



Audit and Governance Committee agenda

Date: Tuesday 22 June 2021

Time: 10.00 am

Venue: The Oculus, Buckinghamshire Council, Gatehouse Road, HP19 8FF -
Aylesbury

Membership:

R Newcombe (Chairman), D Anthony, R Carington, A Christensen, L Clarke OBE, T Dixon, M Dormer, C Etholen, D Goss, M Hussain, S Rouse and N Thomas.

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Resolved:

That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in the Paragraph indicated in Part 1 of Schedule 12A of the Act.

If you would like to attend a meeting, but need extra help to do so, for example because of a disability, please contact us as early as possible, so that we can try to put the right support in place.

For further information please contact: Charlie Griffin - democracy@buckinghamshire.gov.uk.



Audit and Governance Committee minutes

Minutes of the meeting of the Audit and Governance Committee held on Wednesday 24 March 2021 in MS Teams (remote), commencing at 10.00 am and concluding at 1.00 pm.

Members present

R Newcombe, G Peart, D Anthony, R Bagge, A Christensen, P Martin, R Sangster and R Stuchbury

Apologies

L Clarke OBE, M Smith and A Waite

Agenda Item

1 Minutes

The minutes of the meeting 27 January 2021 were agreed as correct record.

2 Declarations of Interest

None.

3 Action log

The Treasure Management Strategy had been circulated to members as amended.

Resolved:

That the action log be noted.

4 2019/20 District Audit Fees update

Agenda item 6 was taken next on the agenda. The purpose of the report was to present an update (appendix 1) on the proposed increase in audit fees. Andrew Brittain from Ernest & Young LLP was in attendance at the meeting to speak to the report.

A summary of fees and the total proposed fee increases were contained within the table (1.5) in the covering report. The committee noted that the fees had increased quite considerably owing to a number of factors, which included:

- impacted timeline of delivery due to delays receiving two sets of district accounts;
- the need to reset base fees to reflect national discussions;

- the dissolution of the legacy Buckinghamshire authorities;
- the covid-19 pandemic; and
- additional risk work.

Members considered the increases and, whilst recognising the substantial workload around tying up the legacy district accounts, and the unique challenges experienced during the year, still felt that the totals were disproportionate as calculations demonstrated increases above 100%.

In response to the questions, members noted that:

- the PSAA would seek the views of the local authority on the fees in due course. The fees were not yet agreed.
- conversations between the PSAA and Buckinghamshire Council would be held as the next step in the process.
- EY had experienced staffing shortages in summer 2020, but that any potential impact of those shortages had been taken into account when calculating the fees.

The committee instructed the Section 151 Officer to vigorously contest the detail and totals of the fee increases requested when conversing with the PSAA in due course. The chairman asked that the outcome of the discussions be reported back to the committee (**Action: Richard Ambrose**).

Resolved:

the Section 151 Officer to contest the detail and totals of the audit fee increases requested for the legacy district councils, and to report the outcome of discussions on the increases with the PSAA to the Audit and Governance Committee.

5 Farnham Park Sports Field Trust - operations and financial position

The committee received a report on the operational and financial position of the Farnham Park Sports Field Trust, a charity which manages the land at The South Buckinghamshire Golf Course and Farnham Park Playing Fields. The report set out the plans and timetable for a full review of Trust operating arrangements, which were to be informed by recommendations arising from the Buckinghamshire-wide Leisure Facilities Strategy that was currently in development.

The following key points were highlighted:

- The charity benefitted from business rates relief.
- All members of staff were employed by Buckinghamshire Council.
- Facilities were to reopen from 29 March 2021.
- The Trust had operated at a net deficit for a number of years, with losses covered by the legacy district council.
- Measures had been taken to recover lost income via the government's loss support scheme.
- There was budget provision in budget to cover losses for 2021.
- Review work on the Trust will feed into the Leisure Facilities Strategy which

will look at future needs of operation for facilities in Bucks.

- South Bucks District Council had previously looked into upgrading the playing fields.
- The golf course and playing fields were seen as local amenities by residents.
- It was suggested that review work focus on the health opportunities as opposed to business opportunities.

Resolved:

To note the information provided on the operations and financial position of the Trust; and the plans for a strategic review of Trust arrangements, with recommendations later in the year.

6 2019/20 Buckinghamshire County Council Final Audit Report

Members received the final audit report for Buckinghamshire County Council (BCC) and Buckinghamshire Pension Fund for 2019/20. Iain Murray from Grant Thornton was in attendance at the meeting to speak to the report. Appendix A contained information on reports issued, planned and final proposed fees. Appendix B contained a council action plan; the chairman requested that an update on process against the planned actions be brought back to the June or July meeting of the Audit & Governance Committee. **(Action: Iain Murray).**

Resolved:

that the report be noted.

7 Value for money (VFM) arrangements

Members received a report on the new arrangements for assessing value for money relating to 2020/21. Iain Murray from Grant Thornton was in attendance to update on the new arrangements contained in appendix 1.

It was noted that there would be increased costs associated with implementing the new arrangements, and that government support will be made available to help with any associated costs. The exact support to be made available was unknown at present.

Resolved:

To note the new arrangements around assessing value for money for the 2020/21 financial year.

8 Adoption of new council accounting policies

Members received a report on new council accounting policies that would help to guide the council going forward.

Resolved:

to note and adopt the new accounting policies for the council.

Note 1: Councillor A Christensen left the meeting at 11.56.

9 Annual report to council

The report detailed the work of the Audit and Governance Committee which would be considered by full council at their next meeting. A report on the work of the committee is presented to full council on an annual basis, covering committee performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

Resolved:

To recommend the Annual Report to full council.

10 2020/21 Business Assurance Strategy update (including Audit Plan)

Members received a Business Assurance Strategy update for 2020/ 2021, including the Audit Plan, at appendix 1 to the report. The update included but was not limited to, internal audit, risk manager, and general assurance work that the team delivers. Members were advised that the plans were dynamic and fluid owing to covid-19, and new risks and priorities had been taken into account as the year had gone on. The following key points were highlighted:

- The team made good progress on audit work in quarters 3 and 4.
- 12 grant validation reviews had been carried out and completed.
- Deep dive activity had been carried out on grants specifically, and the team were able to provide assurance that grants were being spent in line with their terms and conditions.
- The Audit and Governance Committee would also receive the new Audit Plan at their next meeting in the new municipal year.
- The team were investigating potentially fraudulent business grants applications with the revenues and benefits team, and were taking 10 forward for prosecution. Reconciliation work was being undertaken with central government.
- A Housing Fraud Strategy was in development and would be brought to a future meeting of the Audit and Governance Committee.

Resolved:

To note the report.

11 2021/22 Internal Audit Plan

The report detailed the proposed approach for the 2021/22 Internal Audit planning process. It was noted that the year would begin with some of the carry forward work from 2020/ 2021 that had been deferred owing to the pandemic. Outputs of the deferred audits would be reported to the Audit and Governance Committee during 2021/ 2022.

Resolved:

To note the report.

12 Constitution Working Group update

Members received a paper on the work of the Constitution Working Group. Proposals for changes to the council's constitution were at appendix A. The following key points were highlighted:

- The constitution was worked on pre-unitary and it was always the intention to ensure an ongoing review process.
- Full council had previously passed a motion in relation to planning aspects which necessitated changes to the constitution.
- Proposed changes included a provision to enable town and parish councils to request a call-in to planning committee.
- The paper would also be considered by the Standards and General Purposes Committee, before being considered by full council.

Resolved:

1. to note the proposals for changes to the constitution.
2. that the constitutional changes, with any proposed amendments within the remit of the committee, are referred to the Standards and General Purposes Committee for recommendation to full council.

13 RIPA update

Members received a verbal update on the Regulation of Investigatory Powers Act (RIPA), specifically, the council's use of investigatory powers. The following key points were highlighted:

- Buckinghamshire Council has its first RIPA inspection summer 2020. The inspection was successful and the council was praised for its RIPA policy. Some suggestions were made with regards to implementing the policy, which had since been effected.
- There was a requirement to train officers in the policy so that they are well versed in the powers.
- An annual statistical return to the commissioner is required to show use of the powers. As at the end of January 2021, the council reported a nil return of use of powers to the commissioner.

Resolved:

To note the update.

14 Risk Management Group update

Members received an update on the Risk Management Group meeting 1 March

2021, which focussed on the key risks within the communities directorate.

It was also noted that the group had received an update on a key risk around recruiting qualified social care staff. It was reported that the risk continued to be managed and reviewed on regular basis, and that the group would be kept updated on that particular risk.

In response to a question, it was reported that risks relating to Ofsted, SEN and the closure of care homes were contained within the strategic risk register that the group considers regularly. It was noted that it was the remit of the Risk Management Group to consider risk registers, and not the Audit and Governance Committee.

Resolved:

To note the report.

15 Audit Committee Review of Effectiveness

Members received a report on the Audit and Governance review of effectiveness that had been carried out through consultation with members of the committee and officers who attended the meetings on a regular basis. A questionnaire had been provided to help to measure effectiveness against committee's terms of reference and the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines, the results of which were contained within the report. A full review of the effectiveness of the Audit and Governance Committee would be scheduled for Quarter 4 of 2021/22.

Resolved:

To note the report.

16 Work programme

Resolved:

To note items for the future work programme

- Business Assurance Strategy 2021/ 2022.
- Internal Audit Plan 202/ 2022.
- Contract breaches and waivers.
- Accounts.
- Fraud plan.

It was the final meeting of the Audit and Governance Committee for the municipal year. The chairman expressed his thanks to members and officers for their hard work to date.



Audit and Governance Committee minutes

Minutes of the meeting of the Audit and Governance Committee held on Wednesday 26 May 2021 in Main Sports Hall, Stoke Mandeville Stadium, Guttman Road, Aylesbury HP21 9PP.

Members present

D Anthony, R Carington, A Christensen, L Clarke OBE, T Dixon, M Dormer, C Etholen, D Goss, M Hussain, Z Mohammed, R Newcombe, S Rouse and N Thomas.

Agenda Item

1 Apologies

There were none.

2 Election of Chairman

RESOLVED –

That Councillor Newcombe be elected Chairman of the Committee for the ensuing year.

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Audit and Governance Committee action log

Last updated: 14 June 2021

No.	Action required	Lead	Date raised	Due date	Action taken	Date resolved (grey when resolved)	Status
1	2019/ 20 District Audit Fees Update RA to report back to committee the outcome of the discussions with the PSAA in relation to the 2019/20 district audit fee increases.	Richard Ambrose	24-Mar-21	22-Jun-21			Ongoing
2	Council action plan IM to update on process against the planned actions on the council action plan, to the June or July meeting of the Audit & Governance Committee.	Richard Ambrose	24-Mar-21	22-Jun-21			Ongoing

Audit and Governance Committee completed actions

Last updated: 10 June 2020

No.	Action required	Contact officer	Date raised	Due date	Date resolved (grey when resolved)	Status
	<p>OUTCOME OF INSPECTION FROM THE INVESTIGATORY POWERS COMMISSIONER'S OFFICE (IPCO)</p> <p>That Officers be asked to implement the additional recommendations from the IPCO report.</p> <p>That an update on the use of the RIPA powers generally by the Council be reported to the Committee in March 2021</p>	Nick Graham Service Director Legal and Democratic Services	27-Jan-21	27/07/21 24/03/21	27/07/21 24/03/21	Completed
	<p>TREASURY MANAGEMENT STRATEGY</p> <p>To make the proposed amendments and recirculate the amended strategy to committee members for approval prior to full council.</p>	Julie Edwards Pensions and Investments Manager	Richard Ambrose	24-Mar-21	24-Mar-21	Completed
	<p>UPDATE ON SIGNING OF LEGACY ACCOUNTS</p> <p>To receive an update on fees from ernst and young</p>	Andrew Brittain Ernst & Young	27-Jan-21	24-Mar-21	24-Mar-21	Completed
	<p>FARNHAM PARK SPORTS FIELD CHARITY ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20</p> <p>Service Director – Corporate Finance be requested to inform the relevant Cabinet Member(s) of the Committee's concerns regarding the financial viability of the Charity.</p> <p>That a report on the Charity's financial viability, as discussed at the meeting, be submitted to the next Committee meeting in January 2021.</p>	Richard Ambrose Service Director – Corporate Finance (S151)	18-Nov-20	24-Mar-21	24-Mar-21	Completed



Report to Audit and Governance Committee

Date:	22 June 2021
Title:	Whistleblowing Policy
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	To approve the Whistleblowing Policy
Reason for decision:	N/A

1. Executive summary

- 1.1 The purpose of the report is to present the draft Whistleblowing Policy for approval.
- 1.2 The Whistleblowing Policy is owned by the Head of Business Assurance (& Chief Auditor) and is reviewed on an annual basis.
- 1.3 The updated policy has been presented to, and agreed by, the Audit Board (S151 Officer, Monitoring Officer and Director for Legal and Democratic Services).

2. Content of report

- 2.1 The policy has been reviewed and minor updates made such as to reflect changes in job titles, contact details and links to other documents/websites.
- 2.2 There has been one addition to the policy at section 4, How to Raise a Concern, bullet point 'e':
In the event that you wish to raise a concern which involves the Head of Business Assurance (& Chief Internal Auditor), Corporate Fraud Manager or one of the Business Assurance Team, your concerns should be raised with the Service Director

for Legal Services or the Monitoring Officer in the first instance to ensure that the appropriate process is followed.

3. Other options considered

3.1 N/A.

4. Legal and financial implications

4.1 None.

5. Corporate implications

5.1 None.

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 The Whistleblowing Policy is subject to review on an annual basis, with the next review scheduled for June 2022.

9. Background papers

9.1 Current Whistleblowing Policy:

<https://youandwork.buckscc.gov.uk/behaviour-at-work/whistleblowing>

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.

BUCKINGHAMSHIRE COUNCIL

WHISTLEBLOWING POLICY AND PROCEDURE

Date: June 2021
Next review: June 2022

WHISTLEBLOWING POLICY AND PROCEDURE

1. INTRODUCTION

1.1 What is the policy about?

The Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern that they reasonably believe is in the public interest.

Employees can sometimes be the first to realise that there may be something wrong with procedures/processes, or the conduct of others. However, they may not always express their concerns because they feel that speaking up would be disloyal to their colleagues or the council. They may also fear the threat of harassment or victimisation and in these circumstances, they may feel it easier to just ignore their concern rather than report.

“Whistleblowing” is the term used when an employee passes on information concerning wrongdoing. This is generally referred to as “making a disclosure” or “blowing the whistle”.

Whistleblowing law is located in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998).

The council is committed to the highest possible standards of openness, honesty, integrity and accountability (refer to the [Council’s Code of Conduct](#)). In line with that commitment we expect employees, and others we deal with, who have any serious concerns about any aspect of the council’s work to come forward and voice those concerns. Wherever possible, employees are encouraged to use relevant council procedures to report issues in an open and transparent way. However, it is recognised that some cases will have to proceed on a confidential basis.

This policy makes it clear that you can report concerns without fear of victimisation, subsequent discrimination or disadvantage. The Whistleblowing Policy is intended to encourage and enable employees to raise serious concerns within the council rather than overlooking a problem of “blowing the whistle” outside.

1.2 Who does the policy apply to?

This policy applies to all Buckinghamshire Council employees, and all workers including agency workers, consultants, self-employed workers, apprentices, trainees, contractors and volunteers. It also applies to organisations working in partnership with the Council.

These procedures are in addition to the council’s complaints procedures and other statutory reporting procedures applying to some services.

1.3 This policy aims to:

- encourage you to feel confident in raising serious concerns and to question and act upon concerns about practice;
- provide avenues for you to raise those concerns and receive feedback (where appropriate) on any action taken;
- ensure that you receive a response to your concerns and that you are aware of how to pursue them if you are not satisfied; and

- reassure you that you will be protected from possible reprisals or victimisation if you have reasonable belief that you have made any disclosure in the public interest.

