

To: All Members of the AUDIT COMMITTEE
(Other Members for Information)

When calling please ask for:

Amy McNulty, Democratic Services Officer
Policy and Governance

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Date: 22 February 2019

Membership of the Audit Committee

Cllr John Gray (Chairman)
Cllr Richard Seaborne (Vice Chairman)
Cllr Mike Band
Cllr Pat Frost

Cllr Jerry Hyman
Cllr Robert Knowles
Cllr Stephen Mulliner
Cllr Liz Townsend

Dear Councillors

A meeting of the AUDIT COMMITTEE will be held as follows:

DATE: MONDAY, 4 MARCH 2019

TIME: 7.00 PM

PLACE: COMMITTEE ROOM 1, COUNCIL OFFICES, THE BURYS,
GODALMING

The Agenda for the meeting is set out below.

Yours sincerely

ROBIN TAYLOR

Head of Policy and Governance

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NOTE FOR MEMBERS

Members are reminded that contact officers are shown at the end of each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.

AGENDA

1. **MINUTES**

To confirm the Minutes of the Meeting held on 5 November 2018 (to be laid on the table half an hour before the meeting).

2. **APOLOGIES FOR ABSENCE**

To receive apologies for absence.

3. **DISCLOSURE OF INTERESTS**

To receive from Members, declarations of interests in relation to any items included on the Agenda for this meeting, in accordance with the Waverley Code of Local Government Conduct.

4. **QUESTIONS BY MEMBERS OF THE PUBLIC**

The Chairman to respond to any questions received from members of the public of which notice has been duly given in accordance with Procedure Rule 10.

The deadline for receipt of questions is 5pm on Monday 25 February 2019.

5. **QUESTIONS FROM MEMBERS**

The Chairman to respond to any questions received from Members in accordance with Procedure Rule 11.

The deadline for receipt of questions is 5pm on Monday 25 February 2019.

6. **2017/18 CERTIFICATION LETTER** (Pages 7 - 10)

To receive the 2017/18 Certification Letter from Grant Thornton.

7. **2018/19 EXTERNAL AUDIT PLAN** (Pages 11 - 24)

To receive the 2018/19 External Audit Plan from Grant Thornton.

8. AUDIT COMMITTEE TERMS OF REFERENCE (Pages 25 - 32)

This report briefs the Audit Committee on the revised CIPFA Audit Committee Practical Guidance 2018, and recommends that draft revised terms of reference for the Audit Committee are brought to the next meeting of the Committee, following detailed consideration of the new guidance.

Recommendation

That the Audit Committee notes the publication of the 2018 CIPFA *Audit Committees: Practical Guidance for Local Authorities and Police*, and that a draft of revised terms of reference for the Audit Committee will be brought to the first meeting of the committee in the new Council year following detailed consideration of the updated guidance.

9. PROCESS AND DOCUMENTATION FOR SUPPLEMENTARY ESTIMATES
(Pages 33 - 40)

On 5 November 2018, the Audit Committee resolved that the Section 151 Officer and Head of Policy and Governance should produce a paper for the next meeting setting out the process and documentation required to support all future requests for supplementary estimates.

This report sets out the process and documentation to be used whenever a supplementary estimate is to be considered by the Executive or Full Council.

Recommendation

It is recommended that the Audit Committee:

- 1. Endorses the process set out within this report required to support all future requests for supplementary estimates;**
- 2. Agrees to recommend to Council that paragraph 4.27 within the Council's published Financial Regulations be revised as set out within Annexe 1; and**
- 3. Agrees to recommend to Council that the pro forma attached at Annexe 2 of this report be added to the Council's published Financial Regulations.**

10. ANNUAL GOVERNANCE STATEMENT (Pages 41 - 50)

The purpose of this report is for the Audit Committee to consider governance progress in relation to informing the Annual Governance Statement (AGS) for the year ended 31 March 2019.

Recommendation

It is recommended that the Audit Committee considers the draft Annual Governance Statement and provides comments to officers.

