

Agenda

REGULATORY AND AUDIT COMMITTEE

Date: Wednesday 8 November 2017
Time: 9.00 am
Venue: Mezzanine Room 1, County Hall, Aylesbury

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Agenda Item	Time	Page No
1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP	09:00	
2 DECLARATION OF INTERESTS		
3 MINUTES Minutes from the meeting held on 6 September 2017 are agreed as a correct record and signed by the Chairman		5 - 14
4 TREASURY MANAGEMENT UPDATE Treasury Management update to be presented by Ms J Edwards, Pensions and Investment Manager	09:05	15 - 30

- 5 **COMPLIMENTS AND COMPLAINTS - ANNUAL REPORT** **09:25** **31 - 64**
To be presented by Mrs K Mitchelmore, Team Leader Customer Complaints
- 6 **PETITIONS REVIEW** **09:45** **65 - 72**
To be presented by Mrs S Ashmead, Assistant Chief Executive
- 7 **EXTERNAL AUDIT - VALUE FOR MONEY STATEMENT** **10:00** **73 - 86**
Value for Money Statement presented by Grant Thornton, External Auditors
- 8 **BUSINESS ASSURANCE UPDATE AND AUDIT ACTION TRACKER** **10:15** **87 - 104**
To be presented by Ms M Gibb, Head of Business Assurance and Chief Internal Auditor
- 9 **ANNUAL GOVERNANCE STATEMENT ACTION PLAN** **10:30** **105 - 112**
To be presented by Ms M Gibb, Head of Business Assurance and Chief Internal Auditor
- 10 **ANTI-FRAUD AND CORRUPTION STRATEGY UPDATE** **10:40** **113 - 134**
To be presented by Ms M Gibb, Head of Business Assurance and Chief Internal Auditor
- 11 **ANTI-MONEY LAUNDERING POLICY** **10:55** **135 - 162**
To be presented by Ms M Gibb, Head of Business Assurance and Chief Internal Auditor
- 12 **FORWARD PLAN** **11:10** **163 - 164**
Standing item
- 13 **DATE AND TIME OF NEXT MEETING**
- | Date | Venue | Time |
|-----------------|--------|--------|
| 31 January 2018 | Mezz 1 | 9.00am |
- 14 **EXCLUSION OF THE PRESS AND PUBLIC**
To resolve to exclude the press and public as the following item is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
- 15 **CONFIDENTIAL MINUTES** **165 - 166**
The confidential minutes of the meeting held on 6 September

2017 are agreed as a correct record and signed by the Chairman

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|-----------|---|--------------|
| 16 | LIMITED ASSURANCE INTERNAL AUDIT REPORTS | 11:15 |
| | Verbal Update by Ms M Gibb, Head of Business Assurance and Chief Internal Audit | |
| 17 | FRAUD UPDATE (VIA STATUTORY OFFICERS GROUP) | 11:30 |
| | Verbal Update by Ms M Gibb, Head of Business Assurance and Chief Internal Audit | |

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For further information please contact: Rachel Bennett on 01296 382290, email: rbennett@buckscc.gov.uk

Members

Mr S Bowles	Ms N Glover
Mr T Butcher (VC)	Mr D Martin (C)
Mr D Dhillon	Mr P Martin
Mr M Farrow	Mr D Watson

Minutes

REGULATORY AND AUDIT COMMITTEE

MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON WEDNESDAY 6 SEPTEMBER 2017 IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 9.00 AM AND CONCLUDING AT 11.05 AM.

MEMBERS PRESENT

Mr D Dhillon
Mr M Farrow
Ms N Glover
Mr D Martin (Chairman)
Mr D Watson

OTHERS IN ATTENDANCE

Ms R Bennett, Committee Assistant
Ms L Forsythe, Deputy Monitoring Officer and Corporate Governance Lawyer
Mr A Fyfe, Head of Resilience and Community Safety
Ms M Gibb, Head of Business Assurance
Mr N Gibson, TEE Executive Director
Mr J Noble, Commercial Director
Mr R Schmidt, Head of Strategic Finance
Mr T Slaughter, Executive, Grant Thornton Auditors
Mr M Ward, Manager, Grant Thornton Auditors

1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies were received from Mr Butcher, Mr Bowles, Mr P Martin, Ms Ashmead.

2 DECLARATIONS OF INTEREST

There were no declarations of interest.



3 MINUTES

The following action updates were given following the meeting on 25 July.

Energy from Waste (EfW)

The EfW budget impacts were confined to Transport Economy and Environment (TEE) and did not have a direct impact on other Business Units (BUs). Mr Schmidt clarified that the reserve currently stood at just over £3m generated within the last financial year as a result of there being no downtime. This would not be the same year on year and the reserve would balance the position out across the years.

Audit of Accounts and Value for Money (VfM) Statement

An update would be provided to the Committee in November.

SAP Controls

Item on this agenda.

Pension Fund

An email had been circulated to Members of the Committee by Mrs Edwards which provided an update on the action. It was noted Members were satisfied with the update given.

Risk Management Training

Training for the Regulatory and Audit Committee Members had taken place on the Risk Management System and had been well received by Members.

Debt Management Strategy

The Chairman updated the Committee that he had had a separate meeting with Mr M Strevens, Corporate Finance Business Partner to discuss debt management. It was agreed that a special meeting of the group would be held to focus on debt management. The Committee would still receive an update on the Debt Management Strategy at the November meeting.

There was an outstanding action for a further update on an outstanding debt in Children's Service and this would be included in the update brought to Committee in November.

Mandatory Training

The suggestion made by the Committee to include mandatory training in DSP objectives was being discussed by officers, an update would be provided in due course.

Petitions Review

A report was being developed by Mrs C Capjon in relation to the petitions review; details would be relayed at to full Council.

RESOLVED: The minutes of the meeting held on 25 July were agreed as a correct record.

4 BUSINESS CONTINUITY MANAGEMENT UPDATE

Mr A Fyfe, Head of Resilience attended the committee to update Members on the progress made on Business Continuity Management across the organisation.

Since the last report in July 2016 the following updates were highlighted:

- The previous concern with TEE was based on the 2014-15 internal audit outcomes, and their position has significantly improved.
- Since 1 July 2017 there had been a change in structure for the Resilience Team which has released capacity to support Services / Teams more directly.
- There had been a number of updates since the current report was published, which included improvements in RAG ratings for Civic & Ceremonial Services and School Admissions
- The 'not assessed' rating in Resources is based on a change in reporting mechanism that has been brought about following a CMT meeting. Likewise, Service areas within Resources will be reported on in 5 groups as per the snapshot report.
- Meetings with several Children's Services Teams have taken place and more are booked in order to improve their current ratings
- A Council table-top exercise planned for January 2018 will include testing elements of BCM

During discussion the following points were raised:

- The Committee asked for assurances around the direction of travel and corporate buy in. Mr Fyfe confirmed that there was improving engagement from across the organisation and that positive steps were moving the Council in the right direction
- Clarification was given regarding how the RAG statuses were measured and against which risks Services were planning, noting the focus is on continuing critical activities against the consequences of hazards and threats (Business Continuity planning assumptions from the BCM Programme)
- An area of high concern was Children's Social Care; the committee asked for assurance that whilst the report provided an overview of the entire service, that work was being done to ensure a deeper dive into the service. Mr Fyfe confirmed that the high level view was for reporting purposes and that the delivery of the BCM Programme will ensure engagement with individual Services and Teams from within the Children's Social Care Service area.

The Committee requested that the next report to the Committee in one years' time should include direction of travel for each area.

ACTION: Mr Fyfe

RESOLVED: The update reported was noted

5 RIPA COVERT SURVEILLANCE ANNUAL REPORT

Mrs L Forsythe presented the RIPA Covert Annual Report to the Committee. The purpose of the paper was to provide an update on the Council's use of its powers under the Regulation of Investigatory Powers Act 2000

Mrs Forsythe highlighted the following points:

- On occasion, officers may need to conduct investigations and, in exceptional circumstances, the Council had the power to make use of covert surveillance and similar activities
- In 2017 only one application was submitted and approved
- The County Council's RIPA procedures and activity were inspected by the Office of the Chief Surveillance Commissioner in January 2016. There were three recommendations arising from the inspection which focused on updates to the policy and record of authorisations, together with the delivery of regular refresher training for authorising officers.
- The action plan had been fully implemented and all appropriate training to key officers was delivered and recorded.

RESOLVED: The Committee noted the report.

6 SAP ROLES (INTERNAL CONTROLS)

Mr R Schmidt, Head of Strategic Finance, presented the SAP roles update report to the Committee. The report set out a detailed response to the actions raised as part of the Grant Thornton annual audit. The audit reported an internal controls deficiency relating to SAP user rights and the committee requested an update on progress.

Mr Schmidt confirmed that all actions raised had now been completed and that the external auditors would look at the process again in due course. It was also confirmed that regular reviews would take place as part of the internal audit process and reported through internal audit reports.

A Member of the Committee asked why recommendation 12 on our IT internal control recommendations (Passwords to SAP default accounts are not changed) was RAG rated green. Mr M Ward confirmed that he would address this with Grant Thornton's internal IT auditors and would write to Members following the meeting giving them an update.

ACTION: Mr M Ward

RESOLVED: The report was noted.

7 CONTRACT MANAGEMENT UPDATE (INCLUDING CMA)

Mr N Gibson, Executive Director for Transport Economy and Environment (TEE) and Mr J Noble, Commercial Director attended the meeting to update Members on the findings from an internal audit of contract management practices across the organisation and the action plan arising from this.

Mr Noble gave an overview of the current contract management position across the organisation and highlighted that the majority of contracts were managed with the business units (BU's), with every manager required to self-assess and only a small corporate resource was available, of which the Supplier Relationship Manager (SRM) was currently vacant.

There had been a request for an internal audit which looked at a sample of contracts across the organisation. This had identified pockets of good practice as well as areas for improvement. These findings had formed the basis of the Improvement Plan included in the report.

Mr Noble confirmed that the Corporate Management Team (CMT) had agreed to put forward a bid as part of the MTP process for additional training for Contract Managers, Directors and Members.

The Committee discussed concerns around the resource and training available for contract management and Mr Noble confirmed that it was inconsistent across the organisation and that the central level of expertise to support BUs was low.

Mr Noble highlighted the need to recruit to the SRM role which has proved hard to fill in the past and the need for commitment from the BUs to drive forward the improvement plan. The recruitment of this post was ongoing.

The Committee discussed concerns around how robust the organisation was to react should the external delivery of a service fail and the importance of forward planning and mitigating potential risks. Mr Noble stated that while foreseeing all risks was impossible the improvement plan would help address these areas of concern.

Mr N Gibson stated that whilst in some cases there was poor use of the Contract Management Application (CMA) this did not mean poor contract management. Discussions were taking place as to how systems and data would better link up.

The Committee discussed the resource issue. Mr Noble confirmed that CMT were happy with the current model but would keep this under review as the improvement plan progressed. It was also confirmed that there would be investment in a refresh of the training previously given and the development of communities of best practice.

The Committee discussed the approaches to contract management and for this to not only include an arms-length approach but also requiring physical visits to providers, for example to care homes. Mr Gibson confirmed that extra resource had been put into some areas where this was appropriate but having a lean contract management resource had meant that the focus had been on the contract framework/ KPIs.

The importance of Member involvement as part of the improvement plan was also raised. It was noted that Members could be offered training and briefings to raise Member awareness. The Committee requested that Mr Gibson pick this discussion up with Member Services.

ACTION: Mr N Gibson

The Committee commented on the need to see how each BU was performing, with success being measured in various ways, with self-assessments being carried out against a recognised maturity model. There would be an expectation that all contracts were scoring 3 (good). Self-assessments had been carried out for organisations 300 most important contracts and checks and challenges (10%) were also carried out by internal audit. This would be rerun again in a two years' time.

The framework the team had measured against was discussed as well as its consistency. Mr Gibson confirmed that the County Council were making significant progress in its effectiveness in delivering CMA and interest had been shown by other bodies in receiving training provided by the County Council.

RESOLVED: The Committee noted the update report and requested Officers come back to the Committee in February 2018 with an update on the progress against the Improvement Plan.

ACTION: Ms Gibb

8 ANTI-FRAUD AND CORRUPTION STRATEGY AND MONEY LAUNDERING POLICY

Ms M Gibb presented the Anti-Fraud and Corruption Strategy update to the Committee. The update was presented annually to the committee, it was noted that the only changes that had been made to the strategy were minor amendments (i.e. job titles and changes in structure). Ms Gibb confirmed that the strategy was applicable to everyone that worked with and for the organisation.

A Member of the Committee raised concerns over wording in paragraph 5.3 that legal action MAY be taken and that this should read as WILL. Following discussion Ms Gibb agreed to change the wording to clarify the Council's position.

ACTION: Ms Gibb

The wording in paragraph 5.1 was also discussed and the need for it to be more focused on the standards required for resource and training and to include links to CIPFA Fraud Hub, London Audit Framework and the organisations arrangement with Mazar's for specialist support. Ms Gibb agreed to revise the wording.

ACTION: Ms Gibb

Money Laundering

The updated policy was due to be presented to the Committee however due to new legislation that came into force in June 2017; work was ongoing to understand the impact on the BCC policy. Ms Gibb advised that an update would come to Committee in November.

ACTION: Ms Gibb

9 BUSINESS ASSURANCE UPDATE AND AUDIT ACTION TRACKER

Ms Gibb updated the Committee on progress since the July meeting within Business Assurance and progress against the audit action tracker.

Ms Gibb highlighted the following points:

- The resources position remained stable and supported by Mazars
- Report would be provided to the Committee in November on Counter Fraud activity, following CMT review
- The team were working closely with the Contract Supplier Management Group to deliver training on the risk management system
- Risk reports were being provided to the Customer, Information and Digital Board and all BU Boards
- Training was ongoing for the new risk management system, Members of the Committee had received training
- Internal audit activity since July had focussed on completing the remaining actions from 2016/17, with no limited assurance reports being identified at this stage
- The report included a list of the audits that had been issued since the last meeting; there were no issues to bring to Members attention at this time
- Ongoing progress was being made against the audit tracker which was also reported into CMT and BU Boards. Detailed testing on limited assurance audits had also been carried out
- Appendix one outlined the list of the plan approved at the July meeting, a brief update of the scope of each of these audits would be provided at the next meeting
- Appendix 2 showed analysis of progress against all the audit actions, the majority of which were now complete.

RESOLVED: The Committee noted the report

10 RISK MANAGEMENT GROUP UPDATE

Ms Gibb updated that Committee on the last meeting of the Risk Management Group, held in August and focussed on our IT related risks.

The Director of Technology Services had attended the meeting and gave an overview of risks with the service area and corporate IT related risks that span the organisation particularly cyber security.

The service area was working to review and update all risks.

RESOLVED: The Committee noted the report

11 FORWARD PLAN

Ms Gibb updated Members on future items and confirmed the 2018 meeting dates. .

Ms Gibb advised that following the actions raised at the last Committee, the Risk Management Group would focus on Debt Management at a future meeting.

12 DATE AND TIME OF NEXT MEETING

8 November 2017, 09:00, Mezzanine Room 1, New County Offices, Aylesbury.

13 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

14 CONFIDENTIAL MINUTES

The confidential minutes from the meeting on the 25 July 2017 were agreed as a correct record.

15 EXTERNAL AUDITORS APPOINTMENT

The Committee discussed and agreed the appointment of the County Council's external auditors.

16 FRAUD UPDATE (VIA STATUTORY OFFICERS GROUP)

Deferred to the November meeting.

CHAIRMAN

Regulatory and Audit Committee

Title:	Treasury Management Update
Date:	Wednesday 8 November 2017
Author:	Richard Ambrose - Director of Finance and Assets
Contact officer:	Julie Edwards – Pensions & Investments Manager Telephone (01296) 383910
Local members affected:	

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The Council is required to report to members on the current year's treasury management. It was agreed that a mid-year report on treasury management would be reported to Regulatory and Audit Committee prior to reporting to County Council as required by the CIPFA Code of Practice on treasury management in the public sector.

Recommendations

The Committee RECOMMENDS to Council the Treasury Management Update Report and the Prudential Indicators for 2017/18 to 2020/21.

Supporting information

- 1 In line with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management and the Council's Financial Regulations (A3.2), this Council is required to provide Regulatory and Audit Committee with a mid-year report on the treasury management activity for the first six months of the financial year.
- 2 The Code of Practice defines Treasury Management as:

The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Treasury Management Strategy



- 3 The Council approved the 2017/18 treasury management strategy at its meeting on 16 February 2017. The general policy objective for this Council is the prudent investment of its treasury balances. The Council's investment priorities are the security of capital and liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity. The effective management and control of risk are prime objectives of the Council's treasury management activities. In exceptional circumstances, where investments do not meet this criteria, decisions on investments will be delegated to the Director of Finance and Assets in consultation with both the Leader of the Council and the Cabinet Member for Resources, or where considered appropriate will be referred to Cabinet for such a decision.
- 4 All treasury management activity undertaken during the period complied with the approved strategy, the CIPFA Code of Practice and the relevant legislative provisions. There were no investments placed which resulted in a breach of the investment strategy.

Debt Management Strategy

- 5 The Council's borrowing objectives are:
- To minimise the revenue costs of debt whilst maintaining a balanced loan portfolio.
 - To manage the Council's debt maturity profile, leaving no one future year with a disproportionate level of repayments.
 - To maintain a view on current and possible future interest rate movements and borrow accordingly.
 - To monitor and review the balance between fixed and variable rate loans against the background of interest rate levels and the Prudential Indicators.

Economic Review

- 6 UK Consumer Price Inflation (CPI) index rose with the data print for September showing CPI at 3.0%, its highest since June 2013 as the fall in the value of sterling following the June 2016 referendum result continued to feed through into higher import prices. The latest ONS statistics for the three months to August 2017 showed that the unemployment rate remained at 4.3%, down from 5% a year earlier and joint lowest since May 1975. Economic activity expanded at a much slower pace as evidenced by Q1 and Q2 GDP growth of 0.2% and 0.3% respectively. With the dominant services sector accounting for 79% of GDP, the strength of consumer spending remains vital to growth, but with household savings falling and real wage growth negative, there are concerns that these will be a constraint on economic activity in the second half of calendar 2017.

Outlook for Interest Rates

- 7 The Bank of England made no change to monetary policy at its meetings in the first half of the financial year. The vote to keep Bank Rate at 0.25% narrowed to 5-3 in June highlighting that some MPC members were more concerned about rising inflation than the risks to growth. Although at September's meeting the Committee voted 7-2 in favour of keeping Bank Rate unchanged, the MPC changed their rhetoric, implying a rise in Bank Rate in "the coming months". The Council's treasury advisor Arlingclose is not convinced the UK's economic outlook justifies such a move at this stage, but the Bank's interpretation of the data seems to have shifted.

Interim Performance Report

- 8 The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. On 30th September 2017, the Council had net borrowing of £166m arising from its revenue and capital income and expenditure. Investments totalled £13.3m. The forecast outturn for interest earned on investments is on target compared to the budget of £362k. This includes £5m invested in the CCLA property fund.
- 9 Loans outstanding totalled £179.0m at 30 September 2017; £67.9m was from the Public Works Loan Board (PWLB), £78m from the money markets, £32m temporary borrowing and £1.1m accrued interest. The forecast outturn for interest payments on external debt is an underspend of £200k compared to the budget of £8.5m. During the six months to 30 September £866,000 was repaid to the PWLB, a further debt principal repayment of £866,000 was made to PWLB on 1 October 2017 and a further payment of £10m is due to be paid on 14 February 2018. There has been no new long term borrowing during the six months to 30 September 2017, approximately £25m new borrowing from the PWLB will be taken out prior to completion of investment in a Commercial property.
- 10 The Council pre-paid a £4m LOBO loan running at 4.11% and will consider other prepayment options as they arise. The Council had been offered attractive prepayment terms from the bank and decided to proceed following consideration of the risk/benefits of maintaining the current position against a range of alternative restructuring scenarios. The eventual prepayment totalled £6.1m. At the point of prepayment, net interest savings are expected to be at least £0.3m over the remainder of this and the next four financial years. Savings will be reduced should interest rates rise faster than expected or higher costs debt is taken to replace principal and premium.
- 11 Additionally, the Council has both reduced its exposure to the uncertain refinancing risk represented by the inherent optionality of the LOBO structure and reduced the overall term of the debt portfolio. Consequently, the debt portfolio and borrowing need can now be managed more flexibly. The actual long term external borrowing at 31 March 2018 is forecast to be £160m. Arlingclose advised that with short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective to borrow short-term loans initially. On 30 September, the Council had 7 short term loans in place totalling £32m ranging in value from £2m to £5m, with maturities from 6 months to 1 year. The Council continues to be aware of the potential to restructure debt, but there are unlikely to be opportunities in the prevailing interest rate environment.

Prudential Indicators

- 12 Each year, the Council agrees Prudential Indicators under the Local Government Act 2003 which are affordable, prudent and sustainable, the indicators 2017/18 to 2020/21 were agreed by County Council at its meeting on 16 February 2017.

CIPFA Consultation on Prudential and Treasury Management Codes

- 13 In February 2017 CIPFA canvassed views on the relevance, adoption and practical application of the Treasury Management and Prudential Codes and after reviewing responses launched a further consultation on changes to the codes in August with a deadline for responses of 30th September 2017.
- 14 The proposed changes to the Prudential Code include the production of a new high-level Capital Strategy report to full council which will cover the basics of the capital

programme and treasury management. The prudential indicators for capital expenditure and the authorised borrowing limit would be included in this report but other indicators may be delegated to another committee. There are plans to drop certain prudential indicators, however local indicators are recommended for ring fenced funds (including the Housing Revenue Account) and for group accounts. Other proposed changes include applying the principles of the Code to subsidiaries.

- 15 Proposed changes to the Treasury Management Code include the potential for non-treasury investments such as commercial investments in properties in the definition of “investments” as well as loans made or shares bought for service purposes. Another proposed change is the inclusion of financial guarantees as instruments requiring risk management and addressed within the Treasury Management Strategy. Approval of the technical detail of the Treasury Management Strategy may be delegated to a committee rather than needing approval of full Council. There are also plans to drop or alter some of the current treasury management indicators.
- 16 CIPFA intends to publish the two revised Codes towards the end of 2017 for implementation in 2018/19, although CIPFA plans to put transitional arrangements in place for reports that are required to be approved before the start of the 2018/19 financial year. The Department of Communities and Local Government (DCLG) and CIPFA wish to have a more rigorous framework in place for the treatment of commercial investments as soon as is practical.

Legal implications

The publication of a mid-year treasury report conforms to best practice as required by the CIPFA Treasury Management in the Public Services: Code of Practice.

Other implications/issues

Not applicable.

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

Not applicable.

Background Papers

Treasury Management Strategy Report to County Council 16 February 2017

<https://democracy.buckscc.gov.uk/documents/g9240/Public%20reports%20pack%2016th-Feb-2017%2009.30%20County%20Council.pdf?T=10>

Treasury Management Annual Report 2016/17 to County Council 13 July 2017

<https://democracy.buckscc.gov.uk/documents/g9243/Public%20reports%20pack%2013th-Jul-2017%2009.30%20County%20Council.pdf?T=10>

Appendix 1

PRUDENTIAL INDICATORS FOR MTFP 2017/18 to 2020/21

1 Background

1.1. The prudential framework for local authority capital investment was introduced through the Local Government Act 2003. The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable. A further objective is to ensure that treasury management decisions are taken in accordance with good professional practice.

1.2. Local Authorities are required to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. To demonstrate compliance the Code sets prudential indicators designed to support and record local decision making.

1.3. The purpose of this report is to update and revise the indicators approved by Council last year contained within the MTFP for 2017/18 to 2020/21. The report describes the purpose of each of the indicators and the proposed values and parameters for Buckinghamshire County Council. Monitoring of the Prudential Indicators takes place throughout the year and a mid-year and annual report are reported to Regulatory & Audit Committee and Council.

2 Capital Expenditure Indicators

2.1. Capital Expenditure

This indicator is required to inform the Council of capital spending plans for the next four years. It is the duty of a local authority to determine and keep under review the amount that it can afford to allocate to capital expenditure.

The estimates of gross capital expenditure to be incurred for the current and future years is summarised below:

Table 2.1.1 Capital Expenditure 2017/18-2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	2017/18	2018/19	2019/20	2020/21
Estimates of capital expenditure	£000	77,713	90,837	124,909	69,553	46,860

The Approved estimate of capital expenditure for 2017/18 has been updated to reflect the revised budget (inclusive of carry forwards) as reported to Cabinet in June 2017. The forecast outturn shows an anticipated £13.1m (14.4%) underspend on the revised capital expenditure budget for the year. The main reasons for this are the cancelled project at

Orchard House (£4.8m), planning delays in delivering school places (£3.7m), a review of the need for a third lift at NCO (£1.7m), delays in a number of environmental projects (£1.0m), delays caused by a lack of specialist contractor availability in addressing some Health and Safety issues (non-urgent) (£0.5m) and a variety of smaller items.

The estimate of capital expenditure for 2018/19 to 2020/21 does not reflect any proposed changes as part of the 2017/18 MTFP process.

Table 2.1.1 Capital Expenditure 2017/18-2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Estimates of capital expenditure	£000	82,680	124,909	69,553	46,860

2.2. Capital Financing Requirement

The Capital Financing Requirement measures the Council's underlying need to borrow for capital purposes. This is essentially the Council's outstanding debt, necessary to finance the Council's capital expenditure. The actual debt is dependent on the type and maturity of the borrowing undertaken as well as seeking the optimal cashflow situation (see 6.3 and 6.4). Estimates of the end of year Capital Financing Requirement for the Council for the current and future years, net of repayments are:

Table 2.2.1 Capital Financing Requirement 2017/18 – 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	2017/18	2018/19	2019/20	2020/21
Estimates of capital financing requirement (CFR)	£000	357,806	357,806	354,598	352,969	350,339

Authorities can finance schemes in a variety of ways these include;

- The application of useable capital receipts
- A direct charge to revenue
- Application of a capital grant
- Contributions received from another party
- Borrowing

It is only the latter method that increases the Capital Financing Requirement (CFR) of the Council.

As a result of slippage in the capital programme the amount that has been required to be borrowed has reduced a little from that anticipated at the time of setting the indicators in February 2017. This may, however, increase again if further investment properties are purchased and funded from borrowing.

