of the MLRO. Those who have raised a concern should ensure that they do not then voice their suspicions to the suspect and in so doing, tip them off to the concern.
- 6.4 The MLRO is required to promptly evaluate any concerns/disclosures raised and determine whether they require further investigation and hence referral to the National Crime Agency (NCA), using the reporting forms included at **Appendix 2**. The MLRO should not undertake investigation of any concerns themselves. Where legal professional privilege may apply, the MLRO must seek legal advice to determine the further action to be taken.
- 6.5 In some cases, it may be necessary to seek approval from NCA before the Council can undertake any further activity in respect of the transaction. Where the MLRO has made such a referral to NCA, they will notify the person raising the concern, and again inform the individual when NCA has provided permission for the transaction to proceed.
- 6.6 If a request for consent has been made to NCA, no action should occur for a period of 7 days or until NCA gives consent. If this results in a transaction having to be deferred or delayed, it should be carefully handled to ensure that the customer is not tipped off as to the money laundering concern.
- 6.7 After 7 days, if NCA does not notify otherwise, they are deemed to have given consent to the transaction. If NCA instead notifies they refuse to give consent, a moratorium period of 31 days starts on the day the Council receives the refusal notice. During this period, the Council cannot proceed with the matter for which the consent was applied. At the expiry of the moratorium period, NCA is deemed to have consented to the request and the Council can proceed.
- 6.8 The MLRO should retain the details of any referrals made, including correspondence with the necessary bodies, using the forms included in **Appendix 2**. All information should be retained for a minimum of 6 years.
- 6.9 To ensure the Council minimises the risk of tipping off, and to minimise any reputational damage should the suspicion be unfounded, the confidentiality of the matter will be respected at all times; the MLRO will only inform anyone of the suspicion where there is a genuine business need.

## **7. Customer Due Diligence**

- 7.1 The Council undertakes activities that may be considered, under the Money Laundering Regulations, to be regulated, however it does not undertake these activities by way of business, and therefore would not normally be expected to undertake due diligence in respect of any clients to whom it provides these

services. The types of activities that are regulated are, for example, tax services, treasury services, financial and accounting services, audit services, estate functions, assisting the formation, operation or arrangement of a company or trust, and dealing in goods with a cash payment of more than €15,000.

- 7.2 However, it is good practice that wherever the Council enter into such activities with a third party then due diligence checks should be actioned before the establishment of a relationship/transaction.
- 7.3 Undertaking customer due diligence checks can take a number of forms. HM Revenues and Customs has issued “core guidance” in this area. Consideration should be given to taking one or more of the following, where applicable:
- Confirming the identity of the client via documentation, data or information obtained from a reliable and independent source, e.g. passport, and/or position within an organisation, where appropriate.
  - Obtaining confirmation from Companies House as to the registration details of the Company and details of the Company business.
  - Seeking electronic verification, e.g. performing credit checks.
  - Obtaining confirmation to regulated industries bodies (e.g. in the case of accountants, checking to CCAB certified bodies).
  - Requesting copies of financial statements.
  - Requesting details of interests and beneficial ownerships – with reference to the latter this is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.
  - Obtaining information on the purpose and intended nature of the business relationship.
- 7.4 Any checks undertaken should remain proportionate to the risks of the individual business and the relationship. Additional checking may need to be performed if the person is not physically present to be identified, or they are politically exposed, by virtue of holding a prominent public function. Details of such checks should be recorded on the reporting forms in **Appendix 2** and retained for a minimum of 6 years, with an electronic copy of every customer due diligence record being retained by the MLRO to meet the requirements of the regulations and in case of inspection by the relevant supervising body.
- 7.5 There is also an ongoing legal obligation to check the identity of existing clients and the nature and purpose of the business relationship with them at appropriate times. One option to review these matters might be to do so as part of the ongoing monitoring of the business arrangements, as is usually provided for in the Terms of Business Letter, Service Level Agreement or other written record, as well as scrutinising transactions as they occur, paying particular attention to complex or unusually large transactions, unusual patterns of transactions and/or unexpected transactions, etc.

## 8 Training

- 8.1 The Council will take appropriate measures to ensure that all employees are made aware of the law relating to money laundering and will arrange targeted, ongoing training to key individuals most likely to be affected by the legislation.

## **9. Further Information**

9.1 Further information can be obtained from the MLRO and the following sources:

- [www.NCA.gov.uk](http://www.NCA.gov.uk) – website of the National Crime Agency;
- Combating Financial Crime – Further Guidance on Anti-Money Laundering for Public Service Organisations, published by CIPFA in 2009;
- Anti Money Laundering (Proceeds of Crime and Terrorism) – Second Interim Guidance for Accountants, published by CCAB ([www.ccab.org.uk](http://www.ccab.org.uk))
- Gov.uk Money Laundering Regulations  
<https://www.gov.uk/topic/business-tax/money-laundering-regulations>

## **10. Review of the Policy**

- 10.1 The Policy will be reviewed at least every 3 years by the Senior Fraud and Inspections Officer with the Monitoring Officer (or more frequently if required by changes to statutory legislation), and the following parties will be consulted prior to approval;
- CMLT
  - Audit Committee

**Appendix 1****How the Council may be exposed to Money Laundering****1. Guidelines to staff and members on concerns or suspicions**

- 1.1 If you do have any suspicions or concerns about an individual or transaction then it is always better to raise those concerns appropriately. If necessary, you may wish to use the Council's Whistleblowing Policy for further support and guidance on how to raise a concern. Conversely, if in doubt, seek advice from the MLRO.
- 1.2 Although some offences and suspicions may be fairly apparent, some can be more difficult to identify. The simple guidance is to be vigilant, and not be afraid to question something if you don't think it looks right. If you think something looks suspicious, then the probability is someone else may also think the same. It is better for the Council to be safe when handling public money – it would not reflect well on the Council's reputation if it was found monies had been taken that were obtained through theft, drug trafficking, terrorism, etc.
- 1.3 It is recognised that a lot of the Council's activities are sensitive in nature, and in cases what, to some people, may be suspicious or concerning behaviour, from a money laundering perspective may not necessarily be in line with the activity occurring. However, people should always be mindful of genuine concern and suspicion.

**2. The types of activities that may be affected**

- 2.1 The following table sets out the types of activities that might be suspicious, and how the Council may come across those activities. It is not intended to be exhaustive, and just because something you are suspicious about is not on the list, it doesn't mean you shouldn't report it.

