





## **Declarations of Interest**

Any Member attending the meeting is reminded of the requirement to declare if he/she has a personal interest in any item of business, as defined in the Code of Conduct. If that interest is a prejudicial interest as defined in the Code the Member should also withdraw from the meeting.

## **A G E N D A**

(Pages)

1. **Minutes**  
To confirm the minutes of the meeting held on 16 March 2017. **(5 - 6)**
2. **Apologies for Absence**
3. **Declarations of Interest**
4. **Complaints Monitoring Report 2016/17** **(7 - 10)**  
*Appendix: Complaints Procedure* **(11 - 20)**
5. **Review of Policy on Gifts and Hospitality** **(21 - 24)**  
*Appendix 1: Joint Anti-Fraud, Bribery and Corruption Policy* **(25 - 34)**  
*Appendix 2: Draft Protocol relating to Gifts and Hospitality* **(35 - 44)**
6. **Appointment of an Independent Person** **(45 - 48)**  
*Appendix: Role & Description for Independent Person* **(49 - 52)**
7. **Standards Work Programme 2017/2018** **(53 - 54)**
8. **TIAA Annual Assurance Report 2016/17**  
To consider the report of TIAA. **(55 - 60)**
9. **TIAA Progress Report 2016/17** **(61 - 72)**
10. **TIAA Progress Report 2017/18** **(73 - 78)**

11. **Annual Governance Statement 2016/17**
- To consider the report of Director of Resources. (79 - 86)
- Appendix 1* (87 - 90)  
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*Appendix 3* (93 - 94)  
*Appendix 4* (95 - 98)
12. **South Bucks District Council Annual Fraud Report**
- To consider the report of the Director of Resources. (99 - 106)
13. **Ernest & Young Audit Fee Letter**
- To note the External Audit Fee Letter from Ernst and Young for 2017/18. (107 - 110)
14. **Audit Work Programme**
- To receive the current work programme of the Audit Committee. (111 - 112)
15. **Exclusion of the Public (if required)**

The next meeting is due to take place on Thursday, 28 September 2017

**AUDIT COMMITTEE (SBDC)**

**Meeting - 16 March 2017**

Present: Mr Bradford (Chairman)  
Mr D Smith, Mr Hogan and Mr Sangster

Apologies for absence: Mrs Gibbs and Mr Hollis

**40. MINUTES**

The minutes of the meeting held on 19 January 2017 were confirmed and signed by the Chairman.

**41. UPDATE ON STANDARDS FRAMEWORK**

Members of the Committee received a report detailing the compliance with requirements of the standards framework, alongside current notification documents.

The Committee noted that the documents were essentially unchanged from those used previously, and that officers are currently making arrangements for Members to update their interests' pages via the extranet, with guidance to be circulated closer to implementation.

The Members of the Committee therefore **RESOLVED** that the report - including the current position and reviews of the disclosable pecuniary and non-pecuniary interests - be noted.

**42. REVIEW OF STANDARDS WORK PROGRAMME 2017/18**

The Audit Committee noted the Standards Work Programme for 2017/2018, and were informed by officers that an item regarding the appointment of an independent person would be brought to the 5 July meeting of the Committee.

**43. UNDERSTANDING HOW THE AUDIT COMMITTEE GAINS ASSURANCE FROM MANAGEMENT**

The Committee received a report which included, as an appendix, the response to the External Auditor's request for information regarding how the Audit Committee gains assurance from management. Ernst and Young clarified that this was a standard letter sent each year to the Council as an annual assurance used to sign off the Council's accounts.

**RESOLVED** that the proposed response to the External Auditor's letter, requesting information on how the Audit Committee gains assurance from Management, be agreed.

**44. CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015-16**

The Committee received from Ernst and Young the Certification of Claims and Returns Annual Report 2015-16.

As is quite common, a qualification letter had been issued by Ernst and Young regarding Housing Benefit Claims. It was clarified that Ernst and Young had sample-tested claims, and that 1 underpayment had been found, with a net impact of an increase of £653, extrapolated to £13,713. Members wished to know how likely it was that DWP would recover these costs, with Ernst and Young advising that it would be likely.

**Audit Committee (SBDC) - 16 March 2017**

Section 2 of the report summarised the fees for the certification work and the Committee noted that the fee for 2015/16 was £19,280.

Ernst and Young wished to express their thanks to Northgate whose help and professionalism in carrying out the work had been much appreciated.

It was also explained to Members that the time had come for the Council to appoint auditors for the future Housing Benefit work, with officers aiming to take a pragmatic approach to this, adding an addendum to the Financial Statement contract for the grant claims work to also be undertaken.

**RESOLVED** that the report be noted.

**45. INTERNAL AUDIT PROGRESS REPORT 2016/17**

The Committee received a report from TIAA concerning the Internal Audit Progress, with TIAA informing Members that all draft reports – excepting ICT – will be completed by the end of March, with the assurance report being brought to the Committee on the 5 July 2017.

In response to a question from a Member, TIAA confirmed that although the Absence Management system report had been cancelled, in actuality it had been delayed to April 2017, so would not fall within the work undertaken for 2016/17.

**RESOLVED** that the report be noted.

**46. AUDIT STRATEGIC PLAN 2017/18 TO 2019/20 AND ANNUAL PLAN 2017/18**

The Audit Strategic Plan 2017/18 to 2019/20 and Annual Plan 2017/18 were noted by the Committee.

**47. AUDIT WORK PROGRAMME**

The work programme was noted by the Committee.

**48. ANY OTHER BUSINESS**

None.

The meeting terminated at 6.20 pm

<b>SUBJECT:</b>	Complaints Monitoring Report 2016/17
<b>REPORT OF:</b>	Monitoring Officer
<b>RESPONSIBLE OFFICER</b>	Joanna Swift
<b>REPORT AUTHOR</b>	Joanna Swift
<b>WARD/S AFFECTED</b>	None

### 1. Purpose of Report

This report informs the Committee about complaints received by the monitoring officer during financial year 2016/17 that members have breached the code of conduct.

### RECOMMENDATION

**That the complaints information for 2016/17 is noted**

### 2. Reasons for Recommendations

It is good practise for the Council to review the complaints received about members on a regular basis and consider any action required to address issues raised.

### 3. Content of Report

- 3.1 The Committee monitors complaints on an annual basis due to the historically low number of complaints made against elected and co-opted members of local authorities in Chiltern District.
- 3.2 As the Committee is aware from 1 July 2012 the responsibility for assessing, investigating and hearing complaints about member conduct was passed to principal councils under the Localism Act 2011, together with the discretion to adopt local arrangements. The Council adopted a light touch Complaints Procedure which is attached at Appendix 1 for information. Although the Localism Act removed the responsibility for South Bucks District Council to ensure high standards of conduct amongst town and parish councils in the district, any complaints that town or parish councillors may have breached their council's code of conduct are also dealt with under this complaints procedure.
- 3.3 Historically the number of formal complaints about councillors in South Bucks District has been very low. There has been an increase in complaints about SBDC councillors in the last year with the monitoring officer receiving 3 complaints, whilst complaints about town/parish councils have remained the same at 1. In each case the complainant did not pursue the matter following receipt of the monitoring officer's acknowledgement letter providing details about the behaviours covered by the code of conduct and the Stage 1 procedure for considering complaints. In 2 of the SBDC complaints the conduct referred to was not done in the councillors' official capacity and therefore fell outside the code of conduct.

- 3.4 The number of complaints received in 2016/17 are set out in tabular format below, together with the comparison for 2015/16.

Authority	2016/17	2015/16
SBDC	3	0
Town/Parishes	1	1
Total	4	1

- 3.5 In addition to the number of complaints received, it is useful to consider the type/nature of the allegations being made and this is shown in the table below. Members should note that complaints can fall into more than one category.

Nature of Allegation	Number of Allegations	
	Towns/parishes	SBDC
a) Failure to treat others with respect/bullying	2	1
b) Bringing the Council into disrepute	1	
c) Using position for personal advantage		
d) Failure to register a pecuniary interest		
e) Failure to disclose a pecuniary interest/withdraw from meeting		
f) Failure to register a non-pecuniary interest		
g) Other	1*	

\* Failure to disclose a prejudicial interest and leave the room

- 3.6 Whilst the number of complaints has increased slightly they still remain at a low level compared to the number of councillors in the district and it has not proved necessary to proceed to Stage 1 of the Complaints Procedure. However, the monitoring officer will consider a refresher on standards of behaviour and the principles of conduct in public life in future training for members.

#### 4. Consultation

Not applicable.

#### 5. Options

The Committee has the option of requesting more frequent reports or the provision of different statistical information in order to assist with their monitoring role.

#### 6. Corporate Implications



Financial - None  
Legal – As set out in the report  
Risks issues – None  
Equalities - None

#### 7. Links to Council Policy Objectives

Whilst there is no direct link to the Council's main objectives the monitoring of complaints contributes to ensuring good governance.

<b>Background Papers:</b>	None except those referred to in the report
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## South Bucks District Council

### **Complaint procedure and form concerning Member conduct**

Use this form if you have a complaint about:

- **A member(s) that has, or may have, breached the Code of Conduct of the District or one of its Parishes in the South Bucks District.** A copy of the relevant Codes of Conduct can be accessed from the A – Z section at: [www.southbucks.gov.uk](http://www.southbucks.gov.uk)
- **Conduct that occurred while the member(s) in question was in office.** (Conduct of an individual before they were elected, co-opted or appointed, or after they have resigned or otherwise ceased to be a member, cannot be considered).
- **One or more named members of the following authorities:**
  - South Bucks District Council
  - Burnham Parish Council
  - Beaconsfield Town Council
  - Denham Parish Council
  - Dorney Parish Council
  - Fulmer Parish Council
  - Farnham Royal Parish Council
  - Gerrards Cross Town Council
  - Hedgerley Parish Council
  - Iver Parish Council
  - Stoke Poges Parish Council
  - Taplow Parish Council
  - Wexham Parish Council

**DO NOT use this form if you wish to complain about:**

- Dissatisfaction with a decision or action of the authority or one of its committees,
- A service provided by the authority
- The authority's procedures
- The actions of people employed by the authority

These do not fall within the jurisdiction of the Code of Conduct.

**Additional help and information:**

- Your complaint must be in writing – **(signed and dated please)**. This includes fax and electronic submissions. However, in line with the requirements of the Disability Discrimination Act 2000, we can make reasonable adjustments to assist you if you have a disability that prevents you from making your complaint in writing. Contact the Council's Monitoring Officer or Deputy Monitoring Officer for assistance.
- If English is not your first language we can also help.
- If your complaint is clearly **not** about member conduct then the Monitoring Officer will not consider your complaint – but where possible will refer you to the relevant procedure available.
- If you need any support in completing this form, please let us know as soon as possible.
- Your complaint will be considered in 3 stages as set out below. At each stage we will keep you informed. Not every complaint that falls under the Code will be referred for investigation. A decision will be made using the referral criteria below.

**What happens next?**

When you submit your complaint we will write to you to let you know we have received it. Your complaint will then be considered in 3 stages – the aim being to reach a satisfactory resolution.

Under Stages One and Two only the details contained on your complaint form will be considered therefore it is very important that you set your complaint out clearly and provide at the outset all the information you wish to be considered.

**Stage One**

We will tell the Member that you are complaining about that we have received a complaint and provide them with a copy – unless you have completed section 5 requesting confidentiality (in which case your details will not be disclosed unless and until your request for confidentiality has been considered – see further below).

The Member will be invited to respond within 20 working days – including in their response any suggestion to resolve the complaint.

This response will be made available to you and you will be asked if you are satisfied – if yes, no further action will be taken or the action proposed by the Member will proceed - or you will be asked if you wish your complaint to be considered further under Stage Two.

**Stage Two**

Your complaint will then be considered by the Councils Monitoring Officer and the Chairman/Vice-Chairman of the Councils Audit Committee – in consultation with a duly appointed 'Independent Person'\* whose views will be taken into account - who will decide whether your complaint should be referred for investigation. This will happen within an average of 20 working days of the date of the commencement of Stage Two.

Whilst each allegation will be considered on its individual merits, the following "Referral Criteria" will be used to decide whether accept a complaint for investigation or take no further action.

### Referral Criteria

- the public benefit in investigating the alleged complaint
- the availability and cost of resources with regard to the seriousness of the alleged matter
- is the information submitted, sufficient to make a decision as to whether to refer for investigation
- is the subject member still a serving member
- is the complaint the same as or similar to a previous complaint
- the time passed since the alleged conduct occurred
- the complaint involves conduct too trivial to warrant further action
- does the complaint appear to be malicious, politically motivated or tit for tat
- whether the matter complained of is an individual act or part of a continuous pattern of behaviour which should be cumulatively considered
- steps taken or proposed to remedy the action complained of
- the complainants view of the action taken or proposed.

When a decision has been made, you will be notified in writing whether your complaint has been referred for investigation or not. At the same time we write to you, we will also write to the member(s) you have complained about and the parish or town clerk (if applicable). We will send these letters within five working days of the decision being reached. The decision is made available for public inspection once the member the complaint is about has been given a copy of the decision.

There is no right of appeal under this complaints procedure if the decision at Stage Two is not to investigate.

### Stage Three

If the decision at Stage Two is to investigate the complaint, the matter will be investigated – in most cases by an external investigator whose report will be considered by the Hearings Sub-Committee of the Councils Audit Committee – or in some cases to the full Committee - in most cases you will be invited to attend.

The remedies available if a breach is found to have occurred is limited to the following –

Report to Council

Formal letter to subject Councillor




Formal censure by motion

Recommendation to Leader/Group Leader or Parish as applicable that member is removed from Special Responsibilities – i.e. Cabinet/Committees/Outside Bodies.

Press release or other publicity.

Please note the Council has no authority to withhold allowances or to suspend members.

**Your completed form should be submitted to:**

 The Monitoring Officer South Bucks District Council Council Offices Oxford Road Denham Buckinghamshire UB9 4LH	 Monitoring Officer – Joanna Swift Tel: 01895 837229   Deputy Monitoring Officer – Anna Dell Tel: 01895 837232
 01895 – 837200	 <a href="mailto:monitoringofficer@southbucks.gov.uk">monitoringofficer@southbucks.gov.uk</a>
 01895 – 832750	

\* **An Independent Person** is someone who has been appointed by the Council under Section 28 of the Localism Act 2011.