11. STATEMENT OF ACCOUNTS - ACCOUNTING POLICIES (Pages 51 - 52)

Local authorities in the United Kingdom are required to prepare their accounts in compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is developed each year by CIPFA/LASAAC (Local Authority Scotland Accounts Advisory Committee) and has effect for financial years commencing on or after 1 April each year.

Recommendation

It is recommended that the Audit Committee notes the position in relation to financial reporting standards.

12. INCOME AND DEBT COLLECTION POLICY (Pages 53 - 64)

To seek approval of a new Income and Debt Collection Policy which aims to achieve prompt collection of all sums of money owed to the council, whilst ensuring that a fair, proportionate and consistent approach is taken to the recovery of sums that are not paid when due.

Recommendation

It is recommended that the Audit Committee endorses the Income and Debt Collection Policy and recommends its adoption by Council.

13. REVISED ANTI-FRAUD AND CORRUPTION POLICY (Pages 65 - 136)

To obtain Committee endorsement of the revised policies enabling these to be adopted and published on the website and cascaded to all members of staff, members, partners, the Council's suppliers, thus reinforcing Waverley's stance of zero tolerance to Fraud and Corruption.

Recommendation

It is recommended that the Committee

- 1. endorses the revised policy; and**
- 2. recommends to Council that it be approved and that officers are instructed to cascade using suitable media to publicise these documents to the appropriate recipients.**

14. PROPOSED AUDIT PLAN FOR 2019-20 (Pages 137 - 150)

The Committee's terms of reference include provision for the Committee to approve the proposed Internal Audit Plan for 2019-20. This report presents the Draft Internal Audit Plan for 2019-20 and the Committee is invited to comment before the Plan is adopted. The plan has been drawn up by the Internal Audit Client Manager through consultation with Heads of Service Team and Management Board and completing a risk assessment of the audit universe of

the council's activities.

Recommendation

The Audit Committee is invited to comment and approve the draft Internal Audit Plan for 2019-20, as attached in Annexe 1.

15. PROGRESS ON THE INTERNAL AUDIT PLAN FOR 2018/19 (Pages 151 - 156)

The Committee's Terms of Reference include provision for the Committee to monitor and comment on the progress made in the achievement of the Internal Audit Plan. An update on the current position of the reviews in 2018-19 is presented.

Recommendation

It is recommended that the Committee

- 1. approves the deferral of the review to 2019/20**
- 2. notes the status of the 2018-19 Audit Plan as attached in Annexe 1.**

16. PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS (Pages 157 - 168)

To inform the Audit Committee of Senior Management's progress in implementing the recommendations raised by Internal Audit following a review in their service areas. This report will enable the Committee to consider what action is required in respect of those that are overdue or appear likely to be implemented later than the target date.

Recommendation

It is recommended that the Committee:

- 1. considers the information contained in Annexe 1 and, following discussion at the Audit Committee meeting, identifies any action it wishes to be taken.**
- 2. considers the Head of Service(s) justification for a change in the due date for the recommendations listed in Annexe 2 and agree an appropriate implementation date(s).**

17. FRAUD INVESTIGATION SUMMARY (Pages 169 - 174)

The report provides an update to the Committee on the progress made by Waverley Borough Council officers on the work being completed in investigating fraud, primarily focusing on Housing Tenancy fraud.

Recommendation

It is recommended that the Audit Committee notes the success of the housing fraud investigation activity with the results achieved and the improvements in processes to limit the opportunity for fraudulent housing tenancy practices to occur in the future.

18. STRATEGIC RISK REGISTER (Pages 175 - 210)

This report presents the Risk Management Policy and the Strategic Risk Register based on the Corporate Strategy 2018-2023 adopted in July 2018.

Recommendation

It is recommended that the Risk Management Policy be approved and risk register be reviewed and comments and observations be passed to officers.

19. COMMITTEE WORK PROGRAMME (Pages 211 - 212)

Recommendation

The Audit Committee is invited to note the recurrent annual work programme, attached.

20. EXCLUSION OF PRESS AND PUBLIC

To consider the following recommendation on the motion of the Chairman:

Recommendation

That pursuant to Procedure Rule 20 and in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item(s) on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s), there would be disclosure to them of exempt information (as defined by Section 1001 of the Act) of the description specified in the appropriate paragraph(s) of the revised Part 1 of Schedule 12A to the Local Government Act 1972 (to be identified at the meeting).