<b>Activity</b>	<b>The types of activity that may be affected</b>
New customers with high value transactions	<ul style="list-style-type: none"> <li>• Selling property to individuals or businesses</li> <li>• Renting out property to individuals or businesses</li> <li>• Entering into other lease agreements</li> <li>• Undertaking services for other organisations</li> </ul>
Secretive clients	<ul style="list-style-type: none"> <li>• Housing benefit claimants who have sums of money entering into / out of their bank account (even if we do not award them benefit, we should still consider money laundering implications)</li> <li>• People buying or renting property from the Council who may not want to say what it is for</li> <li>• People receiving grant funding who refuse to demonstrate what funding was used for</li> </ul>
Customers who we think are acting dishonestly or illegally	<ul style="list-style-type: none"> <li>• People paying for Council services who do not provide details about themselves</li> <li>• People making odd or unusual requests for payment arrangements.</li> </ul>
Illogical transactions	<ul style="list-style-type: none"> <li>• People paying in cash then requesting refunds in the event of sizeable overpayments made</li> </ul>

Activity	The types of activity that may be affected
	<ul style="list-style-type: none"> <li>• Requests for the Council to pay seemingly unconnected third parties in respect of goods / services provided to the Council</li> <li>• Requests for the Council to pay in foreign currencies for no apparent reason</li> </ul>
Payments of substantial sums by cash	<ul style="list-style-type: none"> <li>• Large debt arrears paid in cash</li> <li>• Refunding overpayments</li> <li>• Deposits / payments for property</li> </ul>
Movement of funds overseas	<ul style="list-style-type: none"> <li>• Requests to pay monies overseas, potentially for “tax purposes”</li> </ul>
Cancellation of earlier transactions	<ul style="list-style-type: none"> <li>• Third party “refunds” grant payment as no longer needed / used</li> <li>• No payment demanded even though good / service has been provided</li> <li>• Sudden and unexpected termination of lease agreements</li> </ul>
Requests for client account details outside normal course of business	<ul style="list-style-type: none"> <li>• Queries from other companies regarding legitimacy of customers</li> <li>• Council receiving correspondence / information on behalf of other companies</li> </ul>
Extensive and over-complicated client business structures / arrangements	<ul style="list-style-type: none"> <li>• Requests to pay third parties in respect of goods / services</li> <li>• Receipt of business payments (rent, business rates) in settlement from seemingly unconnected third parties</li> </ul>
Poor accounting records and internal financial control	<ul style="list-style-type: none"> <li>• Requests for grant funding / business support indicates third party not supported by financial information</li> <li>• Companies tendering for contracts unable to provide proper financial information / information provided raises concerns</li> </ul>
Unusual property investments or transactions	<ul style="list-style-type: none"> <li>• Requests to purchase Council assets / land with no apparent purpose</li> <li>• Requests to rent Council property with no apparent business motive</li> </ul>
Overcomplicated legal arrangements / multiple solicitors	<ul style="list-style-type: none"> <li>• Property transactions where the Council is dealing with several different parties</li> <li>• Property transactions where funds are received for deposits or prior completion from an unexpected source or where instructions for settlement of funds to be paid to unexpected destination.</li> </ul>

CONFIDENTIAL

MONEY LAUNDERING REPORT FORM

Employee Details

Name \_\_\_\_\_

Team \_\_\_\_\_

Date Reported \_\_\_\_\_

Contact details \_\_\_\_\_

Details

Give full details of the name (s) and address (es) of person(s) / company (s) / public body (s) / Directorship (s) involved.

**Nature, value and timing of the activity involved** – please include full details of what has happened, is on-going or imminently due to happen, where and how it has arisen and the amount of money/assets involved. Why exactly are you suspicious? Please continue on another sheet if necessary.

**Investigations** – has any investigation already occurred, as far as you are aware? If so, please detail below

**Discussions** – have you discussed your suspicions with anyone – including any advisory bodies? Please identify who you have contacted and why such discussions were necessary.

**Disclosure** – is there any reason why you believe this should not be disclosed to the National Crime Agency (NCA).

**Further Information** – if there is any further information you believe to be relevant, please include here:

Signed \_\_\_\_\_

Date \_\_\_\_\_

**Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described.**

**This form, upon completion, should be forwarded to the MLRO**



**MONEY LAUNDERING DISCLOSURE FORM – TO BE COMPLETED BY THE  
MONEY LAUNDERING REPORTING OFFICER**

Date of Money Laundering Report Form being received \_\_\_\_\_

Date when acknowledged receipt of Money Laundering Report Form \_\_\_\_\_

Report Form related to:

\_\_\_\_\_

Report Form completed by: \_\_\_\_\_

Officer contact details: \_\_\_\_\_

Action taken to review Report Form

Findings of review

Are there reasonable grounds for suspecting money laundering activity? If yes,  
please give details.

If there are reasonable grounds for suspicion, will a report be made to NCA?  
If no, please explain reasons for non-disclosure.

If yes, please complete the following details

Date or report to NCA:
Details of liaison with NCA regarding the report:
Notice period:
Moratorium period:

Is consent required from NCA? Has consent been received?

Date consent given by MLRO to employee for Council to proceed with the transaction

\_\_\_\_\_

Date consent given by MLRO to employee for any prohibited act transactions to proceed:

\_\_\_\_\_

Other relevant information

Signed \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

**CUSTOMER DUE DILIGENCE FORM – PRIVATE INDIVIDUAL (TO BE COMPLETED BY MONEY LAUNDERING REPORTING OFFICER)**

Officer referring customer \_\_\_\_\_

Contact details for officer \_\_\_\_\_

Name of individual \_\_\_\_\_

Address

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Date of Birth \_\_\_\_\_

Telephone number \_\_\_\_\_

E-mail address \_\_\_\_\_

Summary of Transactions and role of the individual

Evidence of Identity obtained: (photocopies of all evidence should be attached to this form)

Face to Face Contact? Yes / No

Is the Client Politically Exposed? Yes / No

Is the transaction by nature high risk? Yes / No

Is further enhanced verification required (if yes to any of the above three questions, enhanced verification is required): Yes / No

If enhanced verification required, please detail all checks performed:

Signed \_\_\_\_\_

Date \_\_\_\_\_

**CUSTOMER DUE DILIGENCE FORM – BUSINESS (TO BE COMPLETED BY  
MONEY LAUNDERING REPORTING OFFICER)**

Officer referring customer \_\_\_\_\_

Contact details for officer \_\_\_\_\_

Name of business \_\_\_\_\_

Purpose of business \_\_\_\_\_

Companies House Registration Number \_\_\_\_\_

Registered business address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone number \_\_\_\_\_

E-mail address \_\_\_\_\_

Type of organisation (PLC, LLC, Sole trader etc) \_\_\_\_\_

Who are the Companies Directors – are there any beneficial owners (i.e. any person / company who owns more than 25% of the company in question)

--

Date of first contact with Company \_\_\_\_\_

Nature of transaction with company

\_\_\_\_\_  
\_\_\_\_\_

Please attach details of all checks undertaken to verify the evidence of this company.

Signed \_\_\_\_\_

Date \_\_\_\_\_

## **BROADLAND DISTRICT COUNCIL**

### **WHISTLEBLOWING POLICY AND PROCEDURE**

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EFFECTIVE DATE – tbc following sign off

This policy will be subject to regular review with any significant variations leading to re-presentation of the Policy.