1.4 Scope of the policy

An employee who makes a disclosure under this policy must reasonably believe:

- (i) that they are acting in the public interest; and
- (ii) that the disclosure tends to show past, present or likely future wrongdoing falling into one or more of the following categories:
 - conduct which is an offence or breach of the law;
 - health and safety risks, including risks to the public as well as employees/workers;
 - damage to the environment;
 - abuse of clients;
 - safeguarding concerns relating to children, young people or adults with care and support needs;
 - practice which falls below established standards of practice;
 - unauthorised use of public funds;
 - possible fraud, corruption or financial irregularity including unauthorised use of Council funds (*please see the Anti-Fraud and Corruption Policy*);
 - unauthorised disclosure of confidential information;
 - unreasonable conduct resulting in unfair pressures on staff;
 - any other unethical conduct; and
 - covering up information about anything listed above.

The above list is neither exclusive nor exhaustive.

Thus, any serious concerns that you have, which are in the public interest, about any aspects of service provision or the conduct of officers or members of the council or others acting on behalf of the council can be reported under the Whistleblowing Policy.

2. PRINCIPLES

2.1 This policy and procedure is founded on the following principles:

- a. Employees/workers have a legal right to report their concerns if they have a reasonable belief that wrongdoing may be occurring, or may have occurred, within the Council.
- b. The Public Interest Disclosure Act 1998 protects employees/workers from reprisal, victimisation or harassment at work if they raise a concern that they reasonably believe is in the public interest.
- c. Any matter raised under this procedure will be investigated thoroughly, promptly and confidentially, and the outcome of the investigation reported back to the worker who raised the issue.

- d. If a concern is raised in confidence, the employee's or worker's identity will not be disclosed without their consent, unless required by law.
- e. All parties involved in the whistleblowing process will maintain strict confidentiality throughout by ensuring that only the people who need to know have access to details of the case (with the exception of any legal obligations requiring action from the Council, e.g. in health and safety matters).
- f. The employee/worker has a right to be accompanied by an accredited trade union representative or work colleague at any meeting during the Whistleblowing process.
- g. If you have any misgivings about either the process or the managers leading it, you should tell us openly (see section 4) so that we can address your concerns. Any meeting recorded without the consent of all those present (covert recordings) will be treated as a conduct matter.
- h. Maliciously making a false allegation is a disciplinary offence, which may be dealt with under the Conduct and Disciplinary Policy and Procedure.
- i. Trying to identify, harassment or victimisation of a whistleblower (including informal pressures) will be treated as a disciplinary offence, which will be dealt with under the Conduct and Disciplinary Policy and Procedure.
- j. Any person who deters or attempts to deter any individual from genuinely raising concerns under this policy may also be subject to the Council's Conduct and Disciplinary Policy and Procedure.
- k. Issues raised by an employee about their own employment should be dealt with through the Grievance Policy and Procedure or through discussions with their line managers where it is appropriate to do so.
- l. The role of the Council's Monitoring Officer (Deputy Chief Executive) is to promote and maintain high standards of conduct across the Council and to ensure lawfulness and fairness of decision making.
- m. All concerns raised relating to Buckinghamshire Council and Schools will be recorded on a central register, held by the Business Assurance function on behalf of the Council's Monitoring Officer.
- n. As part of the ongoing review of the effectiveness of this policy, an annual report will be issued to the Buckinghamshire Council's Audit and Governance Committee of all concerns raised under the Whistleblowing policy.
- o. There will be no unlawful discrimination against any individual in the application of this policy because of the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, maternity and pregnancy, race, religion or belief, sex, sexual orientation, or other grounds protected in law (covered by the Equality act of 2010).

3. SAFEGUARDING

- 3.1 If an employee/worker has a concern that any person who works with children, young people or adults with care and support needs, in connection with their employment or voluntary activity, has:
- a. behaved in a way that has harmed a child, young person or vulnerable adult or may have harmed a child, young person or vulnerable adult; or
 - b. possibly committed a criminal offence against or related to a child, young person or vulnerable adult;
 - c. behaved towards a child, young person or vulnerable adult in a way that indicates they may pose a risk of harm to children, young people or adults with care and support needs; or
 - d. Behaved or may have behaved in a way that indicates they may not be suitable to work with children;

then the employee/worker should raise the concern with the Local Authority Designated Officer (LADO) if related to a child or to Adult Safeguarding in the first instance. It is important that a safeguarding concern is raised as a matter of urgency as the safety of others may be dependent upon the concern being dealt with swiftly. The concern may then be dealt with under the procedures for Managing Concerns or Allegations Against Staff and Volunteers Working with Adults with Care and Support Needs and Managing Allegations against Staff and Volunteers Working with Children.

4. RAISING A CONCERN UNDER THE WHISTLEBLOWING POLICY AND PROCEDURE

- 4.1 How to raise a concern:
- a. In the first instance, the employee/worker should raise their concern verbally or in writing with their immediate manager, or, if the concern involves the direct line manager, their superior. Wherever possible concerns should be made in writing direct by the person raising the concerns using the template [link to be included for template]
 - b. The manager will then either continue to deal with the concern or refer it to another appropriate senior manager. Where concerns raised involve Children, Young People or Adults with care and support needs, the appropriate process should be followed.
 - c. In certain circumstances, you may feel unable, or it may not be appropriate, to raise your concerns with your immediate manager due to the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. If this is the case, the concern can be reported to one of the following officers using the same template [placeholder: link to be added when published]:
 - Head of Service;
 - Service Director;
 - Corporate Director;
 - Head of Business Assurance (& Chief Internal Auditor);

- Director of Finance (S151);
 - Deputy Chief Executive (Monitoring Officer); or
 - Chief Executive;
- d. You may also use the Council's Whistleblowing Hotline on 01296 382237 (accessible 24 hours a day) or email investigations@buckinghamshire.gov.uk. All calls/emails will be treated in the strictest confidence.
- e. In the event that you wish to raise a concern which involves the Head of Business Assurance (& Chief Internal Auditor), Corporate Fraud Manager or one of the Business Assurance Team, your concerns should be raised with the Service Director for Legal Services or the Monitoring Officer in the first instance to ensure that the appropriate process is followed.

5. HOW THE COUNCIL WILL RESPOND?

- 5.1 Following the recording of the concern, either directly by the whistleblower or the manager to whom it was reported, the completed form should then be immediately forwarded to the Head of Business Assurance (& Chief Internal Auditor) and Corporate Fraud Manager for logging and monitoring purposes.
- 5.2 The Chief Internal Auditor and Corporate Fraud Manager are independent and have unlimited access to any officer, member or information within the council and, in consultation with the appropriate officer, can agree the most appropriate way of investigating the concern.
- 5.3 Where appropriate, the matters raised may:
- be investigated by management, internal audit and corporate fraud, or an independent employment investigator;
 - through the disciplinary or grievance process;
 - be referred to the police;
 - to the LADO or Adult Safeguarding Team;
 - be referred to the external auditor; or
 - form the subject of an independent inquiry.
- 5.4 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. The overriding principles, which the council will have in mind, are your well-being and the public interest. Concerns or allegations that fall within the scope of specific procedures [for example, safeguarding or discrimination issues] will normally be referred for consideration under those procedures.
- 5.5 Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required this will be taken before any investigation is conducted.
- 5.6 Within ten working days of a concern being raised, the person with whom you have raised your concerns will respond to you in writing:
- acknowledging that the concern has been received;

- indicating how we propose to deal with the matter;
- giving an estimate of how long it will take to provide a final response;
- telling you whether any initial enquiries have been made;
- supplying you with information on employee support mechanisms; and
- telling you whether further investigations will take place and if not, why not.

5.7 A copy of the response will be forwarded to the Head of Business Assurance (& Chief Internal Auditor) and Corporate Fraud Manager for monitoring purposes.

5.8 The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, the council will seek further information from you. However, should this further information need to be gleaned by you, from another person, without them being made aware of your involvement in the Whistleblowing process, specific procedures will need to be applied.

5.9 Should a manager believe that this additional information may assist the enquiry, and that the information can only be obtained by you, no action will be taken until the matter has been referred to the relevant person(s) for a decision to be made as to whether such a course of action is both necessary and proportionate.

5.10 **Important:**

- a. All employees must not, under any circumstances attempt to obtain any further information covertly either directly or indirectly without first having complied with the Council's procedures in relation to staff surveillance which can be found in the Investigatory Powers (IPA) Policy [placeholder: include link to new website when published]. Failure to do so may infringe Human Rights and render the council liable to legal action.
- b. Where any meeting is arranged, off-site if you so wish, you can be accompanied by a trade union or professional association representative or a work colleague.
- c. The council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings the council will arrange for you to receive advice about the procedure.
- d. The council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcome of any investigation.
- e. This code is intended to provide you with an avenue within the council to raise concerns. The council hopes you will be satisfied with any action taken.

6. FURTHER REPORTING OPTIONS

6.1 If following the outcome of the internal investigation outlined in section 5 the employee/worker reasonably believes that the appropriate action has not been taken they may opt to raise the concern outside the council to any of the following:

- Buckinghamshire Council's External Auditor;
- The Comptroller and Auditor General;
- The Police;
- Public Concern at Work (www.pcaw.co.uk, email whistle@pcaw.co.uk or telephone (020 7404 6609);
- A relevant professional body or inspectorate (e.g. OFSTED OR SSI); or
- A trade union or professional association.



Report to Audit and Governance Committee

Date:	22 June 2021
Title:	Anti-Fraud and Corruption Policy
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	To approve the Anti-Fraud and Corruption Policy
Reason for decision:	N/A

1. Executive summary

- 1.1 The purpose of the report is to present the draft Anti-Fraud and Corruption Policy for approval.
- 1.2 The Anti-Fraud and Corruption Policy is owned by the Head of Business Assurance (& Chief Auditor) and is reviewed on an annual basis.
- 1.3 The updated policy has been presented to, and agreed by, the Audit Board (S151 Officer, Monitoring Officer and Director for Legal and Democratic Services).

2. Content of report

- 2.1 The policy has been reviewed and minor updates made such as to reflect changes in job titles, contact details and links to other documents/websites.

3. Other options considered

- 3.1 N/A.

4. Legal and financial implications

4.1 None.

5. Corporate implications

5.1 None.

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 The Anti-Fraud and Corruption Policy is subject to review on an annual basis, with the next review scheduled for June 2022.

9. Background papers

9.1 Current Anti-Fraud and Corruption Policy:

https://assets.ctfassets.net/fxzi1pcakms5/1G8aA86Li73BbNwCmorurO/b40cfbce73dd92a5e6d64d2293db7976/Anti-fraud_and_Corruption_Policy_v1.2.rtf

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.

Buckinghamshire Council

Anti-Fraud and Corruption Policy

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

Date: June 2021

Next review: June 2022

Version Control

Version	Date	Sign Off	Action	Responsible Officer
1.0	14/11/2019	Resources Board	Agreed. Minor changes to reflect structures	Maggie Gibb
1.1	26/11/2019	Chief Executive's Implementation Group	Agreed. Minor changes to reflect structures	Maggie Gibb
1.2	11/12/2019	Informal Shadow Exec	Agreed.	Maggie Gibb
1.3	01/06/2021	Head of Business Assurance (& Chief Internal Auditor)	Agreed. Minor changes	Maggie Gibb
1.4	14/06/2021	Audit Board	Agreed.	Maggie Gibb
1.5	22/06/2021	Audit and Governance Committee		

Anti-Fraud and Corruption Policy

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1. Introduction

1.1 This policy sets out Buckinghamshire Council's commitment to tackling fraud and corruption.

Buckinghamshire Council has a zero-tolerance stance to all forms of fraud, corruption, bribery and theft, both from within the Council and from external sources, which it recognises can:

- undermine the standards of public service that the Council is attempting to achieve;
- reduce the level of resources and services available for the residents of Buckinghamshire; and
- result in consequences which reduce public confidence in the Council.

1.2 The Council is one of the largest business organisations in Buckinghamshire. In administering its responsibilities; the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor. The Council is committed to an effective Anti-Fraud and Corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.

1.3 Any proven fraud will be dealt with in a consistent and proportionate manner. Appropriate sanctions and redress will be pursued against anyone perpetrating, or seeking to perpetrate fraud, corruption or theft against the Council.

1.4 The Council is committed to the highest possible standards of openness, probity, honesty, integrity and accountability. The Council expects all staff, Councillors and partners to observe these standards which are defined within the Code of Conduct.

1.5 The Service Director - Corporate Finance, as the "Section 151 Officer" has a statutory responsibility under section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs and has developed financial regulations and accounting instructions. The Service Director - Corporate Finance (S.151 Officer) exercises a quality control on financial administration through delegation of responsibilities to the Service Director - Service Finance and the Heads of Finance.

1.6 The Deputy Chief Executive, as the "Monitoring Officer" has a statutory responsibility to advise the Council on the legality of its decisions and to ensure that the Council's actions do not give rise to illegality or maladministration. It is therefore essential for employees to follow the Council's policies and procedures to demonstrate that the Council is acting in an open and transparent manner.

2. Definitions

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

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

Fraud by false representation; that is if a person:

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

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

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

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

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

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

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

2.2 **CORRUPTION:** is the deliberate use of one’s position for direct or indirect personal gain. “Corruption” covers the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person to act inappropriately.

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

2.4 **MONEY LAUNDERING:** is any process used by criminals to conceal the origins of illegally obtained money, through criminal activities, to appear to have come from legal and legitimate sources.

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

2.5 Any service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and if there is any suspicion concerning the appropriateness of the transaction, then advice must be sought from the Council's Money Laundering Reporting Officer (MLRO):Service Director - Corporate Finance (S.151 Officer). To report any incidents, please see the guidance notes detailed on the Council's intranet page.

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

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

- bribing another person: a person is guilty of an offence if he/she offers, promises or gives a financial or other advantage to another person;
- offences relating to being bribed: a person is guilty of an offence if he/she requests, agrees to receive, or accepts a financial or other advantage. It does not matter whether the recipient of the bribe receives it directly or through a third party, or whether it is for the recipient's ultimate advantage or not;
- bribery of a foreign public official: a person who bribes a foreign public official is guilty of an offence if the person's intention is to influence the foreign public official in their capacity, duty or role as a foreign public official; and
- failure of commercial organisations to prevent bribery: organisations, which include the Council, must have adequate procedures in place to prevent bribery in relation to the obtaining or retaining of business.

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

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

3. Scope

3.1 This document applies to:

- All Council Employees (including volunteers, agents and agency staff) and Councillors;
- Staff and Committee Members of Council funded voluntary organisations;
- Partner organisations;
- Schools;
- Council Suppliers, Contractors and Consultants;
- Service Users;
- General Public; and
- Assisting with external investigations (see 5.4).

4. Aims and Objectives

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

- ensure that the Council is protected against fraud and loss;
- protect the Council's valuable resources by ensuring they are not lost through fraud but are used for improved services to Buckinghamshire residents and visitors;
- create an "anti-fraud" culture which highlights the Council's zero tolerance of fraud, bribery, corruption and theft, which defines roles and responsibilities and actively engages everyone (the public, Councillors, staff, managers and policy makers); and
- to provide a best practice "counter-fraud" service which:
 - proactively deters, prevents and detects fraud, corruption and theft;
 - investigates suspected or detected fraud, bribery, corruption and theft;
 - enables the Council to apply appropriate sanctions and recovery of losses; and
 - provides recommendations to inform policy, system and control improvements, thereby reducing the Council's exposure to fraudulent activity.