21. ANY OTHER ISSUES TO BE CONSIDERED IN EXEMPT SESSION

To consider any matters relating to aspects of any reports on this agenda which, it is felt, may need to be considered in exempt session.

**For further information or assistance, please telephone
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email at amy.mcnulty@waverley.gov.uk**

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Dear Graeme

Certification work for Waverley Borough Council for the year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by Waverley Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments Ltd (PSAA) took on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit subsidy claim for the financial year 2017/18 relating to subsidy claimed of £28.5 million.

We identified the following issues from our certification work which we wish to highlight for your attention:

- There were two errors identified from the extended testing carried out on this year's subsidy return, both of which recurred from 2016/17.
- There was also one new area where we identified errors (calculation of childcare allowance), however this error had no net effect on subsidy.

The extrapolated financial impact on the claim of these errors, which we have reported to the DWP, was insignificant compared to the total subsidy receivable.

Further details of these issues are included in Appendix A.

As a result of the errors identified, the claim was qualified, and we reported our findings to the DWP. The DWP may require the Council to undertake further work or to provide assurances on the errors we have identified.

The indicative fee for 2017/18 for the Council was based on the actual 2015/16 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by PSAA for the Council for 2017/18 was £15,557. This is set out in more detail in Appendix B.

Yours sincerely



Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£28,470,094	No	N/A	Yes	See below

Findings from certification of housing benefits subsidy claim

HRA Rent Rebates

In our initial testing we identified one case where the claimant's earned income was incorrectly assessed. The value of the resulting overpayment was £871. The extrapolated effect of this error on the claim was estimated to be £8,125.

In response to this error, the Authority performed 40+ testing on HRA Rent Rebates cases and checked that earned income was correctly assessed in each case. No further errors were identified. Similar findings have been reported in our qualification letters for the past two years.

Rent Allowances

Our initial testing identified one case where benefit had been underpaid as a result of the Authority miscalculating the claimant's weekly childcare allowance. The value of the resulting underpayment was £47, with no net impact on subsidy. In response to this error, the Authority performed 40+ testing on Rent Allowances cases and checked that childcare allowance was correctly assessed in each case. No further errors were identified.

In 2016/17 the Authority carried out 40+ testing in relation to a 2015/16 qualification issue. This testing identified one case where prior year LA error and administrative delay overpayment and prior year eligible overpayment were classified as current year eligible overpayments.

To address this issue in 2017/18 the Authority has carried out further 40+ testing. Testing of the 40+ sample identified one case where the Authority incorrectly classified £5 as current year eligible overpayment instead of current year LA error and administrative delay overpayment. As a result, cell 114 is overstated and cell 113 is understated. There is no effect on cell 94. The total extrapolated effect of this error is £270. Our initial testing in this area did not identify any similar errors.

Recommended actions for officers

We recommend that the Council, as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing.

Appendix B: Fees for 2017/18 certification work

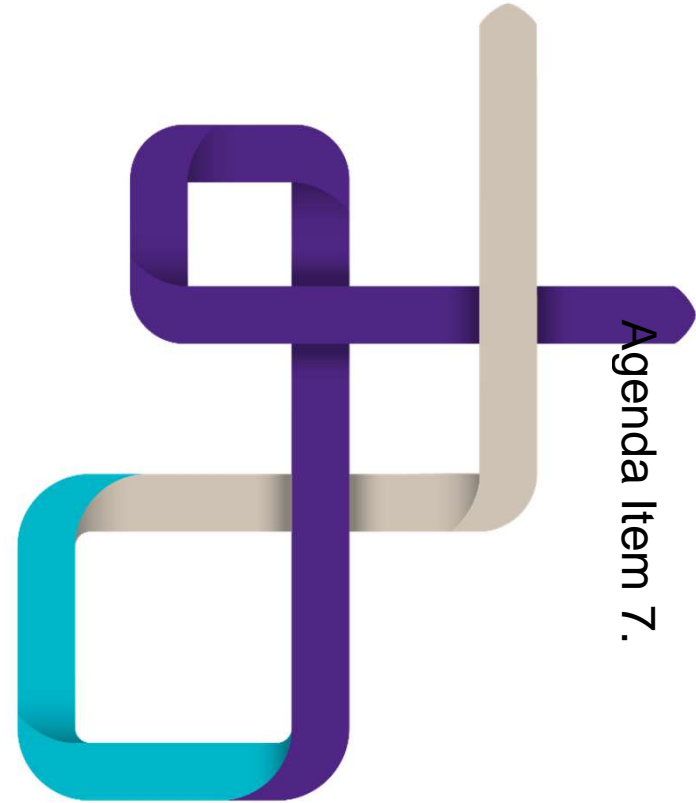
Claim or return	2015/16 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£15,557	£15,557	£15,557	£nil	Not applicable