## THE WHISTLEBLOWING POLICY

**THIS POLICY SHOULD BE READ IN CONJUNCTION WITH THE COUNCIL'S DISCIPLINARY POLICY AND PROCEDURES, STAFF AND MEMBER CODES OF CONDUCT.**

### INTRODUCTION TO THE POLICY

#### **1. What is Whistleblowing?**

- 1.1 Whistleblowing is the raising of a significant concern. Concerns may cover issues of fraud, misconduct, or illegality, and this policy is designed to ensure that people know how to raise a genuine concern and can do so in the knowledge that they will not face reprisal for their action.
- 1.2 Public Concern at Work (a charity which provides independent advice and information on whistleblowing) draws the following distinction between whistleblowing and pursuing a complaint:

*“When someone blows the whistle they are raising a concern about danger or illegality that affects others (e.g. customers, members of the public, or their employer). The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of any investigation into their concern - they are simply trying to alert others. For this reason, the whistleblower should not be expected to prove the malpractice. He or she is a messenger raising a concern so that others can address it.”*

#### **2. What is the purpose of the Whistleblowing Policy**

- 2.1 Employees, councillors and others who deal with the Council may be the first to spot things that may be wrong or inappropriate within the Council. However, they might not say anything because they think this would be disloyal, or they might be concerned that their suspicions are unjustified or might turn out to be so after enquiry. They may also be worried that they or someone else might be victimized, or are unclear with whom to raise their concern. However, if the Council has the chance to deal with a potentially serious problem at the earliest opportunity this can minimize the risks before serious damage can be caused to persons, property or reputation. Allegations made under the whistleblowing policy should relate to a matter within the public interest and not in relation to a personal or employment matter.
- 2.2 Members of the public may also have concerns, but be unsure how and when to express them.
- 2.3 Broadland District Council has produced this Whistleblowing Policy to help:
  - Councillors
  - Employees (including temporary and agency staff)
  - Others with whom the Council has dealings (e.g. contractors, partners, suppliers and voluntary organisations), and



- Helping members of the public understand how and when to contact the Council with their concerns.
- 2.4 It is also expected that contractors will be required to have their own whistleblowing policies and arrangements established in accordance with thresholds set in the Council's contract conditions through the tendering process. Where a contractor does not have its own policy, it is expected that the principles and arrangements of the Council's policy and associated procedures will apply.
- 2.5 The Council is committed to maintaining an open culture with the highest standards of honesty and accountability. It takes all inappropriate behaviour very seriously and is committed to investigating any genuine concerns raised.
- 2.6 This policy aims to ensure that any concerns can be raised with confidence and without any worry on the part of the whistleblower about being victimized, discriminated against or disadvantaged in any way as a result.

### AIMS AND SCOPE OF THE POLICY

#### 3. What types of concern are covered by the policy?

- 3.1 The Policy aims to:
- encourage you to feel confident in raising serious or sensitive concerns about inappropriate behaviour and to question and act upon concerns;
  - provide avenues for you to raise those concerns and receive feedback on any action taken;
  - ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied; and
  - Reassure you that you will be protected from possible reprisals or victimization if you have a reasonable belief that you have raised any concern in good faith.
- 3.2 Safeguarding is everyone's responsibility and Broadland District Council is committed to safeguarding and promoting the welfare of children, young people and vulnerable adults. We take our responsibilities seriously and expect all staff to share this commitment. Anyone who has concerns regarding compliance with the safeguarding policy should use the Council's whistle-blowing procedures in order to ensure matters are addressed.
- 3.2 This policy is intended to deal with serious or sensitive concerns about inappropriate behaviour. The Public Interest Disclosure Act 1998, as amended by the Enterprise and Regulatory Reform Act 2013, sections 17-20, outlines that a "protected" disclosure of a concern is one which demonstrates one or more of the following:
- A criminal offence has been committed, or is likely to be committed
  - Disclosures related to a miscarriage of justice
  - A failure to comply with a legal obligation including safeguarding responsibilities
  - The endangering of an individual's health and safety
  - Unnecessary damage to the environment (for example, by pollution)
  - Deliberate concealment of information relating to any of the above.

- 3.3 Beyond the legal context above, the Council would encourage employees, members of the public, and any other interested parties to raise any significant concerns that they may have, as soon as they are reasonably aware of them. These concerns could be about any aspects of the Council's activities, e.g. with reference to Council employees, Members, or suppliers acting on behalf of the Council, and relate to issues that are either occurring now or likely to happen in the future.

#### **4. What is not covered by the Policy?**

- 4.1 The Council has a number of policies and procedures to address other matters, for example:
- Employees' complaints about their terms and conditions of employment. These matters are dealt with through the Grievance Procedure.
  - Instances of bullying and harassment of Council's employees are dealt with through the Bullying and Harassment Policy.
  - Complaints from members of the public about the Council's services. These are dealt with through the Council's Complaints Procedure.
  - Concerns with reference to members should be referred to the Monitoring Officer.
- 4.2 It should be emphasized that this Policy is intended to assist individuals who have discovered malpractice or serious wrong doing, provided they make the disclosure in accordance with the Policy. Individuals who make disclosures outside the arrangements set out here will not be protected under this Policy and may not be protected under the Act.
- 4.3 The Policy is not designed to question financial or business decisions taken by the Council nor may it be used to reconsider any matters that have already been addressed under the harassment, grievance, disciplinary or complaints procedures.

### **SAFEGUARDS**

#### **5. Protecting the Whistleblower and Preserving Confidentiality**

- 5.1 In accordance with the Public Interest Disclosure Act 1998, Broadland District Council undertakes to protect, as best it can, an employee who blows the whistle from personal claims, victimisation, harassment or bullying as a result of his or her disclosure. This assurance is not extended to someone who maliciously raises a matter they know are untrue; such instances may be subject to the Council's disciplinary procedures.
- 5.2 The Council recognizes that the decision to report a concern can be a difficult one to make. If you raise your concern based on a reasonable belief and in good faith, you should have nothing to fear because you will be doing your duty to your employer and the public. The Public Interest Disclosure Act 1998 will protect you from dismissal or other detriment.

- 5.3 The Council will, at the request of the whistleblower, keep the nature of concerns confidential. It will not reveal names or positions without permission, unless it has to by law, or an enquiry results in a criminal investigation in which the whistleblower might be required as a witness. Whistleblowers should be aware, however, that the fact that enquiries are being made might, result in their identity becoming known. Where possible, the Council will make you aware if your identity is likely to be compromised through investigation.
- 5.4 All these matters will be explained at the time a concern is raised so the whistleblower can decide whether or not to proceed. The Council will also keep the whistleblower informed if the situation significantly changes.
- 5.5 Any investigations into allegations arising from your whistleblowing will not influence or be influenced by any other personnel procedures to which you may be subject.