Independent Persons must be appointed through a process of public advertisement, application and appointment by a positive vote of a majority of all members of the District Council – i.e. by full Council.

A Person is considered not to be 'independent' if they are, or have been in the previous 5 years :-

- an elected or co-opted member or officer of the District Council or any Parish in the area
- an elected or co-opted member of any committee or sub-committee of the District Council or any Parish in the area

or they are a relative or close friend of a current elected or co-opted member or officer of the District Council or any Parish in the area – or any elected or co-opted members of any committee or sub-committee of such a Council.

**COMPLAINT FORM****1. Please provide us with your name and contact details:**

<b>Title:</b>	
<b>First name:</b>	
<b>Last name:</b>	
<b>Address:</b>	
<b>Daytime telephone:</b>	
<b>Evening telephone:</b>	
<b>Mobile telephone:</b>	
<b>Email address:</b>	
<b>Signed:</b>	
<b>Dated:</b>	

**2. Please tick the box which best describes you:**

<input type="checkbox"/>	<b>A member of the public</b>
<input type="checkbox"/>	<b>An elected or co-opted member of an authority</b>
<input type="checkbox"/>	<b>Member of Parliament</b>
<input type="checkbox"/>	<b>Local authority Monitoring Officer</b>
<input type="checkbox"/>	<b>Other council officer or authority employee</b>
<input type="checkbox"/>	<b>None of the above - please give details below:</b>

**3. Please provide the name(s) of the Member(s) that you believe have breached the Code of Conduct and the name of their authority.**

Title	First name	Last name	Council or authority name

### IMPORTANT INFORMATION

#### When completing your complaint form:

Your address and contact details will not usually be released unless necessary or to deal with your complaint.

#### We will tell the following people that you have made this complaint:

- the member(s) you are complaining about
- the monitoring officer of the authority
- the Independent Person
- the Chairman/ Vice-Chairman of the Audit Committee who consider your complaint
- the parish or town clerk (if applicable)

#### We will tell them:

- Your name
- A copy of your complaint

If you have serious concerns about your name or details of your complaint being released, please complete section 5 of this form.

#### Nature of your complaint

It is very important that you set your complaint out fully and clearly, and provide all the information at the outset. You should also provide any documents or other material that you wish to be considered. Although you are not required to prove your complaint at this stage of the proceedings, you do have to demonstrate that you have reasonable grounds for believing that the member(s) complained about has breached the Code of Conduct.

Please therefore explain in this section (or on separate sheets) what the member has done that you believe breaches the Code of Conduct. If you are complaining about more than one member you should clearly explain what each individual person has done that you believe breaches the Code of Conduct.

For example:

- You should be specific, wherever possible, about exactly what you are alleging the member said or did. For instance, instead of writing that the member insulted you, you should state what it was they actually said.



- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.

**4. Please provide us with the details of your complaint. Continue on a separate sheet if there is not enough space on this form**

**5. Only complete this next section if you are requesting that your identity/full details of your complaint are kept confidential**

In the interests of fairness and natural justice, we believe members who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with full details of that complaint.

We are unlikely to withhold your identity or the details of your complaint unless you have good reason to believe that to do so would be contrary to the public interest, would prejudice any subsequent investigation or you have reasonable grounds for believing you or any witness in the matter would be at risk.

The Member will still be informed that a complaint has been made - and unless to do would lead to the disclosure of your identity, will be informed the paragraphs of the Code alleged to have been breached - however your details and a full copy of the complaint will be withheld until your request has been considered.

The assessment of a request for confidentiality will be considered against the following criteria – but with the balance always being in favour of disclosure unless exceptional circumstances exist to determine otherwise:

1. The complainant has reasonable grounds for believing that they will be at risk of physical harm if their identity is disclosed.
2. The complainant is an officer who works closely with the subject member and they are afraid of the consequences to their employment or of losing their job if their identity is disclosed.
3. The complainant suffers from a serious health condition and there are medical risks associated with their identity being disclosed (medical evidence may be required to be submitted).
4. Any other very special circumstances put forward by the complainant which identify reasonable grounds for believing that disclosure of details would result in the complainant or witnesses being intimidated or lead to evidence being compromised or destroyed.

Please note that requests for confidentiality or requests for suppression of complaint details will not automatically be granted. The Monitoring Officer will consult with the Independent Person to consider your request alongside the substance of your complaint. If your request for confidentiality is not granted, please indicate if you wish the Council to continue to consider your complaint.

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation and disclose your name even if you have expressly asked us not to.

**Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:**

**NOTE – If you request confidentiality – you must answer the following question by deleting YES or NO.**

Do you still wish to have your complaint

considered if your request for confidentiality

**YES**

**NO**

is denied in full or part?

**THIS PAGE TO BE REMOVED - FOR STATISTICAL PURPOSES ONLY**

Please could you provide some monitoring data? This data will not be disclosed to a third party. We will only use personal information internally for the purposes for which it has been provided.

Please tick one box.

**Are you male or female?**

**Male**

**Female**

**Which of these age groups apply to you? Please tick one box.**

Up to 16

45 – 54

16 – 18

55 – 64

19 – 24

65 – 79

25 – 44

80 plus

Please tick one box

**Do you have any long-standing illness, disability or infirmity?** (Long standing means anything that has troubled you over a period of time or that is likely to affect you over a period of time).

**Yes**

**No**

**Are you without a permanent home?**



**Do you have access to your own method of transport?**



**Are you registered as unemployed?**



**Do you provide unpaid care for another person?**



**To which of these groups do you consider you belong? Please tick one box.**

**WHITE**

British

Irish

Other White background

Roma Gypsy or Traveller

**MIXED**

White and Black Caribbean

White and Black African

White and Asian

Other mixed background

CHINESE

**BLACK OR BLACK BRITISH**

Caribbean

African

Other Black background

**ASIAN OR ASIAN BRITISH**

Indian

Pakistani

Bangladeshi

Other Asian background

OTHER ETHNIC GROUP

<b>SUBJECT:</b>	Protocol on Gifts and Hospitality
<b>REPORT OF:</b>	Monitoring Officer
<b>RESPONSIBLE OFFICER</b>	Joanna Swift
<b>REPORT AUTHOR</b>	Joanna Swift
<b>WARD/S AFFECTED</b>	None

### 1. Purpose of Report

To seek the Committee's views on adoption of a Protocol on the receipt of gifts and hospitality.

### RECOMMENDATION

**That members consider and agreed the Protocol on Gifts and Hospitality attached at Appendix 2 for adoption by Full Council.**

### 2. Reasons for Recommendations

To ensure high ethical standards are maintained and members are aware of their responsibilities.

### 3. Content of Report

- 3.1 The principles of conduct in public life expect members to act with openness, selflessness, integrity and honesty. These principles underpin the Council's statutory duty to promote and maintain high standards of behaviour amongst its elected members, as well as the Code of Conduct. The acceptance of gifts and hospitality can affect the perception that members (and by association, the Council) act in the public interest and not for personal advantage or gain. Adopting rules dealing with acceptance of gifts and hospitality is therefore not just an administrative issue.
- 3.2 The Council's Code of Conduct provides that receiving gifts or hospitality with an estimated value of at least £50 is a personal interest and details of the person or organisation from whom the gift or hospitality is received must be declared in the members' register of interests. The monitoring officer must be notified of the personal interest within 28 days and the name of the person or organisation giving the gift or hospitality will be added to the register which is published on the Council's website.
- 3.3 In addition to the requirement in the Code of Conduct, a reference to gifts and hospitality is included in the Council's Guidance for all members on planning matters. Both of these documents are included in the Council's Constitution which was last updated in 2015. In June 2016 the Council adopted the Joint Anti-fraud, Bribery and Corruption Policy which is attached at Appendix 1 for ease of reference and is also relevant to a protocol on receipt of gifts and hospitality.

- 3.4 Under the Bribery Act it is a criminal offence to request, agree to receive or accept a bribe. Bribery is defined as the offering **or receiving** of a financial or other advantage in connection with the improper performance of a function which is expected to be performed impartially or in good faith. This definition does therefore cover the actions of councillors undertaking their council duties. The Act also defines corruption as the dishonest influencing of actions or decisions. Paragraph 4 of the Joint Anti-fraud, Bribery and Corruption Policy reminds members of their obligations under the 7 principles of conduct in public life and of the importance of registering and declaring pecuniary and personal interests.
- 3.5 It is proposed to bring these various sources of advice and guidance on gifts and hospitality together into a protocol which is attached at Appendix 2. This sets out general principles which members should apply when deciding whether it would be proper to accept any gift or hospitality which can range from promotional materials such as branded pens and calendars, to working lunches with outside organisations and unsolicited gifts. The Protocol provides examples of circumstances when the receipt of small value gifts or hospitality may be accepted by members and a procedure for recording and obtaining specific consent from the monitoring officer for the acceptance of other gifts and hospitality.
- 3.6 The Council's internal auditors have recently carried out an audit into how the Council deals with the receipt of gifts and hospitality at both member and officer level. Any findings or recommendations from this audit will be reported verbally if received before the meeting. It is however timely for the Committee to consider adopting detailed guidance from members.

#### **4. Consultation**

Not applicable.

#### **5. Options**

The Committee can decide to retain or amend the existing advice to members on gifts and hospitality.

#### **6. Corporate Implications**

Financial – As set out in the report  
Legal – As set out in the report  
Risks issues – As set out in the report.  
Equalities - No specific implications

#### **7. Links to Council Policy Objectives**

Whilst there are no direct links to the Council's main policy objectives openness and transparency in relation to the receipt of gifts and hospitality is a matter of good governance and is important in preserving the confidence of local communities.

#### **8. Next Steps**

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The Protocol would be recommended to Full Council on 19 July for formal adoption.

<b>Background Papers:</b>	None except those referred to in the report.
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## **Joint Anti-Fraud, Bribery and Corruption Policy**

**CHILTERN DISTRICT COUNCIL AND SOUTH BUCKS DISTRICT COUNCIL**  
**ANTI- FRAUD, BRIBERY AND CORRUPTION POLICY**

## **1. DEFINITIONS**

1.1 Fraud is defined as the illicit gaining of cash or some other benefit by a deception.

The Fraud Act 2006 sets out particular offences:

- Fraud by false representation
- Fraud by failure to disclose information
- Fraud by abuse of position

1.2 The fraud act goes on further to establish the principle that there is a liability on company officers and the corporate body itself if an offence is committed with the consent or connivance of officers of the corporate body.

1.3 Also that there need only be an intention to make a gain for themselves or another or cause loss to another or expose them to risk. It does not have to be successful or directly result in a gain for the person committing the offence.

1.4 Bribery is defined as the offering or receiving of a financial or other advantage in connection with the improper performance of a position of trust or function expected to be performed impartially or in good faith.

1.5 The Bribery Act 2010 outlines specific offences for individuals.

- An offence of offering, promising or giving a bribe.
- An offence of requesting, agreeing to receive or accepting a bribe.
- Bribery of a foreign public official.
- A corporate offence of “failing to prevent” bribery.

1.6 The corporate offence of failing to prevent bribery would not normally apply to a local authority carrying out its statutory duties. However it would apply to any commercial activity undertaken by the Councils or its agents.

1.7 Corruption is defined as the dishonest influencing of actions or decisions.

## 2. CULTURE OF THE COUNCILS

2.1 Chiltern District Council and South Bucks District Council seek to maintain an environment that makes any form of corruption or fraud difficult to perpetrate.

All reasonable, practicable steps will be taken to minimise the risk and the affect of fraud and corruption by its Members, staff, customers or clients. The need for appropriate controls is acknowledged and the Councils will seek to sustain such controls in the administrative, financial operational and IT systems employed in the delivery of external and internal services and management.

This policy is to support the Councils adoption of the three main aims as recommended by CIPFA'S strategy document Fighting Fraud Locally – The Local Government Fraud Strategy:

- Acknowledge Fraud Risks
- Prevent – Controls and developing anti-fraud culture
- Pursue – Punish offenders and recover losses

2.2 Section 17 of the Crime and Disorder Act 1998 places a general duty on Councils to responsibly conduct their duties in a way that does all that is reasonable to prevent crime and disorder in the area. This means that all policies, strategies, plans and budgets should be considered from the standpoint of their potential contribution to the prevention of crime and disorder. In support of this the Councils will enter into agreements with police and law enforcement agencies, including Bucks County Council safeguarding teams -to share data for both prevention and detection of crime and disorder in particular to address the threat from serious or organised crime.

2.3 Responsibility for the prevention of fraud and corruption rests as much with every member of staff as it does with senior management and members. It is the responsibility of all managers to ensure that there are appropriate and adequate controls in place within the systems for which they are responsible. Controls will be designed to deter, prevent and detect all forms of fraud and corruption, and also identify a clear pathway for investigation.

2.4 The Councils expect all of their suppliers, contractors, agents and partner organisations and individuals, to act with honesty and integrity and client officers will be responsible for monitoring their actions and for ensuring that their terms of reference, agreements and/or contracts include a clause to that effect. Each Council will expect that all of its dealings will be conducted on the same basis, and expects its Members and staff to lead by example.

2.5 A comprehensive framework will be maintained of guidance, codes of practice, codes of conduct and regulations with which their members and staff are expected to comply. These documents will be available on the intranet. This will help to ensure that policies and objectives are achieved in a proper and fair manner.

### **3. REPORTING OF FRAUD BRIBERY OR CORRUPTION**

3.1 Any Officer, members and external partners who have reason to think an irregularity is taking place are encouraged to raise concerns either through normal line managers or directors and in every case to the Audit Fraud and Error Reduction Manager.

3.2 Line Managers and Directors must report any matters referred to them to a Director and Chief Executive and in every case to the Audit Fraud and Error Reduction Manager. On the same basis any irregularity identified as part of an audit, complaint or ombudsman report should be reported in the same manner as soon as it is identified.

3.3 The Councils have a protected disclosure “whistle blowing” policy detailing how to raise concerns and how the Councils will deal with the concerns and what to do if you are still dissatisfied.

3.4 The protected disclosure policy confirms that there will be no victimisation of any “whistle blowers” or suppression of information in any instance. Every effort will be made to ensure anonymity and confidentiality is maintained. Any information received anonymously is dealt with in accordance with the Councils Internal Investigation procedures.