Table 2.2.2 Capital Financing Requirement 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Estimates of capital financing requirement (CFR)	£000	359,424	355,980	354,326	351,672

3 Affordability Indicators

3.1 Ratio of Financing Costs to Net Revenue Stream

Purpose of the Indicator

This indicator measures the proportion of the revenue budget that is being allocated to finance capital expenditure. For the General Fund this is the ratio of financing costs of borrowing against net expenditure financed by government grant and local taxpayers.

Estimates of the ratio of financing costs to net revenue stream for the current and future years are:

Table 3.1.1 Ratio of Financing Cost to Net Revenue Stream 2017/18 – 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	Approved Estimate 2017/18	2018/19	2019/20	2020/21
Estimates of ratio of financing costs to net revenue stream	%	4.9%	4.9%	4.8%	4.5%	4.3%

There are no significant variations to this indicator since it was agreed by Council in February.

Table 3.1.2 Ratio of Financing Cost to Net Revenue Stream 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Estimates of ratio of financing costs to net revenue stream	%	4.9%	4.8%	4.5%	4.3%

3.2 Estimates of Incremental Impact of New Capital Investment Decisions on Council Tax

This is a key affordability indicator that demonstrates the incremental effect of planned capital expenditure and hence any increased or decreased borrowing, on Council Tax.

Table 3.2.1 Incremental impact of new Capital investment on Council Tax 2017/18 – 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	Approved Estimate 2017/18	2018/19	2019/20	2020/21
Estimates of the incremental impact of capital investment decisions on Council Tax	£	-£9.27	-£9.25	-£0.79	-£2.14	-£0.44
	%	-0.76%	-0.76%	-0.06%	-0.16%	0.03%

The forecast impact on Council Tax has only changed very marginally as a consequence of delays in the delivery of the capital programme.

The estimate of capital expenditure for 2018/19 to 2020/21 does not reflect any proposed changes as part of the MTFP process currently underway.

Table 3.2.2 Incremental impact of new Capital investment on Council Tax 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Estimates of the incremental impact of capital investment decisions on Council Tax	£	-£9.25	-£0.81	-£2.14	-£0.44
	%	-0.76%	-0.06%	-0.16%	-0.03%

4 Financial Prudence Indicator

4.1. Gross Debt and the Capital Financing Requirement ('CFR')

This indicator records the extent that gross external borrowing is less than the capital financing requirement (2.2 above).

This is a key indicator of the Council's prudence in managing its capital expenditure and is designed to ensure that, over the medium term, external borrowing is only for capital purposes. The Council should ensure that gross debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next three financial years. The values are measured at the end of the financial year.

Where gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy. The figures for 2017/18 onwards are based on estimates:

Table 4.1.1 Gross Debt and the CFR 2017/18 – 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	Approved Estimate 2017/18	2018/19	2019/20	2020/21
Gross Borrowing	£000	340,000	340,000	330,000	320,000	310,000
Capital Financing Requirement	£000	357,806	357,806	354,598	352,969	350,339

A further increase in gross borrowing was agreed for 2017/18 to allow greater headroom for the Council to invest in commercial properties. The authorised limit for 2018/19 onwards has been reduced to reflect the fact that it is anticipated that the Council will not need to replace debt repaid.

The actual external borrowing as at 31 March 2017 was £224.3m which includes £1.1m accrued interest. During 2017/18 £11.7m of PWLB debt will be repaid. Approximately £25m new borrowing from the PWLB will be taken out prior to completion of investment in a Commercial property. The Council pre-paid a £4m LOBO loan and will consider other prepayment options as they arise. Temporary borrowing amounts have ranged from £30m to £70m depending on cash flow requirements. The mix of temporary and fixed rate borrowing will continue to be reviewed in line with advice from our Treasury advisors.

Table 4.1.2 Gross Debt and the CFR 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Gross Borrowing	£000	340,000	330,000	320,000	310,000
Capital Financing Requirement	£000	359,424	355,980	354,326	351,672

5 Treasury and External Debt Indicators

5.1 Authorised Limit for External Debt

The authorised limit for external debt is required to separately identify external borrowing (gross of investments) and other long term liabilities such as covenant repayments and finance lease obligations. The limit provides a maximum figure that the Council could borrow at any given point during each financial year.

Table 5.1.1 Authorised limit for external debt 2017/18 – 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	Approved Estimate 2017/18	2018/19	2019/20	2020/21
Authorised limit (for borrowing) *	£000	350,000	350,000	340,000	330,000	330,000
Authorised limit (for other long term liabilities) *	£000	9,000	9,000	10,000	10,000	10,000
Authorised limit (for total external debt) *	£000	359,000	359,000	350,000	340,000	340,000

* These limits can only be changed with the approval of the full Council

The authorised limits are consistent with approved capital investment plans and the Council's Treasury Management Policy and Practice documents, but allow sufficient headroom for unanticipated cash movements. The limit will be reviewed on an on-going basis during the year. If the authorised limit is liable to be breached at any time, the Director of Finance and Assets will either take measures to ensure the limit is not breached, or seek approval from the Council to raise the authorised limit.

The authorised limit of £350m agreed for 2017/18 allows headroom for the Council to invest in commercial properties. The authorised limit for 2018/19 onwards has been reduced to reflect the fact that it is anticipated that the Council will not need to replace debt repaid.

Table 5.1.2 Authorised limit for external debt 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Authorised limit (for borrowing) *	£000	350,000	340,000	330,000	330,000
Authorised limit (for other long term liabilities) *	£000	9,000	10,000	10,000	10,000

Authorised limit (for total external debt) *	£000	359,000	350,000	340,000	340,000
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5.2 Operational Boundary for External Debt

This is a key management tool for in-year monitoring and is lower than the Authorised Limit as it is based on an estimate of the most likely level of external borrowing at any point in the year. In comparison, the authorised limit is the maximum allowable level of borrowing.

Table 5.2.1 Operational Boundary for External Debt 2017/18 – 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	Approved Estimate 2017/18	2018/19	2019/20	2020/21
Operational boundary (for borrowing)	£000	320,000	320,000	310,000	300,000	300,000
Operational boundary (for other long term liabilities)	£000	7,500	7,500	7,500	7,500	7,500
Operational boundary (for total external debt)	£000	327,500	327,500	317,500	307,500	307,500

This indicator is consistent with the Council's plans for capital expenditure and financing and with its Treasury Management Policy and Practice document. It will be reviewed on an on-going basis, the operational boundary allows the Council to borrow up to invest in new assets which will generate an income stream in excess of any borrowing costs.

Table 5.2.2 Operational Boundary for External Debt 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Operational boundary (for borrowing)	£000	320,000	310,000	300,000	300,000
Operational boundary (for other long term liabilities)	£000	7,500	7,500	7,500	7,500
Operational boundary (for total external debt)	£000	327,500	317,500	307,500	307,500

5.3 Actual External Debt

This is a factual indicator showing actual external debt for the previous financial year.

The actual external borrowing as at 31 March 2017 was £224.3m which includes £68.7m from the PWLB, £82m LOBO loans, £72.5m temporary borrowin from other local authorities and £1.1m accrued interest. During 2017/18 £11.7m of PWLB debt will be repaid. Approximately £25m new borrowing from the PWLB will be taken out prior to completion of investment in a Commercial property. The Council pre-paid a £4m LOBO loan and will consider other prepayment options as they arise. Temporary borrowing amounts have ranged from £30m to £70m depending on cash flow requirements. The mix of temporary and fixed rate borrowing will continue to be reviewed in line with advice from our Treasury advisors.

6 Treasury Management Indicators

The prudential code links with the existing CIPFA Code of Practice for Treasury Management in the Public Services.

The Treasury Management indicators consist of five elements that are intended to demonstrate good professional practice is being followed with regard to Treasury Management. The proposed values and parameters provide sufficient flexibility in undertaking operational Treasury Management.

6.1 Security Average Credit Rating

The Council is asked to adopt a voluntary measure of its exposure to credit risk by monitoring the weighted average rating of its investment portfolio.

Table 6.1.1 Security Average Credit Rating 2017/18

Security Average Credit Rating	Actual / Target
Portfolio Average Credit Rating	AA- / A+ or above

For the purpose of this indicator, local authorities which are unrated are assumed to hold an AAA rating.

Table 6.1.2 Security Average Credit Rating 2017/18 approved by Council on 16 February 2017

Security Average Credit Rating	Target
Portfolio Average Credit Rating	A+ or above

6.2 Has the Council adopted the CIPFA Treasury Management Code?

The Council has adopted the Code. In line with the Code the Treasury Strategy is reported to Regulatory and Audit Committee and Council.

Table 6.2.1 The CIPFA Treasury Management Code 2017/18 – 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	Approved Estimate 2017/18	2018/19	2019/20	2020/21
Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services	N/A	Yes	Yes	Yes	Yes	Yes

Table 6.2.2 The CIPFA Treasury Management Code 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services	N/A	Yes	Yes	Yes	Yes

6.3 Upper Limit of Fixed Rate Borrowing for the 4 Years to 2020/21

This indicator is set to control the Council's exposure to interest rate risk and the rate is set for the whole financial year. The upper limits on fixed interest rate exposures expressed as an amount will be:

Table 6.3.1 Upper Limit of Fixed Rate Borrowing 2017/18 – 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	Approved Estimate 2017/18	2018/19	2019/20	2020/21
Fixed interest rate exposure - upper limit *	£000	350,000	350,000	340,000	330,000	330,000

* Any breach of these limits will be reported to the full Council

Table 6.3.2 Upper Limit of Fixed Rate Borrowing 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Fixed interest rate exposure - upper limit *	£000	350,000	340,000	330,000	330,000

6.4 Upper Limit of Variable Rate Borrowing for the 4 Years to 2020/21

This indicator is set to control the Council's exposure to interest rate risk. Here instruments that mature during the year are classed as variable, this includes the Council's Lender Option Borrower Option (LOBO) loans. For LOBO loans, on specified call dates, the lender has the option to increase the interest rate paid on the loan. If the lender exercises this option, then the borrower can agree to pay the revised interest rate or repay the loan immediately. The upper limits on variable interest rate exposures expressed as an amount will be:

Table 6.4.1 Upper Limit of Variable Rate Borrowing 2017/18 – 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	Approved Estimate 2017/18	2018/19	2019/20	2020/21
Variable interest rate exposure - upper limit *	£000	225,000	225,000	160,000	170,000	160,000

* Any breach of these limits will be reported to the full Council

Arlingclose, the Council's treasury advisor, advised that with short-term interest rates much lower than long-term rates, it was likely to be more cost effective in the short-term to borrow short-term loans instead of long-term loans. Instruments that mature during the year are classed as variable.

Table 6.4.2 Upper Limit of Variable Rate Borrowing 2017/18 – 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Variable interest rate exposure - upper limit *	£000	225,000	160,000	170,000	160,000

6.5 Maturity Structure of Fixed Rate Borrowing

This Indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of the fixed borrowing will be:

Table 6.5.1 Maturity Structure of Fixed Rate Borrowing 2017/18

Maturity Structure of Fixed Rate Borrowing	Revised Estimate 2017/18 as at 30 Sept 2017		Approved Estimate 2017/18	
	Upper Limit	Lower Limit	Upper Limit	Lower Limit
Under 12 months	80%	0%	80%	0%
12 months and within 24 months	50%	0%	50%	0%

24 months and within 5 years	55%	0%	55%	0%
5 years and within 10 years	80%	0%	80%	0%
10 years and above	100%	20%	100%	20%

These parameters control the extent to which the Council will have large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Table 6.5.2 Maturity Structure of Fixed Rate Borrowing for 2017/18 approved by Council on 16 February 2017

Maturity Structure of Fixed Rate Borrowing	2017/18	
	Upper Limit	Lower Limit
Under 12 months	80%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	55%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	20%

6.6 Total Principal Sums Invested for Periods Longer than 364 Days

The purpose of this indicator is to control the council's exposure to the risk of incurring losses by seeking early repayment of its investments.

Table 6.6.1 Total Principal Sums Invested for Periods Longer than 364 Days 2017/18 to 2020/21

Indicator	Unit	Revised Estimate 2017/18 as at 30 Sept 2017	Approved Estimate 2017/18	2018/19	2019/20	2020/21
Total principal sums invested for periods longer than 364 days	£m	£10m	£10m	£20m	£20m	£20m

With regard to longer term investments the recommendation is to limit sums for periods longer than 364 days to no more than £10m in 2017/18 and £20m in 2018/19 to 2020/21. Cash balances are anticipated to be low due to financing the EfW project.

Table 6.6.2 Total Principal Sums Invested for Periods Longer than 364 Days 2017/18 to 2020/21 approved by Council on 16 February 2017

Indicator	Unit	2017/18	2018/19	2019/20	2020/21
Total principal sums invested for periods longer than 364 days	£m	£10m	£20m	£20m	£20m

7 Conclusion

In approving, and subsequently monitoring, the above prudential indicators the Council is fulfilling its duty to ensure that spending plans are affordable, prudent and sustainable.

Regulatory and Audit Committee

Title:	Compliments and Complaints - Annual Report
Date:	Wednesday 8 November 2017
Author:	Kate Mitchelmore, Corporate Complaints Manager
Contact officer:	Kate Mitchelmore 01296 381023
Local members affected:	All

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

This is the first combined annual report for compliments and complaints for the period 1 April 2016 to 31 March 2017. It brings together complaints received under the following procedures:

- The Corporate Feedback and Complaints procedure
- The Adult Social Care Statutory Complaints Procedure - *Making Experiences Count*
- Children Social Care Statutory Complaints Procedure - *Hearing the Customer's View*

Recommendation

Members should note and comment on the report

Background Papers

The report and associated papers are attached as one document for consideration.

COMPLIMENTS & COMPLAINTS ANNUAL REPORT 2016/17

Buckinghamshire County Council

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Appendices

- Appendix 1 - Annual Review Letter from the Local Government Ombudsman
- Appendix 2 – Business Unit Annual Summaries
- Appendix 3 – Organisational Learning Summary

Overview

This report covers all complaints received and recorded for the period 1 April 2016 to 31 March 2017.

Statutory Framework

The Council has a statutory duty to investigate Adult and Children's Social Care complaints under The Children Act 1989 Representations Procedure (England) Regulations 2006 and Local Authority Social Services and National Health Service Complaints (England) Regulations 2009.

There is also a requirement on us by the Local Government and Social Care Ombudsman to operate a corporate complaints procedure to cover other areas of council services such as School Admissions, Special Educational Needs, Libraries and Highways.

What is a complaint?

Any expression of dissatisfaction about a council service (whether that service is provided directly by the council or by a contractor or partner) that requires a response.

There is a close link between service requests and complaints. As a Council we record first time contacts as services requests rather than complaints and services are encouraged to adopt local resolution to work with the customer to resolve the issue. Where this hasn't happened then invariably the customer will come back to us to make a complaint.

Purpose of Complaints Procedure

The purpose of any complaints procedures is to ensure that we:

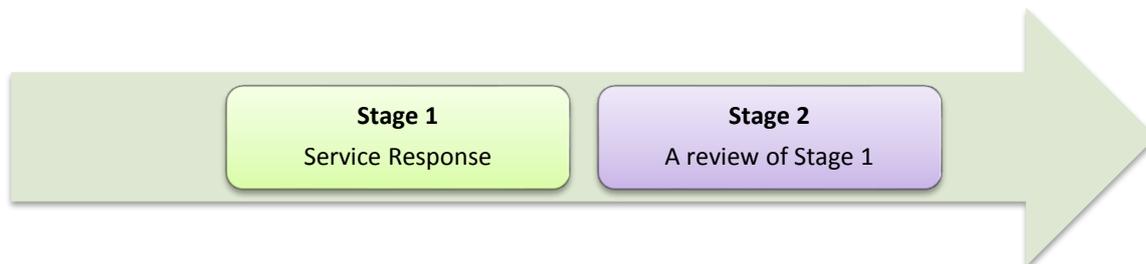
- The views and experiences of people who use services are heard to ensure the organisation remains focused on the customer.
- The organisation learns from complaints and seeks improvements to service provision and working practices
- There is a simple and effective way of raising a complaint.
- The complaint is dealt with fairly and consistently.
- It encourages an open and transparent environment that people trust and engage with
- The complainant receives a comprehensive response within the agreed timescales

Complaints procedures

The County Council has three processes. The process followed for an individual complaint is largely dependent on the subject of the complaint. As a general rule, complaints specifically regarding child and adult social care issues will be referred to the statutory procedure whereas other service issues, process/procedural issues and decision making issues will be more appropriate for the corporate procedure.

Corporate Complaints Procedure

A two stage process:

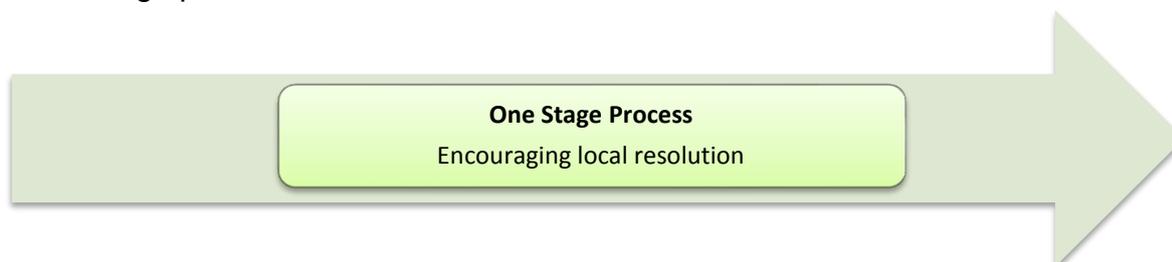


- Stage 1 – the staff delivering the service aim to respond to the complaint within 28 calendar days. If it is going to take longer the complainant is kept informed.
- Stage 2 – A review of the Stage 1 response carried out on behalf of the Monitoring Officer with an aim of completing within 28 calendar days. If it is going to take longer the complainant is kept informed.

The Local Government and Social Care Ombudsman is the final route of redress for the complainant.

Adults Statutory Social Care Complaints Listening, Responding, Improving

A one stage process:

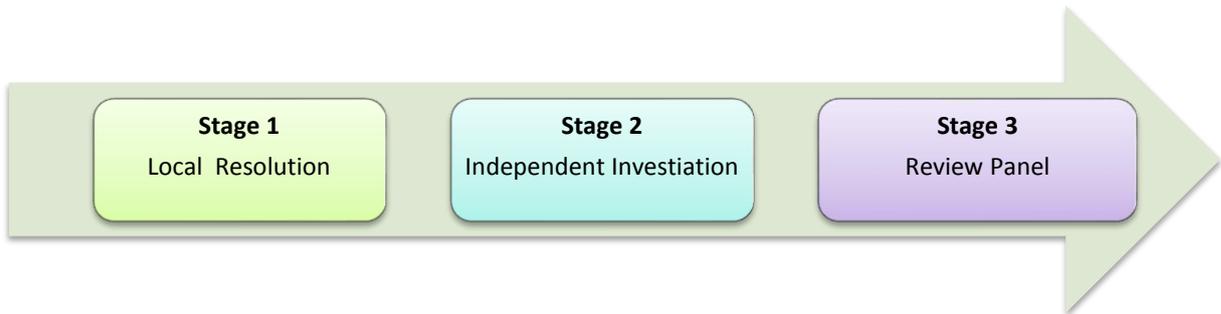


- A one stage process that encourages local resolution to resolve issues. The pre complaint stage is called the Concern Stage. The complaints process usually begins once the Concern Stage has been exhausted. Whilst the statutory timescale allows up to 6 months to issue a final response to the complaint, the Council has set a local standard of 28 days during which time the majority of complaints are expected to be resolved.

The Local Government and Social Care Ombudsman is the final route of redress for the complainant.

Children's Statutory Social Complaints Procedure – Hearing the Customer's View

A 3 stage process



- **Stage 1 Local Resolution** - the staff delivering the service are given the opportunity to address the complaint providing a full response within 10 working days (This can be extended to 20 days in exceptional circumstances such as complex complaints).
- **Stage 2 Independent Investigation.** An Independent Officer(IO) and an Independent Person (IP) will investigate the complaint and the IO will prepare a report for the Service Director who will send a formal response to the complainant based upon the that independent report. The investigation should be completed within **25 working days** of receipt of the signed complaints statement. (This time can be extended to a maximum of 65 working days in certain circumstances).
- **Stage 3 Review Panel** - comprising an independent chair and two other independent people consider the adequacy of the Stage 2 complaint investigation. The Panel should meet within 30 working days of the request being made, its recommendations should be recorded within 5 working days of the meeting and the Executive Director must respond to complainants within 15 working days of the date when the Review Panel made their recommendations.

The Local Government and Social Care Ombudsman is the final route of redress for the complainant.

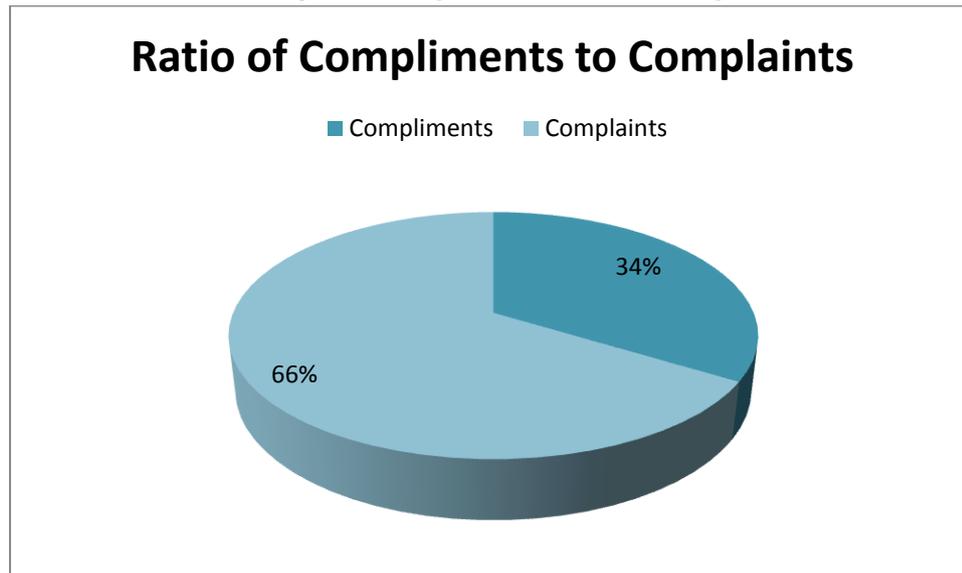
Use of advocates for Children Act complaints

In accordance with national guidance, Buckinghamshire County Council has made arrangements for the provision of advocacy services for children and young people who wish to make representations under the relevant sections of the Children Act 1989. During the reporting period the County Council had a contract with NYAS for the provision of advocacy services for children in care.

The advocacy service must ensure that independent advocates provide appropriate help to children and young people, taking into account their age, means of communication, language, sex, race, religion, sexual orientation, health or disability.

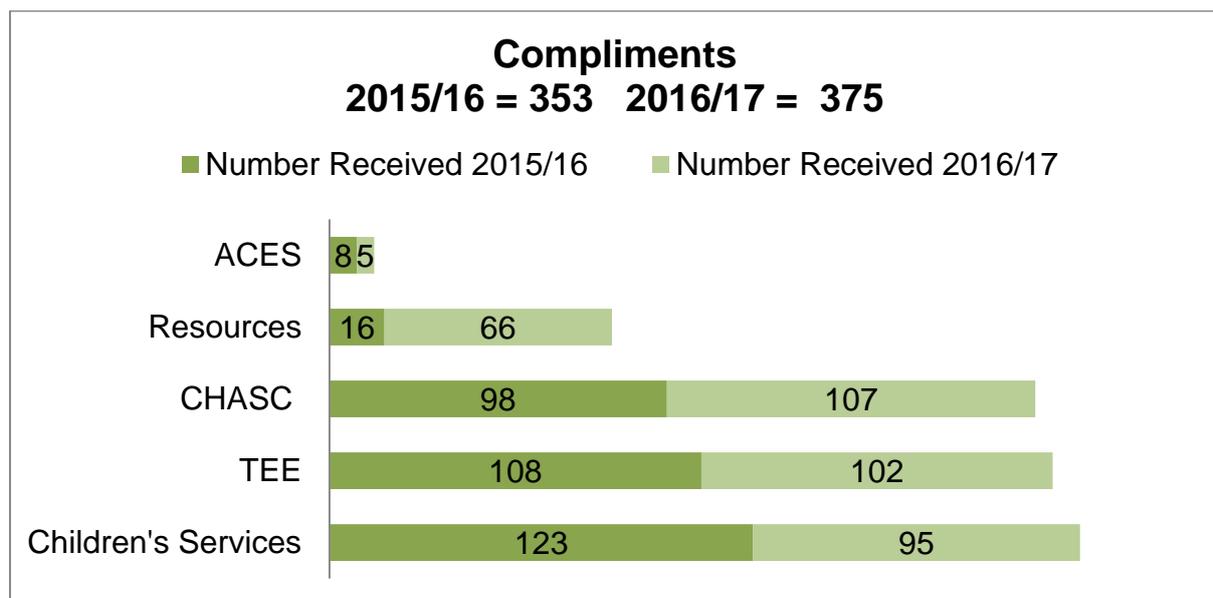
The advocates provided by NYAS are volunteers who have received the appropriate training in working with children and young people. They are from a variety of backgrounds and care is taken in achieving a good match between advocate and child to take into account the needs of the child.

Executive Summary of Compliments and Complaints 2016/17



Compliments

The number of compliments recorded this year has increased slightly from last year.

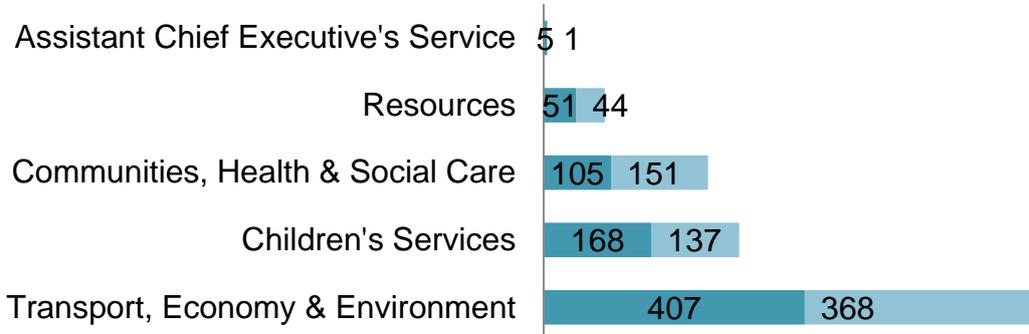


Complaints

Between 1 April 2016 and 31 March 2017 the Council received a total of 736 complaints across all three complaints procedures.