## **6. Anonymous Allegations**

- 6.1 The Council encourages whistleblowers to give their name when making an allegation. It will do all it can to protect the whistleblower. Concerns raised anonymously tend to be far less effective and if, for example, the Council does not have enough information, it may not be able to investigate the matter at all.
- 6.2 Also, from a practical point of view, it is impossible to provide protection to a person whose identity is unknown and more difficult to judge whether the concern is made in good faith or maliciously.
- 6.3 If whistleblowers feel that they cannot give their name, the Council will make a judgment on whether or not to consider the matter depending upon such things as:
- The seriousness of the issue;
  - The quality of any documentary evidence submitted with the allegation;
  - Whether the concern is believable; and
  - Whether the Council can carry out a robust investigation based on the information provided to confirm the validity of the original allegation made.

## **7 Assurances to Third Parties**

- 7.1 The assurances provided to employees raising concerns set out in section 5 above cannot be given in the same way to third parties. For example, the Council cannot guarantee protection to employees of third party (contractor) organizations. However, we expect that all contractors are aware of the Council's whistleblowing procedures, and act in accordance with these.
- 7.2 Further, with regard to members of the Public, whilst they are not afforded statutory protection in the same way as employees, the Council is committed to treating all citizens fairly. Raising a concern under this policy will not affect the rights of any council citizens as set out within Part 1 of the Council's Constitution.

### 8. Untrue Allegations

- 8.1 If a whistleblower makes an allegation which they believe is true, but it is not confirmed by an investigation, the Council will not take any action against them.
- 8.2 However, if a whistleblower makes a deliberately false or malicious allegation which they know is untrue, the Council will take appropriate disciplinary or legal action against them. Allegations of this nature are not protected by the Public Interest Disclosure Act 1998.

## RESPONSIBILITY FOR WHISTLEBLOWING

### 9. Responsible Officer for Whistleblowing

- 9.1 The Council's Monitoring Officer is the Senior Officer in the Council who can take an independent view of any concerns raised. A record of concerns raised will be maintained and the outcomes will be reported as necessary, see 10.1 below (in a format to protect your confidentiality). Other Senior Officers in the Council support the Monitoring Officer in this role, as set out at **Appendix 1**.
- 9.2 All concerns raised will be handled in line with the Whistleblowing Procedural Guidance, as attached to this policy.

### 10. Responsibility for the Whistleblowing Policy

- 10.1 All concerns raised and the outcomes will be reported to the Audit Committee, by the Head of Internal Audit, annually in a form that does not endanger confidentiality. However, if no concerns are raised no report will be provided.
- 10.2 This policy is to be reviewed at least every 3 years by the Head of Internal Audit (or more frequently if required by changes to statutory legislation) and the following parties will be consulted prior to finalising and submitting the Policy to Cabinet for subsequent approval:
- Senior Council Officers responsible for receiving whistleblowing concerns
  - The Corporate Management Leadership Team
  - The Audit Committee
- 10.3 On an annual basis, **Appendix 1** of the policy, which provides details of the key parties responsible for whistleblowing, shall be reviewed by the Head of Internal Audit to ensure that details remain relevant and up-to-date. This review will not require re-endorsement of the policy.
- 10.4 The Head of Internal Audit is also responsible for making staff aware of the Policy's requirements through training and publicising initiatives.

## THE WHISTLEBLOWING PROCEDURE

### HOW TO RAISE A CONCERN

#### 11. Guidance for Members of the Public, Contractors, Councillors and Partners

- 11.1 Members of the Public, Contractors, Councillors and those involved with partner organization who suspect a Council Employee, another Councillor, Organisational Partners or other Contractors (in their dealings with the Council) of impropriety or illegality should contact one of the following:
- The Managing Director
  - The Monitoring Officer
  - The Deputy Monitoring Officer
  - The Head of Internal Audit
  - The Senior Fraud and Inspections Officer
- 11.2 If your concern relates to the Managing Director, this should be raised with the Leader of the Council (or the Deputy Leader of the Council if the Leader is unavailable) or Ernst and Young, as the Council's External Auditor. Conversely, if your concern relates to the Monitoring Officer, the Deputy Monitoring Officer or the Head of Internal Audit, this should be referred to the Managing Director.

All contact details are included within **Appendix 1** of the whistleblowing policy.

#### 12. Guidance for Employees

- 12.1 Whistleblowers should not attempt to investigate any concern themselves, but raise their concern using one of the avenues shown below.
- 12.2 A Council employee should first raise a concern with their manager or Director. Guidance to employees on how to proceed is contained in the document "**Checklist for employees - How to react to concerns of inappropriate behaviour**" – see **Appendix 3**.
- 12.3 Guidance to managers on how to deal with a concern is contained in the document "**Checklist for Managers – How to react to concerns of inappropriate behaviour**" – see **Appendix 4**.
- 12.4 If the employee feels that it is inappropriate to raise a concern with their manager or Director given the person involved and/or the seriousness or sensitivity of the matter, contact should be made with one of the following officers
- The Managing Director
  - The Monitoring Officer
  - The Deputy Monitoring Officer
  - The Head of Internal Audit
  - The Senior Fraud and Inspections Officer
- These officers can also provide advice and guidance on how concerns may be pursued.

- 12.5 If your concern relates to the Managing Director, then this matter can be raised with the Leader of the Council (or the Deputy Leader of the Council if the Leader is unavailable) or Ernst and Young, as the Council's External Auditors. Conversely, if your concern relates to the Monitoring Officer, the Deputy Monitoring Officer, the Head of Internal Audit, or the Senior Fraud and Inspections Officer, this should be referred to the Managing Director .
- 12.6 Whistleblowers are encouraged to raise concerns promptly and where possible in writing, giving as much information as possible, such as relevant background, names, dates, places and the reason for their concern. In addition, any evidence to support the concern / suspicions should also be attached... **Appendix 5** to these procedures provides a form that can be utilised as a starting point. However, concerns can be raised by telephone or by meeting the appropriate officer. The earlier you express the concern the greater the likelihood that an appropriate intervention may be made, to minimize the risk, impact or continuation of the concern in question.
- 12.7 Although it will not be necessary to prove beyond doubt that an allegation is true, a whistleblower will be expected to demonstrate that there are reasonable grounds for voicing their concern.
- 12.8 Any whistleblower will be asked to declare any personal interest they may have in the concern being raised.
- 12.9 In matters concerning the health, safety and welfare of those on our premises (whether members of staff, contractors or visitors) anyone, including an elected safety representative, who becomes aware of a hazard (actual or potential) or dangerous occurrence should immediately notify the Corporate Health and Safety Advisor, before contacting any outside body, to ensure that immediate action can be taken if necessary to deal with the hazard. Contact can be made by telephone, email or the sending of a written report as appropriate to the situation.

### **13. Sources of Support for the Whistleblower**

- 13.1 You may wish to discuss your concerns with a friend or colleague first. You may then find it easier to raise a concern if others share the same experiences or concerns.
- 13.2 For employees, trade union representatives can give general support and advice, or act on their behalf if this would help. This could be useful, particularly if the employee wishes to remain anonymous, to the extent that is possible.
- 13.3 The Council will encourage the trade unions to support any member of staff who raises a concern with them.
- 13.4 The Council further welcomes any member of staff to consult with Public Concern at Work if they are not sure about whistleblowing. Public Concern at Work is an independent charity which provides confidential support and advice to whistleblowers through a telephone helpline and the internet. Further details for Public Concern at Work are included in **Appendix 1**. In addition, a summary regarding the remit of Public Concern at Work is included at **Appendix 2**.