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External Audit Plan

Year ending 31 March 2019

Waverley Borough Council
4 March 2019
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Waverley Borough Council ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Waverley Borough Council. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Authority and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is your responsibility to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based. We will be using our new audit methodology, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

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Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management Override of Controls
- Valuation of Plant, Property, and Equipment
- Valuation of the Net Pension Fund Liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1,795k (PY £1,579k), which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to you. The threshold for matters which are clearly trivial has been set at £90k (PY £79k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:

- The Council's financial position in the context of the wider uncertainty of local government finances.

Audit logistics

Our interim visits will take place between February and April 2019 and our final visit will take place in June and July 2019. Our key deliverables are this Audit Plan and our Audit Findings Report. A detailed timetable is set out on page 11.

Our fee for the audit will be £41,494 (PY: £53,888), subject to the meeting of our requirements set out on page 12.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Key matters impacting our audit

Key Matters

Financial pressures

Local Government funding continues to be stretched with increasing cost pressures and demand from residents, alongside reductions in central government funding. Waverley Borough Council is not able to rely on the Revenue Support Grant to fund its operations and is anticipating reduced net funding from Business Rates from 2020/21 onwards.

Your 2019/20 – 2021/22 Medium Term Financial Plan sets out an estimated medium-term budget shortfall of £3.8 million, equal to 36% of total net service cost by 2022/23. You plan to meet this shortfall by increasing council tax pursuing savings plans, and growing alternative revenue streams to supplement historical sources of income.

A balanced budget for 2019/20 has been proposed and this was approved in February 2019.

Brexit

You face the challenge of delivering services during significant political uncertainty on a national scale. With the UK due to leave the European Union on 29 March 2019, there will be national and local implications resulting from Brexit that will impact on you, which you will need to plan for.

You will need to review your arrangements and plans to mitigate risks arising from Brexit, including risks in areas such as workforce planning and supply chain analysis, as well as considering the impact on your finances, including investment and borrowing and any potential impact on the valuation of your assets.

Investment Strategy

The scale of investment activity, primarily in commercial property, has increased as local authorities seek to maximise income generation. These investments are often discharged through a company, partnership or other investment vehicle. Local authorities need to ensure that their commercial activities are presented appropriately, in compliance with the CIPFA Code of Practice and statutory framework, such as the Capital Finance Regulations. Where borrowing to finance these activities, local authorities need to comply with CIPFA's Prudential Code. A new version of his code was published in December 2017.

Your Investment Strategy involves an expansion of your portfolio of investments to support your priority of achieving value for money and to enhance your long term financial resilience.

Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model. As there is a minimal diversity in the financial instruments held by the entity, won't be hugely relevant.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of Waverley Borough Council and will review related disclosures in the financial statements.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

- We will consider your arrangements for managing and reporting your financial resources, including your progress on health integration or use of investment vehicles as part of our work in reaching our Value for Money conclusion.