3.5 There is of course a need to ensure that procedures for reporting and investigating suspected fraud and corruption are not misused. Staff should be aware that maliciously raising false concerns is a disciplinary offence. Similarly for external individuals or organisations having dealings with the council who maliciously raise false concerns, appropriate action will be taken.

3.6 The Audit Fraud and Error Reduction Manager will report all instances of suspected or actual fraud and corruption to the Management Team and report proven frauds to the external auditors. The Management Team will report all such matters to the appropriate Cabinet and relevant Portfolio Holder.

## 4. MEMBERS

4.1 As elected representatives of the public, Council Members have a duty to be fair, honest and open in their roles. They are bound by:

- Government Legislation
- Bribery Act
- Data Protection Act
- The Councils constitution
- The Councils standing orders
- Financial and Contracts procedure rules
- Code of practice – members/officers relations
- Locally Adopted codes of conduct, policies and procedures

4.2 Members are expected to adhere to the Seven Principles of Public Life:

- Selflessness

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

- Integrity

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

- Objectivity

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

- Accountability

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

- Openness

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

- Honesty

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

- Leadership

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

4.3 In particular members are required to declare and register any direct or indirect pecuniary interest by them or their partner in any companies, charitable organisation, voluntary groups or other societies or associations. They are required to abstain from any debate or vote which pertains to matters involving any such organisation in which they have an interest and are required to leave the room during such debates.

## **5. Staff**

5.1 All council staff including permanent or temporary agency staff will be bound by the Councils Code of Conduct. Officers who are members of professional bodies shall abide by any code of conduct and /or professional ethics issued by those bodies. All staff will be bound by their terms and conditions of employment. Procedure notes, job descriptions and managerial instructions define the role of staff on a day to day basis. All staff are also bound by the Councils constitutions, financial procedure rules and contract procedure rules.

## **6. Systems**

6.1 The Chief Financial Officer (Section 151 Officer) for each council has a statutory duty to ensure that proper arrangements are in place to administer the Councils' finances and financial systems. The Councils acknowledge this role and support the post holder in his/her duties and considers their advice on changes to the system controls, financial administration and associated rules and regulations.

6.2 The Councils have an ICT Security Policy in place that applies to all staff and members. Access to computer systems and networks owned or operated by the Councils impose certain responsibilities and obligations and are granted subject to council policies. Users must not attempt to circumvent or subvert security measures, and should not extract and/or save council data or documents deemed as “restricted” outside the council’s networks. The council’s networks will incorporate security measures to prevent cyber attacks, and it is incumbent on all users to ensure they safeguard access to data to prevent unauthorised access.

6.3 Staff are required to make themselves aware of their responsibilities in relation to the Proceeds of Crime Act Money and Anti- Money Laundering procedures and in particular the requirement to complete standard forms for any suspicions of money laundering activity to be passed to the Director of Resources. An anti-money laundering form to be completed for any cash transaction in excess of £2,000.

6.4 Senior Managers shall ensure that the Councils financial procedures comply with the six principals contained within the Bribery Act 2010 namely:

- Proportionate procedures
- Top Level commitment
- Risk Assessments
- Due Diligence
- Communication (Training)
- Monitoring- Review

6.5 Staff and Members should make themselves aware of the elements of the Bribery Act and register any gifts or hospitalities in the appropriate register. Any attempts to bribe an officer or member shall be reported in accordance with section 3.1 to 3.3 of this policy.

6.6 All instances of Fraud and Corruption shall be reported and decisions taken by the individual Councils. Both Councils will share information on potential and proven fraud or corruption to assist with the prevention and or detection of fraud or corruption.

## **7. DETECTION INVESTIGATION AND RECOVERY OF LOSS.**

7.1 The Councils maintain a proactive attitude to the prevention and detection of all forms of fraud and corruption through the use of:

- Management controls
- Internal audits
- External Audit
- Scrutiny by Members (Audit Committee)
- Fraud risk assessments
- Expertise of the Fraud and Error Team
- Other specialist resources, such as forensic Investigation
- Relevant External Agencies such as DWP- Police
- Training of Staff and Members in Anti-Fraud and corruption measures

7.2 All allegations of fraud or irregularity will be investigated by Audit, Fraud and Error Reduction Manager reporting to the relevant Head of Service, Director, Chief Executive or leader as appropriate.

7.3 The Councils will make every effort to identify and quantify losses that have occurred as a result of any Fraud or Corruption Recovery of all financial gains obtained as a result of a fraud will be pursued regardless to any other action the Councils may take. Recovery action will include but not limited to:

- Agreed repayment terms
- Civil Recovery using both County and High Courts
- The use of the Proceeds of Crime Act 2006

7.4 In addition to recovering any financial loss the Councils will apply sanctions in accordance with national legislation and their corporate enforcement policy and individual departments sanction strategies. These will include:

- Warning Letters
- Formal Cautions
- Administration Penalty (Fine)
- Prosecution



7.5 The Councils will take part in the National Fraud Initiative Data Matching exercise to identify potential Frauds. The Councils will take every opportunity to data match with outside agencies such as Department of Work and Pensions, NHS Anti-Fraud Teams, housing providers such as Paradigm Housing Association and other agencies wherever the law allows.

7.6 This policy will be reviewed on a bi-annual basis by the committee of each council with responsibility for audit matters.

June 2016

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## **Protocol for Members Relating to Gifts and Hospitality**

Classification: OFFICIAL

## **1. INTRODUCTION**

- 1.1 The acceptance of gifts and hospitality by Councillors is not merely an administrative issue. It reflects directly upon the perception of Councillors and of the Council as acting in the public interest and not for personal advantage. The principles of conduct in public life require all Councillors to act with openness, integrity and honesty.
- 1.2 A requirement to declare details of any person from whom Councillors receive gifts and/or hospitality with an estimated value of £50 or more as a Personal Interest is set out in the Council's Code of Conduct. Failure to declare such details is a breach of the Code of Conduct and could lead to a formal complaint being made against the Councillor concerned.
- 1.3 Furthermore, the Bribery Act 2010 makes it a criminal offence to request, agree to receive or accept a bribe and defines corruption as the dishonest influencing of actions or decisions. The corrupt acceptance of a gift or hospitality can lead to an unlimited fine or up to 10 years' imprisonment.

.. ..

## **2. AIMS OF THE PROTOCOL**

- 2.1 This Protocol sets out:
- the principles which you should apply whenever you have to decide whether it would be proper to accept any gift or hospitality;
  - a procedure for obtaining consent to accept a gift or hospitality, when you consider that it would be proper to accept it;
  - a procedure for declaring any gift or hospitality which you receive and in certain circumstances accounting to the Council for gifts received;
  - a procedure for accounting to the Council for any gift intended for the Council

## **3. LIMITS OF THE PROTOCOL**

- 3.1 This Protocol does not apply to the acceptance of any facilities or hospitality which may be provided to you by the Council.

## **4. CONSEQUENCE OF BREACHING THE PROTOCOL**

- 4.1 If you do not abide by this Protocol, you may put yourself at risk of being named in a report made to the Audit and Standards..
- 4.2 If you have any doubts about the application of this Protocol to your own circumstances you should seek advice from the Monitoring Officer or Deputy Monitoring Officer.

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## 5. GENERAL PRINCIPLES

- 5.1 In deciding whether it is proper to accept any gift or hospitality, you should apply the following principles. Even if the gift or hospitality comes within one of the general consents set out below, you should not accept it if to do so would be in breach of one or more of these principles:
- 5.2 **Never accept a gift or hospitality as an inducement or reward for anything you do as a Councillor**
- 5.3 As a Councillor, you must act in the public interest and must not be swayed in the discharge of your duties by the offer, prospect of an offer, or the non-offer of any inducement or reward for discharging those duties in a particular manner.
- 5.4 The Bribery Act 2010 provides that if you request, agree to receive or accept a financial or other advantage intending that, in consequence, a function of a public nature should be performed improperly (whether by you or another person), you commit a criminal offence carrying a maximum term of imprisonment of 10 years. The Act defines improper performance as acting in breach of trust or failing to act either in good faith or impartially. 5.5 Further, the Council's Code of Conduct for Members provides that you must act in the public interest and not for personal advantage and must not conduct yourself in a manner which is likely to bring the Council into disrepute..
- 5.6 **You should only accept a gift or hospitality if there is a commensurate benefit to the Council.**
- 5.7 The only proper reason for accepting any gift or hospitality is that there is a commensurate benefit for the Council which would not have been available but for the acceptance of that gift or hospitality.
- 5.8 Acceptance of hospitality can confer an advantage on the Council, such as an opportunity to progress the business of the Council expeditiously through a working lunch, or to canvass the interests of the Council and the district at a meeting. Acceptance of a gift is much less likely to confer such an advantage. Therefore, unless the benefit to the Council is clear, and is commensurate with the value of the gift or hospitality, the presumption must be that the gift or hospitality is purely for your personal benefit. In that case it should be declined.
- 5.9 As set out above, the Council's Code of Conduct Members provides that you must not use your position for your own personal advantage which would include acceptance as a Councillor of a gift or hospitality for your own benefit or advantage, rather than for the benefit of the Council..
- 5.10 **Never accept a gift or hospitality if acceptance might be open to misinterpretation.**
- 5.11 The appearance of impropriety can be just as damaging to the Council and to you as a Councillor as actual impropriety. The Council's ability to govern rests upon its reputation for acting fairly and in the public interest. You must therefore consider whether the acceptance of the gift or hospitality is capable of being interpreted as a

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sign that you or the Council favours any particular person, company or section of the community or as placing you under any improper obligation to any person or organisation. If there is any possibility that it might be so interpreted, you must either refuse the gift or hospitality or take appropriate steps to ensure that such a misunderstanding cannot arise.

5.12 Certain occasions are particularly sensitive, and require the avoidance of any opportunity for such misunderstanding. These include:

- 1) occasions when the Council is going through a competitive procurement process, in respect of any indication of favour for a particular tenderer.
- 2) determinations of planning applications or planning policy, in respect of any person or organisation which stands to gain or lose from the determination,
- 3) funding decisions, when the Council is determining a grant application by any person or organisation.

5.13 **Never accept a gift or hospitality which puts you under an improper obligation.**

5.14 Recognise that some commercial organisations and private individuals see the provision of gifts and hospitality as a means of buying influence. If you accept a gift or hospitality improperly, it is possible that they may seek to use this fact to persuade you to determine an issue in their favour. Equally, if others note that you have been prepared to accept a gift or hospitality improperly, they may feel that they will no longer be able to secure impartial consideration from the Council.

5.15 **Never solicit a gift or hospitality.**

5.16. You must never solicit or invite an offer of a gift or hospitality in connection with your position as a Councillor unless the acceptance of that gift or hospitality would be permitted under this Protocol. You should also take care to avoid giving any indication that you might be open to such any improper offer.

## **6. CONSENT REGIMES**

### **6.1 General Consent Provisions**

For clarity, the Council has agreed that you may accept gifts and hospitality in the following circumstances:

- 1) civic hospitality provided by another public authority
- 2) modest refreshment in connection with any meeting in the ordinary course of your work, such as tea, coffee, soft drinks and biscuits
- 3) tickets for sporting, cultural and entertainment events but only if these are sponsored by the Council

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- 4) small gifts of low intrinsic value below £25, branded with the name of the company or organisation making the gift, such as pens, pencils, mouse pads, calendars and diaries. However, you should take care not to display any such branded items when this might be taken as an indication of favour to a particular supplier or contractor, for example in the course of a procurement exercise
- 5) a modest alcoholic or soft drink on the occasion of an accidental social meeting with an employee of a contractor or party with whom you have done business on behalf of the Council. In such cases, you should make reasonable efforts to return the offer where this is practicable
- 6) a modest working lunch not exceeding £15 a head in the course of a meeting in the offices of a party with whom the Council has an existing business connection and where this is required in order to facilitate the conduct of that business. Councillors should not make such arrangements themselves, but request officers to settle the detailed arrangements, and officers are under instruction, when arranging any such meeting, to make it clear to the other party that such a lunch must not exceed a value of £15 a head
- 7) modest souvenir gifts with a value below £25 from another public authority given on the occasion of a visit by or to that authority
- 8) hospitality received in the course of an external visit or meeting which has been duly authorised by the Council. Councillors should not make such arrangements themselves, but request officers to settle the detailed arrangements, and officers are under instruction to make it clear that any such hospitality for Councillors and officers is to be no more than commensurate with the nature of the visit
- 9) other unsolicited gifts, where it is impracticable to return them to the person or organisation making the gift, provided that the Councillor deals with the gift strictly in accordance with the following procedure:
  - (i) The Councillor must, as soon as practicable after the receipt of the gift, and in any event within 28 days pass it to the Monitoring Officer together with written statement setting out the information described in Paragraphs 6.2 below. [The Form attached to this Protocol as Appendix 2 can be used for this purpose]
  - (ii) The Monitoring Officer will write to the person or organisation making the gift thanking them on your behalf for it and informing them that you have donated the gift to a Charity of your choice on whose behalf it will be raffled or otherwise disposed of in due course.

## 6.2 Special Consent Provisions

If you wish to accept any gift or hospitality which is in accordance with the General Principles set out in Paragraph 1, but is not within any of the general consents set out in Paragraph 2(a), you may only do so if you have previously obtained specific consent in accordance with the following procedure:

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- 1) You must make an application in writing to the Monitoring Officer, setting out:
  - (i) the nature and your estimate of the market value of the gift or hospitality
  - (ii) who the invitation or offer has been made by or on behalf of
  - (iii) the connection which you have with the person or organisation making the offer or invitation, such as any work which you have undertaken for the Council in which they have been involved
  - (iv) any work, permission, concession or facility which you are aware that the person or organisation making the offer or invitation may seek from the authority
  - (v) any special circumstances which lead you to believe that acceptance of the gift or hospitality will not be improper

[You may use the Special Consent Application Form attached to this Protocol as Appendix 1]

- 2) You must not accept the gift or hospitality until you have received the appropriate consent.
- 3) If consent is refused you will decline the gift or hospitality and confirm to the Monitoring Officer that you have done so.
- 4) The Monitoring Officer will record all applications received under this part of the Protocol and all refusal made or consents granted in a register kept for that purpose which shall be open to public inspection. [Note that this does not relieve you of the obligation to register the receipt of gifts and hospitality in accordance with Paragraph 7, below]
- 5) If consent is granted and the offer is a gift, you will accept it for and on behalf of South Bucks District Council and hand it to the Monitoring Officer who shall immediately take the following steps:
  - (i) issue you with a receipt for the gift;
  - (ii) add the gift to the Councils inventory; and
  - (iii) consult with the Chief Financial Officer and Chairman of the Council as to what measures are appropriate for the protection and/or use of the gift to ensure that it is properly applied for the benefit of the Council.