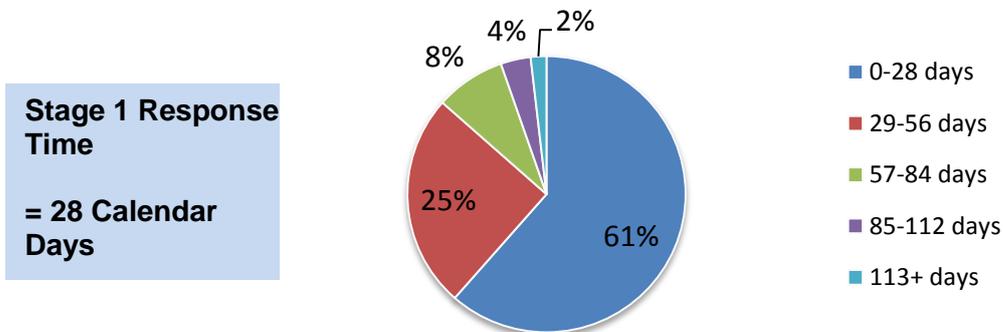
Complaints Received (all procedures) 2015/16 = 701 2016/17 = 736

■ 2016/17 ■ 2015/16

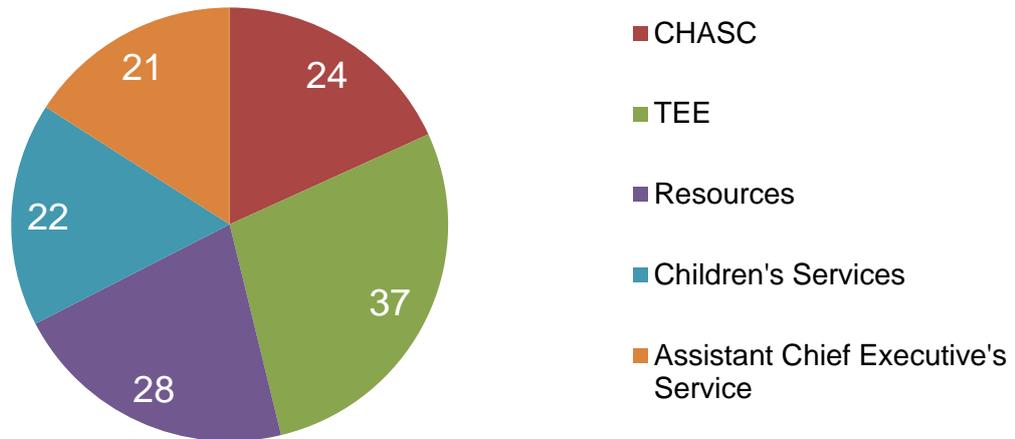


612 complaints were dealt with at Stage 1 of the corporate procedure and 73 (2015/16 = 49) were dealt with at Stage 2 of that procedure. Within the statutory children services procedure there were 46 (2015/16 = 45) dealt with at Stage 1 with 11 (2015/16 = 6) being escalated to Stage 2. 78 (2015/16 = 118) complaints were dealt with under the Adult Social Care Statutory Complaints Procedure.

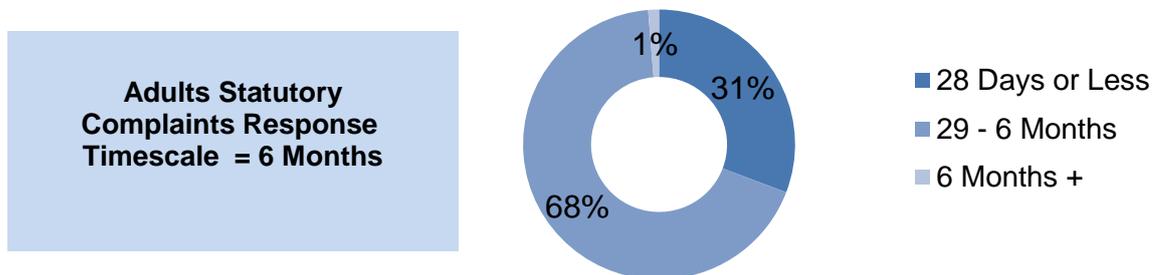
Corporate Complaints - Stage 1 Overall Average response time = 31.88 days



Corporate Complaints - Stage 1
Average response times by Business Unit

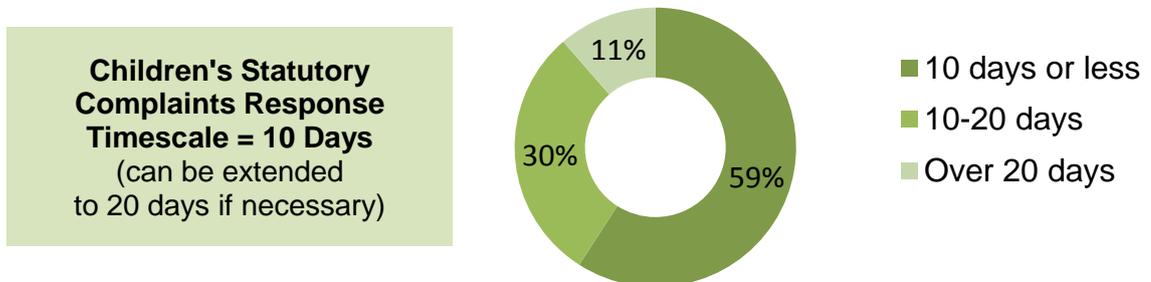


Adults Statutory Complaints
Average time to respond = 47.7 Days



Children's Statutory Complaints

Average time to respond = 13.36 days



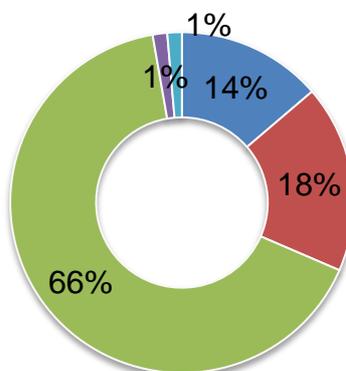
Stage 2 Corporate Complaints – Escalations

Data for 2015/16 as a comparison is in brackets

- 612 (538) Complaints were recorded at Stage 1
 - 10% (10.8%) of this number were escalated to Stage 2
- 73 (49) Complaints were recorded at Stage 2 (the Final Stage)
 - 2 (12) of these Stage 2 complaints went directly to the Final Stage (as per correct procedure for complaints relating to requests for information made under the Data Protection Act, Freedom of Information Act and Environmental Information Regulations) (3%) (23.5%)
 - 11 (4) of these Stage 2 complaints were escalated directly to the final stage (due to their seriousness or previous correspondence indicating this to be appropriate) (15%) (7.8%)
 - 60 (35) of these Final Stage complaints were escalated directly from Stage 1 (82%) (68.6%)

Corporate Stage 2 Complaints by Outcome 2016/17

■ Upheld
 ■ Partially Upheld
 ■ Not upheld
 ■ Withdrawn
 ■ Out of Jurisdiction



Of the 73 Stage 2 (Final Stage) complaints, 60 were escalated from the previous stage of the process. Therefore these complaints had a previous decision (normally 'Not Upheld') which was reviewed. The analysis of those decisions is as follows, which shows that 62% of reviewed decisions remained 'Not Upheld', whereas 35% of reviewed decisions were upheld (either in whole or in part).

Reviewed complaint decision	Number
Not Upheld	37
Partially Upheld	13
Upheld	8
Withdrawn	1
Outside Jurisdiction	1
Total	60

Benchmarking

Whilst benchmarking information is not readily available, the table below provides some comparative information to put the County Council's performance into context. Please note that the data needs to be treated with some caution due to different definitions of complaints. This information is for the year 2016/17.

Authority	Corporate (Stage 1)	Adult Social Care (Statutory)	Children's Social Care (Statutory)	Corporate Response Targets	Total
Buckinghamshire	612	78	46	Corporate 28 Days (Internal target 10 working days)	736
Oxfordshire	279	169	91	10 Working Days	539
Surrey	776	255	538 (includes education non-statutory complaints)	10 working Days	1569
Norfolk	492	625	607	15 Working Days	1724
Warwickshire	768	Combined 300		10 Working Days	1068

Local Government & Social Care Ombudsman

Each local authority is sent an Annual Review Letter from the Local Government Ombudsman (LGO). A copy of the letter is attached at Appendix 1.

Key developments this year include the retirement of Dr Jane Martin, and the appointment of Mr Michael King as Ombudsman, together with the inclusion of 'Social Care Ombudsman' in the official title to give the social care aspect of its jurisdiction more recognition. The Ombudsman has moved away from reporting a 'compliance rate' this year (this was a Council's compliance with Ombudsman's recommendations to remedy a fault). Instead, recommendations made to Councils are now more specific and are to be implemented within a specified time-frame, Evidence will be sought that recommendations have been implemented. The Ombudsman hopes that this will promote future service improvement.

A total of 59 complaints about the Council were determined by the LGO for 2016/17:

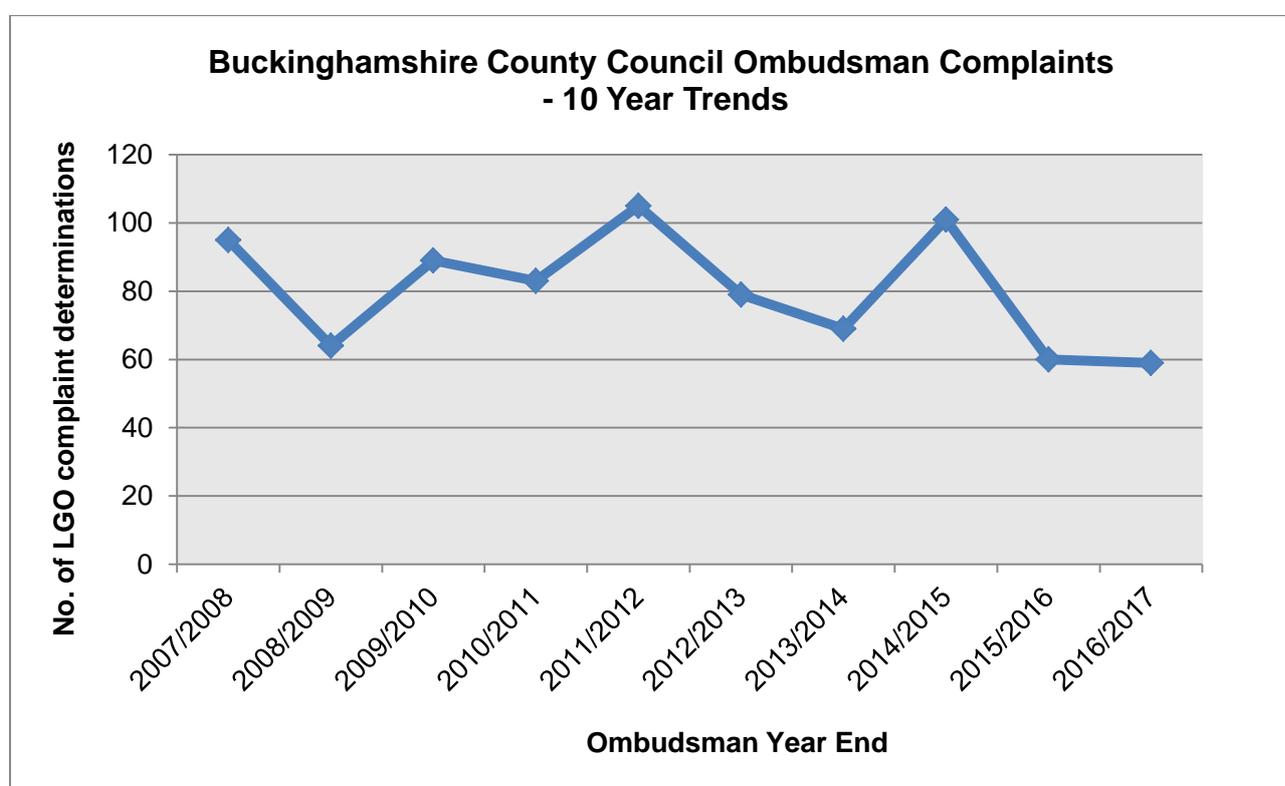
LGO Category	Number of LGO Complaints 2015/16	Number of LGO Complaints 2016/17
• Education & Children's Services	20	24
• Adult Care Services	14	12

• Environmental Services & Public Protection & Regulation	4	4
• Highways & Transport	17	15
• No category allocated	1	0
• Corporate and Other Services	4	2
• Planning & Development	0	2
• Total number of LGO complaints	60	59

The following table shows the LGO's classification decisions:

2016/17 Decision Classification	No. of Complaints 2016/17 (2015/16 in brackets)		Comments
Upheld	8	(5)	Fault found by LGO. (NB The fault may have already been previously satisfactorily remedied by the Council.)
Not Upheld	4	(5)	No fault found by LGO.
Advice given	4	(1)	No record of these complaints – we assume advice given to complainant by the LGO without reference to the Council.
Closed after initial enquiries	16	(25)	Initial information supplied by the complainant and/or the Council results in the LGO deciding not to investigate these complaints (for a variety of reasons, such as that the matter falls outside of the LGO's statutory jurisdiction, or there was insufficient maladministration and/or injustice found).
Incomplete/Invalid	3	(6)	No record of these complaints as not communicated to the Council – we can only assume that all these complaints were not progressed with LGO.

Referred back for local resolution	24	(18)	The Council is not aware of all of these cases, however we can assume that some were where the LGO told the complainant to contact the Council, but the complainant chose not to pursue the matter. In other cases, the LGO asked us to put the complaint through the relevant complaint procedure.
Total	59	(60)	



The number of LGO complaints significantly reduced in 2015/16 compared to the previous year figure (from 101 to 60), and has remained at that level for 2016/17. Nothing significant is noted as a cause for the reduction but the overall trend appears to be gradually going downward.

Annual Review of the Feedback and Complaints Procedure

The Deputy Monitoring Officer, on behalf of the Monitoring Officer, has reviewed the Feedback and Complaints procedure and is satisfied that the two stage process (introduced in February 2016, when the procedure was reduced from three stages to two stages) is working more efficiently and effectively for both complainants and the Council. With only two stages the timescale is shorter and therefore less onerous on both parties allowing a swifter passage to the regulator, if required.

The policy for dealing with vexatious and persistent complainants was launched in October 2016. To date, the contact with one complainant has been managed by following the policy. The policy is available on the Council's web site.

An improvement plan has been established for 2017/18 focusing on the following areas:

- Improve response time to complainants
- Improve quality of responses – this includes a programme of training to help staff deal with complaints and complainants
- Strengthen Business Unit accountability for complaints handling – this includes the nomination of Compliments and Complaints leads
- Improve learning from complaints through the introduction of Business Unit learning logs
- The procurement of a new IT system to record and report on complaints and information requests.

20 July 2017

By email

Rachael Shimmin
Chief Executive
Buckinghamshire County Council

Dear Rachael Shimmin,

Annual Review letter 2017

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGO) about your authority for the year ended 31 March 2017. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

The reporting year saw the retirement of Dr Jane Martin after completing her seven year tenure as Local Government Ombudsman. I was delighted to be appointed to the role of Ombudsman in January and look forward to working with you and colleagues across the local government sector in my new role.

You may notice the inclusion of the '*Social Care Ombudsman*' in our name and logo. You will be aware that since 2010 we have operated with jurisdiction over all registered adult social care providers, able to investigate complaints about care funded and arranged privately. The change is in response to frequent feedback from care providers who tell us that our current name is a real barrier to recognition within the social care sector. We hope this change will help to give this part of our jurisdiction the profile it deserves.

Complaint statistics

Last year, we provided for the first time statistics on how the complaints we upheld against your authority were remedied. This year's letter, again, includes a breakdown of upheld complaints to show how they were remedied. This includes the number of cases where our recommendations remedied the fault and the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. In these latter cases we provide reassurance that your authority had satisfactorily attempted to resolve the complaint before the person came to us.

We have chosen not to include a 'compliance rate' this year; this indicated a council's compliance with our recommendations to remedy a fault. From April 2016, we established a new mechanism for ensuring the recommendations we make to councils are implemented, where they are agreed to. This has meant the recommendations we make are more specific, and will often include a time-frame for completion. We will then follow up with a council and seek evidence that recommendations have been implemented. As a result of this new process, we plan to report a more sophisticated suite of information about compliance and service improvement in the future.

This is likely to be just one of several changes we will make to our annual letters and the way we present our data to you in the future. We surveyed councils earlier in the year to find out, amongst other things, how they use the data in annual letters and what data is the most useful; thank you to those officers who responded. The feedback will inform new work to

provide you, your officers and elected members, and members of the public, with more meaningful data that allows for more effective scrutiny and easier comparison with other councils. We will keep in touch with you as this work progresses.

I want to emphasise that the statistics in this letter comprise the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, but who may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

The statutory duty to report Ombudsman findings and recommendations

As you will no doubt be aware, there is duty under section 5(2) of the Local Government and Housing Act 1989 for your Monitoring Officer to prepare a formal report to the council where it appears that the authority, or any part of it, has acted or is likely to act in such a manner as to constitute maladministration or service failure, and where the LGO has conducted an investigation in relation to the matter.

This requirement applies to all Ombudsman complaint decisions, not just those that result in a public report. It is therefore a significant statutory duty that is triggered in most authorities every year following findings of fault by my office. I have received several enquiries from authorities to ask how I expect this duty to be discharged. I thought it would therefore be useful for me to take this opportunity to comment on this responsibility.

I am conscious that authorities have adopted different approaches to respond proportionately to the issues raised in different Ombudsman investigations in a way that best reflects their own local circumstances. I am comfortable with, and supportive of, a flexible approach to how this duty is discharged. I do not seek to impose a proscriptive approach, as long as the Parliamentary intent is fulfilled in some meaningful way and the authority's performance in relation to Ombudsman investigations is properly communicated to elected members.

As a general guide I would suggest:

- Where my office has made findings of maladministration/fault in regard to routine mistakes and service failures, and the authority has agreed to remedy the complaint by implementing the recommendations made following an investigation, I feel that the duty is satisfactorily discharged if the Monitoring Officer makes a periodic report to the council summarising the findings on all upheld complaints over a specific period. In a small authority this may be adequately addressed through an annual report on complaints to members, for example.
- Where an investigation has wider implications for council policy or exposes a more significant finding of maladministration, perhaps because of the scale of the fault or injustice, or the number of people affected, I would expect the Monitoring Officer to consider whether the implications of that investigation should be individually reported to members.
- In the unlikely event that an authority is minded not to comply with my recommendations following a finding of maladministration, I would always expect the Monitoring Officer to report this to members under section five of the Act. This is an exceptional and unusual course of action for any authority to take and should be considered at the highest tier of the authority.

The duties set out above in relation to the Local Government and Housing Act 1989 are in addition to, not instead of, the pre-existing duties placed on all authorities in relation to Ombudsman reports under The Local Government Act 1974. Under those provisions, whenever my office issues a formal, public report to your authority you are obliged to lay that report before the council for consideration and respond within three months setting out the action that you have taken, or propose to take, in response to the report.

I know that most local authorities are familiar with these arrangements, but I happy to discuss this further with you or your Monitoring Officer if there is any doubt about how to discharge these duties in future.

Manual for Councils

We greatly value our relationships with council Complaints Officers, our single contact points at each authority. To support them in their roles, we have published a Manual for Councils, setting out in detail what we do and how we investigate the complaints we receive. When we surveyed Complaints Officers, we were pleased to hear that 73% reported they have found the manual useful.

The manual is a practical resource and reference point for all council staff, not just those working directly with us, and I encourage you to share it widely within your organisation. The manual can be found on our website www.lgo.org.uk/link-officers

Complaint handling training

Our training programme is one of the ways we use the outcomes of complaints to promote wider service improvements and learning. We delivered an ambitious programme of 75 courses during the year, training over 800 council staff and more 400 care provider staff. Post-course surveys showed a 92% increase in delegates' confidence in dealing with complaints. To find out more visit www.lgo.org.uk/training

Yours sincerely



Michael King
Local Government and Social Care Ombudsman for England
Chair, Commission for Local Administration in England

Local Authority Report: Buckinghamshire County Council
For the Period Ending: 31/03/2017

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
14	0	2	28	4	15	0	1	0	64

5 Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
3	4	24	16	4	8	67%	59

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.
 The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
6	1

Children's Services

Annual Customer Feedback 1/2

Annual Children's Services Summary (April 2016 – March 2017)

Formal Stage 1 Complaints Received



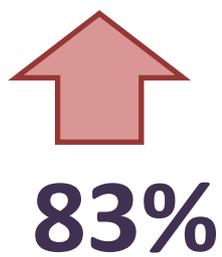
This represents an increase of



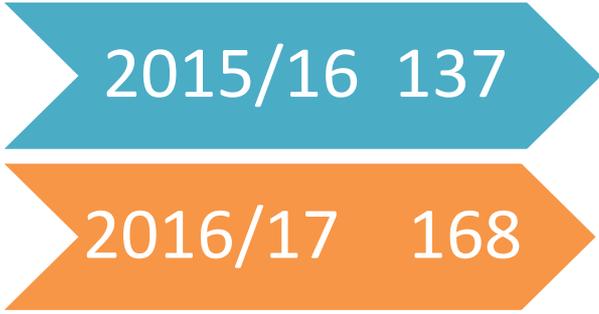
% Complaints escalated to Stage 2



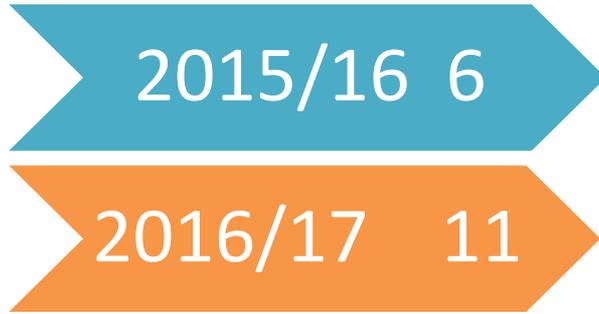
This represents an increase of



Stage 1 complaints comparison for 2015/16



Stage 2 complaints comparison for 2015/16



Stage 3 Panels



2 cases - Panel agreed with the stage 1 and 2 outcomes
1 case - Panel overturned decisions in the complainants favour

2
6

Stage 2 complaints upheld or partially upheld (overturning the outcome at stage 1)

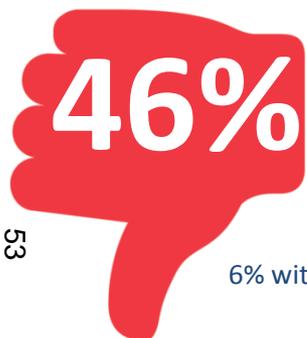
The reasons for complainants expressing dissatisfaction after a stage 1 complaint can vary. Primarily this has been due the complainant suggesting that the Stage 1 response did not adequately address the issues of complaint and/or where they were left feeling as though the complaint had not been taken seriously. However, it is also fair to say that there have been occasions where escalation was inevitable irrespective of the effort put in at Stage 1 due to a break down in trust.

Children's Services

Annual Customer Feedback 2/2

Annual Children's Services Summary April 2016 – March 2017

Complaints where the Council is at fault (upheld) or partially at fault



53

6% withdrawn or out of jurisdiction

Complaints where the Council is not at fault



2016/17
2016/17

Stage 1 Average complaint response time

Statutory



Corporate



Compliments Received



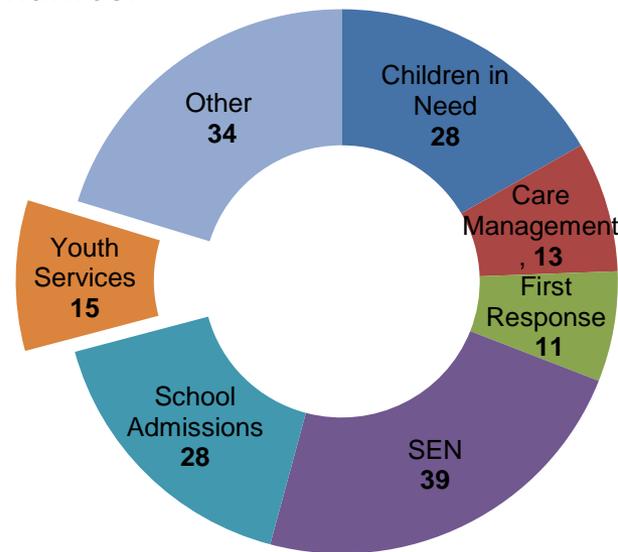
Nature of issues

- Non-adherence to procedure
- Financial loss
- Dissatisfied with A/L Course
- Breach of confidentiality
- Staff Conduct
- Delay/failure to keep informed
- Quality of service
- BCC Policy



Teams with the highest number of complaints

During 2016/17 10 complaints were recorded from young persons who were supported by a NYAS Advocate. All of these complaints were resolved locally at Stage 1.



Communities, Health & Social Care (CHASC) Annual Customer Feedback 1/2

Annual CHASC Summary April 2016 – March 2017

Formal Stage 1 Complaints Received

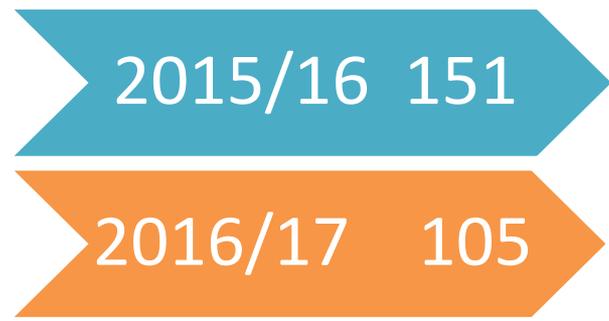


This represents a decrease of

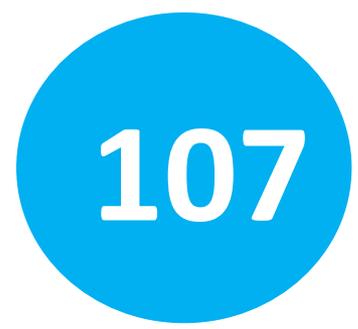


30%

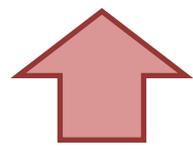
Stage 1 complaints comparison for 2015/16



Compliments Received



This represents an increase of



9%

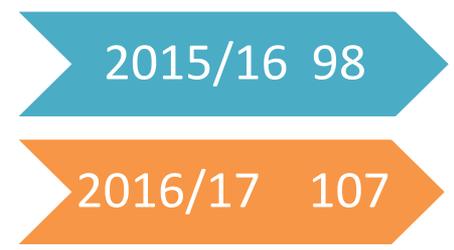
Number of concerns received and dealt with within 48 hours



For Statutory Complaints, the pre complaint stage is called the Concern Stage and it is a process that encourages local resolution to resolve issues.