### 14. How the Council will respond

- 14.1 Whoever you raise your concerns with, and whether the concern is made by an employee, member of the public, contractor, Councillor or partner, an impartial person will be appointed to investigate your concern and you will be informed of who this is. Confidentiality will be maintained in accordance with section 5 of this policy.
- 14.2 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate, and, if so, what form it should take. The overriding principle which the Council will have in mind is the public interest. Concerns or allegations which fall within the scope of specific procedures (for example, harassment or discrimination issues) will normally be referred for consideration under those procedures.
- 14.3 Following these initial enquiries the Council will respond to your concerns as appropriate and establish whether or not:
- your concerns should be considered under this policy;
  - your concerns can be allayed satisfactorily without invoking a formal investigation;
  - no further investigation is necessary;
  - your concerns may be resolved by other mechanisms or action e.g. mediation, training or review; or
  - there is sufficient substance behind your concerns to trigger an investigation.
- 14.4 Where there is sufficient evidence behind the concerns to trigger an investigation the concern will:
- be investigated by management or internal audit; or
  - be referred to the police; or
  - be referred to the external auditor; or
  - form the subject of an independent inquiry.
- 14.5 Some concerns may be resolved by action agreed with you without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 14.6 Within 10 working days of a concern being raised, the person appointed to investigate your concern will contact you (in a way which does not arouse suspicions in your workplace):
- acknowledging that the concern has been received;
  - indicating how we propose to deal with the matter;
  - giving an estimate of how long it will take to provide a final response;
  - telling you whether any initial enquiries have been made;
  - supplying you with information on staff support mechanisms;
  - advising you of your entitlement to seek advice and representation from your trade union representative;
  - telling you whether further investigations will take place and if not, why not; and
  - to agree with you how to proceed if you have chosen to remain anonymous.

- 14.7 The Council will do what it can to minimise any difficulties, which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the Council will arrange for you to receive advice about the procedure and other appropriate support.
- 14.8 Once the person appointed to investigate your concern has completed their investigations, they will produce a written report that sets out:
- the background to the whistleblowing concern;
  - the findings of fact and associated evidence;
  - the decision and reasons for the decision; and
  - the recommendations and associated action plan.
- 14.9 The Council accepts that you need to be assured that the matter has been properly addressed. Subject to legal constraints and any confidentiality or other issues, we will inform you of the outcome of any investigation.

### 15 Withdrawing your allegation

- 15.1 You have the right to withdraw any allegation previously made under this policy and procedure. You should think very carefully before taking this course of action, bearing in mind an investigation may have started and you may need to explain this change of decision.
- 15.2 If it is considered appropriate, despite the complainant withdrawing the allegation, the investigation of the allegation may continue if it is deemed necessary.

### 16 Raising issues with an External Party

- 16.1 This Policy seeks to encourage you to raise concerns directly with the Council. However, there may be situations where you feel it is inappropriate to raise the concern internally, or unable to do so. Alternatively, you may have already raised a concern and are dissatisfied with the outcome. In these situations, there are a number of other parties to whom you may turn:
- The National Audit Office
  - Relevant Regulatory Organizations (e.g. the Environment Agency, Health and Safety Executive or Local Government Ombudsman)
  - The Police (where a criminal matter is involved)
  - Public Concern at Work
- Contact details for all parties are included within **Appendix 1**.

- 16.2 Before consulting an external party, the Council recommends that the whistleblower seeks independent legal advice (disclosure to a legal advisor is protected by law). The law most readily protects disclosures that are seen to be “reasonable”, i.e. disclosures that are made within the Council or to an appropriate regulator at an early stage. If the matter is taken outside of the Council, the whistleblower should ensure they do not disclose information about a third party that may be covered by a duty of confidentiality (e.g. commercially sensitive information or personal, private data). It is recognised that potentially the Public Interest Disclosure Act and the Data Protection Act could have



some bearing on disclosures, however one statute does not overrule the other and both must be complied with, and thus each case would need to be considered on its individual merits.

- 16.3 If you do take the matter outside the Council, you should ensure that you do not disclose confidential information. If you do this then you may need to check whether the information is confidential. Depending on the nature of the information, it may be confidential to Broadland District Council, commercially sensitive to a third party or personal and private to an individual.

**Contacts for Whistleblowing****Raising concerns internally**

<u>Managing Director</u>	Trevor Holden <a href="mailto:mdtobdcandsnc@s-norfolk.gov.uk">mdtobdcandsnc@s-norfolk.gov.uk</a> 01508 533601
<u>Monitoring Officer</u>	Emma Hodds <a href="mailto:emma.hodds@broadland.gov.uk">emma.hodds@broadland.gov.uk</a> 01508 533791
<u>Deputy (s)</u>	Linda Mockford <a href="mailto:Linda.mockford@broadland.gov.uk">Linda.mockford@broadland.gov.uk</a> 01603 430424 Emma Goddard <a href="mailto:egoddard@s-norfolk.gov.uk">egoddard@s-norfolk.gov.uk</a> 01508 533943 Sue White <a href="mailto:swhite@broadland.gov.uk">swhite@broadland.gov.uk</a> 01508 533800
<u>Head of Internal Audit</u>	Faye Haywood <a href="mailto:fhaywood@s-norfolk.gov.uk">fhaywood@s-norfolk.gov.uk</a> 01508 533873
<u>Senior Fraud and Inspections Officer</u>	Ian Kerrison <a href="mailto:ian.kerrison@broadland.gov.uk">ian.kerrison@broadland.gov.uk</a> 01603 430406
<u>Leader of the Council</u>	Shaun Vincent 07763 690815 <a href="mailto:Cllr.shawn.vincent@broadland.gov.uk">Cllr.shawn.vincent@broadland.gov.uk</a>

**Raising Concerns Externally**

<b>Public Concern at Work - <a href="http://www.pcaw.org.uk">www.pcaw.org.uk</a></b>  For support with how to raise concerns, and action to take in relation to all matters of malpractice and/or wrong doing.	3 <sup>rd</sup> Floor, Bank Chambers 6 – 10 Borough High Street London SE1 9QQ  020 7404 6609  <a href="mailto:whistle@pcaw.org.uk">whistle@pcaw.org.uk</a>
<b>Ernst and Young – External Auditors</b>  For issues relating to financial probity and governance	One Cambridge Business Park Cambridge CB4 0WZ  01223 394400
<b>The Local Government Ombudsman –</b>	PO Box 4771