5. Principles

5.1 The Council will not tolerate abuse of its services or resources and has high expectations of propriety, integrity and accountability from all parties identified within this Policy. The Council will ensure that the resources dedicated to "counter-fraud" activity are sufficient and all those involved are trained to deliver a professional "counter-fraud" service to the highest standards.

5.2 All fraudulent activity is unacceptable, and will result in consideration of legal action being taken against the individual(s) concerned. The Council will also pursue the repayment of any financial gain from individuals involved in malpractice and wrongdoing. The Council will ensure consistency, fairness and objectivity in all its "counter-fraud" work and that everyone is treated equally.

5.3 This Policy encourages those detailed in section 3.1 to report any genuine suspicions of fraudulent activity. However, malicious allegations or those motivated by personal gain will not be tolerated

and, if proven, disciplinary or legal action will be taken. Sections 8.3 and 8.4 detail the reporting arrangements in relation to incidents of fraud or irregularity.

5.4 The Council will work with its partners to strengthen and continuously improve its arrangements to prevent fraud and corruption. The Council has a variety of arrangements in place with other agencies to encourage and facilitate the exchange of information and investigations in relation to the detection and prevention of fraud and corruption. These include, but are not limited to, arrangements with the following:

- External Auditor;
- Department for Work & Pensions (DWP);
- The Police;
- National Anti-Fraud Network; and
- Social Housing Landlords.

The Council expects all its partners to operate to the same high standards as itself with relation to Anti-Fraud and Corruption.

6. Responsibilities

Stakeholder	Specific Responsibilities
Chief Executive	Ultimately accountable for the effectiveness of the Council’s arrangements for countering fraud and corruption.
Deputy Chief Executive (Monitoring Officer)	To advise Councillors and Officers on ethical issues, standards and statutory responsibility to ensure that the Council operates within the law and statutory Codes of Practice.
Service Director - Corporate Finance (S.151 Officer)	To ensure the Council has adopted an appropriate Anti-Fraud Policy, there is an effective internal control environment in place and there is an adequately resourced and effective Internal Audit service to deliver “counter-fraud” work.
Audit and Governance Committee	To monitor the Council’s strategies and policies and consider the effectiveness of the arrangements for Raising Concerns at Work, Confidential Reporting Procedures, Anti-Fraud and Corruption and the Complaints Process.
Councillors	To comply with the Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.
External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.
Internal Audit	Responsible for developing and implementing the Anti-Fraud and Corruption Policy and monitoring the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this Policy and that action is identified to improve controls and reduce the risk of recurrence.
Corporate Directors, Service Directors, Heads of Finance and Managers	To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Internal Audit or via the Confidential Reporting Policy. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls.
Staff	To comply with Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns to management, Internal Audit or via the Confidential Reporting Policy and Procedure.
Public, Partners, Suppliers and Contractors	To be aware of the possibility of fraud and corruption against the Council and report any genuine concerns / suspicions.

7. Approach to Countering Fraud

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

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

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

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

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

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

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

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

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

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

8. Reporting, Advice and Support

- 8.1 The Council's expectation is that Councillors and managers will lead by example and that employees at all levels will comply with the Constitution, Council Policies, Financial Regulations and Contract Standing Orders.
- 8.2 The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. It is essential that employees of the Council report any irregularities, or suspected irregularities to their line manager and if this is not appropriate then to the Corporate Director or Service Director/Manager. The Council will provide all reasonable protection for those who raise genuine concerns in good faith, in accordance with the Whistleblowing Policy and Procedure.
- 8.3 The line manager, Service Manager, Director or Corporate Director who receives the allegation (whether from a Councillor or a Council employee) must refer the matter to the following people, to determine how the potential irregularity will be investigated:
- Director of Corporate Finance (Section 151 Officer);
 - Deputy Chief Executive (Monitoring Officer);
 - Corporate Director;
 - Head of Business Assurance (& Chief Internal Auditor); and
 - Head of HR Operations.
- 8.4 Where appropriate, the Monitoring Officer should inform the Leader, Deputy Leader and relevant portfolio holder where the irregularity is material and/or could affect the reputation of the Council. The Section 151 Officer will liaise with the Cabinet Member for Resources, as appropriate. The Media Team should also be informed if the matter is likely to be communicated externally.
- 8.5 The investigating officer will follow the 'Guidelines for Managers on Investigating Allegations' as well as the 'Protocol for Investigating Irregularities' (Appendix A), which includes the need to:
- deal promptly with the matter;
 - record all evidence received;
 - ensure that evidence is sound and adequately supported;
 - ensure security of all evidence collected;
 - contact other agencies if necessary e.g. Police;
 - notify the Council's insurers; and
 - implement Council disciplinary procedures where appropriate.
- 8.6 The Council will also work in co-operation with the following bodies that will assist in scrutinising our systems and defences against fraud and corruption:
- Local Government Ombudsman;
 - External Audit – Relationship Manager;
 - National Fraud Initiative and related Audit Networks;
 - Central Government Departments;
 - HM Revenue and Customs;

- UK Border Agency;
- Department for Work and Pensions; and
- Police.

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

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

8.8 Other Council means for raising concerns:

▪ Chief Executive	Write to: Buckinghamshire Council The Gateway Aylesbury Buckinghamshire HP20 1UA
▪ Service Director - Corporate Finance (S.151 Officer)	
▪ Deputy Chief Executive (Monitoring Officer)	
▪ Corporate Director	
▪ Service Director/Manager	
▪ Head of Business Assurance (& Chief Internal Auditor)	
▪ Audit and Governance Committee Chairman	

8.9 External means of raising concerns:

▪ External Audit (Grant Thornton)	020 7728 3328
▪ Citizens Advice Bureau	Website: www.citizensadvice.org.uk
▪ Police	Website: www.thamesvalley.police.uk

8.10 Attached are the following Appendices:

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

9. Further Information

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

- The Constitution;
- Codes of Conduct (Councillors and Officers);
- Whistleblowing Policy;

- Commercial Practices, Gifts and Hospitality;
- Financial Regulations and Instructions;
- Contract Standing Orders and Exemptions;
- Anti-Money Laundering Policy; and
- Investigatory Powers Act (IPA).

10. Policy Review

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

Responsible Officer:	Head of Business Assurance (& Chief Internal Auditor)
Date:	June 2021
Next Review Date:	June 2022

APPENDIX A

Protocol for Investigating Irregularities

a) Fraud Referral / Allegation

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

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

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

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

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

b) The Investigation

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

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

c) Evidence

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

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

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

Some investigations may require either covert surveillance or a covert operation to obtain information. If this is required, formal authorisation will need to be obtained under the Investigatory Powers Act 2016 (IPA). Authorising any action under IPA regulation needs to be obtained from the Monitoring Officer and Head of Legal Services.

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

- Police and Criminal Evidence Act 1984 (PACE);
- Investigatory Powers Act 2016 (IPA);
- Human Rights Act 1998; and
- General Data Protection Regulation. Data Protection Act 2018.

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

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

d) Reporting

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

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

The investigation team, in consultation with the Corporate Director or Service Director/Manager, should make arrangements for the Service Director - Corporate Finance (S.151 Officer), Monitoring Officer, Head of Business Assurance (& Chief Internal Auditor) and Head of HR Operations to be informed of the investigation outcome. Other officers should be notified on a strictly confidential, need to know basis.

e) Disciplinary and Criminal Proceedings

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

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

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

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

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

f) Police Involvement

Reporting incidents to the Police must be considered on an individual basis. If criminal activity is suspected, the matter should be promptly reported to the Police by the Corporate Director or Service Director. Approval to report the matter to the Police must be obtained from the Service Director - Corporate Finance (S.151 Officer), Monitoring Officer and/or Head of Legal Services. Advice should be sought from Internal Audit on how the matter should be reported and who would be best placed to meet with the Police and discuss the details of the investigation. In the unlikely event that none of the above officers are immediately available, the Corporate Director, Director and Service Manager must judge how quickly the matter should be reported to ensure any Police investigation is not affected.

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

g) Investigation Costs

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

h) Post Investigation

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

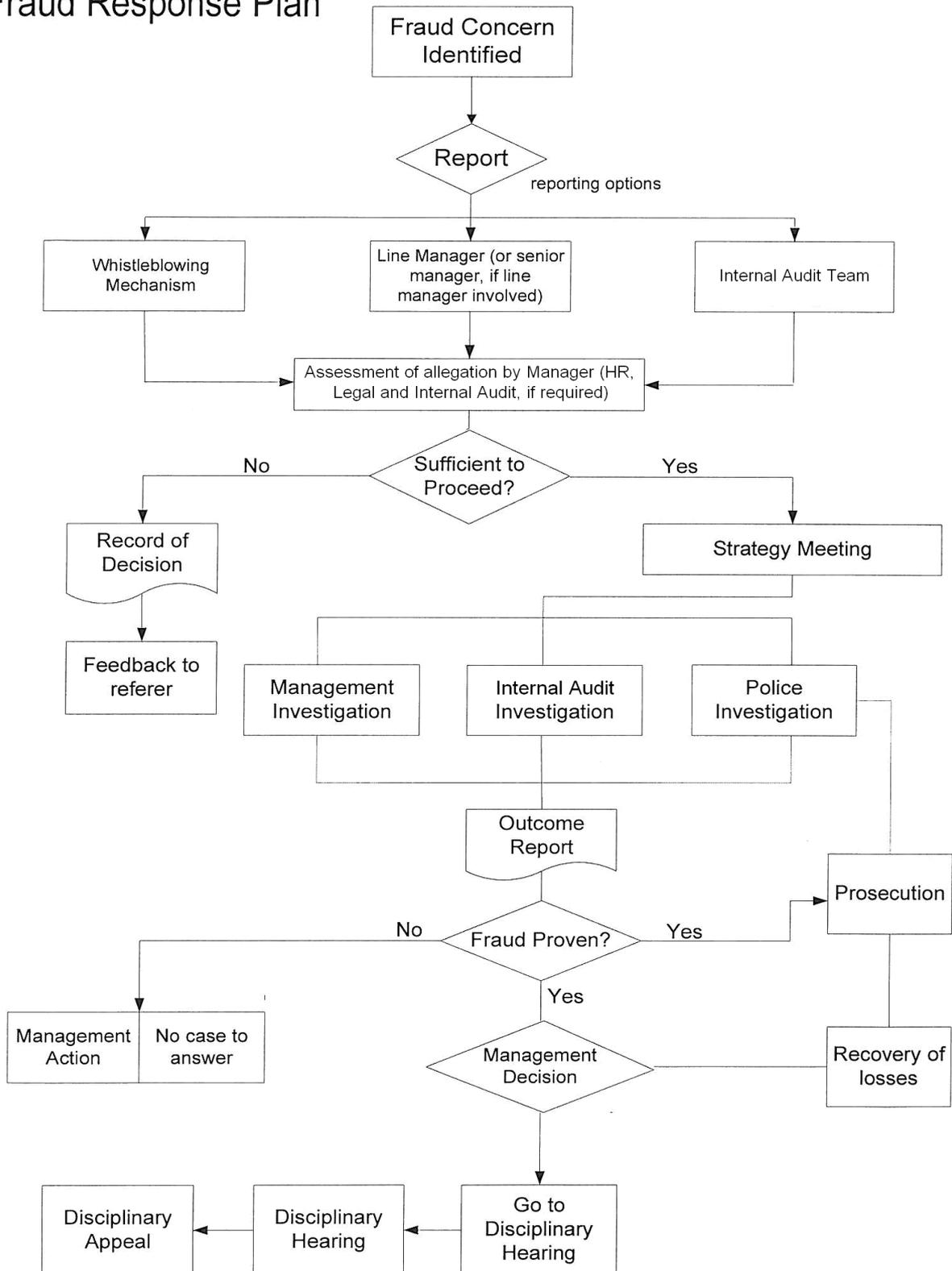
Any publicity arising from an investigation will be co-ordinated by the Council's Media Team. It is the responsibility of the Corporate Director or Service Director to ensure that the Media Team is informed of developments following completion of an investigation.

i) Training

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

Investigation of fraud and corruption may require specialist training, not only for the Council's Internal Audit Service, but also employees within Directorates. Fraud awareness staff training plans will reflect this requirement.

Fraud Response Plan



APPENDIX C

Fraud Indicators

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

- **Unusual employee behaviour:** Refusal to comply with normal rules and practices, fails to take leave, refusing promotion, managers by-passing subordinates, subordinates by-passing managers, living beyond means, regularly working long-hours, job dissatisfaction/unhappy employee, secretiveness or undue defensiveness.
- **Financial irregularities:** Key documents missing (e.g. invoices, contracts); absence of controls and audit trails; missing expenditure vouchers and official records; general ledger out of balance; bank and ledger reconciliations are not maintained or cannot be balanced; excessive movements of cash or transactions between accounts; numerous adjustments or exceptions; constant overdue pay or expense advances; duplicate payments; ghost employees on the payroll; large payments to individuals; excessive variations to budgets or contracts; multiple payments under authorisation thresholds.
- **Bad procurement practice:** Too close a relationship with suppliers/contractors; suppliers/contractors who insist on dealing with only one particular member of staff; unjustified disqualification of any bidder; lowest tenders or quotes passed over with minimal explanation recorded; defining needs in ways that can be met only by specific contractors; single vendors; vague specifications; splitting up requirements to get under small purchase requirements or to avoid prescribed levels of review or approval; missing documents/contracts.
- **Disorganisation:** Understaffing in key control areas; consistent failures to correct major weaknesses in internal control; inadequate or no segregation of duties; frequent complaints.
- **Inadequate supervision:** Policies not being followed; lack of senior management oversight; inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation); low staff morale; weak or inconsistent management.
- **Lax corporate culture:** Management frequently override internal control; climate of fear; employees under stress without excessive workloads; new employees resigning quickly; crisis management coupled with a pressured business environment; high employee turnover rates in key controlling functions.
- **Poor work practices:** Lack of common sense controls; work is left until the employee returns from leave; post office boxes as shipping addresses; documentation that is a photocopy or lacking essential information; lack of rotation of duties; unauthorised changes to systems or work practices.



Report to Audit and Governance Committee

Date:	22 June 2021
Title:	Anti-Money Laundering Policy
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	To approve the Anti-Money Laundering Policy
Reason for decision:	N/A

1. Executive summary

- 1.1 The purpose of the report is to present the draft Anti-Money-Laundering Policy for approval.
- 1.2 The Anti-Money Laundering Policy is owned by the Head of Business Assurance (& Chief Auditor) and is reviewed on an annual basis.
- 1.3 The updated policy has been presented to, and agreed by, the Audit Board (S151 Officer, Monitoring Officer and Director for Legal and Democratic Services).

2. Content of report

- 2.1 The policy has been updated to reflect the changes in the Government's Money Laundering Regulations.
- 2.2 Other minor updates have been made such as to reflect changes in job titles, contact details and links to other documents/websites.

3. Other options considered

3.1 N/A.

4. Legal and financial implications

4.1 None.

5. Corporate implications

5.1 None.

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 The Anti-Money Laundering Policy is subject to review on an annual basis, with the next review scheduled for June 2022.

9. Background papers

9.1 Current Anti-Money Laundering Policy:

<https://buckinghamshire.moderngov.co.uk/documents/s5297/Appendix%203%20for%20Finance%20Policies.pdf>

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.