Of the 78 Statutory Complaints, 17 were escalated from concerns.

Compliments comparison for 2015/16



Communities, Health & Social Care (CHASC)

Annual Customer Feedback 2/2

Annual CHASC Summary April 2016 – March 2017

Complaints where the Council is at fault (upheld) or partially at fault



55

24% withdrawn or out of jurisdiction

Complaints where the Council is not at fault



Corporate CHASC Average complaint response time



Adults Corporate Complaints Response Timescale = 28 days

Statutory Average complaint response time



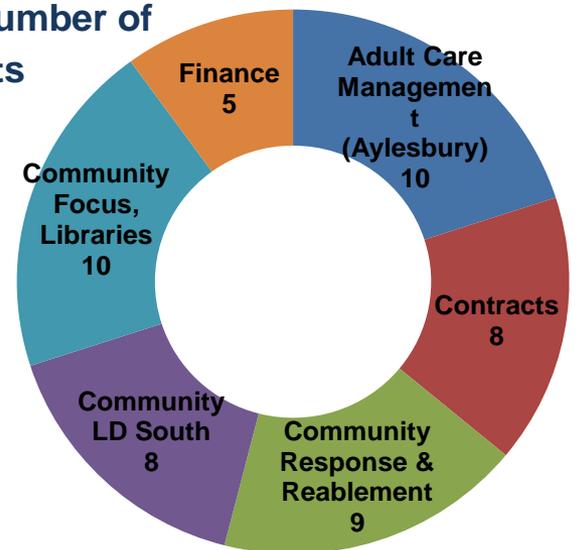
Adults Statutory Complaints Response Timescale = 6 Months

Nature of issues

- Policy
- Transport
- Placement Offered
- Outcome of a decision or assessment
- Incorrect Correspondence issued
- Delay/Failure to keep informed
- Change of Provider
- Financial
- Quality of Service
- Outcome of Safeguarding Investigation or DOLs
- Individual Staff Conduct/Behaviour
- Explanation of Charges for Provision
- Delay in Care Assessment Process



Teams with the highest number of complaints



Transport, Economy & Environment (TEE)

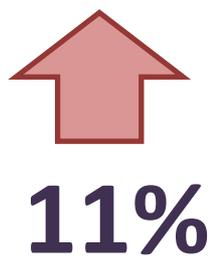
Annual Customer Feedback 1/2

Annual TEE Summary April 2016 – March 2017

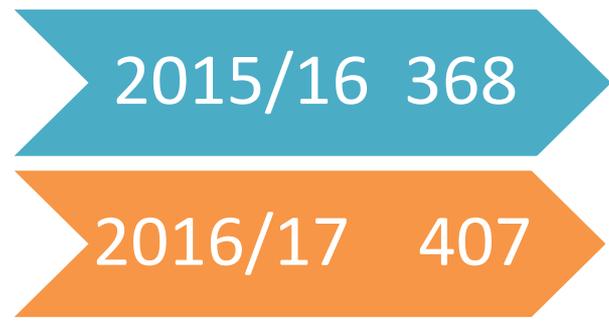
**Formal Stage 1
Complaints
Received**



*This represents
an increase of*



**Stage 1 complaints comparison for
2015/16**

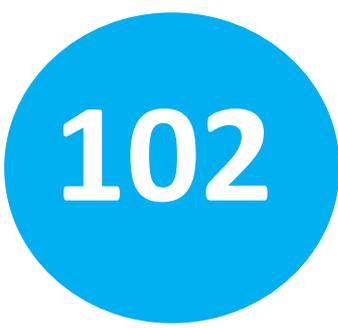


**Number of
Complaints
escalated to Stage 2**



The total escalation rate from Stage 1 complaints to Stage 2 is 10% across all Business Units. A breakdown by BU will be provided from 2017/18

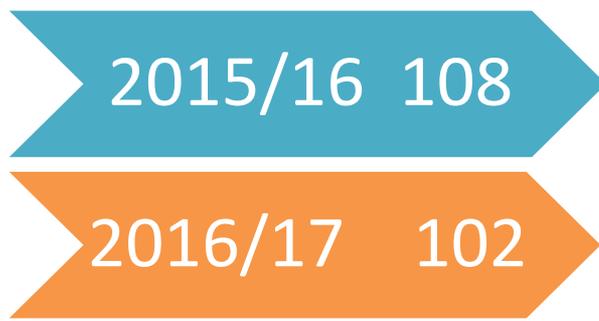
**Compliments
Received**



*This represents
a decrease of*



**Compliments comparison
for 2015/16**



**Average complaint
response time**

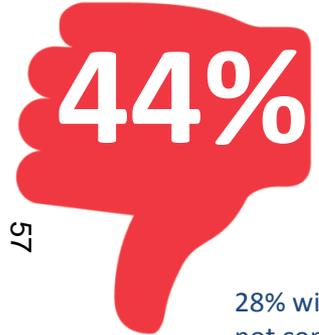


Transport, Economy & Environment (TEE)

Annual Customer Feedback 2/2

Annual TEE Summary April 2016 – March 2017

Complaints where the Council is at fault (upheld) or partially at fault

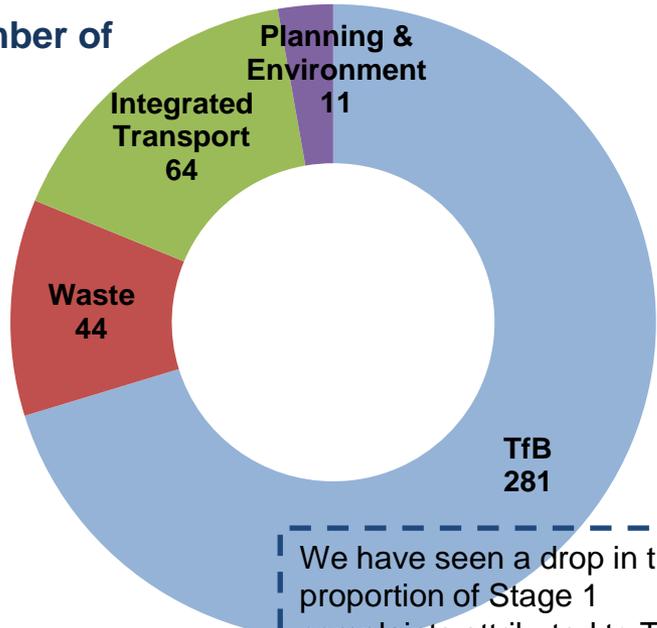


28% withdrawn, out of jurisdiction or not completed

Complaints where the Council is not at fault



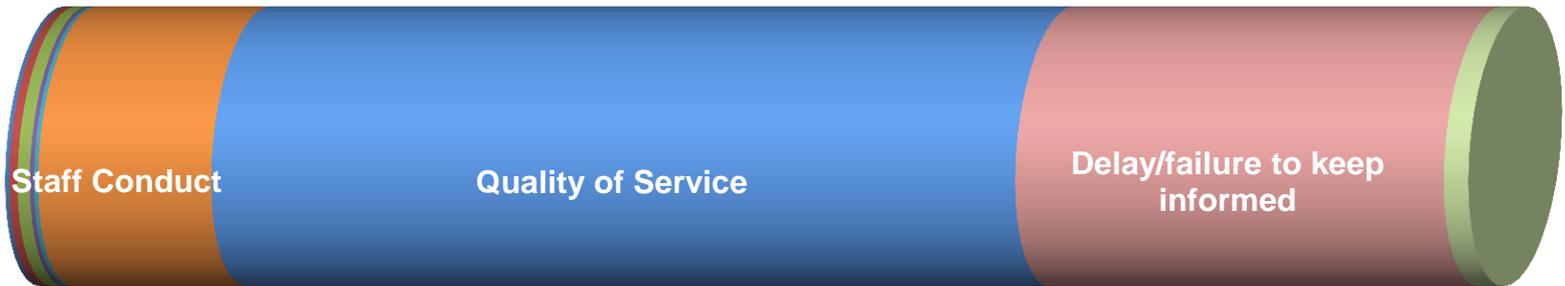
Teams with the highest number of complaints



We have seen a drop in the proportion of Stage 1 complaints attributed to TfB from 60% during 2015/16 to 46% during 2016/17

Nature of issues

- Non-Adherence to procedure
- Health & Safety
- Financial loss
- Contractor/Management
- Breach of Confidentiality
- Staff Conduct
- Quality of Service
- Delay/failure to keep informed
- BCC Policy



Resources

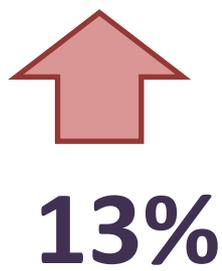
Annual Customer Feedback 1/2

Annual Resources Summary April 2016 – March 2017

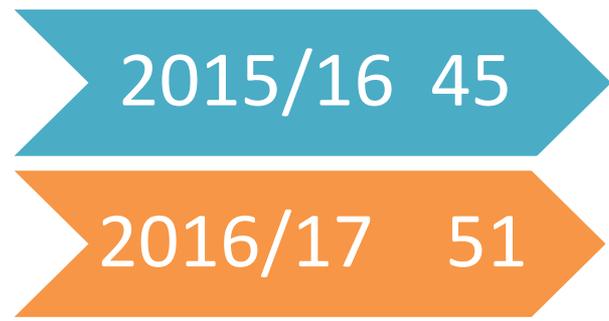
Formal Stage 1 Complaints Received



This represents an increase of



Stage 1 complaints comparison for 2015/16



Number of Complaints escalated to Stage 2

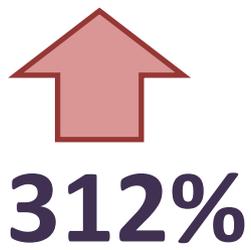


The total escalation rate from Stage 1 complaints to Stage 2 is 10% across all Business Units. A breakdown by BU will be provided from 2017/18

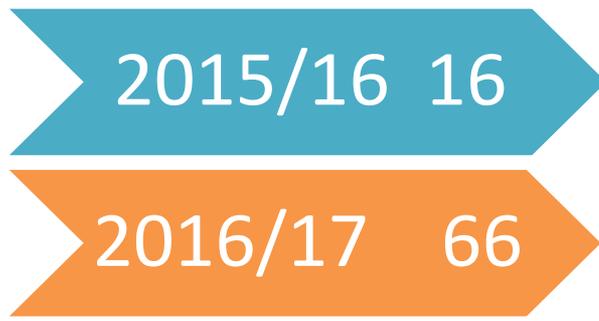
Compliments Received



This represents an increase of



Compliments comparison for 2015/16



Average complaint response time

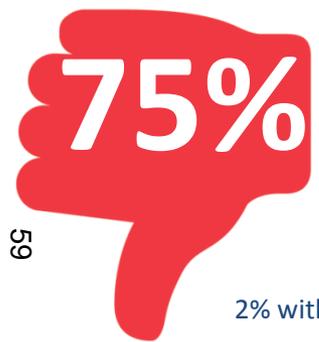


Resources

Annual Customer Feedback 2/2

Annual Resources Summary April 2016 – March 2017

Complaints where the Council is at fault (upheld) or partially at fault



59

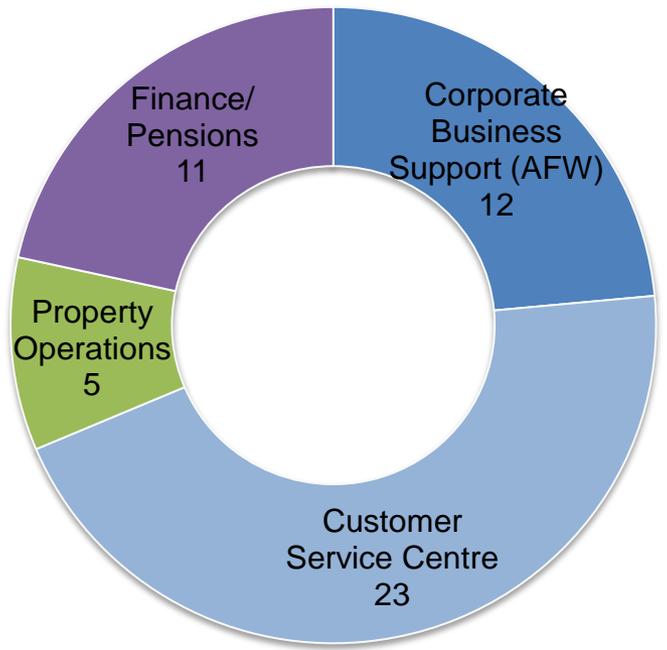
2% withdrawn

Complaints where the Council is not at fault



Corporate Business Support complaints are usually about either concessionary bus passes or blue badge applications

Breakdown by Teams



Nature of issues



Assistant Chief Executive's Office (ACES)

Annual Customer Feedback 1/2

Annual ACES Summary April 2016 – March 2017

Formal Stage 1 Complaints Received

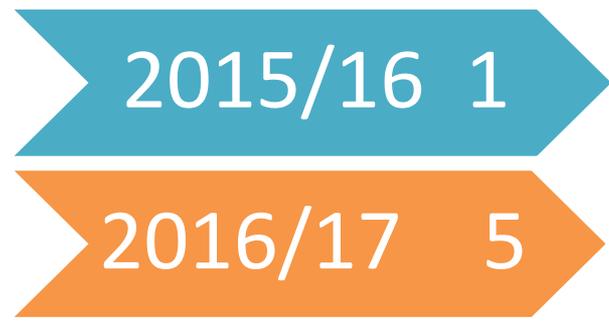


This represents an increase of



400%

Stage 1 complaints comparison for 2015/16



Number of Complaints escalated to Stage 2



The total escalation rate from Stage 1 complaints to Stage 2 is 10% across all Business Units. A breakdown by BU will be provided from 2017/18

Compliments Received

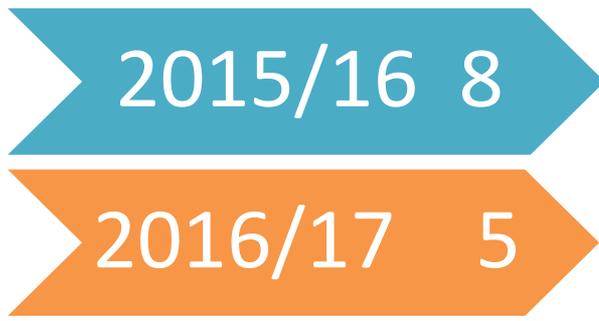


This represents a decrease of



60%

Compliments comparison for 2015/16



Average complaint response time

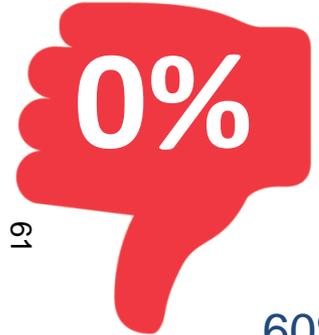


Assistant Chief Executive's Office (ACES)

Annual Customer Feedback 2/2

Annual ACES Summary April 2016 – March 2017

Complaints where the Council is at fault (upheld) or partially at fault



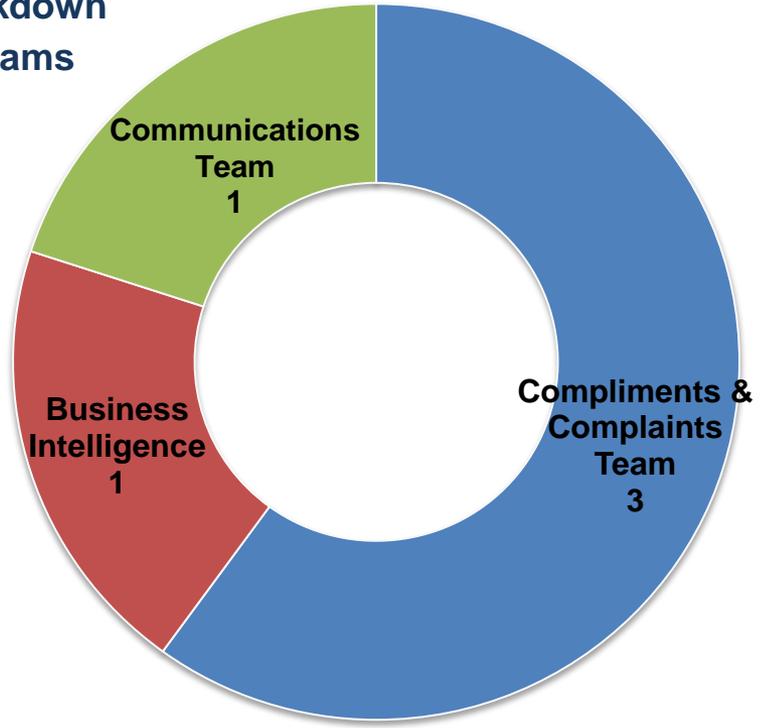
0

60% withdrawn or out of jurisdiction

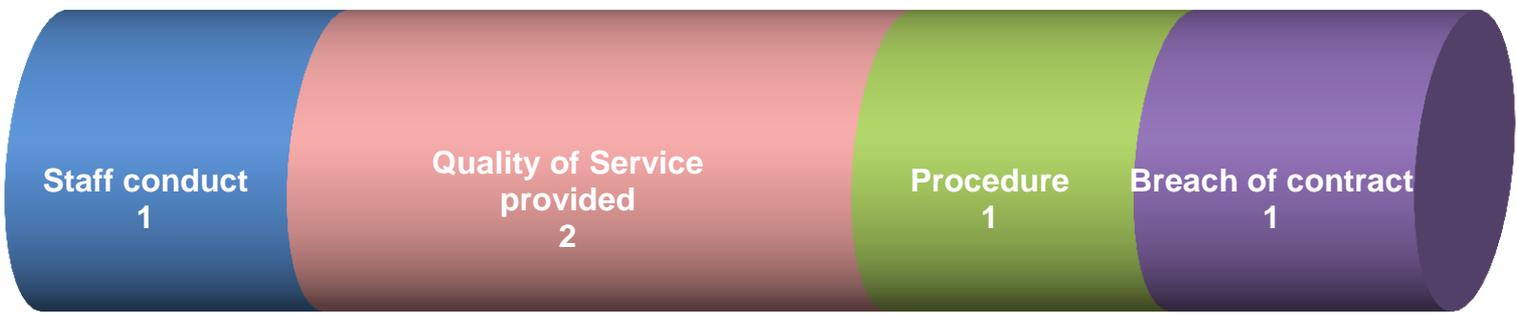
Complaints where the Council is not at fault



Breakdown by Teams



Nature of issues



Customer Feedback - Organisational Learning

Appendix 3 -Annual Organisational Learning Summary (April 2016 – March 2017)

Accountability is a key principle of complaint handling and ensuring that complaints are followed up and promises made to customers are kept is a huge part of this. As part of the Council's improvement plan for complaints we are encouraging an open culture where we take responsibility for learning. It goes without saying that we should be listening to what our customers are saying to us but to implement learning and be able to show what we have done to improve services completes the complaint journey for customers and for us. Traditionally, there has been no formal way of recording learning but we are currently in the process of purchasing a new system to record all complaints and information requests and learning is to be included within the requirements.

Below are a few brief examples of learning for 2016/17

23

Resources

Recommendation:

Customer Service Advisors need extra support/help in dealing with angry or upset customers.

Action Taken:

During 2016/17 specific training for Customer Service Advisors was held on call management and service delivery including avoiding confrontation. Restructure of the Customer Service Centre included the introduction coaching and evaluation for all staff.

CHASC

Recommendation:

Families and clients who are in receipt of carers Direct Payment should be given a full explanation of how the process works.

Action Taken:

All team members were reminded that they should explain the process to families at every opportunity so that all expectations are met.

Recommendation:

All families need to be kept apprised of staff movements (where a worker moves on and the client is reallocated)

Action Taken;

A staff briefing was given to remind care management staff of the importance keeping all relevant parties informed of any changes relating to care issues.

Customer Feedback - Organisational Learning 1/2

Appendix 3 -Annual Organisational Learning Summary (April 2016 – March 2017)

Children's Services

CHILDREN'S SERVICES

Recommendation:

Senior Managers should arrange for an audit or formal review of staff and user perspectives of Strengthening Families Model specifically in relation to its impacts or not on CPC engagement and participation, power and authority.

Action Taken:

Children's Service implemented the Strengthening Families Child Protection Conference Model on 4th April 2016. A feedback report was undertaken incorporating views from parents, professionals and young people on the new style format in the first six months after implementation.

CHILDREN'S SERVICES

Recommendation:

That BCC considers clearer guidance for the use of statutory deductions from Direct Payments.

Action Taken:

As a result of this recommendation further guidance was drafted and made available to staff in Children's Services.

CHILDREN'S SERVICES

Recommendation:

For the Council to put in place a proper mechanism for monitoring/reviewing savings that is regularly audited and shared with the young person.

Action Taken:

Children's Services undertook a review of savings for Looked After Children (LAC) and full guidance was put in place from August 2016 setting out the Council's expectations for all of their LAC.

CHILDREN'S SERVICES

Recommendation:

Managers should check that current training includes issues around the change of a child's name to ensure that in future similar situations are spotted and dealt with sooner.

Action Taken:

In January 2017 Children's Services confirmed that Legal Services produced a document around the legalities of changing of a child's name. This guidance was produced as a result of a complaint by one parent who was unhappy that the other parent had changed the child's name without their consent.

Regulatory and Audit Committee

Title:	Petitions Process Review
Date:	8 November 2017
Author:	Sara Turnbull, Head of Member Services x2876
Contact officer:	Sara Turnbull, Head of Member Services x2876
Local members affected:	All

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The purpose of this report is to set out the findings of a review of the Council's petition process. This short process review was undertaken as agreed by the Regulatory and Audit Committee at its meeting on 26 July 2017.

Recommendation

To ask the Committee to:

- NOTE** the review findings.
- COMMENT** on the management actions proposed to improve the experience of petitioners and effectiveness of the scheme.
- AGREE** the principle of introducing a time limit on the maximum length of time for the Council to respond to a petition and for a detailed proposal to come back to the Regulatory & Audit Committee on how this could be implemented.

Background

The short operational review took place between August – September 2017 led by an Internal Audit Contractor, Mark Lockyer, with oversight of the exercise by Clare Capjon, Acting Head of Member Services, and subsequently Sara Turnbull, Head of Member Services. The review scope included examining:

- The fitness for purpose of the Council's website;
- The end-to-end process from submission to outcome/result;
- Lead Petitioner and Councillor feedback;
- Benchmarking activities against other local authorities.

The methodology of the review included:

- 10 recent test cases were selected to review. Recent petitions were chosen in order to enable easy access to the petitioner and other parties involved. This case approach was the main methodology used to explore issues in depth through following petition

journeys from submission to the end/result. Through this approach discussions took place with the lead petitioner and local councillors involved.

- In addition, all Councillors were invited to provide feedback on 10 August and informed of the review.
- Desktop research on best practice elsewhere.
- Discussions with officers involved in the petitions process in Member Services and Localities Team.

A copy of the Council's current petitions protocol can be viewed [here](https://democracy.buckscc.gov.uk/documents/s49187/Petitions%20Protocol.pdf).
<https://democracy.buckscc.gov.uk/documents/s49187/Petitions%20Protocol.pdf>

Key Findings

A table of the key findings and management actions arising are set out in Appendix 1.

The review found that there were many aspects of practice which are functioning well and identified some areas for improvements.

The key findings were:

- The Council's current petition's protocol is overall fit for purpose; there are some adjustments which could be considered for clarity, as well as to bring it in line with national practice.
- The Council's website could be improved to make it easier for the public to find information on petitions, and to provide increased authenticity checks so that the Council can have confidence in the accuracy of petition numbers.
- There are many positive outcomes as a result of petitions being raised to the Council and there is an opportunity for the Council to improve communications on these. The Localities Team undertook a piece of work which has identified that between 2013-2017 of the 85 petitions received by LAFs, 52 were positively resolved, for instance through the LAF helping to find match funding to support local projects.
- The way in which petitions are handled by the Council varies significantly in terms of the length of time for a response and the type of response provided.

Resource implications

The recommendations relate to process improvements that can be made by staff within existing resources. There are no additional financial implications.

Legal implications

None.

Other implications/issues

None identified.