<p><a href="http://www.lgo.org.uk">www.lgo.org.uk</a> The Commission for Local Administration in England</p> <p>For Complaints against Councils – will cover all complaints</p>	<p>Coventry CV4 0EH</p> <p>0300 061 0614</p>
<p><b>Norfolk Constabulary</b> – <a href="http://www.norfolk.police.uk">www.norfolk.police.uk</a></p> <p>For all breaches of the law (except as noted below)</p>	<p>Operations and Communications Centre Jubilee House Falconers Chase Wymondham Norfolk NR18 OWW</p> <p>0845 456 4567</p>
<p><b>Serious Fraud Office</b> – <a href="http://www.sfo.gov.uk">www.sfo.gov.uk</a></p> <p>Fraud and Corruption issues</p>	<p>2 -4 Cockspur Street London SW1Y 5BS</p> <p><a href="mailto:confidential@sfo.gsi.gov.uk">confidential@sfo.gsi.gov.uk</a></p>
<p><b>National Crime Agency</b> <a href="http://www.nationalcrimeagency.gov.uk">www.nationalcrimeagency.gov.uk</a> For Money Laundering Issues</p>	<p>Units 1 - 6 Citadel Place,  Tinworth Street, London SE11 5EF 0370 496 7622</p>
<p><b>The Health and Safety Executive</b> – <a href="http://www.hse.gov.uk">www.hse.gov.uk</a></p> <p>For Health and Safety contraventions</p>	<p>Rosebury Court 2<sup>nd</sup> Floor St Andrews Business Park Norwich Norfolk NR7 0HS</p>
<p><b>The Environment Agency</b> – <a href="http://www.environment-agency.gov.uk">www.environment-agency.gov.uk</a></p> <p>For environmental crimes</p>	<p>National Customer Contact Centre PO Box 544 Rotherham S60 1BY</p> <p>03708 506 506</p>
<p><b>National Benefit Fraud Hotline</b></p>	<p>0800 854 440</p>
<p><b>National Audit Office</b></p>	<p><a href="mailto:Investigation-team@nao.gsi.gov.uk">Investigation-team@nao.gsi.gov.uk</a> 020 7798 7000 (main switchboard)</p>

## **PUBLIC CONCERN AT WORK**

Public Concern at Work (PCaW) is the independent authority on public interest whistleblowing. Established as a charity in 1993 following a series of scandals and disasters, PCaW has played a leading role in putting whistleblowing on the governance agenda and in developing legislation in the UK and abroad. All their work is informed by the free advice they offer to people with whistleblowing dilemmas and the professional support they provide to enlightened organisations.

They have four activities. They:

- offer free, confidential advice to people concerned about crime, danger or wrongdoing at work;
- help organisations to deliver and demonstrate good governance;
- inform public policy; and
- Promote individual responsibility, organisational accountability and the public interest.

### **They do:**

- ✓ advise how to raise concerns
- ✓ explain the public interest
- ✓ separate message from messenger
- ✓ provide an impartial, objective view

### **They don't**

- ✗ duck difficult questions
- ✗ claim we have all the answers
- ✗ litigate or investigate
- ✗ encourage anonymous informing

## **Whistleblowing dos and don'ts as publicised by Public Concern at Work**

Do:

- Keep calm;
- Think about the risks and outcomes before you act
- Remember you are a witness, not a complainant
- Phone us for advice - 020 7404 6609!

Don't:

- Forget there may be an innocent or good explanation
- Become a private detective
- Use a whistleblowing procedure to pursue a personal grievance
- Expect thanks

## CHECKLIST FOR EMPLOYEES

## HOW TO REACT TO CONCERNS OF INAPPROPRIATE BEHAVIOUR

The action you take when you suspect inappropriate behaviour may have happened, or be about to happen, can be crucial. Inappropriate behaviour is described in the Council's Whistleblowing Policy as:

- Any criminal offence, particularly fraud or corruption
- Disclosures related to a miscarriage of justice
- A failure to comply with a legal obligation
- The endangering of an individual's health and safety
- Unnecessary damage to the environment (for example, by pollution)
- Deliberate concealment of information relation to any of the above

Following these simple rules should help the Council in carrying out enquiries into any concerns you have.

## DO

- ✓ **Make an immediate note of your concerns.**  
Note all relevant details, such as what was said in telephone or other conversations, the date, time and the names of any parties involved.
- ✓ **Convey your suspicions to someone with the appropriate authority and experience in accordance with the Council's Whistleblowing Policy.**
- ✓ **Deal with the matter promptly if you feel your concerns are warranted.**  
Delay may cause the Council to suffer further financial loss or make further enquiry more difficult.

## DON'T

- ✗ **Do nothing.**
- ✗ **Be afraid of raising your concerns.**  
You will not suffer any recrimination from the Council as a result of voicing a reasonably held suspicion. The Council will treat the matter sensitively and confidentially, and will take reasonable steps to protect anyone who raises a well-intentioned concern.
- ✗ **Approach or accuse any individuals directly.**
- ✗ **Try to investigate the matter yourself.**  
There are special rules surrounding the gathering of evidence. Any attempt to gather evidence by people who are unfamiliar with these rules may weaken or destroy any future prosecution should that be thought appropriate.
- ✗ **Convey your suspicions to anyone other than those indicated in the Council's Whistleblowing Policy.**

The Public Interest Disclosure Act 1998 - will protect you from any reprisals as long as you meet the rules set out in the Act. The rules are:

- **You must disclose the information in good faith**
- **You must reasonably believe it to be substantially true**
- **You must not seek any personal gain**

## GUIDANCE FOR MANAGERS

### HOW TO REACT TO CONCERNS OF INAPPROPRIATE BEHAVIOUR

The action you take when you identify, or are made aware of, suspected inappropriate behaviour can be crucial in determining the success of any subsequent enquiries. Inappropriate behaviour is described in the Council's Whistleblowing Policy as:

- Any criminal offence, particularly fraud or corruption
- disclosures related to a miscarriage of justice
- A failure to comply with a legal obligation
- The endangering of an individual's health and safety
- Unnecessary damage to the environment (for example, by pollution)
- Deliberate concealment of information relating to any of the above

Following these simple rules will help to ensure that matters are properly handled. As a manager you should familiarise yourself with both the Council's Strategy to help fight Fraud and Corruption and its Whistleblowing Policy

#### DO

- ✓ **Be responsive to employees' concerns.**  
As part of the Council's anti-fraud and corruption culture, you should encourage employees to voice any reasonably held suspicion. As a manager you should treat all employees' concerns seriously and sensitively.
- ✓ **Note details.**  
Get as much information as possible from the employee reporting the suspicion and encourage them to record this in writing. If the employee has made any notes, request access to these  
Note any documentary evidence which may exist to support the allegations made, but do not interfere with this evidence in any way.
- ✓ **Evaluate the allegation objectively**  
Before you take the matter further determine whether any suspicions appear to be justified.  
Be objective when evaluating the issue. Consider the facts as they appear based on information you have to hand.  
  