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## 7. DECLARATION OF GIFTS

- 7.1 Where you accept any gift or hospitality which you estimate to have a market value or cost of provision of £50 or greater, regardless of whether you are authorised to accept such gift or hospitality by the General or Specific Consent provisions set out in Paragraph 2 above, you must, as soon as possible after receipt of the gift or hospitality, and in any event within 28 days of receipt notify the Monitoring Officer by email to [monitoringofficer@southbucks.gov.uk](mailto:monitoringofficer@southbucks.gov.uk) and make an addition to your Register of Personal Interests to record details of the person from whom the gift or hospitality was received.. The Register of Interests is available for public inspection and published on the Council's website.

[NB Even if the value of the gift or hospitality is less than £50, if you are concerned that its acceptance might be misinterpreted, and particularly where it comes from a contractor or tenderer, you may make a voluntary disclosure in the same manner to ensure that there is nothing secret or underhand about the gift or hospitality.]

## 8. GIFTS TO THE COUNCIL

- 8.1 Gifts to the Council may take the form of the provision of land, goods or services, either to keep or to test with a view to future acquisition, an offer to carry out works or sponsorship of a function which is organised or supported by the Council. The following principles will govern the issue of gifts to the Council:-

- 1) You should not solicit any such gift on behalf of the Council except where the Council has formally identified the opportunity for participation by an external party and how that participation is to be secured, for example in relation to sponsorship of musical and theatrical performances and developers' contributions under Section 106 Agreements.
- 2) If you receive such an offer on behalf of the Council, you must first consider whether it is appropriate for the Council to accept the offer (in terms of whether the acceptance of the gift might be seen as putting the Council under any improper obligation and whether there is a real benefit to the Council which would outweigh any dis-benefits).
- 3) You do not have delegated authority to accept a gift on behalf of the Council and so you should report the offer directly to the Monitoring Officer who has such delegated authority, together with your recommendation.
- 4) The Monitoring Officer will write back to the person or organisation making the offer to record the acceptance or non-acceptance of the gift and if accepted, record the gift for audit purposes by adding it to an inventory and consult with the Chief Financial Officer and Chairman of the Council to ensure that the gift is properly applied for the benefit of the Council.
- 5) If at any time you have any concerns about the motives of the person or organisation making the offer, or whether it would be proper for the authority to accept the gift, you should consult the Monitoring Officer.

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**9 DEFINITIONS**

- 1) "Gift or hospitality" includes any:
  - (i) the free gift of any goods or services
  - (ii) the opportunity to acquire any goods or services at a discount or on terms which are more advantageous than those which are available to the general public
  - (iii) the opportunity to obtain any goods or services which are not available to the general public
  - (iv) the offer of food, drink, accommodation or entertainment, or the opportunity to attend any cultural, sporting or entertainment event.
- 2) References to the "value" or "cost" of any gift or hospitality are references to the higher of:
  - (i) your estimate of the cost to the person or organisation of providing the gift or consideration
  - (ii) the open market price which a member of the public would have to pay for the gift or hospitality, if it were made available commercially to the public, less the cash sum of any contribution which you would be required to make toward that price to the person or organisation providing or offering the gift or hospitality.

**APPENDIX 1****Application for a Special Consent to accept a Gift or Hospitality not authorised by the General Consent Provisions of the Protocol For Members Relating to Gifts and Hospitality**

<b>Name</b>	
<b>Ward</b>	
<b>What is the nature of the gift or hospitality offered or invited?</b>	
<b>What is your best estimate of its market value or cost?</b>	
<b>Please give details of the person or organisation who has made the offer or invitation?</b>	
<b>What connection do you have with the person or organisation making the offer?</b>	
<b>So far as you are aware, please give details of any work, permission, concession or facility that the person or organisation making the offer or invitation has sought or is seeking from the Council.</b>	
<b>Are there any special circumstances that might justify the acceptance of the gift or hospitality offered or invited?</b>	
<b>DECLARATION</b>	
<p><b>I understand that if this application relates to the offer of a gift and the Monitoring Officer gives his consent to my acceptance of it, the gift will be belong to South Bucks District Council and I will account to the Monitoring Officer for it in accordance with Paragraph 2 (2) (e) of the Protocol relating to Gifts and Hospitality</b></p>	
<b>Signed.....</b>	<b>Date</b>

**APPENDIX 2****Declaration of Receipt of Gifts or Hospitality by Councillors**

<b>Name</b>	
<b>Ward</b>	
<b>What was the gift or hospitality?</b>	
<b>What is your best estimate of its market value or cost?</b>	
<b>Who provided it?</b>	
<b>When and where did you receive it?</b>	
<b>Does it come within one of the general consents set out in the Protocol? If so, which?</b>	
<b>Did you get the consent of any officer before accepting it? If so, who?</b>	
<b>Were there any special circumstances justifying acceptance of this gift or hospitality?</b>	
<b>Do you have any contact in your job with the person or organisation providing the gift or hospitality?</b>	
<b>Signed</b>	<b>Date</b>

<b>SUBJECT:</b>	Appointment of Independent Persons
<b>REPORT OF:</b>	Monitoring Officer
<b>RESPONSIBLE OFFICER</b>	Joanna Swift
<b>REPORT AUTHOR</b>	Joanna Swift
<b>WARD/S AFFECTED</b>	None

### 1. Purpose of Report

This report proposes extending the term of office of one of the Council's two Independent Persons.

#### RECOMMENDATION

**That Full Council be recommended to extend the term of office of Mr Trevor Dobson for a further 2 years**

### 2. Reasons for Recommendations

The appointment of two Independent Persons is an agreed part of the Council's standards framework for dealing with complaints and provides resilience in case of illness or other absence. There is also a new mandatory requirement introduced by the Employment Procedure Amendment Regulations 2015 to invite at least two Independent Persons to join a panel set up to consider the dismissal of statutory officers. Mr Dobson was appointed for a term of 5 years in July 2012 and has received training on the role. The process for recruiting new independent persons requires the Council to advertise this role in the local press which is costly and as the Committee is aware recent experience is that interest from the public is very low. Extending the Mr Dobson's term of office for a further 2 years will ensure that the Council continues to have experienced independent persons in place and provide flexibility to deal with any changes arising from proposals to modernise local government in Buckinghamshire.

### 3. Content of Report

- 3.1 Under the Localism Act 2011 an Independent Person must be appointed through a process of public advertisement, submission of an application and approval by a positive vote of a majority of all members of the Council – i.e. by full Council. To be considered 'independent' an applicant must not be, or have been within the previous 5 years, an elected or co-opted member or an officer of the District Council or any Parish or Town Council in the area, or of any committee or sub-committee of the District Council or any Parish/Town Council, or, be a relative or close friend of a current elected or co-opted member or an officer of the District Council or any Parish/town Council in the area
- 3.2 The Council undertook this process in 2012 and appointed Mr Dobson and Mrs Nandhra (who resigned in 2015) as Independent Persons for a term of 5 years from 25 July 2012. The Council has recently appointed Mr Hopkins as the second IP after undertaking two rounds of recruitment. The Independent Persons are entitled to receive an allowance of £200, together

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with re-imbusement of any travelling expenses incurred whilst exercising their role. Both Mr Dobson and Mr Hopkins have attended specialist training provided by Hoey Ainscough through the Council's subscription to Standards Exchange.

- 3.3 Since Mr Dobson's appointment in 2012 the government has introduced a new mandatory requirement for Independent Persons to be involved in the dismissal procedure for statutory officers. The Council's Employment Procedure Rules have been updated to reflect this requirement and this has also been included in the Independent Person's role description attached at Appendix 1 for information.
- 3.4 Mr Dobson's term of office will expire shortly and to ensure that the Council complies with the adopted Complaints Procedure, it is necessary to either start a recruitment process to appoint a new Independent Person or agree to extend the term of office of the current appointee. The recruitment process prescribed in the Localism Act requires the Council to advertise the role in the local press which is costly. Furthermore experience from recent recruitment processes is that interest from the public in this role is very low. Therefore, the option of extending Mr Dobson's term of office has also been considered. This does raise an issue about maintaining a degree of independence from the Council but an extension of 2 years (as opposed to a further 5 year term) is considered to be acceptable in this regard. Additionally with current uncertainty around proposals for modernising local government in Buckinghamshire, an extension of 2 years would maintain flexibility for any future authority/ies.

#### 4. Consultation

Not applicable.

#### 5. Options

The Committee has the option of advertising the upcoming vacancy and selecting an applicant to fill the role or extending the term of office of the existing appointee. In terms of ensuring that appointees retain a degree of independence, it is suggested that any extension be for no longer than 2 years.

#### 6. Corporate Implications

Financial – As set out in the report

Legal – As set out in the report

Risks issues – The Council would be in breach of its statutory duty if it had no Independent Person available to advise on members complaints and having 2 Independent Persons provides resilience in case of absence or conflicts of interest. It is also now a requirement under the Employment Procedure Amendment Regulations 2015 for the Council to invite at least two Independent Persons to take part in the panel considering the dismissal of statutory officers.

Equalities - The Council's policies on equalities would be followed in any recruitment process for new a Independent Person.

**7. Links to Council Policy Objectives**

Whilst there are no direct links to the Council's main policy objectives, it has a duty under the Localism Act to have arrangements in place to deal with allegations that members may have breached the code of conduct. The effective use of Independent Persons as part of this process is a matter of good governance and is important in preserving the confidence of local communities.

**8. Next Steps**

Any new appointment or the extension of an existing appointment would be referred to Full Council for approval in accordance with requirements in the Localism Act 2011.

<b>Background Papers:</b>	None except those referred to in the report.
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**APPENDIX 1****SOUTH BUCKS DISTRICT COUNCIL****ROLE DESCRIPTION: Independent Person****Job Purpose**

The Council is required to promote and maintain high standards of conduct by its elected and co-opted members and in discharging this duty it must, in particular, adopt a code dealing with the conduct that is expected of those members.

The Council must also have arrangements in place to investigate and make decisions on allegations that members may have failed to comply with the Council's code of conduct. These arrangements also apply to allegations that members of town and parish councils in the District may have failed to comply with the code of conduct adopted by their council.

These arrangements must also include the appointment of at least one independent person whose views are to be sought, and taken into account, before a decision is made on an allegation following a decision to investigate. The views of the independent person may also be sought on other matters and at other stages of the complaints process, by members of the council whose conduct is the subject of an allegation and by members of town or parish council's whose conduct is the subject of an allegation.

Under the Employment Procedure Amendment Regulations 2015 the Council must also invite at least two Independent Persons to join the panel set up to consider the dismissal of the Council's statutory officers, namely the Head of Paid Service, Chief Finance Officer and Monitoring Officer.

**Role**

Independent persons should:-

- develop and apply knowledge of the code of conduct
- develop a clear understanding of the way in which local authorities work
- read reports, briefings and background information in advance of meetings/hearings
- be inquisitive, open-minded and non-judgemental
- be prepared to discuss issues and give views; and
- be committed to a defined term of office

**Contacts**

Monitoring/Deputy Monitoring officer, elected and co-opted members of the District Councils, elected and co-opted members of town and parish councils, other independent persons

**Key Tasks**

- To provide a view on allegations that an elected or co-opted member may have failed to comply with their council’s code of conduct following an investigation by the monitoring officer
- To provide a view on the appropriate sanction to be imposed on an elected or co-opted member who may have failed to comply with their council’s code of conduct following an investigation by the monitoring officer.
- To receive reports from the monitoring officer relating to probity and ethical standards within the council and parish/town councils in the District, and give views on the implementation of any recommendations.
- To participate in any meetings of the council considering probity and ethical standards within the council and parish/town council in the District
- To participate in any hearings of the Council concerning conduct complaints as required.
- To be available to provide a view to a member the subject of a complaint.
- To be a member of the panel considering the dismissal of the Council’s statutory officers which would make a recommendation on this to Full Council

**Equal Opportunities**

The Independent Person is expected to demonstrate and promote a commitment to the Council’s equal opportunities policies.

**INDEPENDENT PERSON - PERSON SPECIFICATION**

	<b>Essential</b>	<b>Desirable</b>
Qualifications: <ul style="list-style-type: none"> <li>• No specific qualifications or background is required</li> </ul>		
Knowledge and Skills: <ul style="list-style-type: none"> <li>• A good communicator with questioning skills</li> <li>• Assertive</li> <li>• Inquisitive, open-minded and non-judgemental</li> <li>• Understanding of the local authority standards regime</li> <li>• Understanding of the principles behind the members’ code of conduct</li> </ul>	✓ ✓ ✓ ✓ ✓	

<ul style="list-style-type: none"> <li>• Awareness of the background to the introduction of the ethical framework for local government</li> <li>• IT skills – word processing software and e-mail</li> </ul>	✓	✓
<p>Experience:</p> <ul style="list-style-type: none"> <li>• Experience in considering evidence and dealing with ethical issues</li> <li>• Experience of providing confidential advice</li> <li>• An interest in public service and local government in particular</li> </ul>	✓ ✓ ✓	
<p>Competencies:</p> <ul style="list-style-type: none"> <li>• A person in whose impartiality and integrity member and the public can have confidence</li> <li>• Understand and comply with confidentiality requirements</li> </ul>	✓ ✓	
<p>Other requirements:</p> <ul style="list-style-type: none"> <li>• Able to attend meetings/hearings on an ad hoc basis if required, and devote preparation time for each meeting</li> <li>• Must be of good standing</li> <li>• Must not currently have and must not enter into any contractual relations with the council under which he/she will gain personally</li> <li>• Will have disclosed to the council any matter in his/her background which, if it became public, might cause the council to reconsider the appointment</li> <li>• Will not be an active member of any political party or have a public profile in relation to political activities</li> <li>• Will not have been an officer, elected member or co-opted member of South Bucks District Council or any town or parish council in the District, within 5 years of the date of his/her appointment as independent person</li> <li>• Will not have been a relative or close friend of an officer, elected member or co-opted member of South Bucks District Council or any town or parish council in the District, within 5 years of the date of his/her appointment as independent person</li> <li>• Committed to a 5 year term of appointment</li> <li>• Have ICT/internet facilities at their disposal to assist with carrying out the above functions.</li> </ul>		

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**SOUTH BUCKS DISTRICT COUNCIL**

**STANDARDS WORK PROGRAMME**

**2017/2018**

	Contact	2017		2018	
		05.07.17	28.09.17	18.01.18	15.03.18
<b>05.07.17</b>					
<ul style="list-style-type: none"> <li>Complaints Monitoring Report 2016/17</li> <li>Review of Policy on Gifts and Hospitality</li> <li>Appointment of an Independent Person</li> <li>Guidance for Directors of Companies fully/partly owned by the public sector</li> </ul>	Joanna Swift Joanna Swift Joanna Swift Joanna Swift	X X X X			
<b>28.09.17</b>					
<ul style="list-style-type: none"> <li>Annual Review of Code of Conduct and Complaints Procedure</li> <li>Committee on Standards in Public Life Annual Report</li> <li>Procedure at Hearings Sub-Committee</li> </ul>	Joanna Swift Joanna Swift Joanna Swift		X X X		
<b>18.01.18</b>					
<ul style="list-style-type: none"> <li>Update on Standards Framework</li> <li>Review of Guidance on Dispensations</li> </ul>	Joanna Swift Joanna Swift			X X	
<b>15.03.18</b>					
<ul style="list-style-type: none"> <li>Review of member training on Standards Issues</li> <li>Work programme 2018/19</li> </ul>	Joanna Swift Joanna Swift			X X	



## South Bucks District Council

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## Internal Audit Annual Report 2016/17

# Internal Audit Annual Report

## INTRODUCTION

This is the 2016/17 Annual Report by TIAA on the internal control environment at South Bucks District Council. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation’s framework of governance, risk management and control. This report is designed to assist the Council in making its annual governance statement.