Appendix 1 – Detailed Review Findings, Recommendation & Management Action

No.	Review Finding	Proposed Management Action
1	<p>Review of the current BCC Petitions Scheme identified two cases where the document referenced “(Insert...)” rather than the figure/link which was required.</p> <p>The current petitions scheme explains the different ways in which local and corporate issues are handled. This could be made clear to the public so that they understand the different routes for petitions.</p>	<p>That the Council’s website information on the Petitions Scheme is updated to include missing links.</p> <p>That the Council’s website information includes examples of local vs corporate petition issues to explain the difference.</p>
2	<p>Petitions are currently uploaded onto the petitions website automatically by the responsible officer. Councillors are automatically notified of a petition once it is published online.</p> <p>Feedback from one councillor was that they wished to be more involved in helping to find a local solution at an earlier stage in the process to avoid unnecessary petitions.</p>	<p>That the Council’s website (Petitions landing page) is updated to signpost the public to engage with their local councillor to try and seek a resolution to their issue prior to submitting an e-petition.</p>
3	<p>There are currently no verification checks on petition signatures, other than a request to complete a text field of what is shown on the screen to confirm they are not a robot.</p> <p>Petitions can currently be signed with the following details: First Name: A; Surname: A, Email: A; THISISNOT</p>	<p>There should be a validation of the signatories name/email address through a confirmation link sent via email. This should be acknowledged before a signature is added to the petition.</p>

	<p>MYNAME.</p> <p>Where the details provided cannot be validated, there is a risk that the petitions process may be taken advance of, including mass signatures from a single person with invalid email addresses. This may question the integrity of petitions submitted to the Council.</p>	<p>Validation through Mod Gov software which is used successfully by other Councils. Action to test and then switch on system.</p>
4	<p>The current scheme requires petitioners to live, work or study in Buckinghamshire. There is currently no requirement for the signatory to confirm this information to validate their ability to sign the petition.</p> <p>Where the demographic of signatories is not collected, petitions may be open to abuse and/or error.</p>	<p>When signing an e-petition, the petitioner should be requested to state if the signatory works, lives, or studies in Bucks. This will help to identify the demographic of signatories and allow for a better oversight on the types of people signing petitions.</p> <p>Input field to be made mandatory in Mod Gov software.</p>
5	<p>The Council is not in line with other authorities in terms of signatory thresholds. The original legislation suggested that the verification number should be 5% of the local government electors.</p> <p>The Council's current threshold is 20 signatures for local issues and 1,000 for corporate issues; in comparison other local authorities have thresholds of 500 and 5,000. However, Buckinghamshire receives on average the same number of petitions as other authorities.</p>	<p>None. No evidence that there is an excessive number of petitions currently and therefore no need demonstrated for policy change.</p>

6	<p>In the test cases examined lead petitioners did not present their case to the LAF and in one case was not invited.</p> <p>Petitioners may not feel their voices are being appropriately acknowledged, impacting on the reputation of the Council and their petitions process.</p>	<p>Lead Petitioners should be invited to the LAF to present their petition, including being sent the agenda notifications, and copy of the minutes.</p>
7	<p>Review of 10 petitions identified four cases where the LAF minutes were unavailable to confirm the outcome of a petition. This included one petition with 3,412 signatories, where the LAF was cancelled, and no evidence to confirm where it had been presented and discussed.</p>	<p>A single central tracking log should be set up, actively maintained and monitored to ensure that all petitions are considered in a timely manner with a written response given to the lead petitioner.</p>
8	<p>Currently there is no system in place to actively monitor petitions centrally. One of the impacts of this is that it is difficult to judge the effectiveness and impact of petitions as this data is not held.</p> <p>The public may not have confidence that their voices will be heard if information is not available on the outcomes of petitions.</p> <p>The way in which petitions are handled by the Council varies significantly in terms of the level of seniority of officer responding in the cases when a written response is provided; as well as the approach taken.</p> <p>When petitions are discussed at a LAF the minutes record the discussion, however the outcome may not always be clear and a specific response may not provided to the</p>	<p>A written response should always be provided to the lead petitioner/signatories from a designated officer stating the outcome of their petition, and what action will be taken (where appropriate), including a timeline of events.</p> <p>The petitions website should be updated to include a working link to the LAF where the petition was presented, and a summary paragraph of the resulting action published to close off the petition and provide a clear audit trail.</p>

	petitioner.	
9	<p>Petitions are often on key themes, such as parking and traffic calming. A response to each petition is requested from the Transport for Bucks (TfB) team but often responses vary in detail dependent on the staff member presenting the response.</p> <p>There are a number of similar petitions where it would be beneficial to share best practice internally which will improve the quality of the response to the petitioner as well as avoid duplication of effort.</p>	<p>To develop template responses to common themed petitions, for example parking and traffic calming, in order to reduce duplication and share best practice.</p>
10	<p>The experience of petitioners is mixed. One petitioner reported a very positive experience of the petitions process and in particular praised how they had been kept updated by their local councillor. Another felt that they had not been informed of an outcome or kept updated.</p> <p>The Localities Team have completed a desktop exercise which they found showed that the majority of petitions considered by LAFs have resulted in some positive action.</p>	<p>In addition to a centralised tracker of petitions, a process flow chart of who is responsible for what internally would help ensure there is clear ownership for updating the petitioner and ensuring a response is set to them.</p> <p>All LAFs to be invited to consider how they might publicise the successful resolution of petitions as part of their work.</p>
11	<p>The current URL for the petitions site is long and complex, users must first search the website before they are able to review e-petitions.</p> <p>Local Residents may not gain access to visit the site without knowing where to go in the search functions.</p>	<p>Petitions URL be adjusted for ease in case local residents wish to search and view. E.g. www.buckscc.gov.uk/petitions (action complete)</p>

12	<p>The Council has no maximum time limit on the length of time to provide a response to a petitioner or guidelines around an appropriate response time. The majority of petitions are on local issues and as such are discussed at LAFs. LAFs meet 3 or 4 times a year. In one case it took 9 months from a petition being submitted to receiving an outcome.</p>	<p>To ensure that when an e-petition is first submitted that notification is given to the local councillor, relevant service & localities officers, and Cabinet Member. This may assist in helping to ensure a timely resolution on issues.</p> <p>A maximum time length should be considered being introduced for the Council responding to petitioners.</p> <p>Introducing a time limit would require a change in the petitions protocol and as such the detail of how this would work in practice and a revised petitions protocol would need to come back to the Regulatory Committee & full Council.</p>
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Value for Money audit update for Buckinghamshire County Council

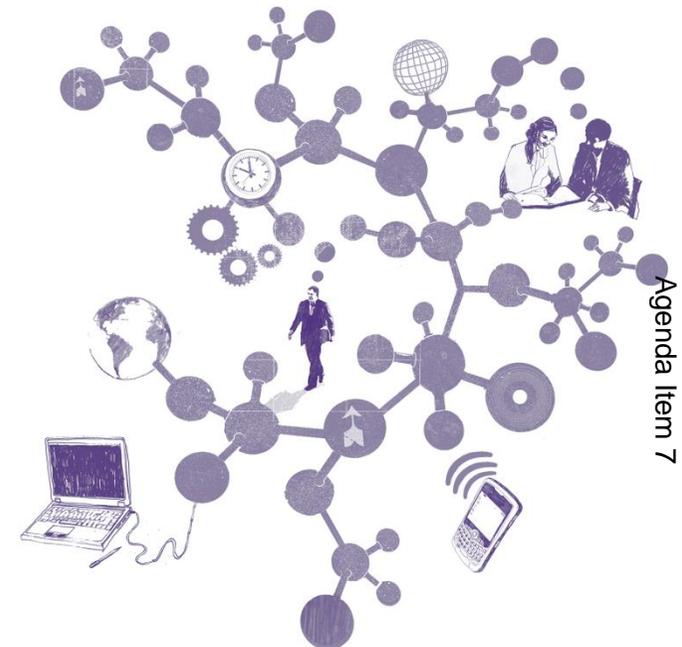
Year ended 31 March 2017

September 2017

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A Audit Certificate

Section 1: Executive summary

01. Executive summary

02. Detailed findings – Ofsted inspection of children’s services

Value for Money

Background

We are required by section 21 of the Local Audit and Accountability Act 2014 (the Act) and the NAO Code of Audit Practice (the Code) to satisfy ourselves that you have put in place proper arrangements for securing economy, efficiency and effectiveness in your use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. The Act and NAO guidance state that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2015. AGN 03 identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

AGN03 provides examples of proper arrangements against three sub-criteria but specifically states that these are not separate criteria for assessment purposes and that auditors are not required to reach a distinct judgement against each of these.

Findings

In our Audit Findings Report dated 28 July 2017 we reported to you our findings from our Value for Money review performed for the year ended 31 March 2017.

As set out within our Audit Findings Report, we delayed the issue of our Value for Money conclusion at the request of management to allow us to take account of a planned Ofsted monitoring review that was reported in August 2017.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work. This report therefore reflects only our findings identified in relation to the "Ofsted inspection of children's services" risk identified at the planning stage of our work. The findings against the other significant Value for Money risks that we identified are set out within our Audit Findings Report dated 28 July 2017 and remain unchanged.

Our Value for Money conclusion is set out on the next page and our proposed audit certificate is included at Appendix A.

Value for Money

Overall conclusion

Based on our review of your arrangements to secure economy, efficiency and effectiveness in your use of resources we have considered the following issue which we anticipate that will give rise to a qualified Value for Money conclusion.

In August 2014, Ofsted issues a report on the inspection of services for children in need of help and protection, looked after children and care leavers, and review of effectiveness of the Local Safeguarding Children Board, concluded that, overall, children's services in Buckinghamshire were inadequate. You have been responsive to the issues identified by the inspection and undertaken a series of actions, as part of a strategy to improve children's services.

You have continued to make significant progress in addressing the arrangements that led to the inadequate rating. However, while improvements have been noted, it is clear that challenges remain, for example around ensuring consistency of social care practice. As a result of the findings reported by Ofsted and the independent chair of your improvement panel as at that time, in October 2016 the Minister of State for Children and Families wrote to you to confirm his intention to maintain the current level of Department of for Education intervention at Buckinghamshire County Council in respect of children's services.

During the last twelve months you have been subject to four monitoring visits from Ofsted and in their letters dated September 2016, January 2017, June 2017 and August 2017, it has been reported that steady progress has been made with improving children's services, while noting that there remain some areas where the pace in achieving the change required has been too slow.

You have not achieved your aspiration set out at the start of the improvement programme for children's services of bring the service to a "good" Ofsted rating within two years and the programme remains in progress. This reflects that the original two year target for improvement was aspirational and may not have been based upon a realistic assessment of the time that would be taken to bring about the required improvements.

Following the completion of the four monitoring visits from Ofsted, the you have now re-entered the "pool" of authorities that can be selected for a full inspection. Your officers expect a full inspection to take place before the end of 2017. The decision of Ofsted not to undertake further monitoring visits was taken due to the amount of time that has elapsed since the previous full inspection and does not indicate any judgement on the level of improvement that has been achieved. However, the opportunity to undergo a full inspection is a positive step forward as it will provide you an opportunity to demonstrate to Ofsted what level of success has been achieved to date in improving children's services.

Based on our review, with the exception of the matter set out above in relation to the arrangements for the management of children's services, we anticipate being satisfied that in all significant respects you have put in place proper arrangements to secure economy, efficiency and effectiveness in your use of resources for the year ended 31 March 2017.

This qualification relates only to the issues noted in relation to the Ofsted inspection of children's services dated August 2014. In all other respects we are satisfied that you have demonstrated that you have in place appropriate arrangements in place for securing economy, efficiency and effectiveness.

Significant difficulties in undertaking our Value for Money work

We did not identify any significant difficulties in undertaking our work on your arrangements for ensuring value for money which we wish to draw to your attention.

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

There were no other matters from our work which were significant to our consideration of your arrangements to secure value for money in your use of resources.

Other statutory powers and duties

We have not identified any issues that have required us to apply our statutory powers and duties under the Act.

The way forward

Matters arising from the financial statements audit and our review of your arrangements for securing economy, efficiency and effectiveness in your use of resources have been discussed with the Chief Executive and the Director of Finance and Assets.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by management, the finance team and other staff during our audit.

Grant Thornton UK LLP
September 2017

Section 2: Detailed findings – Ofsted inspection of children’s services

01. Executive summary

02. Detailed findings – Ofsted inspection of children’s services

Key findings (continued)

Significant risk	Work to address	Findings and conclusions
<p>Ofsted inspection of children's services Ofsted issued a report on the Council's children's services in 2014 which gave a rating of 'inadequate' and the Council is currently subject to follow up review. In response to this you implemented an Improvement Plan to address the concerns that Ofsted raised.</p> <p>During our 2015/16 Value for Money review, we noted that the Department for Education had recognised that that there had been clear signs of progress, while the Department for Education also highlighted some areas where they considered that further progress was required.</p>	<p>We reviewed the progress you have made and the findings from inspectors and reviewers in respect of your arrangements as you implement change. We also considered your performance against objectives and targets in delivering a safe and reliable children's service and take these into account in forming our conclusion.</p>	<p>During 2016/17, you continued the improvement journey to develop and improve children's services in response to the findings identified by Ofsted, when you were judged "Inadequate" in 2014. You have continued to invest in developing the children's services function and have ensured that the delivery of the improvement plan is a key priority for you.</p> <p>During the last twelve months you have been subject to four monitoring visits from Ofsted. In their letters dated September 2016, January 2017, June 2017 and August 2017, Ofsted consistently reported that steady progress has been made with improving children's services, but noted that there remain some areas where the pace in achieving the change required has been too slow.</p> <p>Over the same period, the independent chair of the improvement panel for children's services has also submitted reports to the Department for Education which have noted a similarly positive level of continued improvement, while also identifying areas where concerns remain. The chair is now satisfied that a sufficient level of progress is being made that the improvement panel no longer needs to meet as frequently and can convene on a quarterly basis only going forward. This is a positive step forward.</p> <p>The overview of progress made during the year, as reported by Ofsted, is consistent with your own internal monitoring, which highlights that performance has improved but that there remain areas where performance targets are not being met. A positive trend is that the percentage of qualified social workers on an agency contract has reduced during the year as a result of greater conversion of temporary staff to permanent positions. Based on the feedback received during the year from Ofsted, the focus of your improvement has now moved from ensuring compliance to driving improvement through embedding consistency in good practice.</p> <p style="text-align: right;"><i>continued.....</i></p>

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Key findings (continued)

Significant risk	Work to address	Findings and conclusions
<p>Ofsted inspection of children's services Continuation of risk noted on page 8</p>	<p>See page 8 for details of the work undertaken in respect of this risk.</p>	<p>....<i>continued</i></p> <p>Following the completion of the four monitoring visits from Ofsted, the you have now re-entered the “pool” of authorities that can be selected for a full inspection. Your officers expect a full inspection to take place before the end of 2017. The decision of Ofsted not to undertake further monitoring visits was taken due to the amount of time that has elapsed since the previous full inspection and does not indicate any judgement on the level of improvement that has been achieved. However, the opportunity to undergo a full inspection is a positive step forward as it will provide you an opportunity to demonstrate to Ofsted what level of success has been achieved to date in improving children’s services.</p> <p>Based on the findings reported by Ofsted and the independent chair of your improvement panel at that time, in October 2016 the Minister of State for Children and Families wrote to you to confirm his intention to maintain the current level of Department of for Education intervention at Buckinghamshire County Council in respect of children's services.</p> <p>In addition, in June 2017, the Department for Education wrote to the Council and noted that “there was overall consensus that children are getting a better service now as a result of changes which have been implemented” but that “improvements are not yet fully embedded across all parts of the service. For example, thresholds are not yet being applied consistently and not all management supervision is sufficiently reflective to move cases forward.”</p> <p>You have not achieved your aspiration set out at the start of the improvement programme for children’s services to be operating at a “good” Ofsted rating within two years. The programme remains in progress. This reflects the fact that the original two year target for improvement was aspirational and may not have been based upon a sufficiently realistic assessment of the time that would be taken to bring about the considerable improvement required.</p> <p><i>continued.....</i></p>

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Key findings (continued)

Significant risk	Work to address	Findings and conclusions
<p>Ofsted inspection of children's services Continuation of risk noted on page 8</p>	<p>See page 8 for details of the work undertaken in respect of this risk.</p>	<p><i>....continued</i></p> <p>You continue to undertake work to improve your arrangements for managing risks effectively and maintaining a sound system of internal control, demonstrating and applying the principles and values of good governance, and planning, organising and developing the workforce effectively to deliver strategic priorities. You recognise that as at the year end children's services were not yet performing consistently at a level that would be sufficient to avoid a qualified Ofsted rating. Whilst recognising the significant progress you have made in response to the Ofsted report, in line with your strategic plan your work in these areas is on-going and, accordingly, we propose to qualify our value for money conclusion in this respect.</p> <p>On the basis of the work completed we have concluded that the risk was not sufficiently mitigated.</p>

Appendices

A. Audit Certificate

A: Audit Certificate

We anticipate we will provide the Council with an a qualified “except for” value for money conclusion in September 2017.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS BUCKINGHAMSHIRE COUNTY COUNCIL (the "Authority")

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2017 issued on 28 July 2017 we reported that, in our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its the Authority’s expenditure and income for the year then ended; and
- the financial statements had been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Issue of audit opinion on the pension fund financial statements

In our audit report for the year ended 31 March 2017 issued on 28 July 2017 we reported that, in our opinion:

- the pension fund’s financial statements present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2017 and the amount and disposition at that date of the fund’s assets and liabilities; and
- the pension fund’s financial statements had been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

In considering the Authority's arrangements for securing economy, efficiency and effectiveness we identified the following matter:

In August 2014, a report by Ofsted concluded that overall arrangements for ensuring the effectiveness of Children's Services at the Authority and the Local Safeguarding Children's Board in Buckinghamshire area were judged to be 'inadequate'.

Reviews of children's services undertaken by Ofsted in the form of four monitoring visits reported on in September 2016, January 2017, June 2017 and August 2017 found that steady progress had been made in response to the Ofsted findings while noting that there remain some areas where the pace of change in achieving the change required has been too slow. The August 2017 report noted that there was "sustained progress in important areas, such as an increase in permanent staff in almost all teams", while also highlighting that "sufficient improvements in the experiences of care leavers are not evident, and practice remains too inconsistent".

This matter is evidence of weaknesses performance management, and for planning, organising and developing the workforce effectively to deliver strategic priorities.

Qualified conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, except for the effects of the matter described in the Basis for qualified conclusion paragraphs above, we are satisfied that, in all significant respects, the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

In our report dated 28 July 2017, we explained that we could not formally conclude the audit on that date until:

- we had completed our work to give our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources; and
- we had completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement.

We have now completed this work. No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion.

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General.

Paul Grady

Paul Grady
 Director
 for and on behalf of Grant Thornton UK LLP, Appointed Auditor

30 Finsbury Square
 London
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[to be dated]



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Regulatory and Audit Committee

Title: Business Assurance Update and Audit Action Tracker

Date: Wednesday 8 November 2017

Author: Maggie Gibb – Head of Business Assurance (& Chief Auditor)

Contact officer: Maggie Gibb, 01296 387327

Local members affected:

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

This report outlines the progress against the 2017/18 Business Assurance Strategy since the last Regulatory and Audit Committee in September.

Recommendation

Members are asked to **note** the report.

Supporting information to include the following if a decision is being requested:

Resource implications

None

Legal implications

None

Other implications/issues

None

Feedback from consultation, Local Area Forums and Local Member views (if relevant)



N/A

Background Papers

2017/18 Business Assurance Strategy

Buckinghamshire County Council

Business Assurance Update

2017/18

Regulatory and Audit Committee

November 2017



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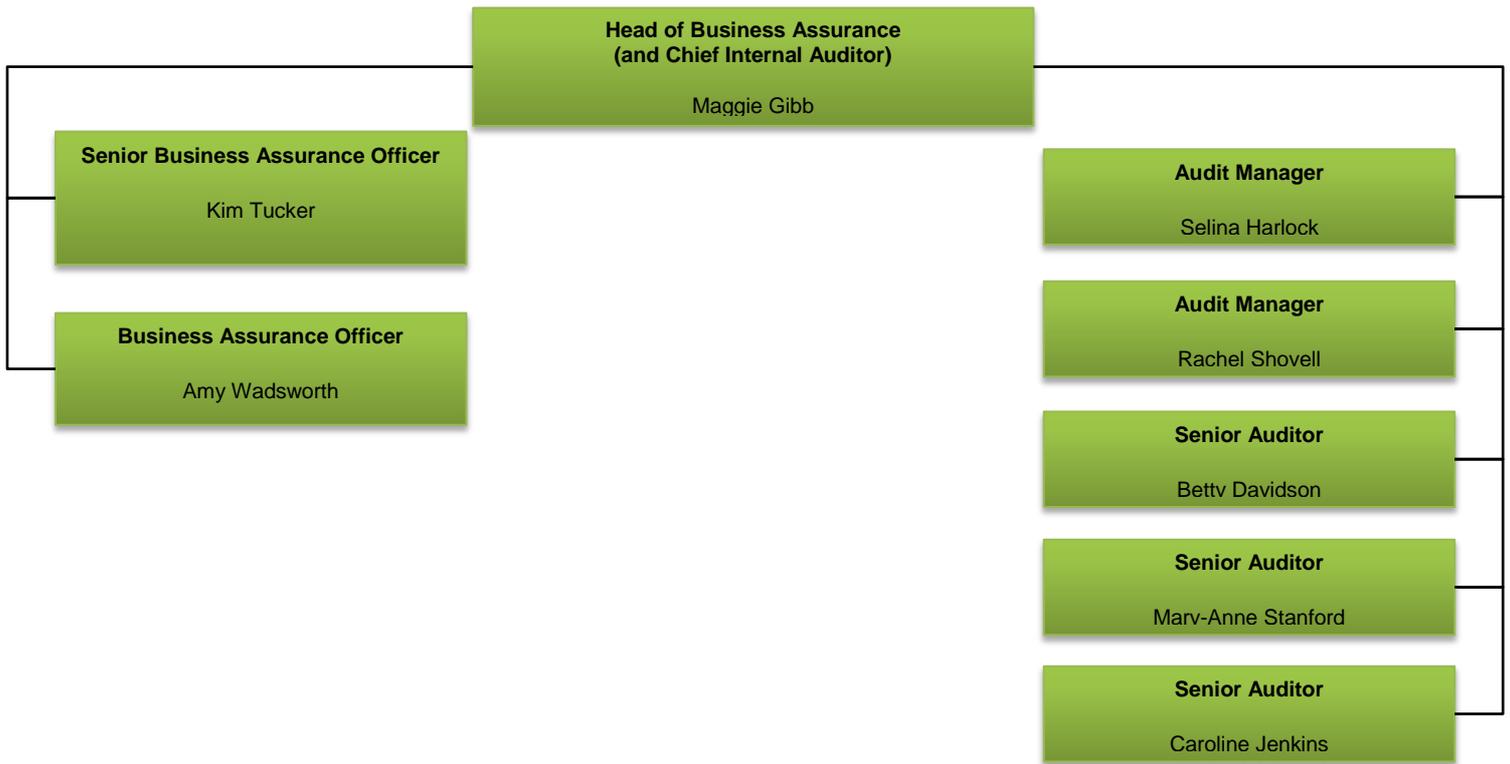
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Introduction

1. The Business Assurance Team is responsible for implementing the Council's Assurance and Risk Strategy through delivery of work programmes covering the following areas of activity:
 - Risk Management;
 - Internal Audit;
 - Counter Fraud; and
 - Assurance Framework.
2. Delivery of the Business Assurance work programmes helps ensure that there is an appropriate governance and control framework in place and that risk management is embedded across the Council.
3. The Internal Audit Plan has evolved during the first few months of the financial year and any pressures/changes have been discussed and agreed at the Audit Board. The changes have been as a result of unplanned investigations and urgent audit activity placing constraints on the Business Assurance Team.
4. Counter-fraud remains a key responsibility for the Business Assurance Team to lead on, and in 2017/18 continual focus will be placed upon overseeing the investigation of NFI data matches, and responding to referrals of suspected fraud and financial irregularity, as well as the proactive activity detailed in Appendix 2. A full update will be presented to the Regulatory and Audit Committee in January 2018.
5. This report provides details of progress to date against each of the agreed work programmes included in the Business Assurance Strategy as approved by the Regulatory and Audit Committee in July 2017.

Resources

6. The Business Assurance Team (BAT) is fully resourced and consists of seven members of staff. The audit activity is delivered through a mixed economy approach of an in-house team and an outsourced arrangement with Mazars via the London Audit Framework agreement. Mazars are also supporting the BAT in the delivery of the IT and contract audits planned for this year.



Risk Management

7. Work has been continuing to embed the Corporate Risk Management System (Pentana, previously known as Covalent) across the organisation. All Business Units are now using the system with support from the network of Risk Champions. Regular reporting is provided to the Corporate Management Team; Customer, Information and Digital Board; Business Unit Boards and Risk Management Group.
8. A number of risk training workshops have been facilitated by the Senior Business Assurance Officer to enable a thorough review and challenge of the Business Unit risk registers. A new risk escalation process has also been embedded as part of this training programme to encourage greater visibility and better accountability of the management of risks within the Business Units.
9. The Risk Management Group met on 3 August 2017, and an update was provided to the Regulatory and Audit Committee on 6 September.

Internal Audit

10. The Internal Audit Function, supported by Mazars (through the London Audit Framework) have been completing the final 2016/17 audits assignments and progressing with 2017/18 audit assignments. There have been eight audits finalised since the last update report, all with a reasonable level of assurance, and three that are currently at draft report stage.
11. The Audit Board, chaired by the Director of Assurance, met on 30 August 2017 and reviewed progress against the Business Assurance Strategy, in particular delivery of the Internal Audit Plan. The Board considered the requests for unplanned audit activity and the resulting impact on resourcing the current plan.
12. Any changes to the original 17/18 Internal Audit Plan are included in the table at Appendix 1 (highlighted in red).