**If in doubt, report your suspicions anyway.**  
If you consider that no further action is necessary, you should still record your decision and also inform the Head of Internal Audit of the original notification details.
- ✓ **Advise the appropriate person**  
If you feel that a suspicion is justified advise an appropriate officer in accordance with the Council's Whistleblowing Policy
- ✓ **Deal with the matter promptly if you feel your concerns are warranted.**

Delay may cause the Council to suffer further financial loss or make further enquiry more difficult.

### **DON'T**

#### **✗ Ridicule suspicions raised by employees**

The Council cannot operate an effective anti-fraud and corruption culture or Whistleblowing Policy if employees are reluctant to pass on their concerns to management due to fear of ridicule or recrimination.

You need to ensure that all employee concerns are given a fair hearing. You should reassure employees that they will not suffer recrimination by raising any reasonably held suspicion.

#### **✗ Approach or accuse any individuals directly**

#### **✗ Convey your suspicions to anyone other than those indicated in the Council's Whistleblowing Policy**

#### **✗ Try to investigate the matter yourself**

Investigations by employees who are unfamiliar with the requirements of evidence are highly likely to jeopardise a successful outcome. They may also alert the suspect and result in the destruction of evidence.

**Your primary responsibility is to report the issue and all associated facts to the appropriate officer, wherever possible.**



**WHISTLEBLOWING FORM**

Please complete this form and email it to:

[Emma.hodds@broadland.gov.uk](mailto:Emma.hodds@broadland.gov.uk)

Alternatively this can be sent to:

Monitoring Officer

Strictly Private and Confidential

Broadland District Council, Thorpe Lodge, 1 Yarmouth Road, Norwich NR7 0DU

Name:
Address or contact details:
Telephone:
Best time to contact you:

Person assisting you (e.g. relative, friend, union official (if appropriate):
Address or contact details:
Telephone:

Details of your concern (please continue on a separate sheet if necessary and attach any evidence supporting your concern):
---

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Broadland District Council**

Annual Audit Letter for the year  
ended 31 March 2020

18 December 2020

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk)).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



A blurred background image showing two hands shaking over a laptop on a wooden table, suggesting a business deal or agreement.

Section 1

# Executive Summary

# Executive Summary

We are required to issue an Annual Audit Letter to Broadland District Council following completion of our audit procedures for the year ended 31 March 2020. Covid-19 had an impact on a number of aspects of our 2019/20 audit. We updated our audit procedures to take account of the following issues:

Area of impact	Commentary
<b>Impact on the delivery of the audit</b>	
► Changes to reporting timescales	As a result of Covid-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, were published and came into force on 30 April 2020. This announced a change to the publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities. We worked with the Council to deliver our audit in line with the revised reporting timescale.
<b>Impact on our risk assessment</b>	
► Valuation of Property Plant and Equipment and Investment Property	The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty over the valuations in place at the 31 March 2020. Caveats around this material uncertainty were included in the year-end valuation reports produced by the Council's external valuer.
► Disclosures on Going Concern	Financial plans for 2020/21 and medium term financial plans required revision to take account of Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Council would not appropriately disclose the key factors relating to going concern, underpinned by Management's assessment with particular reference to Covid-19.
<b>Impact on the scope of our audit</b>	
► Information Produced by the Entity (IPE)	<p>We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems because of remote working protocols. We undertook the following to address this risk:</p> <ul style="list-style-type: none"> <li>► Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and</li> <li>► Agree IPE to scanned documents or other system screenshots.</li> </ul>
► Consultation requirements	Additional EY consultation requirements were required concerning the impact on auditor reports.



# Executive Summary (cont'd)

The tables below set out the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
<b>Opinion on the Council's:</b>	
► Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended.
► Consistency of other information published with the financial statements	Other information published within the Statement of Accounts was consistent with the financial statements.
► Concluding on the s arrangements for securing economy, efficiency and effectiveness	We concluded that the Council had put in place proper arrangements to secure value for money in its use of resources.

Area of Work	Conclusion
<b>Reports by exception:</b>	
► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council.
► Public interest report	We had no matters to report in the public interest.
► Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	We had no matters to report.

# Executive Summary (cont'd)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 20 November 2020.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on the 1 December 2020.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work and, in particular given the challenging priorities they faced as a result of their work in responding to the Covid-19 pandemic, their collaborative approach which enabled us to complete the 2019/20 audit by working remotely.

Mark Hodgson  
Associate Partner  
For and on behalf of Ernst & Young LLP

## Section 2

# Purpose and Responsibilities



# Purpose and Responsibilities

## The Purpose of this Letter

The purpose of this Annual Audit Letter is to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2019/20 Audit Results Report to the Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

## Responsibilities of the Appointed Auditor

Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued on 14 May 2020 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2019/20 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the return.

## Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

# Financial Statement Audit

# Financial Statement Audit

## Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health. We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on the 1 December 2020. Our detailed findings were reported to the 26 November 2020 Audit Committee. The key issues identified as part of our audit were as follows:

Risks	Conclusion
Misstatements due to fraud or error	We did not identify any matters to report to the Council.
Incorrect capitalisation of revenue expenditure	We did not identify any matters to report to the Council.
Incorrect apportionment of recharged expenditure overheads between Broadland District Council and South Norfolk District Council	We did not identify any matters to report to the Council.
Valuation of Property, Plant and Equipment	We did not identify and misstatements to report to the Council. The Council appropriately disclosed a material valuation uncertainty paragraph included by its valuer in their valuation report.
Pension liability	Following the publication of the HM Treasury consultation on the remedy for the McCloud judgement in July 2020, together with updated assumptions for investment returns within the Norfolk Pension Fund, the Council obtained a revised actuarial reports from the Pension Fund Actuary. This showed an reduction in the Council's pension fund liability of £0.231 million, for which the financial statements were adjusted.
Omission or understatement of NDR appeals provision	We did not identify any matters to report to the Council.
Going Concern Disclosures	The Council assessed the impact of Covid-19 on its income, expenditure, cash and reserves position into 2020/21 and 2021/22 and made an appropriate disclosure in the statements.

# Financial Statement Audit (cont'd)

## Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £0.940 million (2018/19: £0.928 million), which is 2% of gross expenditure on the provision of Services.</p> <p>We consider gross expenditure on the provision of services to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £47,000 (2018/19: £46,400)</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits: We agreed all disclosures back to source data and approved amounts applying a reduced materiality level of £5,000 in line with bandings disclosed in the financial statements.
- ▶ Related party transactions: We tested the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence applying a reduced materiality level equal to the reporting threshold.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

A close-up photograph of a woman's face, focusing on her green eyes and light skin. The image is partially obscured by a yellow rectangular overlay on the left side.