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Audit Scope	Risks identified	Planned audit approach
Waverley Borough Council	Yes	Comprehensive	<ul style="list-style-type: none"> See pages 6-7 	Full scope UK statutory audit performed by Grant Thornton UK LLP
Shottermill Recreation Ground Trust	No	Targeted	<ul style="list-style-type: none"> Property, plant and equipment (PPE) revaluation measures not correct Recorded cash at bank not valid 	Specific (targeted) procedures to be performed by Grant Thornton UK
The Bequest of Joseph Ewart	No	Targeted	<ul style="list-style-type: none"> Recorded cash at bank not valid 	Specific (targeted) procedures to be performed by Grant Thornton UK

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Key changes within the group:

- None noted.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Fraud in revenue recognition (rebutted)</p> <p>This is a presumed risk under ISA (UK) 240.</p>	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Waverley Borough Council, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Waverley Borough Council.</p>	<p>As this presumed risk has been rebutted, there is no need to set out a proposed response to the risk.</p>
<p>Management override of controls</p> <p>This is a presumed risk under ISA (UK) 240.</p>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. You face external scrutiny of your spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of property, plant and equipment	<p>You revalue your land and buildings on a rolling 5-year basis to ensure that carrying value is not materially different from fair value. Certain assets are also revalued more regularly (e.g. Investment Properties). All assets not formally revalued will be revalued using an uplift percentage.</p> <p>This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> Review management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; Consider the competence, expertise and objectivity of valuations experts used; Discuss with the valuer the basis on which the valuation is carried out and challenge the key assumptions; Review and challenge the information used by the valuer to ensure it is robust and consistent with our understanding; Test revaluations made during the year to ensure they are input correctly into your asset register; and Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
Valuation of pension fund net liability	<p>Your pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> Identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement; Evaluate the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out; Undertake procedures to confirm the reasonableness of the actuarial assumptions made; and Check the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

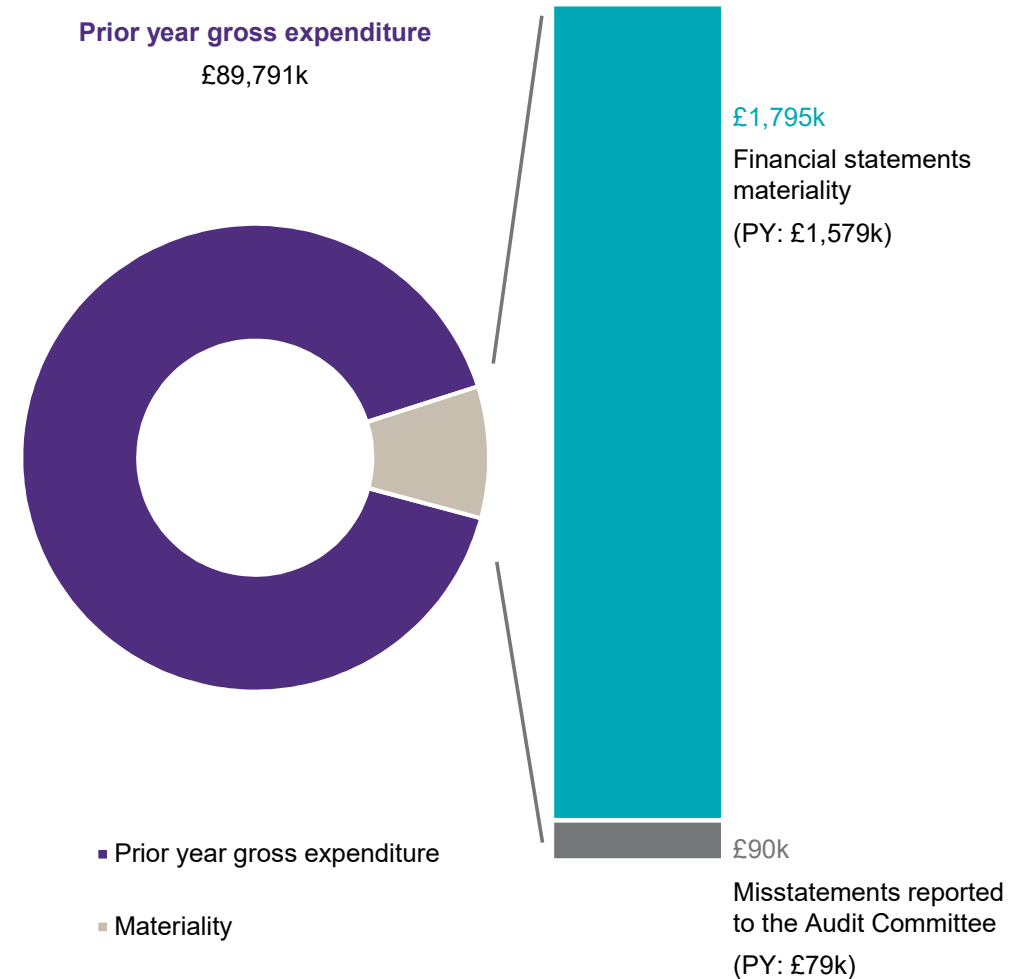
We have determined financial statement materiality based on a proportion of your gross expenditure for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1,795k (PY £1,579k), which equates to 2% of your prior year gross expenditure.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In your context, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £90k (PY £79k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