Internal Audit Activity since last update report:

Service	Audit	Status / Opinion
Resources	<p>Medium Term Financial Planning (17/18) This audit reviewed the controls in place over the following key areas: Risk Area 1 - Governance Arrangements Risk Area 2 - Business Cases (Including Three Year Savings/Growth Targets) Risk Area 3 - Delivery and Management of MTFP</p>	Reasonable
Resources	<p>IR35 The scope of this audit will include, but is not limited to, the following key risk areas:</p> <p>Risk Area 1 - Identification of Intermediaries Risk Area 2 - Compliance & Risk Management Risk Area 3 - Payments to Workers & Intermediaries Risk Area 4 - Payments to HMRC Risk Area 5 - Management Information & Governance</p>	Draft Report
Resources	<p>Accounts Receivable Follow Up (16/17) The follow-up work covered the arrangements currently in place and the areas of controls that were previously found to be weak or ineffective to provide assurance. These are as follows:</p> <ul style="list-style-type: none"> • Risk Management; • Income Management Framework; • Debt Recovery and Enforcement; • Credit and Debit Card Payments; and • Control Account Reconciliations. 	Reasonable
Resources	<p>Payroll (16/17) This audit reviewed the controls in place over the following key areas:</p> <ul style="list-style-type: none"> • Policies, Procedures and Training • System Access, Data Security and Integrity • Starters, Leavers and Movers • Expenses • Variations • Deductions • Master Data • Overpayments • Monthly Pay Run Controls • Reconciliations and Suspense Account • Other Payroll Services 	Draft Report
Resources	<p>IT Data Security The audit will assess the controls in the following areas:</p> <p>Risk Area 1: Data Classification and Sharing Risk Area 2: Data Management and Policies and Procedures Risk Area 3: Training and Awareness Risk Area 4: Logical Access Controls Risk Area 5: Physical Access Controls Risk Area 6: Backup Strategy Risk Area 7: Disposal Procedures Risk Area 8: Legislation Compliance</p>	In Progress

Service	Audit	Status / Opinion
Resources	<p>IT Business Continuity and Disaster Recovery The audit will assess the controls in the following areas:</p> <p>Risk Area 1: Business Continuity and Disaster Recovery Procedures Risk Area 2: Critical Business Function and Systems Risk Area 3: Disaster Risk Assessment Risk Area 4: Contact Details Risk Area 5: Plan Updates Risk Area 6: Disaster Escalation and Emergency Action Procedures Risk Area 7: Temporary and Salvage Arrangements Risk Area 8: BC and DR Test Plans Risk Area 9: Insurance</p>	In Progress
ACES	<p>Complaints The audit evaluated the controls in place over the following key areas:</p> <p>Risk Area 1 - Policies, Procedures and Training Risk Area 2 - Corporate Complaints Procedure Stage 1 Risk Area 3 - Corporate Complaints Procedure Stage 2 Risk Area 4 - Statutory Complaints Procedure (Children’s Social Care) Risk Area 5 - Statutory Complaints Procedure (Adult Social Care) Risk Area 6 - Handling Complaints relating to Councillors/Members Risk Area 7 - Lessons Learnt and Continuous Improvement Risk Area 8 - Management Information, Performance Monitoring</p>	Reasonable
ACES	<p>Corporate Governance This was a high level assessment of the governance arrangements currently in place over the following key core principles as set out in the CIPFA Delivering good governance in local government framework 2016:</p> <ul style="list-style-type: none"> • Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law • Ensuring Openness and comprehensive stakeholder engagement • Defining outcomes in terms of sustainable economic, social, and environmental benefits • Determining the interventions necessary to optimise the achievement of the intended outcomes • Developing the entity’s capacity, including the capability of its leadership and the individuals within it • Managing risks and performance through robust internal control and strong public financial management • Implementing good practices in transparency, reporting, and audit to deliver effective accountability 	Draft Report
TEE	<p>Transport for Bucks TfB – Street Lantern Replacement Scheme Follow Up The audit activity focussed on the following key risk areas identified in the processes relating to the Street Lantern Replacement System and Salix Funding:</p> <ul style="list-style-type: none"> • Identification of programme of work: business cases, budget setting, budget monitoring, Salix compliance. • Salix funding: completion of Government paperwork, reporting to Asset Strategy Board. • Approval and completion of works: works orders, booking resources, road space requests, updating asset database, updating electricity database. • Payments: invoicing, payment certificates. • Management information: accuracy of volume data and performance information 	Reasonable

Service	Audit	Status / Opinion
TEE	<p>LEP Growth Hub Grant 16-17 We have examined the claim submitted by Buckinghamshire County Council on behalf of Buckinghamshire Thames Valley LEP (the LEP). We have examined the records as necessary and obtained such explanations and carried out such tests as we consider necessary to validate the claim.</p>	Grant Validated – Audit Letter Issued
TEE	<p>Bus Subsidy Grant 16-17 We have examined the records as necessary and obtained such explanations and carried out such tests as we consider necessary to validate the claim.</p>	Grant Validated – Audit Letter Issued
CS	<p>S151 Schools Assurance Follow Up The follow-up work covered the arrangements currently in place and the areas of controls that were previously found to be weak or ineffective to provide assurance. These are as follows: Risk Area 1 - Framework; Risk Area 2 - Risk and Performance Management; Risk Area 3 - Accountability and Communication; and Risk Area 4 - Monitoring and Review.</p>	Reasonable
CS	<p>Schools Audit Programme – Contracts and Procurement The scope of this audit will include, but is not limited to, the following key risk areas of Schools Procurement and Contracts Managements, as identified at the audit planning stage: Risk Area 1 - Procurement Risk Area 2 - Contract Management Risk Area 3 - Accounts Payable Risk Area 4 - Purchasing Card (where applicable)</p>	In progress
CS	<p>Hannah Ball School Follow Up This audit reviewed the controls in place over the following key areas:</p> <ul style="list-style-type: none"> • Policies, Procedures and Training • System Access, Data Security and Integrity • Starters, Leavers and Movers • Expenses • Variations • Deductions • Master Data • Overpayments • Monthly Pay Run Controls • Reconciliations and Suspense Account • Other Payroll Services 	Draft Report
CS	<p>Commissioning Placements Follow Up An audit report issued in 15/16 resulted in a Limited opinion and a follow up review of the progress against the actions identified has been agreed as part of our 2017/18 audit plan.</p> <p>The audit report identified areas for improvement in the following key risk areas which will be the focus of our follow up review:</p> <ul style="list-style-type: none"> • Selection of Residential Placement Providers; • Contracts; • Ofsted Judgements; • Invoice Payments; and • Monitoring of Residential Providers. 	In Progress

Service	Audit	Status / Opinion
CS	Elmhurst School Follow Up The follow up will focus on reviewing the audit actions that were detailed in the Elmhurst School 2015/16 audit report and to support and verify the updates the school has provided on progress with implementing the audit actions.	Reasonable
CS	Mandeville School Follow Up The follow up will focus on reviewing the audit actions that were detailed in the Mandeville School 2015/16 audit report and to support and verify the updates the school has provided on progress with implementing the audit actions.	In progress
CS	Families First Grant Validation Phase 1 The objective of this audit is to provide assurance on the accuracy of the applications for funding and data validation.	Grant Validated – Audit Letter Issued
CHASC	Client Charging (16/17) The audit activity focussed on the following key risk areas of ASC Client Charging, as identified at the audit planning stage: Risk Area 1. Financial Assessments Risk Area 2. Charging for residential and community services	Reasonable

Internal Audit Action Tracker

13. All management actions raised during the individual internal audit reviews are included in the Audit Action Tracker and monitored on a regular basis. The audit actions have recently been uploaded to the Corporate Risk and Audit System (Pentana), and we are currently launching the new process for updating the actions across the Business Units. The new process includes an escalation process for completed actions to be “signed off” by the Service Directors as an additional level of accountability. Progress towards implementing the audit actions will continue to be reported to the Business Unit Boards and Corporate Management Team before being reported on a quarterly basis to the Regulatory and Audit Committee.

Business Assurance

14. The Assurance and Risk Strategy is currently under review, and will be presented to the Regulatory and Audit Committee in January for approval. This has been delayed from presenting to the November meeting as it needs to be in line with the new Local Code of Corporate Governance which is currently under development. The Assurance and Risk Strategy review will be carried out with consideration of the new Corporate Risk Management and Audit System (Pentana) with an aim of increasing the understanding, visibility and accountability of risks across the Council. The review will also incorporate learnings from the first year of working towards a Combined Assurance approach. The Business Assurance Team is liaising with the Professional Leads to ensure that actions are being implemented, and progress will be reported through the Risk Management Group. Each Business Unit will also have a “local” risk management guidance document tailored to their specific escalation process and reporting requirements.

Maggie Gibb,
Head of Business Assurance (and Chief Internal Auditor)
November 2017

APPENDIX 1

Regulatory & Audit Committee 8 November 2017 - Progress against 2017/18 Internal Audit Plan

Audit Activity 2017/18	Priority - High (H) Medium (M)	Timing	Progress as at 8 November 2017
	<i>Link to Strategic Risk</i>		
CORPORATE/CROSS CUTTING THEMES			
National Fraud Initiative	H <i>CMT – 11 Fraud and Corruption</i>	Q1-4	In progress
Pro-Active Anti-Fraud Activity (incl. Continuous Auditing)	H <i>CMT – 11 Fraud and Corruption</i>	Q1-4	In progress
Reactive Anti-Fraud Activity/Investigations	H <i>CMT – 11 Fraud and Corruption</i>	Q1-4	On-going
Grant Validation	H	Q1-4	On-going
Contract Management Audits	H <i>CMT – 04 Major contract / commissioning &/or market failure</i>	Q1-4	Planning in progress
Debt Management	H <i>CMT – 09 Failure to deliver financial plans</i>	Q3	Planning in progress
Scheme of Delegations	H <i>CMT – 01 Governance Failure</i>	Q3	Planning in progress
ACES			
General Data Protection Regulation	H <i>CMT – 06 Technology breaches/failure</i>	Q2	Planning in progress
Corporate Governance	H <i>CMT – 01 Governance Failure</i>	Q2	Draft Report

Audit Activity 2017/18	Priority - High (H) Medium (M)	Timing	Progress as at 8 November 2017
	Link to Strategic Risk		
RESOURCES			
Key Financial Systems	H CMT – 01 Governance Failure	Q4	
Medium Term Financial Planning	H CMT – 09 Failure to deliver financial plans	Q1	Final Report
Health and Safety	H	Q4	Planning in progress
IT – Data Security	H CMT – 06 Technology breaches/failure	Q2	Planning in progress
IT – BCP/Disaster Recovery	H CMT – 06 Technology breaches/failure	Q2	Planning in progress
Financial Processes Follow Up	H CMT – 09 Failure to deliver financial plans	Q2	Final Report
IR35	H CMT – 01 Governance Failure	Q3	Draft Report
TRANSPORT, ENVIRONMENT AND ECONOMY			
LEP Grants	H	Q2	Completed
Bus Subsidy Grants	H CMT – 14 Infrastructure and services	Q3	Completed
Follow Up TFB Street Lanterns	H	Q2	Final Report
Transport Modelling Processes	M CMT – 14 Infrastructure and services	Q3/4	
Financial Processes Follow Up	H CMT – 09 Failure to deliver financial plans	Q2	Final Report

Audit Activity 2017/18	Priority - High (H) Medium (M)	Timing	Progress as at 8 November 2017
	Link to Strategic Risk		
CHILDRENS SERVICES			
Follow Up Schools S151 Assurances	H	Q2	Final Report
Schools Audit Programme – Theme: Contracts and Procurement Arrangements	M	Q3/4	Fieldwork in progress
Local Authority Designated Officer	H <i>CMT – 02 Failure to improve services to children</i>	Q3	
SEND Placements	H <i>CMT – 02 Failure to improve services to children CMT – 16 Unexpected inspections</i>	Q3	
Families First Grant	H	Q3	Completed
Financial Processes – Follow Up	H <i>CMT – 09 Failure to deliver financial plans</i>	Q2	Final Report
Hannah Ball School – Follow Up	H <i>CMT – 02 Failure to improve services to children</i>	Q1	Draft Report
Elmhurst School – Follow Up	H <i>CMT – 02 Failure to improve services to children</i>	Q1	Final Report
Mandeville School – Follow Up	H <i>CMT – 02 Failure to improve services to children</i>	Q3	In progress
Commissioning Placements Follow Up	H <i>CMT – 02 Failure to improve services to children</i>	Q2	Fieldwork in progress

Audit Activity 2017/18	Priority - High (H) Medium (M)	Timing	Progress as at 6 September 2017
	Link to Strategic Risk		
COMMUNITIES, HEALTH & ADULT SOCIAL CARE			
Digital Direct Payments Self Service and Supported Service (Inc. follow up of Direct Payments Limited 16/17 Audit Report)	H	Q4	
	<i>CMT – 03 Unintentional consequences on the vulnerable (adults)</i>		
Avoiding Delayed Transfers of Care Pathways between Health and Social Care	H	Q3	
	<i>CMT – 03 Unintentional consequences on the vulnerable (adults)</i>		
Business Continuity	M	Q3	Fieldwork in progress
	<i>CMT – 03 Unintentional consequences on the vulnerable (adults)</i>		
Prevention Agenda	H	Q4	Planning in progress
Financial Processes Follow Up	H	Q2	Final Report
	<i>CMT – 09 Failure to deliver financial plans</i>		

APPENDIX 2

2017/18 Counter Fraud Plan

Audit Title	Rationale
<i>Proactive and Probity Audits</i>	
Declaration of Pecuniary Interests	The NFI 2016/17 report identified data matches between payroll data to Companies House data and then to trade creditor data, highlighting potential undeclared interests. Matches will be investigated to determine if interests should have been declared in relation to the letting of a contract.
Disabled Parking Concessions - Blue Badges	The number of blue badge misuse has increased significantly as reported by a number of authorities. A high number of matches have been identified from the NFI data matching exercise. The NFI matches may indicate a fraud where a person is holding more than one blue badge or where a blue badge holder has died and the badge is still in use.
Agency Staff Claims	Due to the continued increase in agency costs coupled with the FGC fraud, a review will be undertaken to ensure that management review of claims are adequate to identify duplicate or inflated claims.
103 Expense Claims	There is an inconsistent approach to the retention of expense receipts across the Council and reliance is placed on management adequately reviewing the claim against the receipts. Furthermore, poor practices were identified during a Payroll audit where instances of expense claim fragmentation may be occurring, as such these exceptions will be considered.
<i>Counter Fraud Awareness Exercises</i>	
Policy Reviews	Review and refresh the Anti-Fraud and Corruption Strategy.
Knowledge Share Exercise	Hold formal sessions to groups across the Council to raise awareness of what the Business Assurance Team's responsibilities are in relation to fraud and counter-fraud, different types of fraud, whistleblowing procedures etc.
Internal Communications	Continue to send messages across the Council to promote 'good practice' and raise awareness of potential indicators of fraud and staff responsibilities.
<i>Reactive Activity</i>	
Service Investigations	Assess cases referred via whistleblowing channels and investigate where necessary.

Regulatory and Audit Committee

Title: Annual Governance Statement Action Plan

Date: Wednesday 8 November 2017

Author: Richard Ambrose, Director of Finance and Assets (S151)

Contact officer: Maggie Gibb, 01296 387327

Local members affected:

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The 2016/17 Annual Governance Statement (AGS) was presented to the Regulatory and Audit Committee in July 2017. The AGS included an action plan to address the weaknesses identified in the statement, and the attached report details the current status of implementing the actions.

Recommendation

Members are asked to **note** the report.

Supporting information to include the following if a decision is being requested:

Resource implications

None

Legal implications

None

Other implications/issues

None

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Background Papers

2016/17 Annual Governance Statement

Buckinghamshire County Council

Annual Governance Statement – Action Plan 2016/17



Regulatory and Audit Committee

November 2017

1. Scope of responsibility

- 1.1 Buckinghamshire County Council (BCC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. BCC also has a duty, under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, BCC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions.
- 1.3 Good corporate governance means that:
 - The purpose and vision of the Council is clear to everyone;
 - The Council has clear values, focusing on customers and the way we work;
 - There is robust engagement and consultation with local people and stakeholders;
 - Councillors and officers have clear functions, roles and responsibilities and training;
 - Standards of conduct and behaviour are high, and meet the values of the Council;
 - Decisions are taken in an informed, transparent and accountable way, focusing on outcomes for the community;
 - Decisions are the subject of review and scrutiny;
 - Risks are considered and managed to a reasonable level; and that
 - There are strong and effective system of internal control.
- 1.4 The Council has approved and adopted a Constitution, and an internal Operating Framework and Procedure Report, which sets out the corporate governance framework for the Council consistent with the principles of the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”. The Buckinghamshire County Council Constitution is on the BCC website, www.buckscc.gov.uk.

This Annual Governance Statement, presented to the Regulatory and Audit Committee in July 2017, described how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations (England) 2015, Regulation 6(1) (b).

2. Mid-Year Update

- 2.1 Significant governance issues were highlighted in the 2016/17 Annual Governance Statement, and an action plan developed to address these weaknesses. It should be noted that governance issues facing the organisation are not necessarily always a result of weaknesses within the internal control framework. The following are the key matters identified in the 2016/17 AGS:

Contract Management Framework

- 2.2 Compliance with the use of the Contract Management Application (CMA) software, and routine management reporting established to provide assurance over the performance and effectiveness of contract management arrangements for all major contracts.
- 2.3 The Corporate Management Team (CMT) agreed resources for the development of the CMA, and the contract management framework, which has been an on-going process during 2016/17. Progress reports have been routinely provided to the Regulatory and Audit Committee, the latest in February 2017. The Commissioning and Supplier Management Group have developed an improvement programme to address a number of weaknesses embedded across the organisation relating to commissioning and contract management.

Business Continuity Plans

- 2.4 In their year-end statement of assurance, the Professional Lead for Business Continuity has concluded only limited assurance over completeness of business continuity plans; and highlighted a further weakness in the system of assurance over business continuity where there are dependencies in the supply chain (also identified as a weakness by the internal audit of business continuity in 2015/16). Business Continuity is retained as a key action in this 2016/17 Annual Governance Statement.

Embedding the Operating Framework and system of assurance

- 2.5 The Regulatory and Audit Committee approved the Assurance and Risk Management Strategy, which was been implemented in 2015/16. Delivery of the strategy remains on-going but good progress has been made; with assurance mapping of key services in all Business Units completed. This will remain an action for 2016/17, to ensure the assurance framework is embedded and an integrated part of the governance reporting process
- 2.6 The Operating Framework does not reflect current structures and a number of the processes are out of date. A full review of its effectiveness and an update of the document will be concluded over the summer.

Partnership Arrangements

- 2.7 The Council needs to develop a Partnership Framework to provide a mechanism for the organisation to have confidence in the robustness of the arrangements that support its partnerships. Local governance arrangements are in place across each of the Business Units, but there is a need for a consistent and rigorous approach.

Appendix 1 – 2017/18 AGS ACTION PLAN

Governance Issue	Action to be taken	Responsible Officer	Deadline	Progress as at October 2017
Business Continuity Plans	Business Continuity Plans to be maintained with reasonable assurance over completeness and application, including through the supply chain.	Resilience Manager	March 2018	<p>On target</p> <p>A report on Business Continuity Management (BCM) was presented to the Regulatory and Audit Committee in September detailing progress against this action. The Resilience Manager confirmed that there was improving engagement from across the organisation and that positive steps were moving the Council in the right direction.</p> <p>Assurance of the BCM process has been enhanced by the Assurance & Risk Strategy, which requires quarterly reporting to the Business Assurance Team by the Professional Lead (Resilience Manager)</p>
Embedding the Operating Framework and system of assurance	<p>Review the effectiveness of Operating Framework and update to reflect current structures.</p> <p>Routine reporting to the CMT and the Regulatory and Audit Committee on the three lines of assurance</p>	Director of Finance and Assets / Chief Auditor	<p>Sept 2017</p> <p>March 2018</p>	<p>Completed</p> <p>A review of the Operating Framework was undertaken by the Business Assurance Team, and following discussion with the Assistant Chief Executive, and as a result of this review it has been agreed that a Local Code of Corporate Governance will be drafted to replace the current Operating Framework. The Local Code of Corporate Governance will be in line with the principles set out in CIPFA/SOLACE Delivering Good Governance paper, and will also include the key requirements of the Operating Framework. The first draft of this document is in progress and is due to be presented to Regulatory and Audit Committee in January 2018.</p>

Governance Issue	Action to be taken	Responsible Officer	Deadline	Progress as at October 2017
Data Quality for the management of cyclical maintenance and inspection of plant and equipment.	Actions identified by the Professional Lead to be implemented and tested to ensure confidence in their application and effectiveness following embedding of new contract arrangements.	Head of Strategic Assets	March 2018	<p>On target</p> <p>The Head of Strategic Assets has confirmed a significant improvement in the data quality under the new contract arrangements and will continue to monitor the effectiveness of this.</p>
Contract Management	Develop and implement improvement programme to deliver the lessons learnt from recent contract failures and alternative delivery vehicle governance issues.	Commercial Director	March 2018	<p>On target</p> <p>The Director of Commercial Services attended the Regulatory and Audit Committee in September to provide an update on progress against this action. A prioritised improvement plan has been developed to address the areas of weakness and introduce the necessary changes to policy, processes and skills. The improvement plan includes relevant points from the review of Alternative Delivery Vehicles and other desirable enhancements to the policy identified by the Commissioning and Supplier Management Group (CSMG). The improvement plan will be managed by the Director of Commercial Services and overseen CSMG.</p>

Governance Issue	Action to be taken	Responsible Officer	Deadline	Progress as at October 2017
Partnership Working	Develop and implement a Partnership Framework to ensure that the Council has clear processes and procedures in place to respond to the complexity of partnerships, enabling services to be delivered more efficiently, effectively and with propriety.	Assistant Chief Executive	October 2017 (development) March 2018 (implementation)	<p>On target</p> <p>The Strategic Plan recognises that partnership working is critical to achieving improved outcomes for Buckinghamshire. Good progress is being made in the development of a partnership framework. All business units have been asked to identify key partnerships which are captured centrally on a partnership register. The register is administered by the Assistant Chief Exec's service to ensure corporate oversight, promote good governance in relation to partnership working, and identify opportunities for further collaboration. This will be reviewed bi-annually. Expectations of the Council's engagement in partnership working will be included as part of the new Code of Governance. To support the staff in understanding the partnership landscape and encourage further collaboration, a mapping visual aid is being developed to show key areas of focus, cross cutting themes, and contact details.</p>

Regulatory and Audit Committee

Title: Anti-Fraud and Corporation Strategy update

Date: Wednesday 8 November 2017

Author: Maggie Gibb, Head of Business Assurance (& Chief Auditor)

Contact officer: Maggie Gibb, 01296 387327

Local members affected:

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The updated Anti-Fraud and Corruption Strategy was presented to the Regulatory and Audit Committee in September, and Members requested some amendments be made. The Strategy has now been updated to reflect the amendments and is re-presented to the Committee for approval.

Recommendation

To **approve** the Anti-Fraud and Corruption Strategy.

Supporting information to include the following if a decision is being requested:

Resource implications

None

Legal implications

None

Other implications/issues

None



Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Background Papers

Anti-Fraud and Corruption Strategy

Buckinghamshire County Council

Anti-Fraud and Corruption Strategy

Prepared by: Maggie Gibb, Head of Business Assurance (& Chief Internal Auditor)

Version 3 – 1st November 2017



Anti-Fraud and Corruption Strategy

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1. Introduction

- 1.1 Buckinghamshire County Council has a zero tolerance stance to all forms of fraud, corruption and theft, both from within the Council and from external sources, which it recognises can:
- Undermine the standards of public service that the Council is attempting to achieve.
 - Reduce the level of resources and services available for the residents of Buckinghamshire.
 - Result in consequences which reduce public confidence in the Council.
- 1.2 The County Council is one of the largest business organisations in Buckinghamshire. In administering its responsibilities; the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor. The Council is committed to an effective Anti-Fraud and Corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.
- 1.3 Any proven fraud will be dealt with in a consistent and proportionate manner. Appropriate sanctions and redress will be pursued against anyone perpetrating, or seeking to perpetrate fraud, corruption or theft against the Council.
- 1.4 The Council is committed to the highest possible standards of openness, probity, honesty, integrity and accountability. The Council expects all staff, Councillors and partners to observe these standards which are defined within the Code of Conduct.
- 1.5 The Director of Finance and Assets, as the “Section 151 Officer” has a statutory responsibility under section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council’s financial affairs and has developed financial regulations and accounting instructions. The Chief Finance Officer exercises a quality control on financial administration through delegation of responsibilities to the Head of Strategic Finance and the Business Unit Finance Directors.
- 1.6 The Assistant Chief Executive, as the “Monitoring Officer” has a statutory responsibility to advise the Council on the legality of its decisions and to ensure that the Council’s actions do not give rise to illegality or maladministration. It is therefore essential for employees to follow the Council’s policies and procedures to demonstrate that the Council is acting in an open and transparent manner.

2. Definitions

2.1 **FRAUD:** Is defined by The Fraud Act 2006 as follows:

A person is guilty of fraud if he is in breach of any of the following:

Fraud by false representation; that is if a person:

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

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

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

Fraud by abuse of position; that is if a person:

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

The Fraud Act 2006 repeals certain offences that are detailed in the Theft Acts of 1968 and 1978. The term “fraud” is usually used to describe depriving someone of something by deceit, which might either be misuse of funds or other resources, or more complicated crimes like false accounting or the supply of false information. In legal terms, all of these activities are the same crime, theft, examples of which include deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion.

In addition the Fraud Act deals with offences relating to the possession of articles for use in fraud, making or supplying articles for use in frauds, participation by a sole trader in fraudulent business, and obtaining services dishonestly, personally or for another.

2.2 **CORRUPTION:** Is the deliberate use of one’s position for direct or indirect personal gain. “Corruption” covers the offering, giving, soliciting or acceptance of an

inducement or reward, which may influence the action of any person to act inappropriately.

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

2.4 **MONEY LAUNDERING:** Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership and which leaves them with money that cannot be traced back.

All employees are instructed to be aware of the increasing possibility of receiving requests that could be used for money laundering and illicit requests for money through e-mails. Detailed guidance is set out in the Council’s Anti-Money Laundering Policy.

2.5 Any Service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and if there is any suspicion concerning the appropriateness of the transaction then advice must be sought. The Council’s Money Laundering Reporting Officer (MLRO) is the Director of Finance and Assets. To report any incidents, please see the guidance notes detailed on the Council’s intranet page.

2.6 Legal Services also have their own professional guidance in relation to money laundering which places a duty on solicitors to report any suspicions and these may override their legal professional privilege and confidentiality. All such suspicions must be reported to the Monitoring Officer (Assistant Chief Executive) and the Money Laundering Reporting Officer.

2.7 **BRIBERY:** The Bribery Act 2010 came into force in the UK on 1st July 2011. It amends and reforms the UK criminal law and provides a modern legal framework to combat bribery in the UK and internationally. Staff need to be aware of their obligations under this Act, which sets out the criminality of accepting and giving of bribes. This applies to both individual staff and the Council corporately. The Bribery Act 2010 introduces four main offences, simplified as the following:

- Bribing another person: a person is guilty of an offence if he/she offers, promises or gives a financial or other advantage to another person.
- Offences relating to being bribed: a person is guilty of an offence if he/she requests, agrees to receive, or accepts a financial or other advantage. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate advantage or not.

- Bribery of a foreign public official: a person who bribes a foreign public official is guilty of an offence if the person's intention is to influence the foreign public official in their capacity, duty or role as a foreign public official.
- Failure of commercial organisations to prevent bribery: organisations, which include the County Council, must have adequate procedures in place to prevent bribery in relation to the obtaining or retaining of business.

Note: A 'financial' or 'other advantage' may include money, assets, gifts or services.

2.8 Prior to entering into any business arrangements, all Council officers and/or business units should ensure that they have taken all reasonable steps to identify any potential areas of risk relating to bribery or corruption.

3. Scope

3.1 This document applies to:

- All County Council Employees (including volunteers, agents and agency staff) and Councillors;
- Staff and Committee Members of Council funded voluntary organisations;
- Partner organisations;
- Schools;
- Council Suppliers, Contractors and Consultants;
- Service Users; and
- General Public.