Buckinghamshire Council

Anti-Money Laundering Policy

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

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

Version 1.5– June 2021

Version	Date	Sign Off	Action	Responsible Officer
1.0	14/11/2019	Resources Board	Agreed. Minor changes to reflect structures	Maggie Gibb
1.1	26/11/2019	Chief Executive's Implementation Group	Agreed. Minor changes to reflect structures	Maggie Gibb
1.2	11/12/2019	Informal Shadow Exec	Agreed.	Maggie Gibb
1.3	01/06/2021	Head of Business Assurance (& Chief Auditor)	Agreed. Minor changes	Maggie Gibb
1.4	14/06/2021	Audit Board	Agreed.	Maggie Gibb
1.5	22/06/2021	Audit & Governance Committee		

Anti-Money Laundering Policy

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1. Introduction

- 1.1. On 10 January 2020 changes to the Government's Money Laundering Regulations (MLRs) came into force. The changes update the UK's Anti Money Laundering regime to incorporate international standards set by the Financial Action Task Force (FATF). The 2019 Regulations amend:
 - The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs).
- 1.2. As an overview, the changes incorporate the requirement to keep an up to date list of exact functions that qualify as prominent public functions, the requirement on enhanced due diligence when working with high risk countries, the requirement to maintain registers of beneficial owners, a reduced limit of pre-paid cards and electronic money, enhanced due diligence on virtual currencies/crypto currencies/digital tokens and letting agency activities to be brought within the scope of Anti-Money Laundering.
- 1.3. A key difference is the 5th Money Laundering Directive brings additional businesses into the scope of the anti-money laundering regulatory framework. Described as “obliged entities” in the 4th Money Laundering Directive, these are defined as “relevant persons” in the MLRs and as businesses in the “regulated sector” in the Terrorism Act 2000 and the Proceeds of Crime Act 2002. The requirements of the 5th Money Laundering Directive do not allow for the exemption of small businesses or any exemptions based on size.
- 1.4. In identifying ownership, the 2019 Regulations introduces an explicit Customer Due Diligence (CDD) requirement for relevant persons to take reasonable measures to understand the ownership and control structure of their customers. Relevant persons must also take reasonable measures to verify the identity of senior managing officials when the beneficial owner of a body corporate cannot be identified.
- 1.5. Although Anti-Money Laundering legislation does not specifically cover local authorities as defined by organisations in the regulatory sector, it is implied best practice that we assess the risk and put sufficient controls in place to prevent the Council from being used for money laundering.
- 1.6. We are also required to:
 - assess the risk of Buckinghamshire Council being used by criminals to launder money;
 - check the identity of our customers;
 - check the identity of ‘beneficial owners’ of corporate bodies and partnerships;
 - monitor our customers’ business activities and report anything suspicious to the National Crime Agency (NCA);
 - make sure we have the necessary management control systems in place; keep all documents that relate to financial transactions, the identity of our customers, risk assessment and management procedures and processes;

- make sure our employees are aware of the regulations and have had the necessary training; and
- relevant persons must have policies to ensure they undertake risk assessments prior to the launch or use of new products or business practices, as well as new technologies.

2. Scope of the policy

- 2.1 This Policy applies to all employees whether permanent or temporary and Members of the Council. Its aim is to enable employees and Members to respond to a concern they have in the course of their dealings for the Council. Individuals who have a concern relating to a matter outside of work should contact the Police.
- 2.2 Failure by a member of staff to comply with the procedures set out in the Policy should be escalated for appropriate action to be taken.

3. What is money laundering?

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

- concealing, disguising, converting, transferring or removing criminal property from the UK;
- becoming involved in an arrangement which an individual knows, or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person;
- acquiring using or possessing criminal property;
- doing something that might prejudice an investigation e.g. falsifying a document;
- failure to disclose one of the offences listed above where there are reasonable grounds for knowledge or suspicion; and/or
- tipping off a person(s) who is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation.

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

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

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

4. What are the obligations on the council?

- 4.1 Whilst Local Authorities are not directly covered by the requirements of the Money Laundering Regulations 2019, guidance from finance and legal professions, including the Chartered Institute of Public Finance and Accounting (CIPFA), indicates that public service organisations should comply with the underlying spirit of the legislation and regulations and put in place appropriate and proportionate anti-money laundering safeguards and reporting arrangements.
- 4.2 The regulations apply to “relevant persons” acting in the course of business carried out by them in the UK. Relevant persons must check beneficial ownership registers of legal entities in scope of the People with Significant Control (PSC) requirements before establishing a business relationship. Where there is a discrepancy between the beneficial ownership information on the registers and the information that is made available to them in the course of carrying out CDD, there is a requirement to report these discrepancies to Companies House. Companies House will investigate and, if necessary, resolve the discrepancy in a timely manner. These reports are excluded from public inspection. Not all of the Council’s business is relevant for the purposes of the Regulations; it could include accountancy and audit services carried out by Financial Services and the financial, company and property transactions undertaken by Legal Services.
- 4.3 It is reasonable to conclude that the money laundering regime is not primarily aimed at local authorities and that local authorities’ work is to some extent tangential to the regime. However, the safest way to ensure compliance with the regime is nonetheless to apply its requirements to all of the Council’s areas of work and to ensure that all staff comply with the reporting procedure set out in the Policy.

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

- customer due diligence measures and ongoing monitoring;
- reporting;
- record-keeping;
- internal control;
- risk assessment and management;
- the monitoring and management of compliance with, and the internal communication of such policies and procedures.

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

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

5.1 Where you know or suspect that money laundering activity is taking/has taken place, or you are concerned that your involvement in the matter may amount to a prohibited act under the legislation, you must disclose to the MLRO this suspicion or concern as soon as practicable. The disclosure should be made within hours rather than days or weeks of the information coming to your attention. The legislation determines that a single cash transaction or a series of linked transactions totalling over €15,000 (approximately £13,000 at the time of the legislation) should be treated as suspicious. However, vigilance also needs to be maintained in respect of all other possibilities such as a series of smaller payments in cash.

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

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

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

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

Any necessary investigation will be undertaken by the NCA or relevant successor body as appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

- 5.4 Similarly, **at no time and under no circumstances should you voice any suspicions** to the person(s)/organisation you suspect of money laundering, otherwise you may commit the criminal offence of “tipping off”.
- 5.5 Do not, therefore, make any reference on a client file to a report having been made to the MLRO. Should the client exercise his/her right to see the file then such a note would obviously tip them off to the report having been made. Again you would be at risk of prosecution for tipping off. The MLRO will keep the appropriate records in a confidential manner.

6. Customer Due Diligence

- 6.1 Customer due diligence means that the Council must know its clients and understand their businesses. This is so that the Council is in a position to know if there is suspicious activity that should be reported; clearly it is only by the Council knowing its clients and their businesses that it can recognise abnormal and possibly suspicious activity.
- 6.2 The obligations imposed on the Council must, of course, be brought into effect by its individual employees. Employees must therefore be familiar with these obligations.
- 6.3 The 2017 Regulations and 2019 (as amended) require that the Council identifies its customers and verifies that identity based on documents, data or information obtained from a reliable source. Where there is a beneficial owner who is not the customer then the Council must identify that person and verify the identity and where the beneficial owner is a trust or similar then the Council must understand the nature of the control structure of that trust.
- 6.4 The Council must obtain information on the purpose and intended nature of the business relationship. The MLR 2019 introduces the need for the Council to consider both customer and geographical risk factors in deciding what due diligence is appropriate. The new Regulations introduced a list of high-risk jurisdictions which if involved in a transaction makes enhanced due diligence and additional risk assessment compulsory. On 13 February 2019, the European Commission updated its list of high-risk third countries under the European Union’s Fourth Anti-Money Laundering Directive The list of areas is currently: Afghanistan, America Samoa, The Bahamas, Botswana, Democratic People’s Republic of Korea, Ethiopia, Ghana, Guam, Iran, Iraq, Libya, Nigeria, Pakistan, Panama, Puerto Rico, Samoa, Kingdom of Saudi Arabia, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, US Virgin Islands, and Yemen. For an up to date list of such jurisdictions an officer should seek advice from the MLRO.

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

7. Enhanced Customer Due Diligence and Ongoing Monitoring

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

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

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

7.4 The regulations require that enhanced customer due diligence measures are taken to manage and mitigate the risks exposed by politically exposed persons (PEPs). The term PEPs refers to people who hold high public office. The Council is required to have appropriate risk-management systems and procedures to identify when the customer is a PEP and to manage the enhanced risks arising from having a relationship with that customer. Business relationships with the family and known close associates of a PEP are also subject to greater scrutiny.

8. Internal Clients

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

9. External Clients

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

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

10. Record Keeping

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

11. Money Laundering Reporting Officer

11.1 The officer nominated to receive disclosure about money laundering activity within the Council is the Service Director - Corporate Finance (S151 Officer), who can be contacted as follows:

Service Director - Corporate Finance (S.151 Officer)
Buckinghamshire Council
The Gateway
Aylesbury
Buckinghamshire
HP20 1UA
01296 383120

In the absence of the MLRO the Monitoring Officer, the Corporate Director of Resources, is authorised to deputise.

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

APPENDIX 1

Customer Due Diligence Pro-Forma

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

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

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

	[Through the documents referred to in Questions 2 and 3]	
5.	Is there a beneficial owner involved with the customer who is a different person or entity to the customer identified above?	
6.	What is the identity of the beneficial owner?	
7.	Can the Council verify the identity of the beneficial owner?	
8.	Does the Council doubt the veracity or adequacy of documents, data or information obtained for the purposes of identification or verification?	
9.	When were the documents, data or information obtained for the purposes of identification or verification of this customer last updated?	
10.	When will the documents, data or information obtained for the purposes of identification or verification of this customer next be up-dated?	
11.	What is the ownership and control structure of the beneficial owner?	
12.	Does the Council wish to establish a business relationship with this customer?	If "No", go straight to Section C.
13.	What is the purpose and intended nature of the business relationship?	

SECTION C: OUTCOME OF DUE DILIGENCE MEASURES

Is the Council unable to answer any of the above questions because the customer has been unable or unwilling to provide information?

If so, please give full details.

If the answer is “Yes”, the Council must not establish a business relationship or carry out an occasional transaction with this customer; it must not carry out any transaction with or for the customer through a bank account; it must terminate any business relationship with the customer AND the suspicion must be reported immediately to the MLRO.

NOTE

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



Report to Audit and Governance Committee

Date:	22 June 2021
Title:	21/22 Draft Business Assurance Strategy (incl. Internal Audit Plan)
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	To approve the Business Assurance Strategy and Internal Audit Plan
Reason for decision:	N/A

1. Executive summary

- 1.1 The purpose of the report is to present the draft 2020/21 Business Assurance Strategy which includes the proposed Internal Audit Plan.
- 1.2 The Business Assurance Team are responsible for the delivery of the Risk Management, Internal Audit, Assurance and Counter Fraud functions.
- 1.3 The Risk Management Strategy is being presented under a separate item.

2. Content of report

- 2.1 The Internal Audit Plan has been prepared in consultation with Corporate and Service Directors and the S151 Officer, and the strategic and directorate risk register have been used to inform the plan.
- 2.2 A significant proportion of the Internal Audit plan is audit activity which was deferred during 20/21 due to the Covid-19 pandemic.

- 2.3 It is important to note that the Internal Audit Plan will need to remain fluid and flexible to respond to emerging risks and the needs of the organisation. We have identified a number of contingency days to allow us to react to ad-hoc and unplanned requests. We will present proposed changes to the plan to the Audit Board and Audit and Governance Committee for approval.
- 2.4 We present quarterly updates to each of the directorates, and the planned audit and assurance activity is reviewed for appropriateness each time. We also seek the views of the directorates on the work of the Business Assurance Team to enable continuous improvement and ensure that we are meeting the needs of the organisation as best we can.
- 2.5 We recognise that the delivery of the proposed audit plan is ambitious, and we are making use of digital tools and techniques to support the audit process.
- 2.6 The strategy is being presented to the Corporate Management Team (CMT) on 17 June 2021, and a verbal update will be given to the Audit and Governance Committee of any changes proposed by CMT.
- 2.7 The strategy has been presented to, and agreed by, the Audit Board (S151 Officer, Monitoring Officer and Director of Legal Services).

3. Other options considered

- 3.1 N/A.

4. Legal and financial implications

- 4.1 None.

5. Corporate implications

- 5.1 None.

6. Local councillors & community boards consultation & views

- 6.1 N/A

7. Communication, engagement & further consultation

- 7.1 N/A.

8. Next steps and review

- 8.1 An update on delivery of the Business Assurance Strategy and a summary of the internal audit output will be presented as a standing agenda item at Audit and Governance Committee meetings.

9. Background papers

- 9.1 None.

10. Your questions and views (for key decisions)

- 10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.

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BUCKINGHAMSHIRE COUNCIL

BUSINESS ASSURANCE STRATEGY and INTERNAL AUDIT PLAN 2021/22

Maggie Gibb

Head of Business Assurance (& Chief Internal Auditor)

June 2021

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1. Introduction

- 1.1 This paper details the Business Assurance Strategy, including the Internal Audit plan, the resources available and how we will be delivering our service in 2020/21.
- 1.2 The Business Assurance Team delivers the Council's Risk Management, Assurance, Internal Audit and Counter Fraud services. The team operates under the Service Director for Corporate Finance within the Resources Directorate.
- 1.3 The draft Internal Audit plan for 2021/22 is attached as Appendix 2. The work plan will remain flexible and evolve during the year as the assurance framework continues to mature and to meet the needs of unplanned demands, especially in the context of the response to and recovery from the Covid-19 pandemic.
- 1.4 The scope for each of the audit areas will be discussed with the Corporate and/or Service Directors, and a brief summary of key risks areas for audits due in next quarter will be presented to the Audit and Governance Committee.

2. Internal Audit Strategy

- 2.1 The Accounts and Audit Regulations 2015 (S5) state that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance; these are defined as the Public Sector Internal Auditing Standards 2017.
- 2.2 The Public Sector Internal Auditing Standards defines "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."
- 2.3 The Chief Internal Auditor is required to provide an annual report on the system of internal control which is used to inform the Council's Annual Governance Statement. In providing this opinion, we are required to review annually the financial management, risk management and governance processes operating within the Council. This includes reviewing internal control systems for key processes on a risk basis.
- 2.4 The Council will work towards a combined assurance model using the "three lines of defence" approach, with Internal Audit operating as the third line of defence. The first line of defence is achieved by the management controls and systems within each

of the services, and the second line of defence from the professional leads responsible for monitoring the key governance frameworks such as finance, HR, technology, contract management and decision making. The model was supposed to be embedded into the governance reporting process during 2020/21, however this work was deferred due to Covid-19 as the Business Assurance Team was re-deployed to support the response to the pandemic. This work will be progressed as part of the 2021/22 governance reporting process which will include reporting to the Directorate Boards, Corporate Management Team and the Audit and Governance Committee. This work will be embedded alongside the Code of Corporate Governance for Buckinghamshire Council.

2.5 The priorities for the remainder of the first quarter are as follows:

- complete the audit activity which has been deferred from 2020/21 due to Covid-19 priorities;
- counter fraud investigations; and
- urgent Covid-19 related audit activity such as business support grants.

2.6 To provide an opinion on the system of internal control, the Chief Internal Auditor will use the work undertaken by the Business Assurance Team:

- The Senior Business Assurance Officer focusses on the system of risk management, and the performance risks within the key services, including the major contracts, projects and transformation programmes. It is also the responsibility of this team to co-ordinate the combined assurance reporting which includes monitoring and reviewing the completeness of the management control, (first line of defence) and the professional lead statements, (second line of defence). Quarterly updates and a year-end combined assurance report will be produced for each of the Directorates.
- The Internal Audit team reviews the key control processes across the organisation, including those supporting critical service areas. The activity focusses on governance, and internal control, including financial management and fraud risk. As the third line of assurance, it is the role of Internal Audit to consider the adequacy and effectiveness of the first two lines of assurance.

2.7 The Business Assurance Team will support the Professional Leads and Corporate Directors in developing their assurance frameworks, by providing advice and guidance. These frameworks will be implemented following the completion of the transformation programme in each Directorate, where service reviews are still in-progress, interim assurance arrangements will be put in place to maintain oversight.