### HEAD OF INTERNAL AUDIT’S ANNUAL OPINION

**I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a positive conclusion as to the adequacy and effectiveness of South Bucks Council’s risk management, control and governance processes. In my opinion, South Bucks Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.**

## INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

The 2016/17 Annual Audit Plan approved by the Audit Committee was for 340 days (this includes Chiltern Council) of internal audit coverage in the year. During the year there were 4 changes to the Audit Plan and these changes were agreed by the Audit Committee.

All the planned work has been carried out and the reports have been issued (Annex A).

The following audits were carried out which was in addition to the work set out in the Annual Audit Plan:

- Purchasing Cards
- Treasury Management Practices
- Expenses

- Health & Safety (Contractor Arrangements)

## ASSURANCE

TIAA carried out 26 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Council’s objectives. We also carried out 2 reviews that did not generate an assurance due to being advisory audits. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	17	13
Reasonable Assurance	9	11
Limited Assurance	0	0
No Assurance	0	0

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2016/17.

Urgent	Important	Routine
0	22	37



**AUDIT SUMMARY**

**Control weaknesses:** There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'.

**Recommendations Made:** We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed	0	4	8
Compliance	0	15	25
Operational	0	3	4
Reputational	0	0	0

**Operational Effectiveness Opportunities:** One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
20

**INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT**

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

**PERFORMANCE AND QUALITY ASSURANCE**

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	95%
Compliance with Public Sector Internal Audit Standards	100%	100%

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2016 and in particular to meet the requirement of an independent 5 year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

**RELEASE OF REPORT**

The table below sets out the history of this Annual Report.

Date report issued:	5 <sup>th</sup> June 2017
Date revised report issued:	23 <sup>rd</sup> June 2017

**Actual against planned Internal Audit Work 2016/17**

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Governance	Assurance	9	9		
Procurement	Assurance	8	8		
Counter Fraud	Advisory	8	8		
Complaints and Compliments	Assurance	6	-		Cancelled
Performance Management/Efficient Working	Assurance	10	10		Report at draft stage
Information Governance/Data Quality	Assurance	9	9		
Main Accounting	Assurance	8	8		
Payroll	Assurance	13	10		
Debtors	Assurance	10	10		
Creditors	Assurance	10	10		
Council Tax Support	Assurance	10	10		
Council Tax and NDR	Assurance	20	20		
Cash and Bank	Assurance	9	9		
Treasury Management Practices	Assurance	-	4		Additional Review
Budgetary Control	Assurance	8	8		
Expenses	Assurance	-	8		Additional Review
Mobile/Agile Working	ICT	10	10		Report at draft stage
Information Risk Management	ICT	10	10		Report at draft stage
Network Project Implementation	ICT	10	10		Report at draft stage
Controls over access to the internet	ICT	6	6		
Risk Management Assistance	Advisory	10	10		No report generated

Environmental Health	Assurance	10	10		
Licensing	Assurance	10	10		
Health and Safety – contractor arrangements	Assurance	-	5		Additional Review - Report at draft stage
Health and Safety – internal arrangements	Assurance	8	8		
Disabled Facilities Grants	Regulatory	5	5		
Housing DECC Grants – energy efficiency	Regulatory	10	20		Recharged to grant allocation
Leisure Contracts	Assurance	8	8		Report at draft stage
Waste – Joint service Chiltern and Wycombe	Assurance	8	-		Cancelled
Farnham Park – Stores/shop	Assurance	5	5		
Farnham Park - Bar	Assurance	5	5		
Farnham Park - Academy	Assurance	5	-		Cancelled
Car Parking	Assurance	11	11		
Property and Asset Management	Assurance	8	8		
Individual Electoral Registration	Assurance	8	-		Cancelled
Absence Management	Assurance	8	-		Cancelled
Recruitment	Assurance	8	-		Cancelled
Follow Up		10	10		Work in progress – reviewing the 16/17 recommendations
Annual Assurance Report		2	2		
Audit Management		32	22		
Purchasing cards	Assurance	-	11		Additional Review
	<b>Total Days</b>	<b>345</b>	<b>317</b>		

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## South Bucks District Council

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### Internal Audit Progress Report

2016/17

Audit Committee – 5 July 2017

**INTRODUCTION**

1. This summary report provides the Audit Committee with an update on the progress of our work at South Bucks District Council as at 6 June 2017.

**PROGRESS AGAINST THE 2016/17 ANNUAL PLAN**

2. Our progress against the Annual Plan for 2016-17 is set out in Appendix A.

**EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES**

4. We have not identified any emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation.

**AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE 2016/17**

5. The table below sets out details of audits finalised since our last report to the Audit Committee for the year 2016/17. Final reports with priority 1 and 2 recommendations are shown at Appendix B.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM*
Housing Benefits & Council Tax Support	Substantial	13/03/17	13/03/17	18/03/17	0	0	1	0
Treasury Management Practices	Advisory	23/03/17	23/03/17	27/03/17	0	0	0	0
Procurement	Reasonable	24/03/17	27/03/17	28/03/17	0	1	7	3
Governance	Substantial	30/03/17	30/03/17	04/04/17	0	0	2	0
Car Parking Income	Substantial	29/03/17	31/03/17	05/04/17	0	0	0	0
Health & Safety-Internal Arrangements	Reasonable	30/03/17	03/04/17	05/04/17	0	3	1	0
Counter Fraud	Advisory	30/03/17	08/05/17	15/05/17	0	1	3	0
Cash and Bank	Substantial	10/03/17	18/05/17	23/05/17	0	0	1	0
Farnham Park – Stores and Shop	Substantial	15/09/16	28/02/17	02/03/17	0	0	1	0

**\*Operational Effectiveness Matters**

**CHANGES TO THE ANNUAL PLAN 2016/17**

6. The following audits are additional to the annual plan:
- Purchasing Cards.
  - Contractor Health and Safety – follow on from 15/16 audit.
  - Expenses.

The following audits are deleted from the annual plan:

- Individual Electoral Registration (audit undertaken in later part of 2015/16).
- Farnham Park – Academy (Academy now closed).
- Waste - joint service between CDC and Wycombe D.C. (The previous year's follow up was concluded late in 2016/17 – audit to be undertaken in 2017/18)
- Complaints and Compliments (the new system is not yet in place – audit to be undertaken in 2017/18)
- HR – Absence Management (new system not yet embedded – audit to be undertaken in 2017/18)
- HR – Recruitment (new system not yet embedded – audit to be undertaken in 2017/18)

**FRAUDS/IRREGULARITIES**

7. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

**LIAISON WITH EXTERNAL AUDIT**

8. We liaise with EY and provide reports and working paper files, as required.

**PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS**

9. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report.

**RISK MANAGEMENT**

10. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager have met to discuss progressing Risk Management for both Councils.

The risk management project continues and further posters are to be displayed on all notice boards at the main civic offices for South Bucks and Chiltern Councils, as well as data on the Councils intranet and regular items within the Councils all staff Newsletter.

Appropriate training has been developed and will be delivered during July 2017 on “Risk Management in a Changing Environment” for all middle managers. This has been incorporated into the current personnel training programme for staff.



**DISCLAIMER**

11. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

## Progress against the Annual Plan for 2016/17

System	Planned Quarter	Days	Current Status	Comments
Performance Management/Efficient Working	1	10	Draft report issued June 2017	Audit commenced 23 February 2017
Purchasing Cards	1	11	Final report issued June 2016	Additional Review to 2016/17 plan
Contractor Health and Safety – follow on	1	5	Draft report issued May 2017	Additional Review to 2016/17 plan
Property and Asset Management	1	8	Final report issued March 2017	
Information Governance/Data Quality	1	9	Final report issued October 2016	
Health & Safety – internal arrangements	1	8	Final report issued April 2017	
Licensing	1	10	Final report issued October 2016	
Environmental Health	1	10	Final report issued December 2016	
Absence Management	1	8	Cancelled	Request by Head of Service to postpone
Expenses	1	8	Final report issued November 2016	Additional Review to 2016/17 plan
Chiltern Crematorium-annual Internal Audit	2	5	Final report issued February 2017	
Chiltern Crematorium-New Administration System	2	5	Draft report issued May 2017	
ICT - Controls over access to the internet	2	6	Draft report issued May 2017	
Individual Electoral Registration	2	8	Cancelled	An audit of this system was undertaken during 2015/16 and a further audit is not required at this time
Recruitment	2	8	Cancelled	Awaiting implementation of new IT system
Leisure Contracts	2	8	Draft report issued June 2017	

System	Planned Quarter	Days	Current Status	Comments
Waste-Joint Service Chiltern and Wycombe	2	8	Cancelled	To be undertaken in 2017/18!
Budgetary Control	2	8	Final report issued October 2016	
ICT - Information risk management	2	10	Draft report issued May 2017	
ICT - Network project implementation	3	10	Draft report issued May 2017	
ICT - Mobile / agile working	3	10	Draft report issued May 2017	
Main Accounting	3	8	Final report issued January 2017	
Governance	3	9	Final report issued April 2017	
Procurement	3	8	Final report issued March 2017	
Debtors	3	10	Final report issued February 2017	
Council Tax and NDR	3	20	Final report issued March 2017	
Cash and Bank	3	9	Final report issued May 2017	
Benefits	3	10	Final report issued March 2017	
Council Tax Support	3	10	Final report issued March 2017	
Creditors	3	10	Final report issued January 2017	
Payroll	3	13	Final report issued February 2017	
Complaints and Compliments	3/4	6	Cancelled	
Follow up	4	10	Ongoing	Work in progress – reviewing of 16/17 recommendations
Car Parking	4	11	Final report issued April 2017	
Risk Management Assistance	3/4	10	Complete	No report generated
Counter Fraud	4	8	Final report issued May 2017	

System	Planned Quarter	Days	Current Status	Comments
Disabled Facilities Grants	TBA	5	Final Report issued July 2016	
Housing DECC Grants – energy efficiency	TBA	20	Final report issued February 2017	Additional 10 days agreed
<u>Farnham Park Trust</u>				
Bar	1	5	Draft report issued May 2017	
Academy	1	0	Cancelled	Academy closed
Stores/Shop	1	5	Final report issued March 2017	
Contingency		2		Time spent with Farnham Park Manager on control, risk and governance issues

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued
	=	Audit Cancelled

## Audits Finalised since last Audit Committee

Title of review: **Procurement**

Date issued: **March 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Compliance	For two of the procurement exercises sampled, either limited or no information was able to be located due to the fact that the lead officers no longer worked for the Councils.	Staff to be reminded to store all relevant supporting documentation either in local or central shared drives in accordance with procurement procedures to provide a full audit trail which is readily accessible.	2	<p>Agreed.</p> <p><i>The Contracts Procedure Rules are quite clear that:</i></p> <p><i>A Contract Owner must keep records on the decisions and activities they take concerning how they prepare for, enter into, manage, extend, vary and terminate each of the Councils' contracts.</i></p>	Immediate	All Head of Service

Title of review: **Health & Safety-Internal Arrangements**

Date issued: **April 2017**

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	It was noted that attendance at 2016 Health and Safety Committee meetings did not meet the expectations set out in the terms of reference, with a large number of apologies at each meeting. The Director of Services and a number of Heads of Service had not attended at all during the 2016 calendar year, and there were no meetings where all service areas were represented. Attendance by senior managers at Health & Safety Committee meetings is key to ensuring that Health & Safety matters are given the requisite level of importance in line with legislative requirements.	Action be taken to ensure that attendance at Health and Safety Committee meetings is in line with the expectations set out in the Committee terms of reference.	2	<i>The committee dates will be set for the year ahead and HOS invited to attend with appointments placed in diaries.  The need to attend will be advised to all HOS at the next HOS meeting.</i>	19/04/17	GC

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	Smart Log software is used to provide officers with online training material and to record completion of such training. Training currently covers Fire Awareness training, Display Screen Equipment training and specific training for Fire Wardens. The system records the due date for carrying out the training, and sends automated emails to officers on a weekly basis reminding them to carry out the training when it becomes overdue. At the time of the audit, eight users were overdue by more than two years, and more than 20 users were overdue by more than a year.	Action be taken to ensure all officers are carrying out regular fire awareness and DSE training/assessments.	2	<p><i>Currently reviewing the operation of Smart Log as part of the Mobile working project and recommendation will be made to MT.</i></p> <p><i>All staff will be reminded to complete the training.</i></p> <p><i>Staff who have not completed the Smart Log system will be targeted and required to complete within 2 months.</i></p>	<p>31/3/18</p> <p>31/6/17</p> <p>31/05/17</p>	<p>NPH</p> <p>HOS</p> <p>GC</p>
3	Compliance	For three service areas (Environment, Sustainable Development, and Business Support) it was noted that the internal audit risk assessment summaries had not yet been completed, and a limited number of individual risk assessments had been produced for these areas.	Action be taken to ensure that all risk assessment summaries are completed at the earliest opportunity.	2	<i>HOS to ensure these are reviewed completed and updated.</i>	31/03/18	HOS

Title of review: **Counter Fraud**

Date issued: **May 2017**

Rec.	Risk	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Operational	<p><i>Checklist 11. The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2016 to prevent potentially dishonest employees from being appointed.</i></p> <p>There is guidance that covers process but does not provide clear guidance on the importance of pre-employment checking.</p>	Guidance be strengthened in relation to the types of pre-employment checking that should be undertaken and this guidance should be integrated for both councils as opposed to the separate arrangements in place at present.	2	<i>A joint recruitment policy is in development and this recommendation will be considered as part of that process.</i>	30/09/17	<i>Principal hr Advisor NPH</i>





**South Bucks District Council**

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**Internal Audit Progress Report**

**2017/18**

**Audit and Standards Committee – 5 July 2017**

**INTRODUCTION**

1. This summary report provides the Audit and Standards Committee with an update on the progress of our work at South Bucks District Council as at 6 June 2017.