4. Aims and Objectives

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

- Ensure that the Council is protected against fraud and loss;
- Protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Buckinghamshire residents and visitors;
- Create an "anti-fraud" culture which highlights the Council's zero tolerance of fraud, bribery, corruption and theft, which defines roles and responsibilities and actively engages everyone (the public, Councillors, staff, managers and policy makers);
- To provide a best practice "counter-fraud" service which:
 - Proactively deters, prevents and detects fraud, corruption and theft;
 - Investigates suspected or detected fraud, bribery, corruption and theft;
 - Enables the Council to apply appropriate sanctions and recovery of losses;

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

5. Principles

- 5.1 The Council will not tolerate abuse of its services or resources and has high expectations of propriety, integrity and accountability from all parties identified within this strategy. The Council will ensure that the resources dedicated to “counter-fraud” activity are sufficient and all those involved are trained to deliver a professional “counter-fraud” service to the highest standards. The Council is a member of the CIPFA Fraud Hub to enable access to expert resources and information, and specific resources, such as qualified fraud investigators, will be commissioned through the London Audit Framework where appropriate.
- 5.2 All fraudulent activity is unacceptable, and will result in consideration of legal action being taken against the individual(s) concerned. The Council will also pursue the repayment of any financial gain from individuals involved in malpractice and wrongdoing. The Council will ensure consistency, fairness and objectivity in all its “counter-fraud” work and that everyone is treated equally.
- 5.3 This strategy encourages those detailed in section 3.1 to report any genuine suspicions of fraudulent activity. However, malicious allegations or those motivated by personal gain will not be tolerated and, if proven, disciplinary or legal action will be taken. Sections 8.3 and 8.4 detail the reporting arrangements in relation to incidents of fraud or irregularity.
- 5.4 The Council will work with its partners (such as the Police, District Councils and other investigative bodies) to strengthen and continuously improve its arrangements to prevent fraud and corruption.

6. Responsibilities

Stakeholder	Specific Responsibilities
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption.
Assistant Chief Executive (Monitoring Officer)	To advise Councillors and Officers on ethical issues, standards and statutory responsibility to ensure that the Council operates within the law and statutory Codes of Practice.
Director of Finance	To ensure the Council has adopted an appropriate anti-fraud

Stakeholder	Specific Responsibilities
and Assets (Section 151 Officer)	strategy, there is an effective internal control environment in place and there is an adequately resourced and effective Internal Audit service to deliver “counter-fraud” work.
Regulatory and Audit Committee	To monitor the Council's strategies and policies and consider the effectiveness of the arrangements for Raising Concerns at Work, Whistle-blowing Procedures, Anti-Fraud and Corruption and the Complaints Process.
Councillors	To comply with the Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.
External Audit	Statutory duty to ensure that the County Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.
Internal Audit	Responsible for developing and implementing the Anti-Fraud and Corruption Strategy and monitoring the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this strategy and that action is identified to improve controls and reduce the risk of recurrence.
Executive Directors, Finance Directors and Service Directors/Managers	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit or via the Whistleblowing Policy and Procedure. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls.
Staff	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns to management, Internal Audit or via the Whistleblowing Policy and Procedure.
Public, Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.

7. Approach to Countering Fraud

7.1 Buckinghamshire County Council will fulfil its responsibility to reduce fraud and protect its resources by completing work in each of the following key areas:

7.2 **DETERRENCE:** The Council will promote and develop a strong “counter-fraud” culture, raise awareness and provide information on all aspects of its “counter-fraud” work. This includes dedicated fraud web pages, guidance, publicising the results of proactive work, investigating fraud referrals and seeking the recovery of any losses due to fraud.

7.3 **PREVENTION:** The Council will strengthen measures to prevent fraud. Internal Audit will work with managers and policy makers to ensure new and existing systems, procedures and policy initiatives consider any fraud risks. Audit activity will also consider fraud risks as part of each review.

7.4 **DETECTION:** Internal Audit maintains a log of all fraud referrals. The log helps to establish those areas within the Council most vulnerable to the risk of fraud. This also enables a Council wide fraud profile to be created which then informs any detailed work in areas throughout the Council aimed at detecting existing and new types of fraudulent activity.

Internal controls are established for financial and other systems within the Council. They are designed to discourage fraud and provide indicators of any fraudulent activity. The Council also relies on employees, Councillors and the public to be alert and to report suspicion of fraud and corruption.

Managers should pay particular attention to circumstances which may require additional and sensitive monitoring or supervision. Examples of Fraud Indicators are detailed in Appendix C.

7.5 **INVESTIGATION:** The Council will investigate all reported incidents of fraud or irregularity. Please see Appendix A for the Protocol for Investigating Irregularities.

7.6 **SANCTIONS:** The Council will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This will include legal action in addition to criminal and disciplinary action, where appropriate.

7.7 **REDRESS:** A crucial element of the Council’s response to tackling fraud is seeking financial redress. The recovery of defrauded monies is an important part of the Council’s strategy and will be pursued, where appropriate.

7.8 In addition to the above, Internal Audit also prepares an annual Counter-Fraud Work Plan that details the key objectives and areas of work for the year and when actions are due to be completed. The work plan is agreed and monitored by the Regulatory and Audit Committee and Section 151 Officer.

8. Reporting, Advice and Support

8.1 The Council's expectation is that Councillors and managers will lead by example and that employees at all levels will comply with the Constitution, Council Policies, Financial Regulations, Contract Standing Orders, The Operating Framework and Business Unit Procedures.

8.2 The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. It is essential that employees of the Council report any irregularities, or suspected irregularities to their line manager and if this is not appropriate then to the Executive Director or Service Director/Manager. The Council will provide all reasonable protection for those who raise genuine concerns in good faith, in accordance with the Whistleblowing Policy and Procedure.

8.3 The line manager, Service Manager, Director or Executive Director who receives the allegation (whether from a Councillor or a Council employee) must refer the matter to the following people, to determine how the potential irregularity will be investigated:

- Director of Finance and Assets (Section 151 Officer);
- Assistant Chief Executive (Monitoring Officer);
- Executive Director;
- Head of Business Assurance (& Chief Internal Auditor);and
- Head of HR Operations.

8.4 Where appropriate, the Monitoring Officer should inform the Leader, Deputy Leader and relevant portfolio holder where the irregularity is material and/or could affect the reputation of the Council. The Section 151 Officer will liaise with the Cabinet Member for Resources, as appropriate. The Media Team should also be informed if the matter is likely to be communicated externally.

8.5 The investigating officer will follow the 'Guidelines for Managers on Investigating Allegations' as well as the 'Protocol for Investigating Irregularities' (Appendix A), which includes the need to:

- Deal promptly with the matter;
- Record all evidence received;

- Ensure that evidence is sound and adequately supported;
- Ensure security of all evidence collected;
- Contact other agencies if necessary e.g. Police;
- Notify the Council's insurers; and
- Implement Council disciplinary procedures where appropriate.

8.6 The Council will also work in co-operation with the following bodies that will assist in scrutinising our systems and defences against fraud and corruption:

- Local Government Ombudsman;
- External Audit – Relationship Manager;
- National Fraud Initiative and related Audit Networks;
- Central Government Departments;
- HM Revenue and Customs;
- UK Border Agency;
- Department for Work and Pensions; and
- Police.

8.7 Any concerns or suspicions reported will be treated with discretion and in confidence. Key contacts include:

- Head of Business Assurance (& Chief Internal Auditor) – Tel: 01296 387327
- Audit Manager (Fraud Lead) – Tel: 01296 383717
- Confidential Reporting Facility - Tel: 01296 382237
- Confidential e-mail - audit@buckscc.gov.uk

8.8 Other Council means for raising concerns:

<ul style="list-style-type: none"> ▪ Chief Executive 	<p>Write to:</p> <p>Buckinghamshire County Council, County Hall, Walton Street, Aylesbury, HP20 1UA</p>
<ul style="list-style-type: none"> ▪ Director of Finance and Assets (Section 151 Officer) 	
<ul style="list-style-type: none"> ▪ Assistant Chief Executive (Monitoring Officer) 	
<ul style="list-style-type: none"> ▪ Executive Director 	
<ul style="list-style-type: none"> ▪ Service Director/Manager 	
<ul style="list-style-type: none"> ▪ Head of Business Assurance (& Chief Internal Auditor) 	
<ul style="list-style-type: none"> ▪ Regulatory and Audit Committee Chairman 	

8.9 External means of raising concerns:

▪ External Audit (Grant Thornton)	020 7728 3328
▪ Citizens Advice Bureau	Website: www.citizensadvice.org.uk
▪ Police	Website: www.thamesvalley.police.uk
▪ Your Local Councillor	Website: www.buckscc.gov.uk Click on: Councillors and Meetings>Councillors

8.10 Attached are the following Appendices:

- Appendix A: The Protocol for Investigating Irregularities
- Appendix B: The Council's Fraud Response Plan
- Appendix C: Examples of Fraud Indicators

9. Further Information

9.1 Further information on Council policy can be found in the following documents:

- The Constitution;
- Codes of Conduct (Councillors and Officers);
- Whistleblowing Policy and Procedure;
- Commercial Practices, Gifts and Hospitality;
- Financial Regulations and Instructions;
- Operating Framework;
- Contract Standing Orders and Exemptions;
- Anti-Money Laundering Policy; and
- Regulation of Investigatory Powers Act (RIPA).

10. Strategy Review

10.1 The Regulatory and Audit Committee will continue to review and amend this strategy as necessary to ensure that it continues to remain compliant and meets the requirements of the Council.

Responsible Officer: Head of Business Assurance (& Chief Internal Auditor)
Date: November 2017
Review Date: November 2018

APPENDIX A

Protocol for Investigating Irregularities

a) Fraud Referral / Allegation

The primary responsibility for the prevention and detection of fraud, corruption and theft rests with Executive Directors, Directors and Service Managers. Internal controls have been established for financial and other systems within the Council. They are designed to discourage fraud and provide indicators of any fraudulent activity. Employees, Councillors and other groups are encouraged to report suspected irregularities in accordance with the Council's Whistleblowing Policy and Procedure.

When a referral or allegation is received, the Executive Director, Director or Service Manager will report the incident to the key contacts and officers detailed in section 8.3 above, as well as any other relevant contacts, to determine the course of action.

In some cases, an allegation may be of a routine or minor nature that can be dealt with by service management without the need for a formal investigation. If this is the outcome, a record of the decision and who made it must be kept to enable the course of action to be justified. Alternatively, if the matter is of a nature that requires immediate Police involvement, please refer to section f) below on reporting issues to the Police.

If it is agreed that an internal investigation is required, this protocol details the stages that should be followed. It is the Executive Director, Director and Service Managers' responsibility to initiate and manage the investigation in potential cases of fraud, corruption or theft.

All investigations should be reported to Internal Audit, who will monitor the investigation, ensuring action is initiated, effectively managed and it is brought to a proper conclusion.

b) The Investigation

The Executive Director, Director or Service Manager should appoint a senior manager, independent of the activity, to head the investigation. The investigation team will take specialist professional advice and investigation skills from Internal Audit, Human Resources and a legal adviser from Legal Services. The team will also have open access to service management to ensure all appropriate enquiries can be undertaken. The Executive Director or Director should arrange for regular briefing meetings from the investigation team.

The team will agree a plan for the investigation having regard to the initial evidence and/or allegation. The investigation plan should be kept under regular review. Investigation progress will be reported to the Executive Director, Director, Service Manager and other relevant officers on a regular basis, especially when any key decisions need to be taken.

c) Evidence

All evidence gathered will be regarded as strictly confidential and will be the property of the investigation team. It will only be made more widely available on agreement with the necessary officers. The team will be responsible for gathering all evidence, whether it is verbal, written or electronic, which may include the need to interview employees.

If it is necessary to interview employees, the Executive Director, Director or Service Manager should be informed. HR should also be contacted to ensure the interview is arranged, conducted and managed correctly to ensure the employee is supported and the investigation is not compromised. Interviews with employees must be conducted in accordance with the relevant Council standards and procedures, with allowances for proper representation. Advice should also be obtained from Internal Audit as to the overall approach in undertaking the interview.

When obtaining written evidence, the source copy of any documentation should be obtained. Electronic evidence will be stored on a PC, laptop, blackberry, mobile phone, etc. When obtaining electronic evidence, the main issue is how to capture the evidence before it is changed. To do this, the equipment should be secured at the earliest opportunity to ensure evidence is not altered. This is a specialist activity and should be undertaken under the supervision of an IT specialist on which Internal Audit can advise.

Some investigations may require either covert surveillance or a covert operation to obtain information. If this is required, formal authorisation will need to be obtained under the Regulation of Investigatory Powers Act 2000 (RIPA). Authorising any action under RIPA regulation needs to be obtained from the Monitoring Officer and Head of Legal Services.

The conduct of interviews and gathering of evidence which may subsequently be used as criminal evidence is governed by specific rules and acts. In this respect, the following statutes are relevant:

- Police and Criminal Evidence Act 1984 (PACE);
- Regulation of Investigatory Powers Act 2000 (RIPA);
- Human Rights Act 1998; and
- Data Protection Act 1998.

Specialists trained in investigation and interviewing could be made available to the investigation team. Legal Services and Business Assurance may be able to assist if this is required. The need for specialist advice would be a part of the discussion when an investigation is initiated.

The investigation team should ensure that a fully referenced investigation file is maintained, which includes all documentation, records and notes collated during the investigation. Advice on the best approach to referencing investigation files can be obtained from Internal Audit.

d) Reporting

Once the investigation work has been concluded, the team will need to prepare a written report detailing the initial referral or allegation, the work completed (including documents obtained and interviews conducted) and an opinion or conclusion on the outcome of the investigation. Depending on the severity of the investigation outcome, the report may lead to a disciplinary hearing or Police referral.

The report should also detail any breakdown in management, operational or financial controls to the Executive Director, Director or Service Manager, who will have to agree the necessary actions to address the issues.

The investigation team, in consultation with the Executive Director or Service Director/Manager, should make arrangements for the Director of Finance and Assets, Monitoring Officer, Chief Internal Auditor and Head of HR Operations to be informed of the investigation outcome. Other officers should be notified on a strictly confidential, need to know basis.

e) Disciplinary and Criminal Proceedings

Executive Directors and Service Directors/Managers will be expected to take action in accordance with the Council's Conduct and Discipline Policy, where the outcome of the investigation indicates improper behaviour. School Governors are also required to take similar action where the outcome of the investigation indicates improper behaviour.

If an investigation requires that an employee is suspended, this must be done in accordance with the Conduct and Discipline Policy and Procedure. The procedure states that the suspension period should be as short as is reasonably practical. Senior employees should record in writing a decision to suspend and any subsequent review of that decision, setting out the reasons for the decision and whether alternative options have been considered.

The Executive Director or Service Director/Manager should ensure, normally through the investigation team, that the relevant written reports are available timely, for disciplinary and criminal proceedings. Necessary members of the investigation team may be required to give written evidence and attend at hearings to give verbal evidence and answer questions.

Normally the line manager will make the complaint at the disciplinary hearing, but in exceptional circumstances and with the Executive Director and HR's agreement, it may be made by a member of the investigation team.

Where there is a possibility of criminal proceedings, the investigation team should ensure that any relevant evidence is gathered and reported in such a way that it could be admissible in court. Legal Services will advise on a case by case basis as appropriate.

f) Police Involvement

Reporting incidents to the Police must be considered on an individual basis. If criminal activity is suspected, the matter should be promptly reported to the Police by the Executive Director or Service Director/ Manager. Approval to report the matter to the Police must be obtained from the Director of Finance and Assets, Monitoring Officer and/or Director of Legal Services. Advice should be sought from Internal Audit on how the matter should be reported and who would be best placed to meet with the Police and discuss the details of the investigation. In the unlikely event that none of the above officers are immediately available, the Executive Director, Director and Service Manager must judge how quickly the matter should be reported to ensure any Police investigation is not affected.

Continuous liaison with the Police is vital as there may be parallel enquiries undertaken by the Police in addition to those by the in-house team. Also, the Police have specialist skills to interview under caution that will be needed if evidence is to be used in court. Normally, any internal disciplinary process can take place at the same time as the Police investigation. However, this should be agreed in advance by both the Police and the Council to ensure both investigations are not compromised.

g) Investigation Costs

Internal Audit plans a small contingency for anti-fraud work. The Head of Business Assurance (& Chief Internal Auditor), will determine whether the contingency should be used for undertaking work on a specific investigation. Where resources are not directly available through Internal Audit, any contribution may disrupt planned work so there may be an additional direct charge to the service concerned. If external specialist advice is required, this will only be after agreement both in terms of scope and cost, with the Executive Director or Director/Service Manager. Charges for Legal Services advice will be in accordance with the normal service agreements with Business Units.

h) Post Investigation

The Council wishes to see that following an investigation, action is taken to minimise future occurrence. This may involve improvements in control, changes to systems and procedures, employee training or promoting “lessons learnt” advice

Any publicity arising from an investigation will be co-ordinated by the Council’s Media Team. It is the responsibility of the Executive Director or Director/Service Manager to ensure that the Media Team is informed of developments following completion of an investigation.

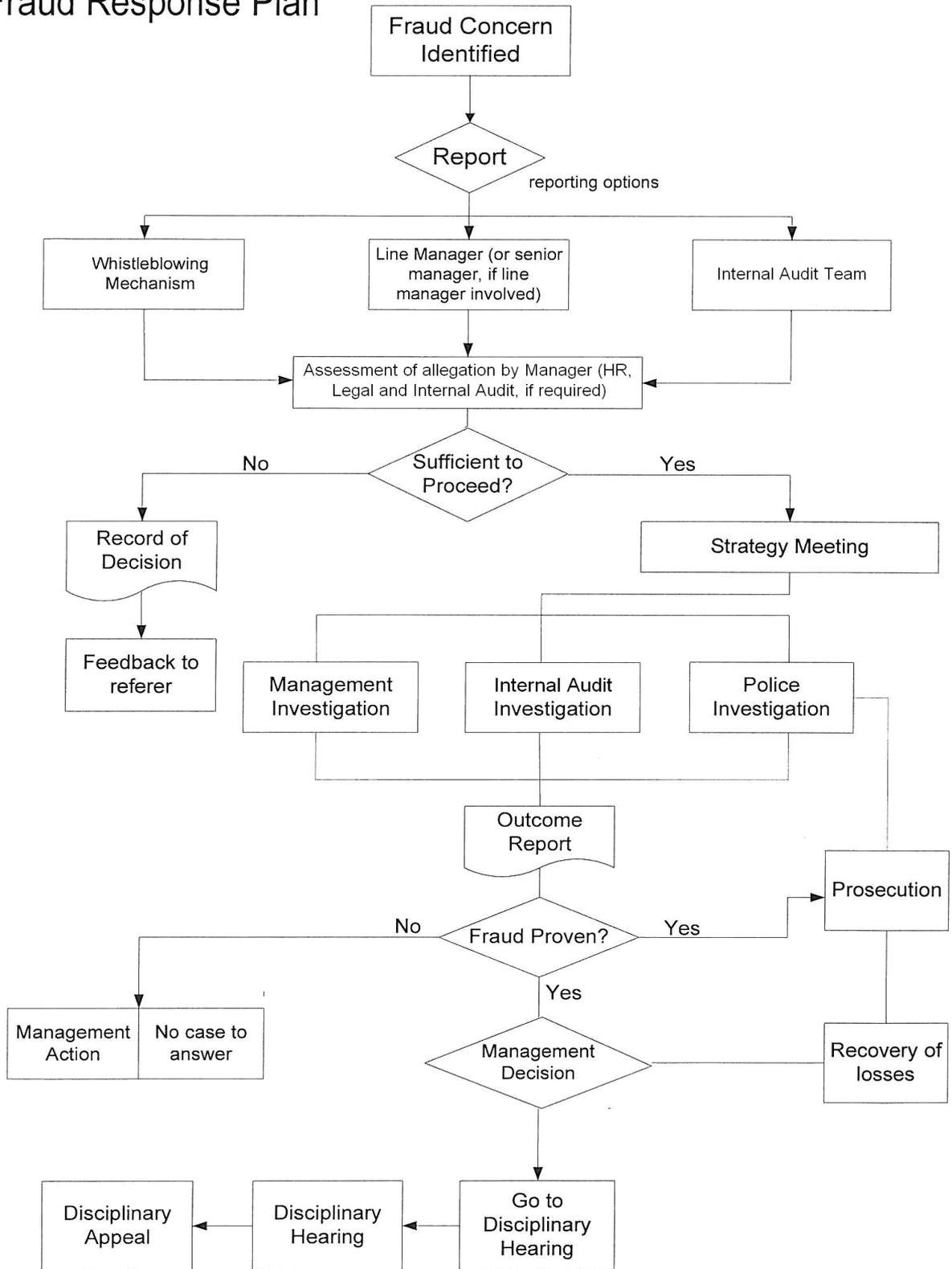
i) Training

The Council acknowledges that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of employees and Councillors throughout the organisation.

Investigation of fraud and corruption may require specialist training, not only for the Council’s Internal Audit Service, but also employees within Business Units. Business Unit and Internal Audit staff training plans will reflect this requirement.

APPENDIX B

Fraud Response Plan



APPENDIX C

Fraud Indicators

A number of frauds can come to light because of suspicions aroused by, for instance, the behaviour of certain individuals. It is impossible to give a definitive list of fraud indicators or warning signs. The following are types of risk factors that may, either alone or cumulatively with other factors, suggest the possibility of fraud and may therefore warrant further investigation or enquiry.

- **Unusual employee behaviour:** Refusal to comply with normal rules and practices, fails to take leave, refusing promotion, managers by-passing subordinates, subordinates by-passing managers, living beyond means, regularly working long-hours, job dissatisfaction/unhappy employee, secretiveness or undue defensiveness.
- **Financial irregularities:** Key documents missing (e.g. invoices, contracts); absence of controls and audit trails; missing expenditure vouchers and official records; general ledger out of balance; bank and ledger reconciliations are not maintained or cannot be balanced; excessive movements of cash or transactions between accounts; numerous adjustments or exceptions; constant overdue pay or expense advances; duplicate payments; ghost employees on the payroll; large payments to individuals; excessive variations to budgets or contracts.
- **Bad procurement practice:** Too close a relationship with suppliers/contractors; suppliers/contractors who insist on dealing with only one particular member of staff; unjustified disqualification of any bidder; lowest tenders or quotes passed over with minimal explanation recorded; defining needs in ways that can be met only by specific contractors; single vendors; vague specifications; splitting up requirements to get under small purchase requirements or to avoid prescribed levels of review or approval.
- **Disorganisation:** Understaffing in key control areas; consistent failures to correct major weaknesses in internal control; inadequate or no segregation of duties.
- **Inadequate supervision:** Policies not being followed; lack of senior management oversight; inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation); low staff morale, weak or inconsistent management.

- **Lax corporate culture:** Management frequently override internal control; climate of fear; employees under stress without excessive workloads; new employees resigning quickly; crisis management coupled with a pressured business environment; high employee turnover rates in key controlling functions.
- **Poor work practices:** Lack of common sense controls; work is left until the employee returns from leave; post office boxes as shipping addresses; documentation that is a photocopy or lacking essential information; lack of rotation of duties; unauthorised changes to systems or work practices.

Regulatory and Audit Committee

Title: Money Laundering Policy

Date: Wednesday 8 November 2017

Author: Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Linda Forsythe, Deputy Monitoring Officer and Corporate Governance Lawyer

Contact officer: Maggie Gibb, 01296 387327

Local members affected:

For press enquiries concerning this report, please contact the media office on 01296 382444

Summary

The Anti-Money Laundering Policy has been updated to reflect the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) which came into force on 26 June 2017.

The revised Policy is attached as an appendix, along with a tracked changes version.

The revised Policy will be communicated across the organisation to raise awareness and remind staff of their responsibilities.

Recommendation

To **approve** the revised policy.

Supporting information to include the following if a decision is being requested:

Resource implications

None

Legal implications

None



Other implications/issues

None

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Background Papers

Anti-Money Laundering Policy

Buckinghamshire County Council

Anti-Money Laundering Policy

A guide to the Council's anti-money laundering safeguard and reporting arrangements.

Prepared by: Maggie Gibb, Head of Business Assurance (& Chief Internal Auditor)
Linda Forsythe, Deputy Monitoring Officer and Corporate Governance Lawyer

Version 3 – October 2017



Anti-Money Laundering Policy

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1. Introduction

- 1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017) came into force on 26 June 2017. They implement the EU's 4th Directive on Money Laundering. In doing so, they replace the Money Laundering Regulations 2007 (MLR 2007) and the Transfer of Funds (Information on the Payer) Regulations 2007 which were previously in force.
- 1.2 A key difference is that relevant persons are obliged to adopt a more risk-based approach towards anti-money laundering, in particular in how they conduct due diligence. Determining the appropriate level of due diligence requires analysis of risk factors based on the EU Directive and which are set out in MLR 2017.

2. Scope of the policy

- 2.1 This Policy applies to all employees whether permanent or temporary and Members of the Council. Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Council. Individuals who have a concern relating to a matter outside of work should contact the police.
- 2.2 The Policy is accompanied by:
 - The Customer Due Diligence Pro-Forma (**Appendix 1**).
- 2.3 Failure by a member of staff to comply with the procedures set out in the Policy should be escalated for appropriate action to be taken.

3. What is money laundering?

- 3.1 Money Laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. Such offences are defined under The Proceeds of Crime Act 2002 as the following prohibited acts;
 - Concealing, disguising, converting, transferring or removing criminal property from the UK.
 - Becoming involved in an arrangement which an individual 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 e.g. falsifying a document.
- Failure to disclose one of the offences listed above where there are reasonable grounds for knowledge or suspicion.
- Tipping off a person(s) who is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation.

3.2 Money laundering activity may range from a single act, for example being in possession of the proceeds of one's own crime, to complex and sophisticated schemes involving multiple parties and multiple methods of handling and transferring criminal property as well as concealing it and entering into arrangements to assist others to do so. Council employees need to be alert to the risks of clients, their counterparties and others laundering money in any of its many forms.

3.3 The main money laundering offences are those under sections;

- 327 to 329 of the Proceeds of Crime Act 2002.
- 18 of the Terrorism Act 2000.

In summary the offences are committed as follows;

Under section 327 it is an offence to conceal, disguise, convert, transfer or remove criminal property from England and Wales.