3 Audit Planning Methodology

- 3.1 The Internal Audit plan is produced with reference to the Strategic and Directorate Risk Registers. The plan is also informed through discussion with the Senior Leadership Teams for each Directorate, Heads of Finance, and the Deputy Chief Executive. Quarterly meetings with the Corporate Directors and the Audit Board are scheduled to ensure the plan is kept under continuous review.
- 3.2 The plan will also be reviewed quarterly in conjunction with Strategic and Directorate Risk Registers and presented to the Audit Board and Audit and Governance Committee for consideration and comment.
- 3.3 The Audit Plan will continue to be influenced by external organisations and statutory bodies we work with and provide assurance to.
- 3.5 Improving the robustness of contract management across the Council is a priority, as this is a key fraud risk area. The audit activity in relation to contracts will support this programme of improvement and focus on a sample of major contracts and the overall management control in particular the refresh of the Contract Management Application as a key assurance tool, and the key financial processes including procurement of goods and services and payments to providers.

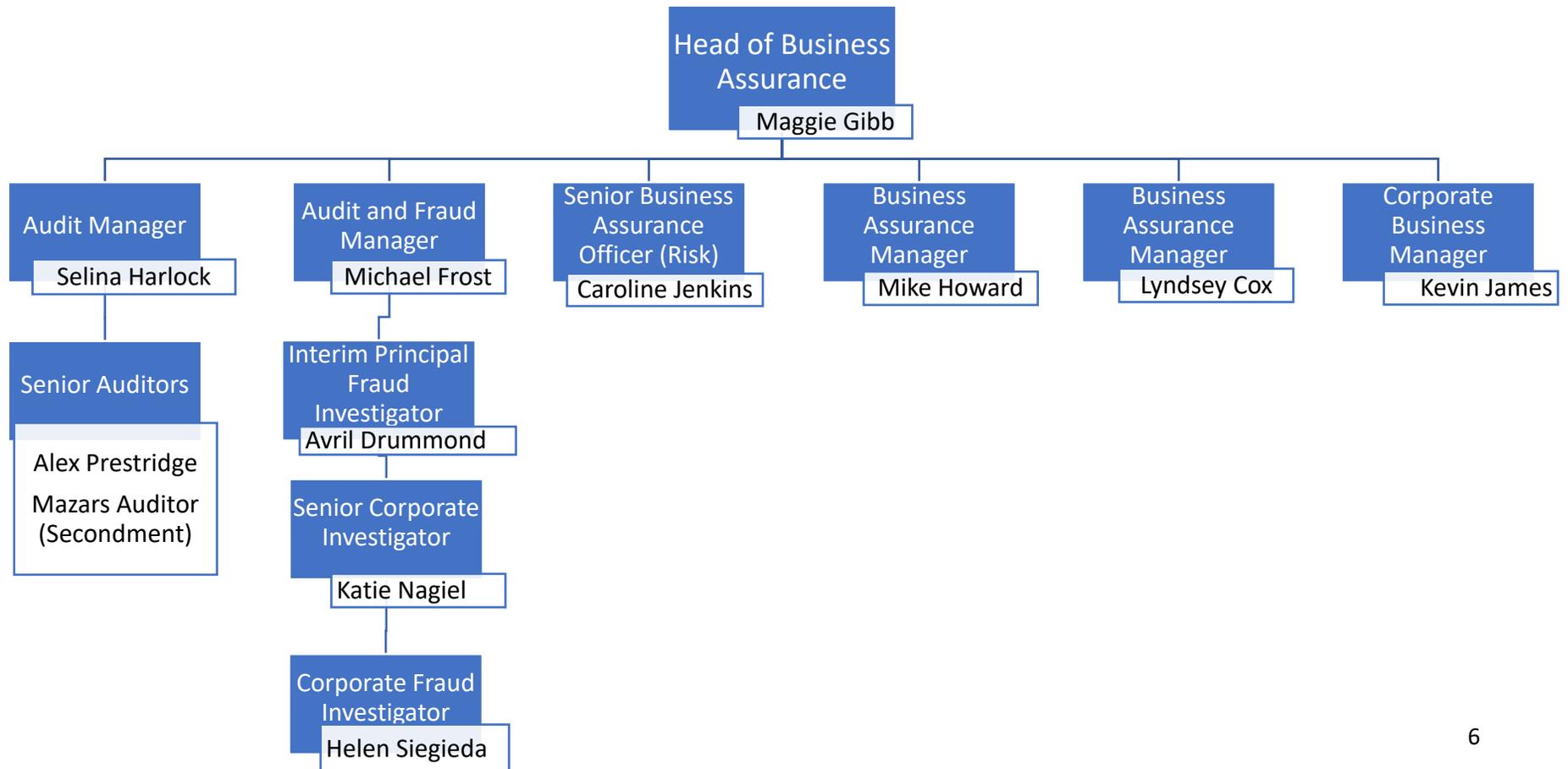
4. Counter Fraud

- 4.1 Counter-fraud is a key responsibility for the Business Assurance Team to lead on, and in 2021/22 this will be focussed on overseeing the investigation of NFI data matches, and responding to referrals of suspected fraud and financial irregularity, as well as a programme of pro-active activity which will be set-out in a Counter Fraud Plan. The Counter Fraud Plan is currently being developed through consultation with Senior Leadership Teams for each Directorate, through review of Directorate Risk Registers, information sharing with other Local Authorities (Support Forums) and sector Horizon Scanning Publications on known high risks/ threats to the sector. The objective of the Counter Fraud Plan is to underpin the Council's commitment to anti-fraud and corruption; and provide assurance that the first and second lines of assurance effectively prevent, detect and minimise the risk of fraud and corruption. It should be noted that managing the risk of fraud and corruption is the responsibility of Senior Management; however, the Counter Fraud Plan will seek to support management in assessing the adequacy and effectiveness of the measures in place to prevent and/or detect fraud and corruption within their services. The plan will consider both internal and external threats to the Council.

5. Resources

5.1 The Business Assurance Team is currently resourced with a mix of in-house staff and a partnership arrangement with the APEX London Audit Framework. The framework is hosted by the London Borough of Croydon and the audit service is currently provided by Mazars. This arrangement allows for a flexible approach and enables us to respond swiftly to urgent requests for resource such as for investigations. The framework also enables us to request specialist resource such as IT auditors and contract auditors where the in-house team do not have the appropriate technical skills.

Business Assurance Team Structure:



5.2 The approximate number of days available for the Business Assurance activity can be broken down as follows:

Resource	Approximate available days*
Head of Business Assurance (& Chief Auditor)	150
Audit Manager/Audit and Fraud Manager/Business Assurance Managers/Corporate Business Manager	1000
Senior Auditors	400
Senior Corporate Investigator/ Corporate Fraud Investigator	360
Principal Fraud Investigator	200
Senior Business Assurance Officer (Risk)	200
Specialist/Outsourced	500
Total	2810

*including training and development, team meetings etc.

Overall the total planned days on Business Assurance activity is approximately 2810 days, of which 110 days is delivering an Internal Audit service to Buckinghamshire and Milton Keynes Fire Authority, and 20 days to Academies. This includes an approximate split across the various functions of risk management (200 days), internal audit and assurance (1600), and counter fraud work (860).

5.3 A number of contingency days have been set aside for unplanned events / issues that inevitably arise. The contingency is planned at 150 days.

6 Performance Monitoring / Reporting

- 6.1 The proposed Business Assurance performance indicators for 2021/22 are attached as Appendix 1 to this report and will form part of the Resources Directorate Plan monitoring.
- 6.2 The Audit and Governance Committee will receive a quarterly report, including the next quarters plan for approval, a status update on the approved work plans, and a summary of the outcomes of completed audits.

Appendix 1 – Business Assurance Team Key Performance Indicators

No.	Key Performance Indicator (KPI)	2021/22 Target
1	Draft internal audit reports issued within 15 working days of exit meeting (monthly)	90%
2	Final internal audit reports issued within 10 working days of management responses (monthly)	100%
3	Internal audits completed to the satisfaction of the client (quarterly)	95%
4	Audit actions in the draft internal audit report that are accepted by the client (monthly)	90%
5	Delivery of Internal Audit Plan (annual measure)	95%
6	Corporate Reporting Timelines being met (CMT/RMG/A&G) (monthly)	95%

KPI 1 Is monitored from the date of exit meeting.

KPI 2 is monitored from the date of which the last management response(s) is/are received

KPI 3 Is a Quality assessment of work done by internal audit.

KPI 4 Quality assessment which confirms the relevance and appropriateness of the work done by internal audit through the recommendations made.

KPI 4 Combined measure which requires collaboration to agree the importance of the work of internal audit and how it strengthens the whole control framework of the Council.

KPI 5 Is a performance control which confirms the annual audit plan is completed within year.

KPI 6 is monitored through the forward plans/reporting deadlines as set corporately.

Appendix 2 – 2021/22 Internal Audit Plan

Directorate	Service	Audit Title	Objectives/Risk/Concerns	No. of Days
Corporate	Corporate	Governance	Deferred from 2020/21	15
	Corporate	Business Cases	Deferred from 2020/21	20
	Corporate	Grants	Internal Audit grant assurance returns in line with the funding conditions.	50
	Corporate	Covid-19 Pre and Post Payment Assurance Plan	Looking at the assurance that we have taken reasonable steps to ensure that payments are made to legitimate businesses.	40
	Corporate	Covid-19 Response	Continue to provide assurance on the Covid-19 grants that are received from government departments to support the Council's response to Covid-19.	40
Deputy Chief Executive	Policy and Comms	GDPR – Council wide audit	Deferred from 20/21	30
	Localities & Strategic Partnerships	Community Boards	Deferred from 20/21	20
	Legal/ Dem Services	Legal Process Review	Deferred from 20/21	20
	Legal/ Dem Services	Member Declarations and Member Complaints Process	End-to-end process review including completeness and accuracy of records	10
	Service Improvement	Assurance over Service Improvement Programme	On-going Assurance in line with the Service Reviews	40

Directorate	Service	Audit Title	Objectives/Risk/Concerns	No. of Days
Deputy Chief Executive	Service Improvement	Digital	Shifting of content from legacy to new one; rationalising and redesigning, therefore need to ensure this is embedded. This is a one-year work programme, therefore audit to review the programme delivered to ensure delivery per objectives.	20
	Service Improvement	Workstyle Strategy	Two-year programme which is currently at the mid-point. Review that the objectives and expected outcomes are on track to be delivered with next steps recommendations.	15
	Localities & Strategic Partnerships	Assets of Community Value	Ensuring there is a robust process behind the decisions and the Localism Act is adhered to. High cost (potential legal challenges if process not adhered to) and reputational risk to the council.	15
	Legal/ Dem Services	Elections	Deferred from 20/21	10
Resources	Finance	Pensions	Deferred from 20/21	12
	Finance	Capital Programme	Deferred from 20/21	15
	Finance	Contract Management	Deferred from 20/21	40
	Finance	Asset Management	Deferred from 20/21	12
	Finance	Budget Management	Deferred from 20/21	20
	Finance/ HR/ IT	Service Now Review	Deferred from 20/21	15
	Finance	Cash Receipting End-to - End Process Review	New system and process end-to-end assurance required to understand controls	20

Directorate	Service	Audit Title	Objectives/Risk/Concerns	No. of Days
Resources	Finance/ HR	Expenses	New process being followed from the legacy districts, risk of receipts not being retained due to remote working	15
	Finance	Accounts Payable	Key Financial System: High volume and value activity	15
	Finance	Accounts Receivable and Income Management	Key Financial System: High volume and value activity. To ensure roles and responsibilities are understood with services clear about expectations	30
	Finance	General Ledger	Key Financial System	12
	Finance	Treasury Management	Key Financial System: High value activity, review process with Logotech system.	10
	Finance	Debt Management	Key Financial System: High volume and value activity	15
	Finance	Revs & Bens System Assurance Review	Major project and decommissioning assurance will be required	20
	Finance	CTAX	New system and process end-to-end assurance required to understand controls	20
	Finance	NNDR	New system and process end-to-end assurance required to understand controls	20
	Finance	Procurement	Evaluate implementation of the Procurement Strategy	15
	Finance	CTRS/HB	New system and process end-to-end assurance required to understand controls	30
	Finance	iCares Accounts Payable and Accounts Receivable	New system and process end-to-end assurance required to understand controls	30

Directorate	Service	Audit Title	Objectives/Risk/Concerns	No. of Days
	HR	IR35	Deferred from 20/21	15
Resources	HR	Apprenticeship Levy	Deferred from 20/21	15
	HR	Payroll	Key Financial System	15
	IT	IT Asset Management	End to End Process Review	15
	IT	Audit work based on needs assessment review (to be confirmed)		20
Planning, Growth & Sustainability	Property & Assets	Wycombe Old Library	Deferred from 20/21	10
	Property & Assets	Project Governance	Deferred from 20/21	15
	Property & Assets	Health & Safety	Deferred from 20/21	12
	Housing & Regulatory Service	Enforcement (Housing)	Deferred from 20/21	15
	Housing & Regulatory Service	Homelessness	Deferred from 20/21	15
	Housing & Regulatory Service	Temporary Accommodation	Deferred from 20/21	15
	Housing & Regulatory Service	Disability Facilities Grant	Link with Adults & Health	15
	Property & Assets	Property Maintenance	End-to-end review	15
	Planning & Environment	Climate Change	Big initiative for the Council linked to our strategy objectives.	15

Directorate	Service	Audit Title	Objectives/Risk/Concerns	No. of Days
	Property & Assets	Property Repairs and Renewals	End-to-end review	15
Planning, Growth & Sustainability	Planning & Environment	Building Control	End-to-end review	15
	Planning & Environment	CIL/Section 106	Deferred to 21/22	10
	LEP	LEP Audit	Deferred to 21/22	10
	Strategic Transport & Infrastructure	HIF Grant	Due to the value and the bid requirement to have IA continuous assurance	15
	Highways & Technical Services	Flood Management	20/21 floods resulted in a number of residents requiring support, audit will evaluation the strategic management and reactive response/ support to local floods.	10
Communities	Neighbourhood Services	Taxi Licensing	Deferred from 20/21	15
	Neighbourhood Services	Crematorium	Deferred from 20/21	15
	Highways & Technical Services	Parking	Deferred from 20/21	15
	Highways & Technical Services	Transport for Bucks	Scope to be agreed in consultation with the service	15
	Culture, Sports & Leisure	Libraries and Archives	Deferred from 20/21	15

Directorate	Service	Audit Title	Objectives/Risk/Concerns	No. of Days
	Transport Services	Home to School Transport	End to end review to evaluate processes and controls in place for the new ONE system.	20
Communities	Neighbourhood Services	Household Recycling Centres	Includes the income management at the centres.	15
	Neighbourhood Services	Energy for Waste	Significant income levels generated - will include contract management.	15
Adults & Health	Adult Social Care	Implementation of Medications Policy - In-house services	Deferred from 20/21	15
	Adult Social Care	Interface - Hospital Discharges and Social Care	Deferred from 20/21	15
	Quality Standards & Performance	Quality Assurance Framework (QAF)	Deferred from 20/21	20
	Integrated Commissioning	Choice and Charging Policy	Deferred from 20/21	15
	All	Follow-Up Audits	Follow-up all the findings raised in the following audits: Implementation of Medications Policy – Commissioned services, Seeley’s Respite, DoLS	10
	Quality Standards & Performance	iCares System - IT Application Controls Audit	Deferred from 19/20 & 20/21	10
	Integrated Commissioning	Direct Payments	End-to-end process review	15

	Integrated Commissioning	Supplier Viability	Evaluate the process in place to enable timely identification of suppliers under pressure and mechanisms in place to manage resilience.	20
Directorate	Service	Audit Title	Objectives/Risk/Concerns	No. of Days
Children's Services	Social Care	Fostering Services	Deferred from 20/21	15
	Social Care	Social Work England Information Requests	Deferred to 21/22	15
	Social Care	Care Leavers	Deferred from 20/21	15
	Education	SEND – Complaints & SARs	Deferred from 20/21	15
	Education	Early Years - Entitlement for 2/3/4 yrs. and Claims Payments	Deferred from 20/21	15
	Social Care	Commissioning of Residential placements	Deferred from 19/20 & 20/21	20
	Social Care	Children's Homes	Each home to be audited and reported on separately.	30
	Education	Schools - Thematic Review	Deferred from 20/21 – schools to be reviewed will be agreed in consultation with the service.	50
	Follow-Ups			57
BMKFA	Audit plan agreed to deliver 110days of audit activity for 21/22			110
Academies	Audit activity to be agreed			20
Total Days				1600

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Report to Audit and Governance Committee

Date:	22 June 2021
Title:	21/22 Draft Risk Management Strategy
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	To approve the Risk Management Strategy
Reason for decision:	N/A

1. Executive summary

- 1.1 The purpose of the report is to present the draft 2020/21 Risk Management Strategy.
- 1.2 The Corporate Risk Management Team sit within Business Assurance in the Corporate Finance service.