**PROGRESS AGAINST THE 2017/18 ANNUAL PLAN**

2. Our progress against the Annual Plan for 2017-18 is set out in Appendix A.

**EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES**

4. We have not identified any emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation.

**AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE 2017/18**

5. There have been no audits finalised since our last report to the Audit and Standards Committee for the year 2017/18.

**CHANGES TO THE ANNUAL PLAN 2017/18**

6. There have been no changes made to the 17/18 annual plan.

**FRAUDS/IRREGULARITIES**

7. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

**LIAISON WITH EXTERNAL AUDIT**

8. We liaise with EY and provide reports and working paper files, as required.

**PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS**

9. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous Progress Report.

**RISK MANAGEMENT**

11. The Audit Director with TIAA and the Councils Audit, Fraud & Error Reduction Manager have met to discuss progressing Risk Management for both Councils.
- The current Risk Procedures/Guidance for Risk Management is being reviewed and progress is being made to display appropriate information on Risk Management throughout both Councils. This will include posters on all notice boards at the main civic offices for South Bucks and Chiltern Councils, as well as data on the Councils intranet and regular items within the Councils all staff Newsletter.
- Appropriate training has been developed and will be delivered during Jul 2017 on "Risk Management in a Changing Environment" for all middle managers. This has been incorporated into the current personnel training programme for staff.

**DISCLAIMER**

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## Progress against the Annual Plan for 2017/18

System	Planned Quarter	Days	Current Status	Comments
Governance – Gifts and Hospitality	1	8	Planned start date 01/06/17	In Progress
Disable Facilities Grants	1	5	Planned start date 14/06/17	In Progress
Cemeteries	1	8	Planned start date 03/05/17	In Progress
Harmonised Policies and Procedures	1	8	Planned start date 20/04/17	In Progress
iTrent Payroll System (HR Module)	1	6	Planned start date 02/05/17	In Progress
Expenses	1	8	Planned start date 15/05/17	In Progress
Ground Maintenance	1	8	Planned start date 27/04/17	In Progress
Risk Management	2	8		
Complaints and Compliments	2	6	Planned start date 30/06/17	
Temporary Accommodation	2	9	Planned start date 10/07/17	
Absence Management	2	8	Planned start date 11/09/17	
Purchase Cards	2	8	Planned start date 10/07/17	
Recruitment	3	8	Planned start date 04/12/17	
Main Accounting	3	7		
Payroll	3	12		
Farnham Park - Bar	3	5		
Farnham Park – Store and Shop	3	5		
Accounts Receivable (Debtors)	3	9		
Accounts Payable (Creditors)	3	9		
Contracts	3	10		

System	Planned Quarter	Days	Current Status	Comments
Information Governance/Data Quality	3	8		
Data Protection	3	8		
Business Continuity	3	7		
Emergency Planning	3	6		
Benefits	3	13		
Council Tax Support	3	13		
Council Tax and NDR	3	20		
Cash and Bank	3	8		
Treasury Management	3	8		
ICT - Targeted Audits to be agreed and reported to the next Audit (and Standards) Committee	3	24		
Waste Services (Chiltern, Wycombe and South Bucks)	4	11		
Car Parking	4	7		
Commercial Rents/Debt Recovery	4	8		
Follow up		10		
Risk Management Assistance	Ongoing	10		

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

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<b>SUBJECT:</b>	<i>Annual Governance Statement 2016/17</i>
<b>REPORT OF:</b>	<i>Director of Resources</i>
<b>RESPONSIBLE OFFICER</b>	<i>Rodney Fincham, Head of Finance</i>
<b>REPORT AUTHOR</b>	<i>Rodney Fincham, 01494 732260</i> <a href="mailto:rodney.fincham@southbucks.gov.uk">rodney.fincham@southbucks.gov.uk</a>
<b>WARD/S AFFECTED</b>	<i>All</i>

## 1. Purpose of Report

1.1 The purpose of this report is to provide Members with sufficient evidence so that they can:

- conduct the statutory review of the effectiveness of the Authority's Governance Framework / system of internal control, and
- approve the statutory Annual Governance Statement for 2016/17.

### RECOMMENDATION

#### 1. Members are asked to:

- **review the assurances provided,**
- **consider whether there are any other significant gaps in control / assurance; and then**
- **approve the Annual Governance Statement.**

## 2. Background

2.1 Governance is defined as:

***'Ensuring the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner'***  
**(CIPFA / SOLACE).**

It comprises the systems and processes, and culture and values by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

**Internal control** is the name given to the policies, procedures, systems and review mechanisms that are put in place to ensure that the organisation is subject to adequate management to ensure that the organisation meets its objectives. **Internal audit** is one element of internal control.

2.2 The Accounts and Audit Regulations 2015 require that the system of internal control is reviewed at least once a year and that a Governance Statement is produced and included in the annual Statement of Accounts. The actual requirement is as follows:

*3. A relevant authority must ensure that it has a sound system of internal control which*

*(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;*

*(b) ensures that the financial and operational management of the authority is effective; and*

*(c) includes effective arrangements for the management of risk.*

*6.(1) A relevant authority must, each financial year*

*(a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and*

*(b) prepare an annual governance statement;*

*(2) If the relevant authority referred to in paragraph (1) is a Category 1 authority, following the review, it must*

*(a) consider the findings of the review required by paragraph (1)(a)*

*(i) by a committee; or*

*(ii) by members of the authority meeting as a whole; and*

*(b) approve the annual governance statement prepared in accordance with paragraph (1)(b) by resolution of*

*(i) a committee; or*

*(ii) members of the authority meeting as a whole.*

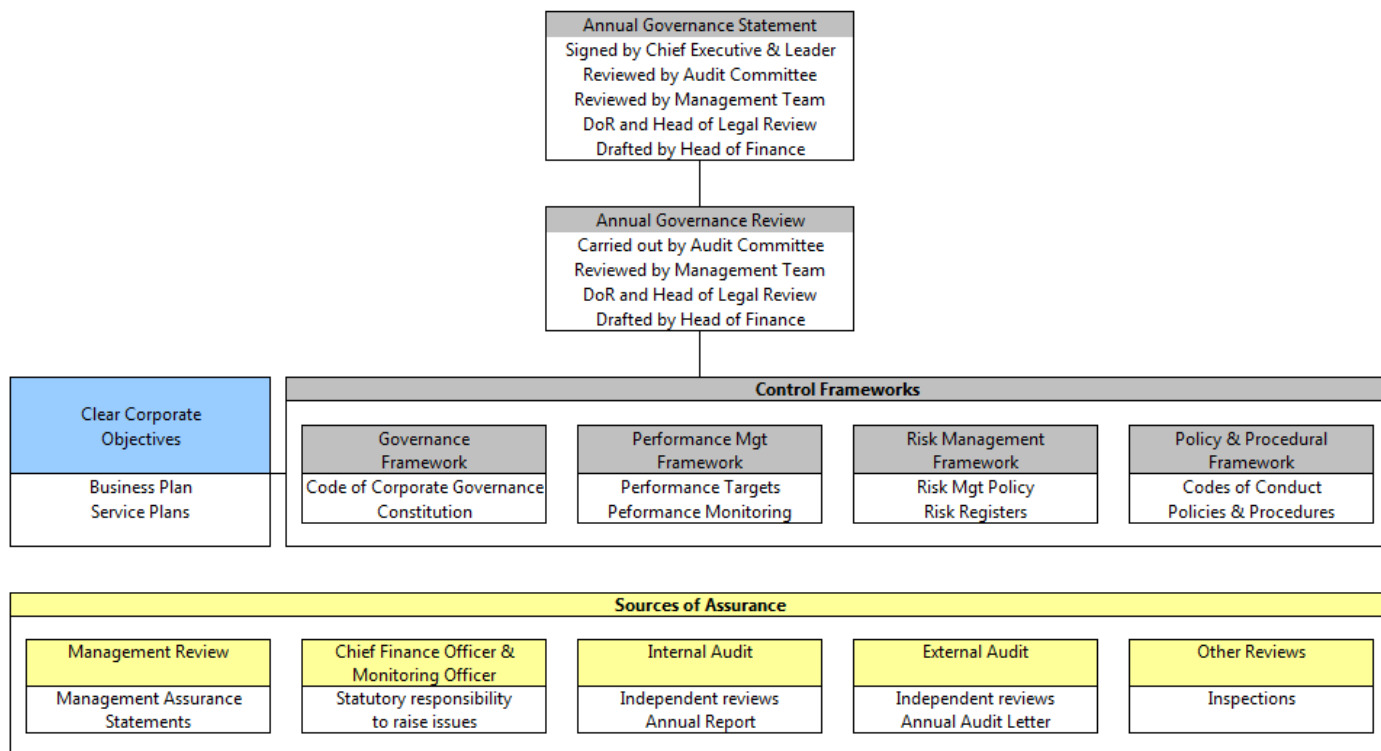
### **3. Responsibility for Undertaking the Review**

3.1 The terms of reference for the Audit Committee encompass the responsibility, on behalf of the Authority, to conduct the review of internal control and be responsible for reviewing the Annual Governance Statement.



4. Overall Framework

4.1 The diagram below summarises the Authority’s Corporate Governance Assurance Framework.



4.2 Essentially for there to be good corporate governance there needs to be clear corporate objectives supported by four effective frameworks covering Governance, Performance Management, Risk Management and Policies & Procedures.

4.3 And in order to assess the arrangements it is helpful to draw on five sources of assurance namely – Management Review, Statutory Officer Review, Internal Audit, External Audit and Other Reviews.

**5. Review of Governance Framework**

5.1 The review of the Governance Framework can be undertaken by following 8 steps as set out in the following table.

	Requirement	Comment
1	Establish principal statutory obligations and corporate objectives, and put in place effective Corporate Governance and Performance Management arrangements.	This has been met by: <ul style="list-style-type: none"> <li>• Establishing the Council's aims and objectives.</li> <li>• Producing the Business Plan and Service plans.</li> <li>• Producing the other plans and strategies within the organisation.</li> <li>• Adopting a Code of Corporate Governance.</li> <li>• Implementing a Performance Management Framework.</li> </ul> Further details with regard to meeting this requirement are included in Appendix 1.
2	Identify principal risks to achievement of objectives.	This has been met by the production of strategic and operational risk registers. Further details with regard to meeting this requirement are included in appendix 2.
3	Identify and evaluate key controls to manage principal risks.	This is met as the risk registers require risks to be assessed and mitigating controls identified. Further details with regard to meeting this requirement are included in Appendix 3. The latest internal audit of risk management (Nov 15) resulted in a 'reasonable assurance' rating.
4	Obtain assurances on effectiveness of key controls.	This is met as it occurs throughout the year as part of the ongoing management of the organisation. However for the purpose of the annual review of internal control it is useful to summarise the key sources of assurance and this is done in section 6 of this report below.
5	Evaluate assurances and identify gaps in control / assurances.	See section 7 of this report below.
6	Draw up an action plan to address weaknesses and ensure continuous improvement of the system of Corporate Governance.	The actions to be taken to address the weaknesses identified are detailed in the Draft Annual Governance Statement.
7	Produce Annual Governance Statement.	Draft statement included as Appendix 4.
8	Report to Members.	This report meets this requirement.

**6. Sources of Assurances**

6.1 The following table summarises the five key sources of assurance, and the assurances obtained from these sources for 2016/17.

Source of Assurance	Comment from Guidance	Assurance Obtained
Management and Member Review	Managers should routinely monitor and review the internal controls as an integral part of the risk management process.	Officers are: guided by the Council's aims and objectives; operate within the Council's rules and regulations; produce service plans; maintain risk registers; and regularly report on progress to Senior Officers and Members.  For 2016/17 all Heads of Service were required to complete a Management Assurance Return to highlight any known weaknesses in internal control.
The Role of the Chief Finance Officer and the Monitoring Officer	The statutory functions undertaken by these two officers provide a key source of assurance that the systems and procedures of internal control that are in operation are effective, efficient and are being complied with on a routine basis.	During the year no significant issues have been raised by either the Chief Finance Officer (Director of Resources) or the Monitoring Officer (Head of Legal & Democratic Services).
Internal Audit	The relevant body is likely to take assurance from the work of Internal Audit as the Code of Practice for Internal Audit in Local Government requires the Head of Internal Audit to include in the annual Internal Audit report an opinion on the overall adequacy and effectiveness of the Authority's internal control environment. Therefore provided the body can satisfy itself that Internal Audit operates to the standards set out in the Code, the relevant body is justified in taking assurance from this opinion.	The 2016/17 Annual Internal Audit Report contains Internal Audit's Annual Opinion. This states that  <i>'In my opinion, South Bucks Council has adequate and effective management, control and governance processes in place to manage the achievement of their objectives.'</i>

Source of Assurance	Comment from Guidance	Assurance Obtained
External Audit	External Audit are another potential source of assurance on the operation of internal controls although it should be noted that the audit reports / management letters will not cover the full range of activities and risks, and that external auditors are not required to form an opinion on the effectiveness of the relevant body's corporate governance procedures or its risk and control procedures.	To date External Audit have not raised any significant issues of concern with Management.
Other Review Agencies and Inspectorates	The system of internal control covers the whole of the Authority's operations. Aspects of these operations are subject to independent external review and these reports also provide the body with relevant assurance.	Full Public Sector Network (PSN) compliance has been maintained.