Under section 328 it is an offence for a person to enter into or become concerned in an arrangement which s/he knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.

Under section 329 it is an offence for a person to acquire, use or have in his/her possession criminal property.

3.4 Under section 18 of the Terrorism Act 2000 it is an offence for a person to enter into or become concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, removal from the jurisdiction, transfer to nominees or in any other way. Terrorist property is defined as money or other property which is likely to be used for the purposes of terrorism (including any resources of a prescribed organisation), proceeds of the commission of acts of terrorism, and proceeds of acts carried out for the purposes of terrorism.

3.5 It is important to note that anyone, Council employee or not, can commit any of the above offences. However, in addition to these offences there are a series of obligations imposed on the Council by the 2007 Regulations that it must fulfil and of which breach can also amount to an offence by the Council.

4. What are the obligations on the council?

4.1 Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2017, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

The Regulations apply to “relevant persons” acting in the course of business carried on by them in the UK. Not all of the Council’s business is relevant for the purposes of the Regulations; it could include accountancy and audit services carried out by Financial Services and the financial, company and property transactions undertaken by Legal Services.

4.2 It is reasonable to conclude that the money laundering regime is not primarily aimed at local authorities and that local authorities’ work is to some extent tangential to the regime. However, the safest way to ensure compliance with the regime is nonetheless to apply its requirements to all of the Council’s areas of work and to ensure that all staff comply with the reporting procedure set out in the Policy.

4.3 The obligations on the Council are to establish and maintain appropriate and risk-sensitive policies and procedures relating to the following;

- Customer due diligence measures and ongoing monitoring.
- Reporting.
- Record-keeping.
- Internal control.
- Risk assessment and management.
- The monitoring and management of compliance with, and the internal communication of such policies and procedures.

4.4 All employees are required to follow the procedure set out in the Policy and in this way the Council will properly discharge its obligations under the money laundering regime.

5. The importance of disclosing any suspicions to the Money Laundering Reporting Officer (MLRO)

5.1 Where you know or suspect that money laundering activity is taking/has taken place, or you are concerned that your involvement in the matter may amount to a prohibited act under the legislation, you must disclose to the MLRO this suspicion

or concern as soon as practicable; the disclosure should be made within hours rather than days or weeks of the information coming to your attention. The legislation determines that a single cash transaction or a series of linked transactions totalling over €15,000 (approximately £10,000 at the time of the legislation) should be treated as suspicious. However vigilance also needs to be maintained in respect of all other possibilities such as a series of smaller payments in cash.

IF YOU FAIL TO DO SO YOU MAY BE LIABLE TO PROSECUTION.

5.2 Your disclosure should be made to the MLRO on the Pro Forma attached. The report must include as much detail as possible, for example:

- Full details of the people involved (including yourself if relevant) e.g. name, date of birth, address, company names, directorships, phone numbers etc.
- If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327-329 of the.
- 2002 Act then your report must include all relevant details as.
- You will need consent from the National Crime Agency (NCA) or relevant successor body, through the MLRO, to take any further part in the transaction. This is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the.
- Report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.
- The types of money laundering activity involved. If possible cite the section number(s) under which the report is being made.
- The date of such activities, including whether the transactions have happened, are on-going or are imminent.
- Where they took place.
- How they were undertaken.
- The (likely) amount of money/assets involved.
- Why, exactly, you are suspicious.
- In addition, any other information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable
- To prepare a report to the NCA, where appropriate. You should also enclose any copies of relevant supporting documentation.

- 5.3 As soon as you have reported the matter to the MLRO you must follow any directions they give to you. **You must NOT make any further inquiries into the matter yourself.**

Any necessary investigation will be undertaken by the National Crime Agency (NCA) or relevant successor body; simply report your suspicions to the MLRO, who will refer the matter to NCA or relevant successor body, if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

- 5.4 Similarly, **at no time and under no circumstances should you voice any suspicions** to the person(s) organisation you suspect of money laundering; otherwise you may commit the criminal offence of “tipping off”.

- 5.5 Do not, therefore, make any reference on a client file to a report having been made to the MLRO. Should the client exercise his/her right to see the file then such a note would obviously tip them off to the report having been made. Again you would be at risk of prosecution for tipping off. The MLRO will keep the appropriate records in a confidential manner.

6. Customer Due Diligence

- 6.1 Customer due diligence means that the Council must know its clients and understand their businesses. This is so that the Council is in a position to know if there is suspicious activity that should be reported; clearly it is only by the Council knowing its clients and their businesses that it can recognise abnormal and possibly suspicious activity.
- 6.2 The obligations imposed on the Council must, of course, be brought into effect by its individual employees. Employees must therefore be familiar with these obligations.
- 6.3 The 2017 Regulations require that the Council identifies its customers and verifies that identity on the basis of documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the Council must identify that person and verify the identity and where the beneficial owner is a trust or similar then the Council must understand the nature of the control structure of that trust. Finally the Council must obtain information on the purpose and intended nature of the business relationship. The MLR 2017 introduces the need for the Council to consider both customer and geographical risk factors in deciding what due diligence is appropriate. The new Regulations introduced a list of high risk jurisdictions which if involved in a transaction makes enhanced due diligence and additional risk assessment compulsory. For an up to date list of such jurisdictions an officer should seek advice from the MLRO. The list of areas is currently: Afghanistan, Bosnia and Herzegovina, Guyana, Iraq, Lao

PDR, Syria, Uganda, Vanuatu, Yemen, Iran and the Democratic People's Republic of Korea.

- 6.4 The checks described in the paragraph above must generally be undertaken by the Council before it establishes a business relationship or carries out an occasional transaction, or if it suspects money laundering or terrorist funding or doubts the veracity of any information obtained for the purposes of identification or verification. However, the Council is not required to undertake these checks if its customer is another public authority, unless it suspects money laundering or terrorist funding.
- 6.5 The Council is also obliged to maintain ongoing monitoring of its business relationships which means it must scrutinise transactions throughout the course of the relationship to ensure that the transactions are consistent with the Council's knowledge of the customer and keep the information about the customer up-to-date.
- 6.6 Where the Council is not able to apply the customer due diligence measures set out above it must not carry out a transaction with or for a customer through a bank account, it must not establish a business relationship or carry out an occasional transaction with the customer, it must terminate any business relationship with the customer and consider whether to make a disclosure.
- 6.7 However, the above paragraph does not apply where a lawyer or other professional adviser is in the course of advising the legal position for his/her client or performing his/her task of defending or representing that client in, or concerning, legal proceedings including the advice on the institution or avoidance of proceedings.

7. Enhanced Customer Due Diligence and Ongoing Monitoring

- 7.1 It will in certain circumstances be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary where:
- The customer has not been physically present for identification purposes; or
 - In any other situation which by its nature can present a higher risk of money laundering or terrorist financing.
- 7.2 Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data or information.

7.3 Similarly, where the Council is in an ongoing “business relationship” with a customer, the Regulations impose a special obligation to carry out ongoing monitoring. This means that the Council must:

- scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Council’s knowledge of the customer, his/her business and risk profile; and
- keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures up-to-date.

8. Internal clients

8.1 Appropriate evidence of identity for Council departments will be signed, written instructions on Council headed notepaper or an e-mail on the internal system at the outset of a particular matter. Such correspondence should then be placed on the Council’s client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.

9. External clients

9.1 The MLRO will maintain a central file of general client identification and verification information about the Council’s external clients to whom the Council provides professional services. You should check with the MLRO that the organisation or individual in respect of which you require identification and verification information is included in the MLRO’s central file and then check the details of the information held in respect of the particular client. If the organisation or individual is not included in the central file you should discuss the matter with the MLRO.

9.2 In practice the Council can fulfil its obligations if employees complete the Customer Due Diligence Pro-Forma attached.

10. Record keeping

10.1 The information gathered by the Council in pursuance of its customers due diligence obligations and described above must be kept for a period of five years from either the completion of the transaction or the end of the business relationship. Each Department or Section of the Council should nominate an officer who is to be responsible for the secure storage of these records.

11. Money Laundering Reporting Officer

11.1 The officer nominated to receive disclosure about money laundering activity within the Council is the Director of Finance and Assets.

He can be contacted as follows:

Richard Ambrose
Director of Finance and Assets
Resources
Buckinghamshire County Council
County Hall
Aylesbury, Bucks
HP20 1UA

Telephone: 01296 383120

In the absence of the MLRO the Monitoring Officer, Sarah Ashmead, is authorised to deputise.

Sarah Ashmead can be contacted at the above address or on telephone 01296 303986.

APPENDIX

Customer Due Diligence Pro-Forma

SECTION A: PRELIMINARY	
NAME OF CUSTOMER	
Is this customer another public authority (E.g. a local authority)?	If “Yes”, the due diligence measures below in Sections B and C do not need to be applied.
Does the Council suspect the customer of money laundering or terrorist financing?	If “Yes”, the suspicion MUST always be reported to the MLRO immediately.
SECTION B: DUE DILIGENCE MEASURES	
<p>These measures are to be applied where the Council:</p> <ol style="list-style-type: none"> 1) establishes a business relationship with a customer²; 2) carries out an occasional transaction³; 3) doubts the veracity or adequacy of documents, data or information previously obtained from the customer for the purposes of identification or verification. <p>To apply the due diligence measures, please answer as fully as possible the questions below.</p>	
1.	Can the Council identify this customer?
2.	How has the identity of this customer been established? [Attach documents, data or information establishing identity]
3.	Are these documents, data or information from an independent and reliable source?
4.	Can the Council verify the identity of the customer?

² “**business relationship**” means a business, professional or commercial relationship which the Council expects, at the time the contact is established, to have an element of duration.

³ “**occasional transaction**” means a transaction, carried out other than as part of a business relationship, amounting to 15,000 Euro or more, whether a single operation or several operations which appear to be linked. [Sterling equivalent at date of final document]

	[Through the documents referred to in Questions 2 and 3]	
5.	Is there a beneficial owner involved with the customer who is a different person or entity to the customer identified	
6.	What is the identity of the beneficial owner?	
7.	Can the Council verify the identity of the beneficial owner?	
8.	Does the Council doubt the veracity or adequacy of documents, data or information obtained for the purposes of identification or verification?	
9.	When were the documents, data or information obtained for the purposes of identification or verification of this customer last up-dated?	
10.	When will the documents, data or information obtained for the purposes of identification or verification of this customer next	
11.	What is the ownership and control structure of the beneficial owner?	
12.	Does the Council wish to establish a business relationship with this customer?	
13.	What is the purpose and intended nature of the business relationship?	

SECTION C: OUTCOME OF DUE DILIGENCE MEASURES

<p>Is the Council unable to answer any of the above questions because the customer has been unable or unwilling to provide information?</p> <p>If so, please give full details.</p>	<p>If the answer is “Yes”, the Council must not establish a business relationship or carry out an occasional transaction with this customer; it must not carry out any transaction with or for the customer through a bank account; it must terminate any business relationship with the customer AND the suspicion must be reported immediately to the MLRO.</p>
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NOTE

This pro-forma must be kept for 5 years from the end of the business relationship or occasional transaction with this customer.

Buckinghamshire County Council

Anti-Money Laundering Policy

A guide to the Council's anti-money laundering safeguard and reporting arrangements.

Prepared by: Maggie Gibb, Head of Business Assurance (& Chief Internal Auditor)

[Linda Forsythe, Deputy Monitoring Officer and Corporate Governance Lawyer](#)

Version ~~2~~ 1st September 2016 – October 2017



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1. 4. Introduction

4.1

1.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2007⁴, which 2017 (MLR 2017) came into effect on the 15 December 2007, introduced changes to force on 26 June 2017. They implement the money laundering regime that are relevant to the Council. As a consequence the Council's AntiEU's 4th Directive on Money Laundering Policy was up-dated. In doing so as to reflect the 2007 Regulations. This Policy replaces any previous Anti, they replace the Money Laundering Policies Regulations 2007 (MLR 2007) and the Transfer of Funds (Information on the Payer) Regulations 2007 which were previously in force.

1.2 2. A key difference is that relevant persons are obliged to adopt a more risk-based approach towards anti-money laundering, in particular in how they conduct due diligence. Determining the appropriate level of due diligence requires analysis of risk factors based on the EU Directive and which are set out in MLR 2017.

2. Scope of the policy

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2.1 This Policy applies to all employees whether permanent or temporary and Members of the Council.

— Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Council. Individuals who have a concern relating to a matter outside of work should contact the police.

2.2 The Policy is accompanied by:

- The Customer Due Diligence Pro-Forma (**Appendix 1**).

2.3 Failure by a member of staff to comply with the procedures set out in the Policy ~~may lead to disciplinary action being taken against him/her. Any disciplinary action will be dealt with in accordance with the County Council disciplinary Policy and Procedure should be escalated for appropriate action to be taken.~~

3. What is money laundering?

3.1 Money Laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. Such offences are defined under The Proceeds of Crime Act 2002 as the following prohibited acts;

- Concealing, disguising, converting, transferring or removing criminal property from the UK.
- Becoming involved in an arrangement which an individual 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 e.g. falsifying a document.
- Failure to disclose one of the offences listed above where there are reasonable grounds for knowledge or suspicion.
- Tipping off a person(s) who is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation.

3.2 Money laundering activity may range from a single act, for example being in possession of the proceeds of one's own crime, to complex and sophisticated schemes involving multiple parties and multiple methods of handling and transferring criminal property as well as concealing it and entering into arrangements to assist others to do so. Council employees need to be alert to the risks of clients, their counterparties and others laundering money in any of its many forms.

3.3 The main money laundering offences are those under sections;

- 327 to 329 of the Proceeds of Crime Act 2002.
- 18 of the Terrorism Act 2000.

In summary the offences are committed as follows;

Under section 327 it is an offence to conceal, disguise, convert, transfer or remove criminal property from England and Wales.

Under section 328 it is an offence for a person to enter into or become concerned in an arrangement which s/he knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.

Under section 329 it is an offence for a person to acquire, use or have in his/her possession criminal property.

3.4 Under section 18 of the Terrorism Act 2000 it is an offence for a person to enter into or become concerned in an arrangement which facilitates the retention or control by or on behalf of another person of terrorist property by concealment, removal from the jurisdiction, transfer to nominees or in any other way. Terrorist property is defined as money or other property which is likely to be used for the purposes of terrorism (including any resources of a prescribed organisation), proceeds of the commission of acts of terrorism, and proceeds of acts carried out for the purposes of terrorism.

3.5 It is important to note that anyone, Council employee or not, can commit any of the above offences. However, in addition to these offences there are a series of obligations imposed on the Council by the 2007 Regulations that it must fulfil and of which breach can also amount to an offence by the Council.

4. What are the obligations on the council?

4.1 Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations ~~2007~~2017, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.

The Regulations apply to “relevant persons” acting in the course of business carried on by them in the UK. Not all of the Council’s business is relevant for the purposes of the Regulations; it could include accountancy and audit services carried out by Financial Services and the financial, company and property transactions undertaken by Legal Services.

4.2 It is reasonable to conclude that the money laundering regime is not primarily aimed at local authorities and that local authorities’ work is to some extent tangential to the regime. However, the safest way to ensure compliance with the regime is nonetheless to apply its requirements to all of the Council’s areas of work and to ensure that all staff comply with the reporting procedure set out in the Policy.

4.3 The obligations on the Council are to establish and maintain appropriate and risk-sensitive policies and procedures relating to the following;

- Customer due diligence measures and ongoing monitoring.
- Reporting.
- Record-keeping.
- Internal control.
- Risk assessment and management.
- The monitoring and management of compliance with, and the internal communication of such policies and procedures.

4.4 All employees are required to follow the procedure set out in the Policy and in this way the Council will properly discharge its obligations under the money laundering regime.

5. The importance of disclosing any suspicions to the Money Laundering Reporting Officer (MLRO)

5.1 Where you know or suspect that money laundering activity is taking/has taken place, or you are concerned that your involvement in the matter may amount to a prohibited act under the legislation, you must disclose to the MLRO this suspicion

or concern as soon as practicable; the disclosure should be made within hours rather than days or weeks of the information coming to your attention. The legislation determines that a single cash transaction or a series of linked transactions totalling over €15,000 (approximately £10,000 at the time of the legislation) should be treated as suspicious. However vigilance also needs to be maintained in respect of all other possibilities such as a series of smaller payments in cash.

IF YOU FAIL TO DO SO YOU MAY BE LIABLE TO PROSECUTION.

5.2 Your disclosure should be made to the MLRO on the Pro Forma attached. The report must include as much detail as possible, for example:

- Full details of the people involved (including yourself if relevant) e.g. name, date of birth, address, company names, directorships, phone numbers etc.
- If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327-329 of the.
- 2002 Act then your report must include all relevant details as.
- You will need consent from the National Crime Agency (NCA) or relevant successor body, through the MLRO, to take any further part in the transaction. This is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it clear in the.
- Report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline.
- The types of money laundering activity involved. If possible cite the section number(s) under which the report is being made.
- The date of such activities, including whether the transactions have happened, are on-going or are imminent.
- Where they took place.
- How they were undertaken.
- The (likely) amount of money/assets involved.
- Why, exactly, you are suspicious.
- In addition, any other information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable
- To prepare a report to the NCA, where appropriate. You should also enclose any copies of relevant supporting documentation.

5.3 As soon as you have reported the matter to the MLRO you must follow any directions they give to you. **You must NOT make any further inquiries into the matter yourself.**

Any necessary investigation will be undertaken by the National Crime Agency (NCA) or relevant successor body; simply report your suspicions to the MLRO, who will refer the matter to NCA or relevant successor body, if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

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5.4 Similarly, **at no time and under no circumstances should you voice any suspicions** to the person(s) organisation you suspect of money laundering; otherwise you may commit the criminal offence of “tipping off”.

5.5 Do not, therefore, make any reference on a client file to a report having been made to the MLRO. Should the client exercise his/her right to see the file then such a note would obviously tip them off to the report having been made. Again you would be at risk of prosecution for tipping off. The MLRO will keep the appropriate records in a confidential manner.

6. Customer Due Diligence

6.1 Customer due diligence means that the Council must know its clients and understand their businesses. This is so that the Council is in a position to know if there is suspicious activity that should be reported; clearly it is only by the Council knowing its clients and their businesses that it can recognise abnormal and possibly suspicious activity.

6.2 The obligations imposed on the Council must, of course, be brought into effect by its individual employees. Employees must therefore be familiar with these obligations.

6.3 The ~~2007~~2017 Regulations require that the Council identifies its customers and verifies that identity on the basis of documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the Council must identify that person and verify the identity and where the beneficial owner is a trust or similar then the Council must understand the nature of the control structure of that trust. Finally the Council must obtain information on the purpose and intended nature of the business relationship. The MLR 2017 introduces the need for the Council to consider both customer and geographical risk factors in deciding what due diligence is appropriate. The new Regulations introduced a list of high risk jurisdictions which if involved in a transaction makes enhanced due diligence and additional risk assessment compulsory. For an up to date list of such jurisdictions an officer should seek advice from the MLRO. The list of areas is currently: Afghanistan, Bosnia and Herzegovina, Guyana, Iraq, Lao

PDR, Syria, Uganda, Vanuatu, Yemen, Iran and the Democratic People's Republic of Korea.

- 6.4 The checks described in the paragraph above must generally be undertaken by the Council before it establishes a business relationship or carries out an occasional transaction, or if it suspects money laundering or terrorist funding or doubts the veracity of any information obtained for the purposes of identification or verification. However, the Council is not required to undertake these checks if its customer is another public authority, unless it suspects money laundering or terrorist funding.
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- 6.6 Where the Council is not able to apply the customer due diligence measures set out above it must not carry out a transaction with or for a customer through a bank account, it must not establish a business relationship or carry out an occasional transaction with the customer, it must terminate any business relationship with the customer and consider whether to make a disclosure.
- 6.7 However, the above paragraph does not apply where a lawyer or other professional adviser is in the course of advising the legal position for his/her client or performing his/her task of defending or representing that client in, or concerning, legal proceedings including the advice on the institution or avoidance of proceedings.

7. Enhanced Customer Due Diligence and Ongoing Monitoring

- 7.1 It will in certain circumstances be necessary to undertake what is known in the Regulations as Enhanced Customer Due Diligence. In summary, this will be necessary where:
- The customer has not been physically present for identification purposes; or
 - In any other situation which by its nature can present a higher risk of money laundering or terrorist financing.
- 7.2 Where this applies, the Council will need to take adequate measures to compensate for the higher risk. For example, this will mean ensuring that the customer's identity is established by additional documents, data or information.

7.3 Similarly, where the Council is in an ongoing “business relationship” with a customer, the Regulations impose a special obligation to carry out ongoing monitoring. This means that the Council must:

- scrutinise transactions undertaken throughout the course of the relationship to make sure that these transactions are consistent with the Council’s knowledge of the customer, his/her business and risk profile; and
- keep documents, data or information obtained for the purpose of applying Customer Due Diligence measures up-to-date.

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9.2 In practice the Council can fulfil its obligations if employees complete the Customer Due Diligence Pro-Forma attached.

10. Record keeping

10.1 The information gathered by the Council in pursuance of its customers due diligence obligations and described above must be kept for a period of five years from either the completion of the transaction or the end of the business relationship. Each Department or Section of the Council should nominate an officer who is to be responsible for the secure storage of these records.

11. Money Laundering Reporting Officer

11.1 The officer nominated to receive disclosure about money laundering activity within the Council is the Director of ~~Assurance~~ Finance and Assets.

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He can be contacted as follows:

Richard Ambrose
Director of ~~Assurance~~Finance and Assets
~~HQ Assurance~~
Resources
Buckinghamshire County Council
County Hall
Aylesbury, Bucks
HP20 1UA

Telephone: 01296 383120

In the absence of the MLRO the Monitoring Officer, Sarah Ashmead, is authorised to deputise.

Sarah Ashmead can be contacted at the above address or on telephone 01296 303986.

APPENDIX

1

Customer Due Diligence Pro-Forma

SECTION A: PRELIMINARY	
NAME OF CUSTOMER	
Is this customer another public authority (E.g. a local authority)?	If “Yes”, the due diligence measures below in Sections B and C do not need to be applied.
Does the Council suspect the customer of money laundering or terrorist financing?	If “Yes”, the suspicion MUST always be reported to the MLRO immediately.
SECTION B: DUE DILIGENCE MEASURES	
<p>These measures are to be applied where the Council:</p> <ol style="list-style-type: none"> 1) establishes a business relationship with a customer²; 2) carries out an occasional transaction³; 3) doubts the veracity or adequacy of documents, data or information previously obtained from the customer for the purposes of identification or verification. <p>To apply the due diligence measures, please answer as fully as possible the questions below.</p>	
1.	Can the Council identify this customer?
2.	How has the identity of this customer been established? [Attach documents, data or information establishing identity]
3.	Are these documents, data or information from an independent and reliable source?
4.	Can the Council verify the identity of the customer?

² “**business relationship**” means a business, professional or commercial relationship which the Council expects, at the time the contact is established, to have an element of duration.

³ “**occasional transaction**” means a transaction, carried out other than as part of a business relationship, amounting to 15,000 Euro or more, whether a single operation or several operations which appear to be linked. [Sterling equivalent at date of final document]

	[Through the documents referred to in Questions 2 and 3]	
5.	Is there a beneficial owner involved with the customer who is a different person or entity to the customer identified	
6.	What is the identity of the beneficial owner?	
7.	Can the Council verify the identity of the beneficial owner?	
8.	Does the Council doubt the veracity or adequacy of documents, data or information obtained for the purposes of identification or verification?	
9.	When were the documents, data or information obtained for the purposes of identification or verification of this customer last up-dated?	
10.	When will the documents, data or information obtained for the purposes of identification or verification of this customer next	
11.	What is the ownership and control structure of the beneficial owner?	
12.	Does the Council wish to establish a business relationship with this customer?	
13.	What is the purpose and intended nature of the business relationship?	
SECTION C: OUTCOME OF DUE DILIGENCE MEASURES		
<p>Is the Council unable to answer any of the above questions because the customer has been unable or unwilling to provide information?</p> <p>If so, please give full details.</p>		<p>If the answer is “Yes”, the Council must not establish a business relationship or carry out an occasional transaction with this customer; it must not carry out any transaction with or for the customer through a bank account; it must terminate any business relationship with the customer AND the suspicion must be reported immediately to the MLRO.</p>
<p>NOTE This pro-forma must be kept for <u>5 years</u> from the end of the business relationship or occasional transaction with this customer.</p>		

Regulatory & Audit Committee Forward Plan – Forward Plan

Date of meeting	Items ^ = to OCB	Report Writer
31 Jan 18 PART 2 ITEMS	1. External Auditors Audit Plan 2. Quality Assurance Framework 3. Risk Management Group Update 4. Local Code of Corporate Governance 5. Contract Standing Orders Exemptions/Breaches 6. Limited Assurance Internal Audit Reports^ 7. Fraud Update (via Statutory Officers Group)	1. Maggie Gibb 2. Maggie Gibb 3. Maggie Gibb 4. Maggie Gibb 5. Jane Richards/Helen Bold 6. Maggie Gibb 7. Maggie Gibb
11 April 18 PART 2 ITEMS	1. Risk Management Group Update 2. Limited Assurance Internal Audit Reports^ 3. Fraud Update (via Statutory Officers Group)	1. Maggie Gibb 2. Maggie Gibb 3. Maggie Gibb
6 June 18 PART 2 ITEMS	1. Risk Management Group Update 2. Limited Assurance Internal Audit Reports^ 3. Fraud Update (via Statutory Officers Group)	1. Maggie Gibb 2. Maggie Gibb 3. Maggie Gibb
25 July 18 PART 2 ITEMS	1. Risk Management Group Update 2. Limited Assurance Internal Audit Reports^ 3. Fraud Update (via Statutory Officers Group)	1. Maggie Gibb 2. Maggie Gibb 3. Maggie Gibb
12 Sept 18 PART 2 ITEMS	1. Risk Management Group Update 2. Limited Assurance Internal Audit Reports^ 3. Fraud Update (via Statutory Officers Group)	1. Maggie Gibb 2. Maggie Gibb 3. Maggie Gibb
21 Nov 18 PART 2 ITEMS	1. Risk Management Group Update 2. Limited Assurance Internal Audit Reports^ 3. Fraud Update (via Statutory Officers Group)	1. Maggie Gibb 2. Maggie Gibb 3. Maggie Gibb

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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