2. Content of report

- 2.1 The Risk Management Strategy has been updated following the first year of the new Buckinghamshire Council.
- 2.2 The strategy provides a framework to enable a robust and efficient risk management process to be embedded across the council.
- 2.3 Each of the directorates has a risk and escalation framework tailored to their business needs and risk appetite.
- 2.4 The Corporate Risk Management team provide advice and guidance to the organisation, supported by a Risk Champion network across the directorates.

2.5 The strategy is being presented to the Corporate Management Team (CMT) on 17 June 2021, and a verbal update will be given to the Audit and Governance Committee of any changes proposed by CMT.

2.6 The strategy has been presented to, and agreed by, the Audit Board (S151 Officer, Monitoring Officer and Director of Legal Services).

3. Other options considered

3.1 N/A.

4. Legal and financial implications

4.1 None.

5. Corporate implications

5.1 None.

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 An update on delivery of the Risk Management Strategy as a standing agenda item at Audit and Governance Committee meetings.

9. Background papers

9.1 None.

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.



Buckinghamshire Council

Risk Management Strategy

Date: June 2021

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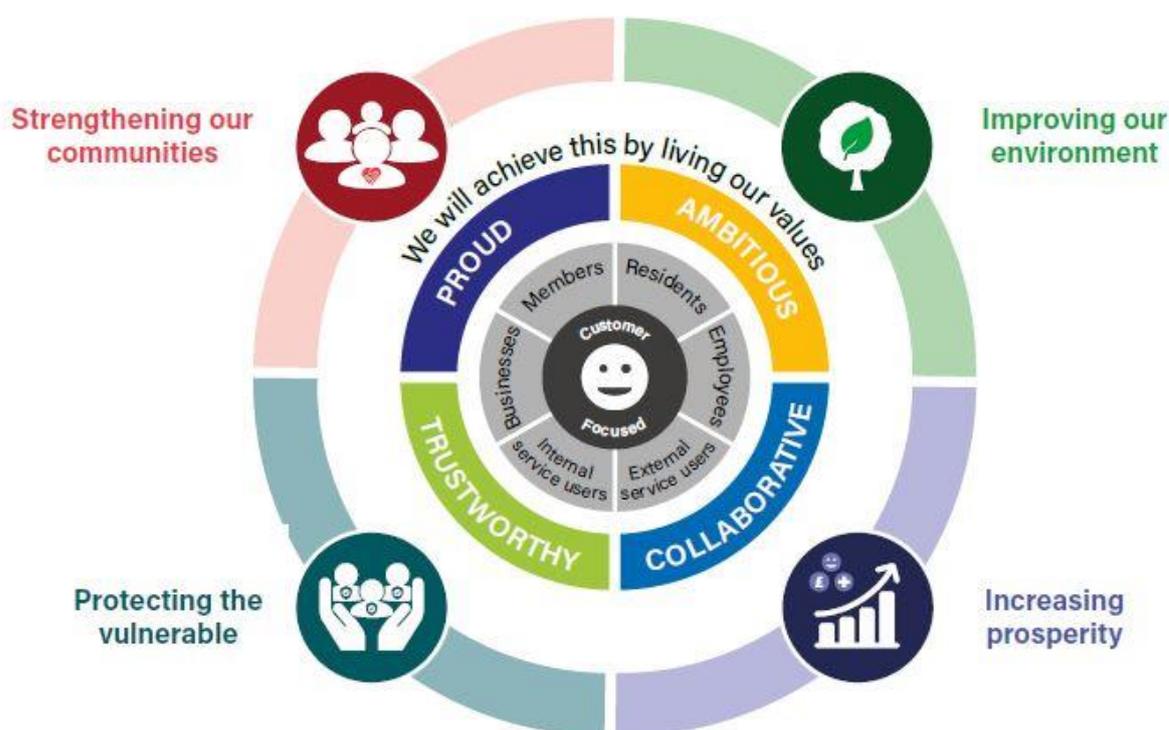
1. Introduction

Risk is part of everything we do. We live in an ever-changing world and the pace of change is increasing. This carries with it uncertainty and that uncertainty brings new opportunities and risks. How we manage those has never been more important in helping us meet our objectives, improve service delivery, achieve value for money and reduce unwelcome surprises.

Nothing has highlighted the importance of risk management more than in the last year with Covid-19. Not only has it brought to our attention the increased risk of infectious diseases and how we respond to pandemics, but it has also highlighted the complexity and interdependency of risks. It has made us look at existing risks such as supply chains, financial pressures, market stability and fraud but also consider how we must constantly evolve and adapt our approach to ensure that we have a strong risk management framework in place. The risk impacts from Covid-19 will continue into 2021/22 and we must ensure that we continue to use the knowledge gained and lessons learnt so far.

Buckinghamshire Council believes in the value of effectively managing risk: it informs business decisions; enables a more effective use of resources; enhances strategic and business planning; and strengthens contingency planning. None of this is possible without a supportive risk culture. A positive risk culture, one which encourages openness and discusses real business issues in a realistic manner, is essential to the effective management of risk. Everyone, from the Cabinet and Corporate Management Team down, has a clear role to play in establishing and maintaining that risk culture.

As set out in the Buckinghamshire Council Corporate Plan 2020-23, the Council has defined four key priorities:



Fundamental to delivering these ambitions is the way the Council implements sound management of risks and opportunities. The Council is committed to adopting best practice in its management of risk to ensure risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has full consideration of the implications of risk to the delivery and achievement of the Council's outcomes, strategic aims and priorities.

The Council is clear that the responsibility for managing risk belongs to everyone across the Council and that there needs to be a good understanding of the nature of risk by all stakeholders. This is fundamental in making informed decisions and is becoming increasingly important as the Council pursues innovative ways of working in carrying out its service delivery.

The Council will adopt a robust approach to risk but strive to be risk aware - being prepared to accept risk at a tolerable level that can be managed and mitigated whilst ensuring that the most vulnerable are protected and there is increased collaboration with our partners, communities and residents.

This Strategy and its objectives are inherent to good governance practices and they have been endorsed by the Council's Cabinet and Corporate Management Team.

Chair of Audit and Governance Committee

2. Aims and Objectives of the Risk Management Strategy

Risk management is an integral part of good management and is therefore at the heart of what we do. It is essential to the Council's ability to deliver public services and as a custodian of public funds. The current challenges facing local government means that now, more than ever, risks need to be identified effectively and managed carefully to mitigate adverse effects.

Effective risk management, including the identification and subsequent treatment of risks, can help the all areas of the organisation meet their objectives by demonstrating compliance, providing assurance, informing decision making and enabling value for money.

Risk Management is a useful tool for exploiting opportunities as well as safeguarding against potential threats, and acts as an early warning system. The Council is committed to the management of risk in order to:

- Ensure that statutory obligations and policy objectives are met;
- Prioritise areas for improvement in service provision and encourage meeting or exceeding customer and stakeholder expectations;
- Safeguard its employees, clients or service users, members, pupils, tenants and all other stakeholders to whom the Council has a duty of care;
- Protect its property including buildings, equipment, vehicles, knowledge and all other assets and resources;
- Identify and manage potential liabilities;
- Maintain effective control of public funds and efficient deployment and use of resources achieving Value for Money (VfM);
- Preserve and promote the reputation of the Council;
- Support the quality of the environment;
- Learn from previous threats, opportunities, successes and failures to inform future management of risks.

The Risk Management Strategy provides a framework designed to support Members and Officers in ensuring that the Council is able to discharge its risk management responsibilities. The Risk Management Strategy aims to:



Key objectives of the Risk Management Strategy:

- Embed risk and opportunity management into the culture of the organisation;
- Develop a balanced approach to managing the wide range of business risks facing the Council;
- Manage risk in accordance with legislation and best practice; and
- Establish a common understanding of the Council's expectations on risk management with partners, providers and contractors.

3. Approach to Risk Management

Risk Definitions

Risk is *'The effect of uncertainty on objectives. It can be positive, negative or both, and can address, create or result in opportunities and threats'* . Therefore, the Council defines risk as:

Any potential development or occurrence which, if it came to fruition, would jeopardise the Council's ability to:

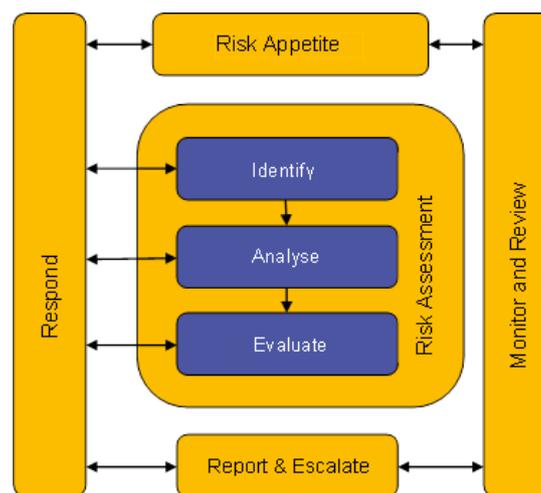
- achieve its corporate objectives and priorities;
- provide services as planned; and
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement and ensure financial stability.

Risk Management is a *'coordinated activities to direct and control an organization with regard to risk'**

**Source ISO 31000 'Risk Management - Guidelines.*

Risk Management Framework and Process

It is important that there is a robust risk management framework that is embedded across the organisation. The Council's risk management framework supports the effective identification and management of risks across the organisation, supporting openness, challenge, and innovation in the achievement of objectives. The diagram below shows the risk management process:



It is important to remember that this is a continuous process:

- Risks should be regularly reviewed and updated;
- Checks should be undertaken to gain assurance that mitigating actions are working; and
- Any new/emerging risks should be considered.

Risk Appetite

At its simplest, risk appetite can be defined as the amount of risk an organisation is willing to take in pursuit of its objectives.

A well-defined risk appetite means members and officers are clear about which risks are acceptable and which risks should be avoided. It focuses resources into addressing the most significant risks and ensures responses to the risks are appropriate and proportionate.

Risk appetite should be at the heart of how we do business and sets the tone for the risk culture across the Council through risk. Once it is properly understood and clearly defined, it can become a powerful tool to help take measured risks and improve overall performance and decision making.

The approach towards and appetite for risk can be:

Risk Appetite	Risk Appetite Description
None	Avoidance of risk and uncertainty is a key objective. Exceptional circumstances are required for any acceptance of risk.
Low	Preference for safe delivery options that have a low degree of risk and only have a potential for limited benefit.
Moderate	Preference for the safe options that have a moderate degree of risk and may only have limited potential benefits.
High	Willing to consider all options and choose the one that is most likely to result in successful delivery. Risk will be minimised while also providing an acceptable level of benefit.
Very High	Eager to realise benefits and to choose options to achieve this despite the higher risk.

The Risk Appetite Matrix can be set in Appendix 1.

The Council's risks appetite is determined by individual circumstances. In general terms, the Council's approach to providing services is to be innovative and to seek continuous improvement within a framework of compliance, delivering value for money and strong corporate governance.

Our aim is to have robust risk management at all levels across the organisation to encourage a less risk averse and more risk cautious/risk aware approach. This should help protect and grow the organisation, enable innovation and opportunities to be taken within the Council whilst managing and addressing the barriers to success.

The attitude towards risk will differ across the Directorates due to the different types of risks/ activities associated with them however in general there are a number of risk areas that Buckinghamshire Council is unwilling to accept:

- Health and Safety of employees and the public / safeguarding;
- Breaches of legal and statutory obligations; and
- Reputational impact.

At Buckinghamshire Council, the Risk Appetites are as follows and subject to change over time:

Directorate	High Level Risk Appetite	Rationale
Adults and Health	None	Statutory Obligations Safeguarding
Children’s Services	None	Statutory Obligations Safeguarding
Communities	Low / Moderate	Statutory Obligations Reputation Safeguarding Health and Safety
Deputy Chief Executive	Moderate	Compliance with the law Reputation
Planning, Growth and Sustainability	Low / Moderate	Value for Money Reputation Statutory Obligations Health and Safety
Resources	Low / Moderate	Statutory Obligations Financial Position Value for Money Compliance with the law Health and Safety

Types of risk

Every organisation will face different types of risk - internal, external, strategic, and those arising from major projects, and the approach to managing them will differ.

Type of risk	Description	Examples
Internal	These are risks over which the organisation has some control, for example risks that can be managed through internal controls and, where necessary, additional mitigating actions. This often involves traditional risk management, such as risk registers, controls and assurance.	Fraud, health & safety, legal & regulatory, information security, data protection, safeguarding, contracts, people capability & capacity.
External	This focuses on big external events/perils and then considers how to make the organisation more resilient to such events. The approach to managing external risks is through considering the impact those external events could have on infrastructure, finance, people, operations and reputation. A common example is a business continuity plan.	Economic downturn, central government cuts, terrorist attack, extreme weather, cyber attacks
Strategic	This concerns the aims and priorities and aligns to the Council's Corporate Plan, identifying the principal risks to the achievement of those within a set timeframe.	These can be immediate impact risks to the organisation's ability to continue operating, e.g. loss of customer data; or slow-burning risks that grow and eventually prevent delivery of objectives, e.g. staff turnover or leadership capability.
Major programmes & projects	Major projects form such a critical part of the plans for many councils and should have their own risk management arrangements in place aligned to the Programme/Project Governance arrangements. Significant projects and/or risks should be escalated as required.	These risks will be specific to the major project in question, and could involve shifting requirements, budget overspend, slippage in delivery timeframes, failure to deliver.

Our approach to risk management is proportionate to the type of risk, decision being made or the impact of changes to service delivery/ strategies. Our risk management arrangements enable us to manage uncertainty in a systematic way at all levels of the council's business.

All key decisions presented to Cabinet must clearly show the key risks and opportunities associated with the decision/recommendations, the potential impact and how these will be managed. This helps promote informed decision making, particularly in an environment of uncertainty and change.

Risk Assessment

It is important that the organisation uses the same methodology to calculate risk to ensure that Buckinghamshire Council has an accurate overview of the risks that are posed. The risks are scored using two criteria scales that are then multiplied together to produce a total score by which the risk is assessed. The two criteria used are the Likelihood of an event occurring and the Impact that event could have. The criteria and methodology are set out in Appendix 2.

Identifying and ranking risks is important but the key element thereafter is to determine the strategy for managing them. The following table provides guidance on the level of management intervention that is likely to be necessary or appropriate.