**7. Gaps in Control and Governance Assurances**

- 7.1 Main Governance and control issues are detailed in section 6 of the Annual Governance Statement (Appendix 4).
- 7.2 It is suggested that there are no other significant issues to add but Members are requested to consider whether there are any other significant issues of concern and whether these issues need to be disclosed in the Annual Governance Statement.

**8. Annual Governance Statement**

- 8.1 A draft Annual Governance Statement is included as Appendix 4.
- 8.2 Members are asked to review the draft Annual Governance Statement and consider whether changes are needed.

**9. Corporate Implications**

- 9.1 There are no direct financial, legal or human resource implications from this report.

**10. Links to Council Policy Objectives**

10.1 This report relates to the Authority's Corporate Governance Framework which underpins the effective operation of all the Council's activities.

**11. Next Step**

11.1 The Statement will be reviewed by external audit as part of their audit review process.

11.2 The Chief Executive and Leader will be required to sign off the Annual Governance Statement and this will be published in the Annual Statement of Accounts.

<b>Background Papers:</b>	None
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**Appendix 1: Evidence to Support Meeting the Requirement to Establish Principal Statutory Obligations and Organisational Objectives (Step 1)**

<b>Requirement A - There is a mechanism established to identify principal statutory obligations.</b>		
Suggested measure	Evidence	
A1 - Responsibilities for statutory obligations are formally established.	The Authority's constitution sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.	✓
A2 - Record held of statutory obligations.	Service plans detail key statutory obligations in the key service aims and action plan sections.	✓
A3 - Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used.	<p>Service managers keep up to date with legislative changes via their professional networks.</p> <p>The legal section also receives notification of changes in legislation, including local government laws ie Lawtel updates, and subscribes to planning and local government encyclopaedias.</p> <p>Where necessary managers write reports on substantive changes, and will update their procedures as required.</p>	✓
A4 - Effective action is taken where areas of non-compliance are found in either mechanism or legislation.	If a non-compliance is found (eg during an audit) then the relevant service manager will update their procedures as required, and will report any substantive issues to the relevant member body.	✓

<b>Requirement B – There is a mechanism in place to establish corporate objectives.</b>		
Suggested measure	Evidence	
<b>B1</b> - Consultation with stakeholders on priorities and objectives.	The Authority works within the Local Strategic Partnership framework and has consulted on its priorities.  In addition for any major service changes (e.g. waste services, parking charges) the Authority has a well-established record of consultation.	✓
<b>B2</b> - The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation).	<del>A Business Plan was approved at Cabinet on 15 July 14.</del> A refreshed The Business Plan 2016 -2020 was approved by Cabinet on 20 April 2016.	✓
<b>B3</b> - Priorities and objectives are aligned to principal statutory obligations and relate to available funding.	The Authority's priorities encompass the organisation's statutory obligations and the Business Plan is set based on an understanding of the available resources.	✓
<b>B4</b> - Objectives are reflected in departmental plans and are clearly matched with associated budgets.	Individual service plans are produced for each service area in line with the actions agreed in the Business Plan, and the budget implications of the actions are considered as part of the budget setting process.	✓
<b>B5</b> - The Authority's objectives are clearly communicated to staff and to all stakeholders, including partners.	The Authority's objectives are cascaded to all staff via team meetings and are published in the Business Plan.  Key objectives for the year ahead are also mentioned as part of the annual staff briefings.	✓



<b>Requirement C – Effective corporate governance arrangements are embedded within the Authority.</b>		
Suggested measure	Evidence	
<b>C1</b> - Code of corporate governance established.	The Authority adopted <del>its</del> a new Code of Corporate Governance in 2007 March 2017 – part of Constitution.  The code is based on the revised CIPFA / SOLACE framework document for corporate governance in local authorities.	✓
<b>C2</b> - Review and monitoring arrangements in place.	Officer and Member consideration of the Annual Governance Statement effectively covers this issue.	✓
<b>C3</b> - Committee charged with Governance responsibilities.	The Audit Committee is charged with corporate governance responsibilities.	✓
<b>C4</b> - Governance training provided to key officers and all members.	All staff have an induction which includes information about Governance eg the Staff Code of Conduct etc.  Training is provided as part of the induction process for Members following the Council elections.	✓
<b>C5</b> - Staff, public and other stakeholder awareness of corporate governance.	The Statement of Corporate Governance is published in the Annual Statement of Accounts, which is available on the website. The Intranet also provides access for staff and Members to key policies and statements.	✓

<b>Requirement D – Performance management arrangements are in place.</b>		
Suggested measure	Evidence	
D1 - Comprehensive and effective performance management systems operate routinely.	There is a clearly defined performance management framework within the organisation.	✓
D2 - Key performance indicators are established and monitored.	Key performance indicators are established and reported to Cabinet and Overview & Scrutiny on a regular basis.	✓
D3 - The authority knows how well it is performing against its planned outcomes.	Performance against all performance indicators and key service objectives are reported to Cabinet on a regular basis.	✓
D4 - Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes.	When drawing up service plans previous and relative performance is considered.	✓
D5 - The authority continuously improves its performance management.	The Authority is continuing to develop and improve its performance driven culture.  Steps are in hand to have a workforce strategy that is consistent across SBDC and CDC. <del>This builds on the Harmonisation of T&amp;C by putting in place joint HR policies and procedures, including a skills and competency framework linked to performance management.</del>	Part

**Appendix 2: Evidence to Support Meeting the Requirement to Identify Principal Risks to Achievement of Objectives (Step 2)**

<i>Requirement – The Authority has robust systems and processes in place for the identification and management of strategic and operational risk</i>		
Suggested measure	Evidence	
1 - There is a written strategy and policy in place for managing risk.	The Authority has a Risk Management Policy and Risk Management Strategy.	✓
2 - The authority has implemented clear structures and processes for risk management, which are successfully implemented.	An annual report on Risk Management is considered by the Audit Committee each year.  Strategic risks are identified by Senior Officers and considered by both Overview & Scrutiny and Cabinet.  Key current operational risks are considered by Mgt Team / Heads of Service at their monthly meeting.  Operational risks registers are maintained by each service and recorded on Covalent.  The major budget / financial risks are identified as part of the annual budget setting process and included in the budget reports to Members.	✓
3 - The authority has developed a corporate approach to the identification and evaluation of risk, which is understood by all staff.	There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and Members on the intranet.	✓
4 - The authority has well defined procedures for recording and reporting risk.	There is a standard approach to risk management throughout the organisation and guidance on this is available to staff and Members on the intranet.	✓
5 - The authority has well established and clear arrangements for financing risk.	Risk financing is of limited relevance to the Authority. However where appropriate insurance cover is obtained to mitigate risks.	✓
6 - The Authority has developed a programme of risk management training for relevant staff.	Staff induction includes appropriate risk awareness training.  The Director of Resources holds risk review meetings with senior Managers, which include an element of support and coaching.  <a href="#">Risk Management is part of the Middle Managers Development Programme.</a>	✓
7 - The corporate risk management board (or equivalent) adds value to the risk management process.	Key current operational risks are considered by Mgt Team / Heads of Service at their monthly meeting.	✓

Suggested measure	Evidence	
8 - A Corporate risk officer has been appointed with the necessary skills to analyse issues and offer options and advice.	The Authority does not have an officer dedicated to risk management work. Instead risk management is championed by the Director of Resources and risk management work is picked up by other officers on an ad hoc basis, and for senior managers it is part of the core competencies for their roles.	✓
9 - Managers are accountable for managing their risks.	All risks are allocated to named officers and they are responsible for managing these.	✓
10 - Risk management is embedded throughout the authority.	Risk management is considered to be reasonably well embedded.  The latest internal audit of risk management resulted in a 'Reasonable Assurance' rating.	✓
11 - Risks in partnership working are fully considered.	Key risks related to significant partnerships or contracts are identified as part of the risk management process.	✓
12 - Where employed, risk management information systems meet users' needs.	The Covalent performance management system includes the risk registers and adequately meets the Council's current requirements.	✓

**Appendix 3: Evidence to Support Meeting the Requirement to Identify and Evaluate Key Controls to Manage Principal risks (Step 3)**

<i>Requirement – The Authority has a robust system of internal control which includes systems and procedures to mitigate principal risks</i>		
Suggested measure	Evidence	
1 - There are written financial regulations.	The Authority has formal written Financial Procedure Rules.	✓
2 - There are written contract standing orders.	The Authority has formal written Contract Procedure Rules.	✓
3 - There is a whistle blowing policy.	The Authority has a <a href="#">Protected Disclosure Policy (Whistleblowing) Charter</a> .	✓
4 - There is a counter fraud and corruption policy.	The Authority has an Anti-Fraud, Bribery and Corruption Policy.	✓
5 - There are codes of conduct in place.	There is a Member code of conduct. There is an employee code of conduct. Articles are included in Grapevine to remind members and officers about these. Dignity at work policy.	✓
6 - A register of interests is maintained.	A register of interests is maintained and regularly updated.	✓
7 - Where a scheme of delegation has been drawn up, it has been approved and communicated to all relevant staff.	Delegated matters are detailed in the Constitution, which is widely available.	✓
8 - A corporate procurement policy has been drawn up, formally approved and communicated to all relevant staff.	A CDC / SBDC Joint Procurement Strategy was agreed in 2014. It is available to staff and members online on the SBDC website.	✓
9 - Business / service continuity plans have been drawn up for all critical service areas.	<a href="#">Work continues</a> <del>Further work is needed</del> to ensure that there are robust service recovery plans for all areas, and that these reflect recently established joint teams and that these plans have been tested.  (Issue for disclosure – Business Continuity Planning.)	Part
10 - The corporate / departmental risk registers include expected key controls to manage principal risks.	The annual service plans require internal controls to be listed for all risks.	✓

Suggested measure	Evidence	
<p>11 - Key risk indicators have been drawn up to track the movement of key risk and are regularly monitored.</p>	<p>Key risks are regularly monitored and reviewed and where appropriate these are linked with the corporate performance management arrangements. <del>do not set key risk indicators for all risks. However this is not considered to be a significant issue.</del></p> <p>Strategic risks are assessed pre and post mitigation actions and the post mitigation assessment acts as the target risk.</p>	<p>✓</p>
<p>12 - The authority's internal control framework is subject to regular independent assessment.</p>	<p>Internal Audit regularly reviews the internal control framework.</p>	<p>✓</p>
<p>13 - A corporate Health &amp; Safety Policy has been drawn up.</p>	<p>The Authority has a Health &amp; Safety Policy, which is available on the intranet.</p>	<p>✓</p>
<p>14 - A corporate complaints policy / procedure has been drawn up.</p>	<p>The Authority has a general complaints Procedure <del>as set out in its Customer Relations Procedure.</del></p> <p>There is also a Member complaint procedure and form on the website.</p>	<p>✓</p>
<p>The Council has policies and procedures in place to ensure compliance with data protection laws.</p>	<p>The Council has a Corporate Information Officer and complies with data protection rules, and FoI requirements.</p>	<p>✓</p>
<p>The Council has policies and procedures in place to maintain IT security.</p>	<p>The Council has an Information Security Policy along with various other supporting IT policies (eg username and password policy). It is fully PSN compliant.</p>	<p>✓</p>
<p>The Council has policies and procedures in place to maintain good Information Asset management.</p>	<p>The Council has information asset management policies and procedures, and has a corporate Information Governance Group.</p> <p>Information Governance roles are identified in the organisation and work is in hand to review and update Information Asset Registers. <del>and these are being developed and reviewed.</del></p>	<p>Part</p>

## Appendix 4: Annual Governance Statement 2016/17

### 1) Scope of Responsibility

South Bucks District Council (SBDC) is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for; and
- public money is used economically, efficiently and effectively.

South Bucks District Council 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.

In discharging this overall responsibility, South Bucks District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

South Bucks District Council has approved and adopted a code of Corporate Governance, which is consistent with the CIPFA / SOLACE *Delivering Good Governance in Local Government Framework 2016*. A copy of the code can be obtained from the Director of Resources. This statement explains how South Bucks District Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance statement.

### 2) The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at South Bucks District Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

### 3) The Governance Framework

South Bucks has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically it has developed and adopted a Code of Corporate Governance and a Risk Management Strategy and the Director of Resources has been given responsibility for:

- overseeing the implementation and monitoring of the operation of the Code and Risk Management Strategy;
- reviewing the operation of the Code and Risk Management Strategy in practice; and
- ensuring that there is an effective internal audit function.

Our internal auditors, have been given the responsibility to review independently the status of the Authority's internal control arrangements and report to the Audit Committee, to provide assurance on the adequacy and effectiveness of internal control.

The system of internal control is based on a framework of regular management information, financial and contract procedure rules, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council and is reviewed by internal and external audit. In particular the system includes:

- an overall Business Plan and individual Service plans;
- the appointment of a legal Monitoring Officer;
- codes of conduct and staff performance appraisals;
- information asset and data quality policies and procedures;
- setting targets to measure financial and other performance;
- a performance management framework with regular performance monitoring;
- comprehensive budgeting systems; and
- regular reviews of financial reports which indicate financial performance against the forecasts.

### 4) Role of the Chief Finance Officer

The Authority fully complies with the CIPFA statement on the Role of the Chief Financial Officer in Local Government, the key principles and requirements of which are summarised below.

The Chief Financial Officer:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority's strategic objectives sustainably and in the public interest;



- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Authority's financial strategy; and
- Must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- Must lead and direct a finance function that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.

### **5) Review of Effectiveness**

South Bucks District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. As part of the process of compiling the Annual Governance Statement, statements of assurance on the effectiveness of internal control are obtained from Heads of Service.

For 2016/17 this review has been undertaken by the Audit Committee and included carrying out an assessment of the SBDC internal control framework.

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee, and plans are in place to address weaknesses and ensure continuous improvement of the system is in place.

**6) Main Governance Issues**

The following issues arose from a review of the assurance framework or from Internal Audit work.