Section 4

## **Value for Money**

# Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

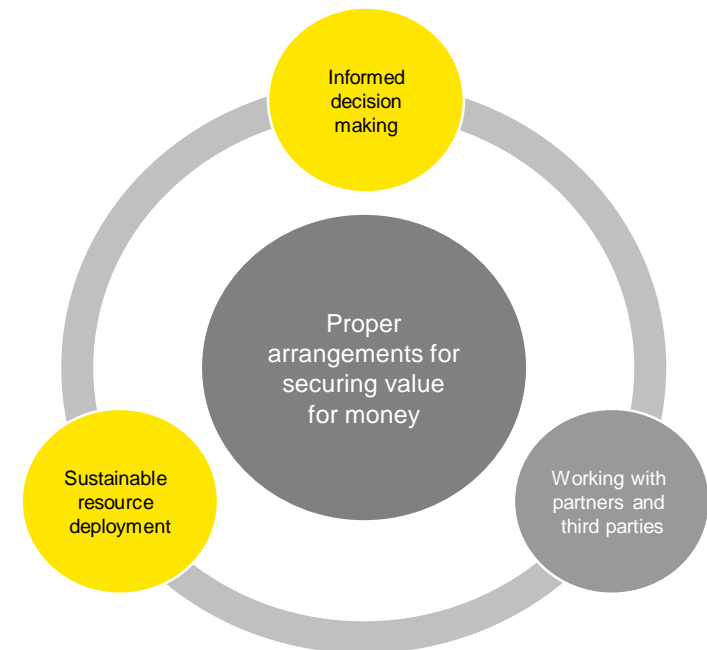
- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019/20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019/20 VFM arrangements conclusion.

We did not identify any significant risks in relation to these criteria.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people, and working with partner and other third parties.

We therefore issued an unqualified value for money conclusion on the 1 December 2020.





A blurred background image of a business meeting. Several people in professional attire are gathered around a wooden conference table. A woman with blonde hair is leaning forward, resting her chin on her hand, looking intently at documents on the table. Other people's hands and arms are visible, some pointing at the papers. The scene is brightly lit, suggesting a modern office environment.

Section 5

## Other Reporting Issues

# Other Reporting Issues

## **Whole of Government Accounts**

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes. The Council is below the specified audit threshold of £500 million.

Therefore, we were not required to perform any audit procedures on the consolidation pack.

## **Annual Governance Statement**

We are required to consider the completeness of disclosures in the Council's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any matters to report.

## **Report in the Public Interest**

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

## **Written Recommendations**

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

## **Objections Received**

We did not receive any objections to the 2019/20 financial statements from members of the public.

## **Other Powers and Duties**

We did not identify any issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.



# Other Reporting Issues (cont'd)

## **Independence**

We communicated our assessment of independence in our Audit Results Report to the Audit Committee on 26 November 2020. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

## **Control Themes and Observations**

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Council or the Audit Committee.

Section 6

## Focused on your future

# Focused on your future

The NAO has a new Code of Audit Practice for 2020/21. The impact on the Council is summarised in the table below.

## Council responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

## Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Continued

# Focused on your future

## Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>It was proposed that IFRS 16 (Leases) would be applicable for Local Authority accounts from the 2021/22 financial year, deferred a year due to the impact of Covid-19.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for Local Authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>However in response to the ongoing pandemic and its pressures on council finance teams, the CIPFA LASAAC Local Authority Accounting Code Board has announced that the implementation of IFRS 16 in the Code of Practice on Local Authority Accounting in the UK (the Code) will be deferred until the 2022-23 financial year. This decision brings the Code in line with the decision by the Government's Financial Reporting Advisory Board to put back the effective date for the implementation of the standard to 1 April 2022.</p> <p>CIPFA LASAAC has indicated that the deferral is limited to one year only and that there is no intention to grant any further extensions based on a lack of preparedness.</p> <p>The announcement is available on CIPFA's website.</p>	<p>There are transitional arrangements within the standard and It is assumed this will be reflected in the 2021/22 Accounting Code of Practice for Local Authorities when published. CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p> <p>However, what is clear is that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>



The background of the slide is a photograph of a filing cabinet. Several drawers are open, revealing rows of hanging folders. The folders are in various colors, including light blue, white, and yellow. Many of the folders are filled with papers, some of which are visible and appear to be forms or spreadsheets. A person's arm is visible in the top left corner, reaching into one of the drawers. The overall scene suggests a professional or administrative setting.

Section 8

# Audit Fees

# Audit Fees

In the Audit Results Report we indicated that we had carried out additional work as a result of the impact of Covid-19 that necessitated an additional audit fee. We have now quantified this fee. We have discussed and agreed the additional work fee with the Chief Finance Officer after providing supporting details. We will now seek formal approval from PSAA.

Description	Final Fee 2019/20 £'s	Planned Fee 2019/20 £'s	Scale Fee 2019/20 £'s	Final Fee 2018/19 £'s
Total Audit Fee - Code work	32,022	32,022	32,022	32,022
Changes in work required to address professional and regulatory requirements and scope associated with risk	18,215	18,215		
<b>Revised Proposed Scale Fee (see Note 1)</b>	<b>50,235</b>	<b>50,235</b>	<b>32,022</b>	<b>32,022</b>
<b>Additional work:</b>				
• Assessment of Going Concern in light of Covid-19 including consultation process and documentation and the reassessment of materiality and identification of any further audit risks (including in relation to VFM)	3,269			
• Increased Property, Plant and Equipment and Investment Property procedures to consider, challenge and respond to the basis of the valuation, including the RICS material uncertainty clause, including the use of specialists from EY Real Estate	1,304			
• Increased IAS 19 procedures to assess the impact of McCloud/Goodwin and revised asset valuations on the IAS 19 liability	980			
	1,514			
• Additional risk in relation to recharges between South Norfolk and Broadland Council's.				
	5,104			
• Additional audit time related to remote working and client delays				
<b>Total Audit Fee</b>	<b>62,406</b>			<b>32,022</b>

Note 1 - For 2019/20, we have proposed an increase to the scale fee to reflect the increased level of audit work required which has been impacted by a range of factors, as detailed in our Audit Plan. Our proposed increase has been discussed with management and is with PSAA for determination.

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EY-000070901-01 (UK) 07/18. CSG London.



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## **Audit Committee Work Programme**

Agenda item 10

24/07/21	Internal Audit Follow Up Report	Faye Haywood
	Head of Internal Audit's Annual Report and Opinion for 2019/20, including	
	Review of the Effectiveness of Internal Audit	Faye Haywood
	Annual Governance Statement 2020-21	Emma Hodds/Emma Goddard
	Annual Report on Counter Fraud Activity 2020/21 (if anything to report)	Bob Harvey
	Final Statement of Accounts 2020-21	Rodney Fincham/Julie Brown
	Audit Results Report 2020-21	External Audit
	Strategic Risk Register	Sinead Carey
	Strategic and Annual Internal Audit Plans 2021/22 (Verbal)	Faye Haywood
	Review of Contract Standing Orders	Rodney Fincham
	External Audit Plan 20/21	External Audit
23/09/21	Review of Local Government Ombudsman 2020	Christine Baldwin
	Progress on Internal Audit Activity	Faye Haywood
	Follow-up report on Internal Audit Recommendations	Faye Haywood
	Strategic Risk Register	Sinead Carey