Colour	Risk Assessment Score	Management Action	Risk Control
Green	Very Low 1-3	Acceptable risk; No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals.	Tolerate/Accept or Treat and Control.
Green	Low 4-6	Acceptable risk; No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals.	Tolerate/Accept or Treat and Control.
Yellow	Moderate 7-12	A risk at this level may be acceptable; If not acceptable, existing controls should be monitored or adjusted; No further action or additional controls are required.	Tolerate/Accept or Treat and Control
Amber	High 13-20	Not normally acceptable; Efforts should be made to reduce the risk, provided this is not disproportionate; Determine the need for improved control measures.	Treat, Tolerate or Transfer.
Red	Extreme 21-30	Unacceptable; Immediate action must be taken to manage the risk; A number of control measures may be required.	All options can and should be considered.

4. Roles and Responsibilities

The Council recognises that it is the responsibility of all members and officers to have due regard for risk in performing their duties, and that they should not be afraid of identifying a risk or feel that identifying a risk is a failure or that we should try to eliminate risk unduly. To ensure risk management is effectively implemented, all Buckinghamshire Council members and officers should understand the Council's risk management approach and embed risk management as part of their day to day activities.

At Buckinghamshire Council, specific responsibilities with regards to risk are:

Who	Responsibilities
Audit and Governance (A&G) Committee	<p>Ensure that risk management and assurance frameworks are in place that are adequate and effective.</p> <p>Approve the Risk Management Strategy; receive regular reports on strategy (via Risk Management Group); receive reports on assurance frameworks and compliance with key corporate controls.</p>
Risk Management Group (RMG)	<p>Oversee and challenge risk management and assurance frameworks.</p> <p>Receive updates on key risks & actions; receive assurances on effectiveness of risk management.</p>
Corporate Management Team (CMT)	<p>Adopt and promote the Risk Management Strategy, ensuring the Council manages risks effectively.</p> <p>Identify, manage & monitor strategic risks; receive quarterly reports on compliance with key corporate controls from Head of Business Assurance.</p>
Officer Risk Champions	<p>Assist with raising risk management profile; promote risk management strategy; ensure that risks are reported and escalated in line with the Directorate Reporting and Escalation process.</p>
Business Assurance Function	<p>Define Risk Management Strategy, toolkit etc.; monitor & report on management of risks and escalate as required; report to CMT/RMG/A&G committee.</p> <p>Monitor compliance with key corporate controls and report to CMT/A&G committee.</p>
Professional Leads	<p>Confirmation that the application of professional standards and Council policy is compliant in the design of key corporate controls within Service Area/Directorate; monitor compliance with these key controls and report regularly to Head of Business Assurance.</p>

Directors and Managers	<p>Ensure that effective risk management arrangements are in place in their areas of responsibility to ensure the Council’s exposure is at an acceptable level.</p> <p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p> <p>Identify, manage and monitor risks within Directorate; report and escalate risks in accordance with strategy.</p> <p>Monitor compliance with key corporate controls and report exceptions to relevant Professional Lead.</p> <p>Provide feedback to Officers on escalation/de-escalation decisions.</p>
Directorate Boards	<p>Manage risk effectively in their role and report risks as appropriate in accordance with procedures. Provide feedback to Officers on escalation/de-escalation decisions in line with the Directorate Reporting and Escalation process.</p>
All members and officers	<p>Identify risks and contribute to their management as appropriate. Manage risk effectively in their role and report risks as appropriate in accordance with procedures.</p>

This can be summarised as follows:



5. Risk Reporting and Escalation

Each Directorate is responsible for implementing its own risk reporting and escalation framework. The purpose of having a framework in place is to provide assurance that key risks within the Directorate are being identified, monitored and managed as effectively and robustly as possible. The benefits of better quality risk information and a robust risk reporting and escalation framework are:

- Reduced risk 'noise' allowing for greater focus on major/critical risks by Directorate Boards;
- A culture of no surprises with early warning signs;
- More informed decision making;
- Greater business intelligence - objectives met without delay; and
- Greater understanding of roles and responsibilities allowing officers to take opportunities to improve service delivery in a measured way.

The Council's corporate risk management system will support frameworks as it will hold the risk information as well as allow for easy reporting and escalation.

Risks should be reported regularly to the relevant Directorate Board, CMT and the Risk Management Group.

There should be a forward plan of risk reporting which should include 'themed' risk reporting alongside the regular review of risks to give better visibility and greater understanding of the risk profile. This should be complemented with a 'deep dive' session undertaken once or twice a year.

6. Culture, Awareness and Training

To ensure risk management is effectively implemented, all Buckinghamshire Council Members and officers should have a level of understanding of the Council's risk management approach and regard risk management as part of their responsibilities. Managing risk should be firmly embedded in everyone's thinking, behaviours and actions.

Having developed a robust approach and established clear roles and responsibilities and reporting lines, it is important to provide Members and officers with the knowledge and skills necessary to enable them to manage risk effectively.

A range of training methods are being developed to meet the needs of the organisation and include:

- Formal risk management training
- E-learning
- Risk workshops

Appendix 1 – Risk Appetite Matrix

Risk levels	0 Avoid Avoidance of risk and uncertainty is a Key Organisational objective	1 Minimal (as little as reasonably possible) Preference for ultra-safe delivery options that have a low degree of inherent risk and only for limited reward potential	2 Cautious Preference For safe delivery options that have a low degree of inherent risk and may only have limited potential for reward	3 Open Willing to consider all potential delivery options and choose while also providing an acceptable level of reward (and VfM)	4 Seek Eager to be innovative and to choose options offering potentially higher business rewards (despite greater inherent risk)	5 Mature Confident in setting high levels of risk appetite because controls, forward scanning and responsiveness systems are robust
Key elements						
Financial/ Value for Money (VfM)	Avoidance of financial loss is a key objective. We are only willing to accept the low-cost option as VfM is the primary concern.	Only prepared to accept the possibility of very limited financial loss if essential. VfM is the primary concern.	Prepared to accept possibility of some limited financial loss. VfM still the primary concern but willing to consider other benefits or constraints. Resources generally restricted to existing commitments.	Prepared to invest for return and minimise the possibility of financial loss by managing the risks to a tolerable level. Value and benefits considered (not just cheapest price). Resources allocated to capitalize on opportunities.	Investing for the best possible return and accept the possibility of financial loss (with controls may in place). Resources allocated without firm guarantee of return – ‘Investment capital’ type approach.	Consistently focused on the best possible return for stakeholders. Resources allocated in ‘social capital’ with confidence that process is a return in itself.
Compliance/ Regulatory	Play safe; avoid anything which could be challenged, even unsuccessfully.	Want to be very sure we would win any challenge. Similar situations elsewhere have not breached compliances.	Limited tolerance for sticking our neck out. Want to be reasonably sure we would win any challenge.	Challenge would be problematic, but we are likely to win it and the gain will outweigh the adverse consequences.	Chances of losing any challenge are real and consequences would be significant. A win would be a great coup.	Consistently pushing back on regulatory burden. Front foot approach informs better regulation.
Innovation/ Quality/ Outcomes	Defensive approach to objectives – aim to maintain or protect, rather than to create or innovate. Priority for tight management controls and oversight with limited devolved decision taking authority. General avoidance of systems/ technology developments.	Innovations always avoided unless essential or commonplace elsewhere. Decision making authority held by senior management. Only essential systems / technology developments to protect current operations.	Tendency to stick to the status quo, innovations in practice avoided unless necessary. Decision making authority generally held by senior management. Systems / technology developments limited to improvements to protection of current operations.	Innovation supported, with demonstration of commensurate improvements in management control. Systems / technology developments used routinely to enable operational delivery. Responsibility for non-critical decisions may be devolved.	Innovation pursued – desire to ‘break the mould’ and challenge current working practices. New technologies viewed as a key enabler of operational delivery. High levels of devolved authority – management by trust rather than tight control.	Innovation the priority – consistently ‘breaking the mould’ and challenging current working practices. Investment in new technologies as catalyst for operational delivery. Devolved authority – management by trust rather than tight control is standard practice.
Reputation	No tolerance for any decisions that could lead to scrutiny of, or indeed attention to, the organisation. External interest in the organisation viewed with concern.	Tolerance for risk taking limited to those events where there is no chance of any significant repercussion for the organisation. Senior management distance themselves from chance of exposure to attention.	Tolerance for risk taking limited to those events where there is little chance of any significant repercussion for the organisation should there be a failure. Mitigations in place for any undue interest.	Appetite to take decisions with potential to expose the organisation to additional scrutiny/interest. Prospective management of organisation’s reputation.	Willingness to take decisions that are likely to bring scrutiny of the organisation but where potential benefits outweigh the risks. New ideas seen as potentially enhancing reputation of organisation.	Track record and investment in communications has built confidence by public, press and politicians that organisation will take the difficult decisions for the right reasons with benefits outweighing the risks.
RISK APPETITE	NONE	LOW	MODERATE	HIGH	VERY HIGH	

Appendix 2 – Risk Methodology

Risk Scoring Matrix

Impact	5	Severe	5	10	15	20	25	30
	4	Significant	4	8	12	16	20	24
	3	Moderate	3	6	9	12	15	18
	2	Minor	2	4	6	8	10	12
	1	Minimal	1	2	3	4	5	6
Score			Extremely Unlikely	Unlikely	Less Likely	Likely	Very Likely	Extremely Likely
			1	2	3	4	5	6
			Likelihood					

1-3	Very Low	Acceptable risk; No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals.
4 - 6	Low	Acceptable risk; No further action or additional controls are required; Risk at this level should be monitored and reassessed at appropriate intervals.
7 – 12	Moderate	A risk at this level may be acceptable; If not acceptable, existing controls should be monitored or adjusted; No further action or additional controls are required.
13 - 20	High	Not normally acceptable; Efforts should be made to reduce the risk, provided this is not disproportionate; Determine the need for improved control measures.
21 - 30	Extreme	Unacceptable; Immediate action must be taken to manage the risk; A number of control measures may be required.

Capacity to Manage	Description
Full	All reasonable steps have been taken to mitigate the risk and are operating effectively. The cost / benefit considerations on implementing additional controls have been considered and no additional actions are proposed.
Substantial	There are sound arrangements to manage the risk with some scope for improvement. Arrangements have had a demonstrable impact in reducing either the likelihood or consequence of the risk.
Moderate	There are a number of areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
Limited	There are significant areas for improvement in arrangements that would help to demonstrate effective and consistent management of the risk.
None	There is a lack of clear arrangements in mitigation of the risk.

Score	Level	Service Delivery / Performance	Political / Reputation	Health and Safety	Technology / Data Protection	Financial	Legislation / Regulatory
1	Minimal	Minimal service disruption in non-critical area of service for brief period (hours).	Contained within service area. Complaint from individual / small group / single supplier. No press interest. Minor delay in member objectives	Minimal injury or discomfort to an individual. Failure to report notifiable incident to the HSE.	Isolated individual personal detail compromised / revealed.	Costing <£1m.	Minimal delay in inability to meet standards required by national regulatory organisations and statutory government standards agencies.
		Commercial Plan Outcomes/ Objectives delayed by less than 1 month.	Complaint from an individual to a member or internal complaint from a member. Minor change to political landscape.		Minimal technological failure / security breach with minimal impact on day-to-day service delivery.		Minimal disruption to our ability to fulfil statutory duties for a number of hours.
2	Minor	Minor effect to an important service area for a short period (days).	Adverse local publicity / local public opinion aware. Lowered perception/standing with local suppliers.	Injury causing loss of working time to an individual. HSE Investigation leads to improvement notice served or threat of prosecution.	Some individual personal details compromised / revealed.	Costing = £1m to <£2.5m.	Minor delay in inability to comply with standards required by national regulatory organisations and statutory government standards agencies.
		Commercial Plan Outcomes/ Project / Objective fails to deliver on 1 important aspect. Delayed by up to 3 months.	Complaint or petition from a local group / delay to member objectives. Moderate change to political landscape.		Minor technological failure / security breach to the organisation's ICT assets impacting on the day-to-day delivery of services.		Minor disruption to our ability to fulfil statutory duties for a short period (days).
3	Moderate	Moderate service disruption of an important service area for a period of up to a week.	Adverse national media interest and/or adverse publicity in professional/municipal press. Adverse local publicity of a major and persistent nature. Lowered perception/standing with national suppliers / professional / local government community.	Serious injury sustained by one or more individuals. Prohibition Notice served by the HSE that closes a key facility.	Many individual personal details compromised/ revealed	Costing = £2.5m to <£5m	Moderate delay / inability to comply with basic standards required by national regulatory organisations and statutory government standards agencies.
		Commercial Plan Outcomes/ Major Project / Objective fails to deliver several key benefits. Delayed by 3-6 months.	Moderate criticism from local government community. Significant delay in member objectives. Significant change in political landscape.		Large technological failure / security breach with a significant impact on the organisation's ICT assets essential for the day-to-day operation of critical services.		Moderate disruption to our ability to deliver statutory duties for a prolonged period to the detriment of vulnerable people across Buckinghamshire (weeks).
4	Significant	Significant service disruption, across several important areas of service for protracted period.	Adverse and persistent national media coverage. Adverse central government response, threat of removal of delegated powers. Public Enquiry. Officer(s) and/or Member(s) forced to resign. Council blacklisted by suppliers.	Serious permanent disablement of individual or several people. Prosecution under Corporate Manslaughter Act.	All personal details compromised/ revealed.	Costing = £5m to < £10m	Significant failure to comply with required standards set out by national regulatory organisations and statutory government standards agencies.
		Commercial Plan Outcomes/ Complete failure of business critical project / objective. Delayed by over 6 months.	Significant and persistent criticism from central government. Major delay in member objectives. Major change in political landscape.		Significant technological failure / security breach with a detrimental impact on the organisation's ICT assets essential for the day-to-day operation of critical services.		Complete failure to deliver a statutory duty to the detriment of vulnerable people across Buckinghamshire.
5	Severe	Complete service failure across all critical areas of service for protracted period.	Adverse and persistent international media coverage. Adverse central government response, threat of removal of delegated powers. Public Enquiry. Officer(s) and/or Member(s) forced to resign. Council blacklisted by suppliers.	Death of an individual or several people. Prosecution under Corporate Manslaughter Act.	All personal details compromised/ revealed and exposed to groups undertaking fraudulent activity.	Costing = £10m & over	Severe failure to comply with mandatory standards set out by national regulatory organisations and statutory government standards agencies.
		Complete failure to deliver Commercial Plan Outcomes/ business critical project / objective. Delayed by over 12 months.	Condemning criticism from central government. Complete failure to meet member objectives. Catastrophic change in national/international political landscape.		Severe and prolonged complete technological failure / full security breach with a detrimental impact on the organisation's ICT assets essential for the day-to-day operation of critical services.		Complete failure to deliver a statutory duty to the detriment of vulnerable people across Buckinghamshire for a protracted period.



Report to Audit and Governance Committee

Date:	22 June 2021
Title:	Internal Audit Charter
Relevant councillor(s):	N/A
Author and/or contact officer:	Maggie Gibb, Head of Business Assurance (& Chief Auditor)
Ward(s) affected:	N/A
Recommendations:	To approve the Internal Audit Charter
Reason for decision:	N/A

1. Executive summary

1.1 The purpose of the report is to present the Internal Audit Charter for approval.

2. Content of report

1.2 The Public Sector Internal Audit Standards (PSIAS), which took effect from the 1 April 2013, provide a consolidated approach across the whole of the public sector providing continuity, sound corporate governance and transparency. The Standards require all Internal Audit activities to implement and retain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the Internal Audit activity's purpose, authority and responsibility.

1.3 The Internal Audit Charter has been presented to, and agreed by, the Audit Board (S151, Monitoring Officer and Director for Legal and Democratic Services).