Value for Money arrangements

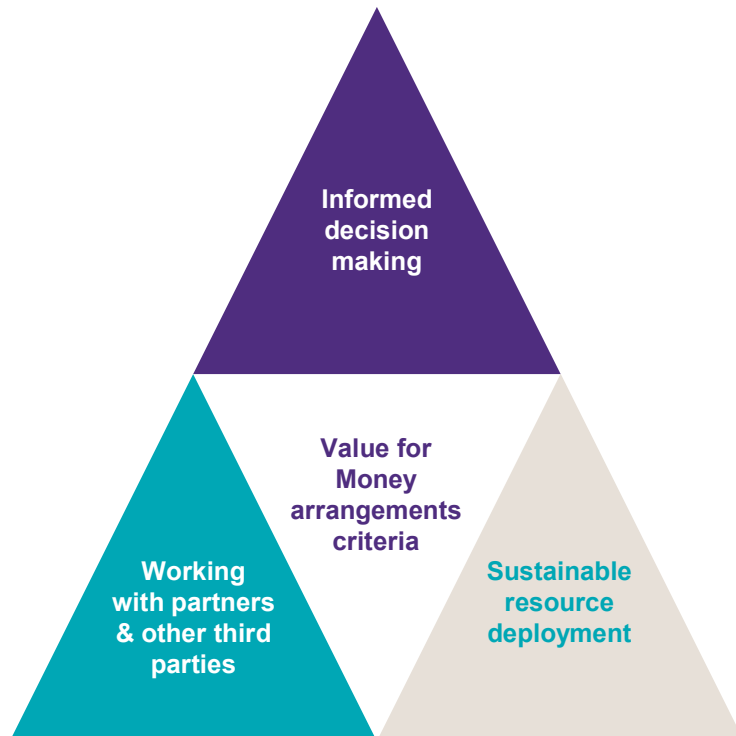
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether you have proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.



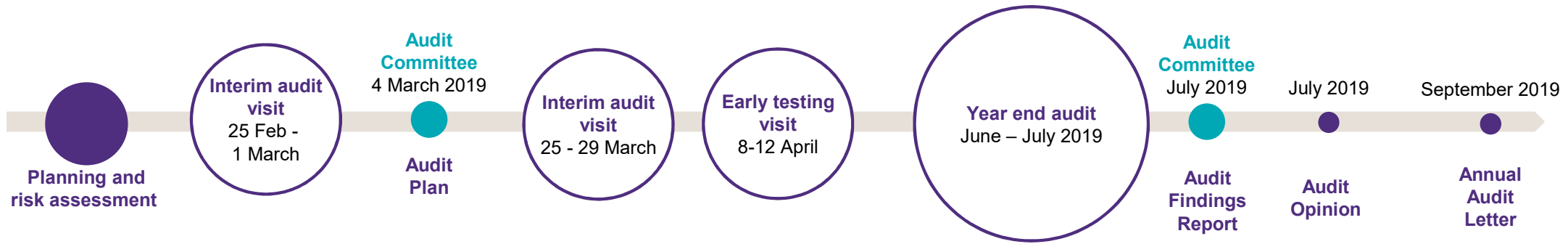
Financial Position

You set a challenging General Fund budget for 2018/19. At Month 6 you were on track for breakeven against planned levels of income and expenditure. A balanced budget for 2019/20 has been proposed and approved in February 2019. This budget includes an anticipated 2.99% increase in Council Tax and has been set in the context of the council's Medium Term Financial Plan.