ISSUE	ACTION
<p>There is a need to review and update the Business Continuity Management processes and plans, recognising that South Bucks does not have a dedicated resource for Business Continuity.</p>	<p>In 2016/17 we implemented a new full Disaster Recovery / Business Continuity IT failover facility at a location independent to the main data centre.</p> <p>We will continue to review during 2017/18 the existing Business Continuity plans, taking into account organisational changes and shared working with Chiltern District Council, and will continue to test the IT business continuity arrangements.</p> <p>We have updated the Business Impact Analysis and Service Continuity Plans for the majority of service areas. The remaining areas will be updated in 2017/18.</p> <p>A Business Continuity Exercise was carried out in September 2016, and a further exercise is planned in 2017/18.</p>
<p>There is a need to review and keep up to date the Council's Information Management policies and procedures in the light of national issues raised by the Information Commissioner Office (ICO), Public Sector Network (PSN compliance), and as a result of joint working arrangements and other significant service changes.</p>	<p>Full PSN compliance has been maintained.</p> <p>We will continue to progress in a co-ordinated manner with Chiltern District Council work on Information Governance. This will be co-ordinated by the Information Governance Group.</p> <p>Information governance specifically information security and file management will be taken into account in the changes that will be part of the next phase of joint working. Information Asset Registers will be updated to fully reflect changes from shared services.</p> <p>Work will be undertaken to prepare for the GDPR in May 2018.</p>

**South Bucks District Council****Audit Committee 5<sup>th</sup> July 2017**

<b>SUBJECT:</b>	<i>Annual Fraud Report</i>
<b>REPORT OF:</b>	<i>Customer Services – Cllr Trevor Egleton</i>
<b>RESPONSIBLE OFFICER</b>	<i>Nicola Ellis Head of Customer Services</i>
<b>REPORT AUTHOR</b>	<i>Alistair Webb, 01494 732227, awebb@chiltern.gov.uk</i>
<b>WARD/S AFFECTED</b>	<i>All</i>

**1. Purpose of Report**

This report is to advise the Audit Committee of the Anti- Fraud activity undertaken in 2016/17 and an action plan for 2017/18.

**RECOMMENDATION**

Members are asked to note and comment on the outcomes and future activity.

**2. Reasons for Recommendations**

The report is for information only and no action is required.

**3. Report**

3.1 This report details the anti-fraud activity completed during the 2016/17 financial year. It details the activity and outcomes where appropriate. Also an action plan for areas of work to be reviewed in the year 2017/18, with the intention of identifying risk areas and taking proactive work to prevent and deter fraud.

3.2 South Bucks District Council works in partnership with Chiltern District Council in relation to all anti-fraud activity. From 2<sup>nd</sup> May 2016 the fraud and error investigation team is part of the shared revenues service for both Chiltern District Council and South Bucks District Council.

3.3 The revenues fraud and error reduction team is responsible for carrying out anti-fraud activity in relation to Local Council Tax Support. It also provides assistance to Internal Audit, supplementing the resources for fraud and irregularity as well as carrying out a planned fraud review of high risk fraud areas.

**Benefit Fraud**

3.4 In 2016/17 a total of 8 cases of benefit fraud were referred by South Bucks DC to DWP's Single Fraud Investigation Service.

Of these cases 2 have resulted in the offer of Administrative Penalties.

Including the above cases SFIS requested assistance with a total of 18 cases. Two cases are awaiting overpayment calculation. SFIS are awaiting a decision from the Crown Prosecution Service on one case involving frauds against South Bucks DC and other authorities with our overpayment value in excess of £7k.

3.5 The table below demonstrates the levels of identified frauds 2015/16 and 16/17 for comparison.

2015/16		2016/17	
Overpayment Values	No of Cases	Overpayment Values	No of Cases
0-1k	0	0-1k	0
1k-5k	2	1k-5k	2
5k-10k	3	5k-10k	1
10k-15k	0	10k-15k	0
15k-20k	0	15k-20k	0
20k +	0	20k +	0

3.6 SFIS officers have no direct access to the housing benefit records at South Bucks and as part of the investigation process South Bucks is required to provide a single point of contact to access and provide all necessary housing benefit documents. Also this officer act as the main liaison point throughout the investigation and provides supporting witness statements as required. The role is also responsible for the decision to applying a penalty on DWP's recommendation. DWP provide minimal funding for this role.

3.7 DWP have nationally recognised that their processes have resulted in delays as an example we have recently been asked to calculate an overpayment for a case where the investigation commenced November 2015. The issue of delays and lack of clarity on requests have been raised nationally and with the local DWP fraud managers. Offers of parallel or joint working have been made to lessen the burden.

- 3.8 Although from 1<sup>st</sup> March 2015 the investigation of benefit fraud rests with DWP this does not include the prevention of fraud entering the scheme. To assist in fraud prevention South Bucks revenues service operates "Risk Based Verification" of all new applications to identify cases that require further checking of circumstances while allowing the more straightforward lower risk cases to be processed without the burden of verification of all circumstances. South Bucks District Council is also proactive in identifying cases of potential fraud and error identified during the course of on-going accuracy checks and the targeting of reviews on known risk areas.
- 3.9 South Bucks District Council will continue to safeguard both the national and local schemes and investigate frauds against the local council tax scheme. In 2015/16 no cases of abuse against the local council tax reduction scheme were suitable for further sanction action. However we have identified and rectified council tax reduction award identified from our own actions or from information forwarded by SFIS.
- 3.10 South Bucks District Council took part in a DWP incentive scheme FERIS (Fraud Error Reduction Scheme) designed to encourage LA's to identify fraud and error. THE scheme was based on the LA exceeding a quarterly benefit reduction target to generate a financial reward.

The table below demonstrates results to date as identified by DWP.

*Baseline figure = DWP'S estimate of expected reductions based on previous year's activity.*

*Actual reductions = the achieved reductions.*

*% of baseline achieved.*

*Lower threshold to achieve a reward = baseline + 10%.*

	Q1	Q2	Q3	Q4 Awaiting DWP report
Baseline F & E Reduction	£28,518	£30,867	£24,049	
Actual F & E Reductions	£30,309	£27,323	£23,332	
% of baseline	106%	88.5%	97%	
Lower Threshold Baseline (+10% of baseline)	£29,801	£25,131	£25,131	
Reward amount	£855	£0	£0	

With a small case load and a well administered scheme there is limited scope for generating FERIS rewards. It is however good practice and prudent to take part in the scheme to identify and rectify fraud or errors at the earliest opportunity.

DWP have radically changed the scheme for 2017/18 with a single up-front payment only payable if the authority undertakes to administer all HMRC Real Time Data matches over 2017/18. For South Bucks the funding was £11,087. Taking into account the increased work required and the existing benefit contract it was considered not appropriate to sign up to this incentive. DWP will monitor benefit outcomes and we are required to administer Mandatory RTI referrals.

3.11 The Fraud Team maintains close links with Paradigm Housing Association and have provided assistance with housing tenancy fraud issues and as a result Paradigm were able to recover three tenancies and two further tenancies were regularised with the tenant returning. The value of recovered tenancies is estimated as £2,786, this is based on the average cost of Bed and Breakfast placement. The council has preferred rights to nominate to the recovered tenancies.

Classification: OFFICIAL-SENSITIVE

3.12 South Bucks District Council continues to take part in the full bi-annual National Fraud initiative and the annual NFI data matching of Council Tax Single Persons Discount. 269 data matches reviewed. We have concentrated resources on addressing these referrals and results are shown below. We are currently working on the latest bi-annual data matches.

NFI Single Persons Discount results:

No of cases where discount withdrawn	Value of withdrawn discount
63	£38,680

### **Corporate Fraud Activity**

3.13 Two whistleblowing referrals. Investigated and no fraud issues identified. Procedural recommendations to be addressed by new recruitment procedures.

3.14 Internal investigations concerning potential data breach- no evidence of any breach. Recommendations over security training and suppression of access to relevant accounts

### **4. Options.**

4.1 The council has a duty to protect the local public purse and the fraud and error reduction team provide a resource for prevention, detection and recovery of fraud and irregularity.

### **5. Corporate Implications**

5.1 The Fraud and Error Team are an integral part of the Revenues Service but provide a fraud investigation service across the Council.

5.2 For legal implications the Fraud and Error Team have external links with experienced criminal lawyers and will liaise and consult with our own legal services as and when required.

### **6. Links to Council Policy Objectives**

6.1 This report links to the following objectives of the Council:

- Provide excellent service- ensuring correct benefit entitlement minimises losses to the Council;
- Safer and healthier communities – benefit fraud is a crime and the prevention and detection of fraud reduces crime in the community.

Classification: OFFICIAL-SENSITIVE

## 7. Next Steps

7.1 To consider and comment on the 2017/18 action plan.

***Background Papers: None***

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**Appendix****Corporate Fraud Audit Plan 2017/18**

<b>Area of work</b>	<b>Action to be taken</b>	<b>Timetable</b>
Consider introducing Council Tax Penalties	Review sanction strategy	31/03/2018
Review of Single Persons Discounts	Full review to be carried out	31/03/2018
Review Business Rate exemptions	Sample of exemptions to be fully audited.	30/12/2017

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12 April 2017

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Dear Bob

## Annual Audit and Certification Fees 2017/18

We are writing to confirm the audit and certification work that we propose to undertake for the 2017/18 financial year at South Bucks District Council.

From 1 April 2015, the duty to make arrangements for the audit of the accounts and the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. In October 2015, the Secretary of State confirmed that the transitional arrangements would be extended for one year for audits of principal local government bodies only, to cover the audit of the accounts for 2017/18. The audit contracts previously let by the Audit Commission and novated to PSAA have therefore also been extended for one year to give effect to this decision.

From 2018/19, new arrangements for local auditor appointment set out in the Local Audit and Accountability Act 2014 will apply for principal local government and police bodies. These audited bodies will be responsible for making their own arrangements for the audit of the accounts and certification of the housing benefit subsidy claim. PSAA will play a new and different role in these arrangements.

### Indicative audit fee

For the 2017/18 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees. There are no planned changes to the overall work programme for 2017/18. It is therefore proposed by PSAA that scale fees are set at the same level as those for 2016/17: these fees reflect the significant reductions made to scale fees since 2012/13.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers:

- the audit of the financial statements

- the Value for Money conclusion
- the Whole of Government accounts.

For South Bucks District Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- the overall level of risk in relation to the audit of the financial statements is not significantly different from the previous year;
- officers meet the agreed timetable of deliverables;
- internal controls for the key processes identified in our audit strategy operate effectively;
- we can rely on the work of internal audit as planned;
- our accounts opinion and value for money conclusion are unqualified;
- the council provides good quality documentation;
- there is an effective control environment; and
- we get prompt responses to our draft reports.

Meeting these assumptions will help to ensure the delivery of our audit at the indicative audit fee which is set out below.

As we have not yet completed our audit for 2016/17, our audit planning process for 2017/18 will continue as the year progresses. We will review and update fees as necessary and within the parameters of our contract.

#### Certification fee

PSAA sets an indicative certification fee for our work on certifying the housing benefit subsidy claim. The indicative fee for 2017/18 will be based on actual benefit certification fees in 2015/16. However as PSAA has not yet finalised the actual 2015/16 benefit certification fee, it has not yet set the 2017/18 scale fees.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with a complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2017/18 relates to work on the housing benefit subsidy claim for the year ended 31 March 2018. We will set the fee at this level and update our risk assessment after we have completed 2016/17 benefit certification work, and to reflect any further changes in the certification arrangements.

### Summary of fees

	Indicative fee 2017/18 £	Planned fee 2016/17 £	Actual fee 2015/16 £
Total Code audit fee	42,399	42,399	42,399
Certification of housing benefit subsidy claim	TBC	20,895	19,280

Any extra work that we may agree to undertake (outside the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

### Billing

The indicative code audit fee will be billed in 4 quarterly instalments of £10,599.75. We will also bill 25% of the indicative certification fee each quarter once it has been determined.

### Audit plan

We expect to issue our plan in January 2018. This will include any significant financial statement risks identified, planned audit procedures to respond to them, and any changes in fee. It will also set out the significant risks identified to the Value for Money conclusion. Should we need to make any significant amendments to the fee during the audit, we will discuss them first with the Head of Finance and if necessary prepare a report for discussion with the Audit Committee.

### Audit team

The key members of the audit team for the 2017/18 financial year are:

Andrew Brittain  
Executive Director

abrittain@uk.ey.com

Tel: 07976 515115

Susan Gill  
Manager

sgill4@uk.ey.com

Tel: 07779 575702

We are committed to providing you with a high quality service. If at any time you would like to discuss how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We will look into any complaint carefully and

promptly and do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Andrew Brittain  
Executive Director  
For and on behalf of Ernst & Young LLP

cc.	Malcolm Bradford	Chairman of the Audit Committee
	Jim Burness	Director of Resources
	Rodney Fincham	Head of Finance

**SBDC AUDIT COMMITTEE WORK PROGRAMME**

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Members are asked to consider whether there are any items they wish to add to, remove from, or move within, the proposed work programme.

Topic	Frequency	Jul 17	Sept 17	Jan 18	Mar 18	Jun 18
<b>Risk Management</b>						
Risk Management Update	Annual					
<b>Assurance Statements</b>						
Annual Governance Report	Annual					
Standards of Conduct Report	As and when					
Update on Governance / Internal Control Issues	As and when					
<b>Internal Audit</b>						
Audit Plan	Annual					
Interim Progress Reports	Each meeting					
Follow up of Internal Audit Recommendations Report	Annual					
Comparison of Assurance Levels	Annual					
Annual Internal Audit Report	Annual					
<b>Fraud &amp; Corruption</b>						
Fraud & Corruption Annual Report	Annual					
<b>External Audit</b>						
Annual Audit Plan	Annual					
Annual Assurance Letter from Committee	Annual					
External Audit Results Report	Annual					
Certification of Claims & Returns Annual Report	Annual					
Annual Audit Letter (Sent out by email to all Members)	-					
<b>Statement of Accounts</b>						
Approval of Main Accounts	Annual					
Approval of Farnham Charitable Trust Accounts	Annual					
<b>Other</b>						
Contract & Financial Procedure Rules	As necessary					
Training	As necessary					
Work Programme	Each meeting					

Audit Committee dates are likely to change in 18/19 due to a change in the timeframe permitted for the production and audit of Accounts.

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