3. Other options considered

3.1 N/A.

4. Legal and financial implications

4.1 None.

5. Corporate implications

5.1 None.

6. Local councillors & community boards consultation & views

6.1 N/A

7. Communication, engagement & further consultation

7.1 N/A.

8. Next steps and review

8.1 The Internal Audit Charter is subject to review on an annual basis, with the next review scheduled for June 2022.

9. Background papers

None

10. Your questions and views (for key decisions)

10.1 If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone 01296 382343 or email democracy@buckinghamshire.gov.uk.



Buckinghamshire Council

INTERNAL AUDIT CHARTER

Head of Business Assurance (& Chief Internal Auditor)

Date: 10th June 2021

Next review: June 2022

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS), which took effect from the 1 April 2013, provide a consolidated approach across the whole of the public sector providing continuity, sound corporate governance and transparency. The PSIAS require all Internal Audit activities to implement and retain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the Internal Audit activity's purpose, authority and responsibility.
- 1.2 The Internal Audit Charter will be subject to approval by the Audit and Governance Committee on an annual basis to ensure that it is up-to-date and in line with the PSIAS requirements, which are subject to external validation within a five-year operating period.

2. Purpose

- 2.1 The role of Internal Audit is best summarised through its definition within the PSIAS, as an:
- 'independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.*

3. Authority

- 3.1 The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:
- 'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.*
- 3.2 The standards for 'proper practices' in relation to Internal Audit are laid down in the PSIAS (updated 2017).

4. Responsibility

- 4.1 There is a statutory requirement under Section 151 of the Local Government Act 1972 for the Council to establish a clear framework for the proper administration of the authority's financial affairs. The Council has delegated this responsibility to the Director of Corporate Finance. The S151 Officer relies, amongst other sources, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.
- The Chief Internal Auditor is responsible for effectively managing the internal audit activity in accordance with the *'Definition of Internal Auditing'*, the *'Code of Ethics'* and *'the PSIAS'*.
- 4.2 Accountability for responding to Internal Audit reports and advice lies with Senior Management. The Chief Internal Auditor must be satisfied that Senior Management accept accountability for and provide an adequate response to issues raised through Internal Audit's work. When the Chief Internal Auditor is not satisfied, the matter will be escalated to the Board and relevant Corporate Management Team (CMT) members or Audit and Governance Committee, as appropriate.

5. Definitions

- 5.1 For the purposes of this charter, the following definitions shall apply in line with the duties laid out in the PSIAS:

Chief Audit Executive – is the person in a senior position responsible for effectively managing the Internal Audit activity in accordance with the Internal Audit Charter and the mandatory elements of the International Professional Practices Framework. In Buckinghamshire Council the Chief Internal Auditor is the designated 'Chief Audit Executive'.

The Board - the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. For Buckinghamshire Council this shall mean the Audit and Governance Committee. Buckinghamshire Council has put in place a sub-group of the board referred to as the Audit Board which comprises of the Monitoring Officer, Section 151 Officer and Chief Internal Auditor charged with directing and/or overseeing the activities and management relating to Internal Audit.

Senior Management – those charged with responsibility for the leadership and direction of Buckinghamshire Council, this shall mean members of CMT which comprises the Chief Executive and Corporate Directors, including the Monitoring Officer and Section 151 Officer.

6. Position in the Organisation

- 6.1 The Chief Internal Auditor reports functionally to the Audit and Governance Committee, and organisationally to the Director of Corporate Finance (and Chief Finance (S151) Officer) who has statutory responsibility under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper finance administration of the Council's affairs.
- 6.2 The Chief Internal Auditor has direct access to the Chief Executive who carries the responsibility for the proper management of Buckinghamshire Council and for ensuring that the principles of good governance are reflected in sound management arrangements.
- 6.3 The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Monitoring Officer responsibility, legality and standards.
- 6.4 Where it is considered necessary to the proper discharge of the Internal Audit function, the Chief Internal Auditor has direct access to the Chairman (and other members as appropriate) of the Audit and Governance Committee.

7. Internal Audit Resources

- 7.1 The Chief Internal Auditor will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with members of the Board, Senior Management and other professionals.
- 7.2 The Director of Corporate Finance (and Chief Finance (S151) Officer) will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the Internal Audit opinion. Internal Audit must be adequately staffed in terms of numbers, qualification level and experience, having regard to its objectives and to the standards. All Internal Auditors will hold a professional qualification or be training towards a professional qualification. Resourcing may be supplemented by commissioning additional audit capacity if the S151 Officer or Chief Internal Auditor feels it appropriate.

- 7.3 The Chief Internal Auditor will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the Annual Internal Audit Strategy and Plan.
- 7.4 The Internal Audit Strategy and Plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources. Such proposals will be presented for agreement to the Audit Board and approval from the Audit and Governance Committee.
- 7.5 Senior Management and the Audit Board will be advised where, for whatever reason, Internal Audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process. The Annual Internal Audit Strategy and Plan will be submitted to Senior Management, the Audit Board and the Audit and Governance Committee for approval. The Chief Internal Auditor will be responsible for delivering the plan.
- 7.6 The plan will be kept under review to ensure it remains responsive to the changing priorities and emerging risks. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Board, Senior Management and the Audit and Governance Committee as appropriate.

8. Independence and Objectivity

- 8.1 Internal Audit will be sufficiently independent of the activities they audit to enable them to perform their duties in a manner that facilitates impartial, unbiased and effective professional judgements and advice.
- 8.2 Internal Auditors will have no direct operational responsibility or authority over any of the activities audited within Buckinghamshire Council. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair Internal Audit's judgement. Internal Auditors will not undertake audits for at least two years in an area where they have had previous operational roles and/or undertaken consulting activity. Internal Audit will therefore ensure that any potential conflicts of interest are recognised and addressed through the planning and resourcing process.
- 8.3 Internal Auditors must display the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or processes being examined.
- 8.4 If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to Senior Management and the Audit Board. The nature of the disclosure will depend upon the impairment.
- 8.5 The Chief Internal Auditor will confirm to the Audit and Governance Committee, at least annually, the organisational independence of the internal audit activity as part of the Annual Report.

9. Due Professional Care

9.1 The Council's Internal Audit activity will conform to standards and guidance contained in the PSIAS. The PSIAS encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework which include:

- the Definition of Internal Auditing;
- the Core Principles;
- the Code of Ethics; and
- the International Standards for the Professional Practice of Internal Auditing.

9.2 Internal Auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported to the Chief Internal Auditor.

9.3 In carrying out their duties, Internal Audit (subject to the appropriate vetting and security requirements for access and on production of identification) shall have unrestricted access to all records (documentary and electronic), assets and premises, belonging to the Council or its key delivery partner organisations. Internal Auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of Internal Audit work will not be used to effect personal gain. Internal Audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand and not subject to prior notice.

10. Scope of Internal Audit Activities

10.1 Annually, the Chief Internal Auditor will submit to the Audit and Governance Committee the Annual Internal Audit Strategy and Plan for review and approval prior to the commencement of the financial year. The Chief Internal Auditor will communicate the impact of resource limitations and significant interim changes to the Audit Board and the Audit and Governance Committee.

10.2 The Annual Internal Audit Strategy and Plan will be developed based on a prioritisation of the audit universe and reference to the Strategic Risk Register. The plan is also informed through discussion with Senior Management including the Chief Executive, Corporate Directors, S151 and Monitoring Officers. Prior to submission to the Audit and Governance Committee for approval, the plan will be discussed with the Audit Board and Senior Management. The audit plan is dynamic in nature and will be reviewed and realigned on a regular basis to take account of new, emerging and changing risks and priorities. Quarterly meetings with the Corporate/Service Directors are scheduled to ensure the plan is kept under continuous review. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

10.3 A range of Internal Audit services are provided (Annex 1) to form the annual opinion. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisations success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

- 10.4 Internal Audit may perform consulting and advisory services related to governance, risk management and control as appropriate for the organisation. It may also evaluate specific operations at the request of the Board or Senior Management, as appropriate.
- 10.5 For each audit assignment, Internal Auditors will develop and document a plan including the objectives of the review, the scope, and timing and resource allocations. In planning the assignment, auditors will consider, in conjunction with the auditees, the objectives of the activity being reviewed, significant risks to the activity and the adequacy and effectiveness of the activity's governance, risk management and control processes.
- 10.6 Internal Audit will consult with the Council's external auditor and with other relevant inspection/assurance and review bodies, as required, in order to co-ordinate effort, ensure adequate coverage and minimise any duplication. The Chief Internal Auditor will meet regularly with the external auditors to consult on audit plans, discuss matters of mutual interest and to seek opportunities for cooperation in the conduct of audit work. The external auditors will have the opportunity to rely on the work of Internal Audit where appropriate.

11. Fraud and Corruption Responsibilities

- 11.1 The primary responsibility for the prevention and detection of fraud, corruption and theft rests with Senior Management.
- 11.2 Internal Audit is responsible for developing and implementing the Anti-Fraud and Corruption Strategy which is set out in the Council's Constitution. All suspicions of theft, fraud and irregularity should be reported to the Chief Internal Auditor, in accordance with the strategy. Internal Audit will investigate cases of suspected fraud and financial irregularities. In some cases, this may be delegated to the service itself following an assessment of risk and financial impact. All investigations will be monitored by Internal Audit, ensuring that all suspected and/or reported irregularities are dealt with promptly and in accordance with this strategy; and that action is identified to improve controls and reduce the risk of recurrence.
- 11.3 Internal Audit also facilitate Buckinghamshire Council's participation in the National Fraud Initiative (NFI), in which the Council's data is matched with data supplied from other Local Authorities and external agencies to detect potentially fraudulent activity.

12. Reporting and Monitoring

- 12.1 The PSIAS require the Chief Internal Auditor to provide an annual opinion, based upon and limited to the work performed, and on the overall adequacy and effectiveness of the organisation's systems of internal control which consist of a framework of governance, risk management and control. The annual report will incorporate as a minimum:
- the opinion;
 - a summary of the work that supports the opinion; and
 - a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

12.2 Organisational independence is achieved when the Chief Internal Auditor reports functionally to the Audit and Governance Committee, who will receive, challenge and monitor the following reports:

- Internal Audit Charter;
- Annual Audit Strategy and Plan;
- Internal Audit budget and resource plan;
- Progress in delivering the Annual Internal Audit Strategy and Plan;
- Internal Audit performance;
- Annual Internal Audit Opinion and Report; and
- Scope, form and results of internal and external assessments, as part of the quality management and improvement plan.

13. Provision of Assurance to Third Parties

13.1 The Council's Internal Auditors undertake Internal Audit and assurance activity for third parties, such as Buckinghamshire Fire & Rescue Service and local Academy Trusts.

13.2 The same principles detailed in this Charter will be applied to these engagements. In performing consulting engagements, Internal Audit will ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If Internal Audit develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.

14. Quality Assurance

14.1 The Internal Audit team will work to the PSIAS to maintain consistency in service provision. This requirement will be enforced through appropriate supervision and supervisory/management review of all audit working papers, action plans and audit reports.

14.2 Internal Audit will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity; and evaluates the activity's conformance with the Standards and application of the Code of Ethics. As such, the programme assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

14.3 The Chief Internal Auditor will communicate to senior management and the Audit and Governance Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing monitoring at least annually, internal assessments upon completion and external assessments conducted at least every five years. Disclosure will include:

- the scope and frequency of both internal and external assessments;
- the qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest;
- conclusions of assessors; and
- corrective action plans.

The results of the quality assurance improvement programme and progress against any improvement plans will be included in the Chief Internal Auditor's annual report.

ANNEX 1

Assurance Services

- a. **Risk based audit:** in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.
- b. **Developing systems audit:**
- the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and
 - programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- c. **Compliance audit:** in which a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations are assessed.
- d. **Quality assurance review:** The PSIAS requires that a quality assurance framework be established, which will include both internal and external assessment of the work of Internal Audit. The Chief Internal Auditor is responsible for providing periodically an internal quality assessment (IQA) on the internal audit activity as regards its consistency with the requirements of the PSIAS. This will be carried out through annual self-assessment using the checklist in the CIPFA Application Note. Results of these IQAs will be communicated to the Audit and Governance Committee through the annual report. External quality assessments (EQAs) will be conducted at least once every five years and may be a full external assessment or a self-assessment with independent validation in line with the PSIAS. These reviews will be commissioned in line with the PSIAS and the approach will be agreed by the Board with outcomes reported to the Board by the Chief Internal Auditor.
- e. **Follow-up:** The PSIAS also require the Chief Internal Auditor to establish a follow-up process to monitor and ensure management actions have been effectively implemented. This Internal Audit will facilitate the Council's monitoring of implementation of agreed management actions, reporting on progress quarterly to the Board and Senior Management. Individual follow-up assignments will be commissioned to review areas that receive a "Limited" assurance rating.
- f. **Fraud and irregularity investigations:** Managing the risk of fraud and corruption is the responsibility of management; Internal Audit will assist management in the effective discharge of this responsibility. Audit procedures alone cannot guarantee that fraud or corruption will be detected. Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption. It is the responsibility of Senior Management to promote awareness of and adherence to the Council's Anti-Fraud and Corruption Strategy. It is important that the Chief Internal Auditor is notified of all suspected or detected fraud, corruption or impropriety, to inform the annual audit opinion and the risk-based plan.
- g. **Advisory / consultancy services:** The PSIAS defines consulting services as follows:
"Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training".

Buckinghamshire Council's Internal Audit Strategy and Plan will clearly show items which fall within the definition of consulting services. The PSIAS requires that approval must be sought from the board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement (Standard 1130).

- h. Third party assurance:** the availability of objective assurance from other assurance providers will be considered in determining audit needs. Where Internal Audit needs to work with the Internal Auditors of other organisations, a practice which is expanding with the development of more organisational strategic partnerships, the roles and responsibilities of each party, as well as billing arrangements, will be clearly defined, agreed and documented prior to the commencement of work. Internal audit will also ensure awareness of and seek to place reliance on the work of other review bodies such as HMIC and HMRC, et cetera.

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Audit and governance committee draft work programme

Meeting date	Topic	Contributors	External presentation (Y/N)
22-Jun	Whistleblowing Policy. Anti-Fraud and Corruption Policy. Anti-Money Laundering Policy. External Audit Plan. Business Assurance Strategy (including Internal Audit Plan) 2021/ 2022 Risk Management Framework 2021/ 2022. Appointments to the Risk Management Group. Internal Audit Charter. Work programme.	Maggie Gibb Richard Ambrose	Iain Murray, Grant Thornton
28-Jul	Treasury Management Annual Report 2020/21. Contract Exemptions & Breaches. Risk Management Group update.	Julie Edwards Cael Sendell-Price Maggie Gibb Richard Ambrose	Arlington Close
29-Sep	Buckinghamshire Council Statement of Accounts 2020/ 2021. Buckinghamshire Council Annual Governance Statement 2020/ 2021. Buckinghamshire Council Annual Report of the Chief Auditor 2020/ 2021. Farnham Park accounts. Higginson Park Accounts. Risk Management Group update.	Hasina Shah Paul Earley Maggie Gibb Richard Ambrose	
30-Nov	Treasury Management mid-year update 2021/ 2022. Contract Exemptions & Breaches (6 month update). Risk Management Group update.	Julie Edwards Cael Sendell-Price Maggie Gibb Richard Ambrose	
25-Jan	Treasury Management Strategy 2022/ 2023. Risk Management Group update.	Julie Edwards Maggie Gibb Richard Ambrose	
22-Mar	Buckinghamshire Council final audit report 2021/ 2022. Audit and Governance Committee annual report to council. Audit and Governance Committee Review of Effectiveness. Risk Management Group update.	Maggie Gibb Richard Ambrose	
11-May	Risk Management Group update.	Maggie Gibb Richard Ambrose	
Tbc	Housing Fraud Strategy		

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