Your 2019/20 – 2021/22 Medium Term Financial Plan sets out an estimated medium-term budget shortfall over the next three years. This shortfall has an estimated total value of £3.8 million by 2022/23, equal to 36% of total net service cost. You plan to meet this shortfall through increasing council tax, pursuing savings plans, and growing alternative revenue streams to replace historical sources of income.

We will update our understanding of your medium term financial strategy and review the supporting information trails and assumptions in forming our conclusion on your arrangements to secure Value for Money.

Audit logistics, team & fees



Page 21



Sarah Ironmonger, Engagement Lead

Sarah is responsible for overall quality control of the audit, issuing of accounts opinions, final authorisation of reports, and liaison with the Audit Committee.



Tom Beake, Engagement Manager

Tom is responsible for overall and day-to-day audit management, quality assurance of audit work and output, and liaison with management and the Audit Committee throughout the audit.

Audit fees

The planned audit fees are £41,494 (PY: £53,888) for the financial statements audit completed under the Code, which are in line with the scale fee published by PSAA. In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change.

Where additional audit work is required, we will consider the need to charge fees in addition to the audit fee on a case by case basis. Any additional fees will be discussed and agreed with management and require PSAA approval.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

In 2017/18 Waverley Borough Council successfully met the 31 July target.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 11). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations or where additional resources are needed to complete the audit we will not be able to maintain a team on site and we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified.

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Service	£	Threats	Safeguards
Housing Benefits Certification	10,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,500 in comparison to the total fee for the audit of £41,494, and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.
Certification of Pooling of Housing capital receipts Grant	2,800	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £2,800 in comparison to the total fee for the audit of £41,494, and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.
Independent Examinations of the Shottermill Recreation Ground Trust & Bequest of Joseph Ewart	4,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £4,000 in comparison to the total fee for the audit of £41,494, and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with your policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit. None of the services provided are subject to contingent fees.

None of the services provided are subject to contingent fees.



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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

4 MARCH 2019

Title:

AUDIT COMMITTEE TERMS OF REFERENCE

[Portfolio Holder: Cllr Julia Potts]

[Wards Affected: Not applicable]

Summary and purpose:

This report briefs the Audit Committee on the revised CIPFA Audit Committee Practical Guidance 2018, and recommends that draft revised terms of reference for the Audit Committee are brought to the next meeting of the Committee, following detailed consideration of the new guidance.

How this report relates to the Council's Corporate Priorities:

As a key component of the councils' governance arrangements, the Audit Committee has the potential to be a valuable resource to the whole authority, and adds value by supporting improvements to governance, decision-making, internal control and risk management. An effective Audit Committee therefore supports the delivery of all the Council's Corporate Priorities.

Equality and Diversity Implications:

There are no Equality and Diversity implications arising from this report.

Financial Implications:

There are no financial implications arising from this report.

Legal Implications:

Legal implications, if any, will be reported at the meeting.

Background

1. The Terms of Reference of the Audit Committee were last adopted by full Council at the meeting on 20 February 2018 and reflected the changes agreed by the Committee on 20 November 2017. The Terms of Reference should be reviewed by the Committee on a regular basis, to ensure that they remain relevant and reflect best practice.
2. Consideration of the 2018/19 Terms of Reference was deferred at the meeting on 25 September 2018 to enable the Chairman to formulate suggested amendments for the Committee to consider.
3. The Chairman has identified the following areas for potential amendments:

- a. Clarification of the rationale for which policies are considered by the Audit Committee rather than Overview and Scrutiny Committees.
 - b. In relation to Section 1, Corporate Governance, to include provision that, if the Committee has concerns regarding any of these areas, it may commission an investigation to be carried out by Internal Audit (in accordance with 3.6).
 - c. To include provision for the Committee to raise any concerns with the External Auditors (in the event that internal processes are not appropriate).
4. Following the Audit Committee on 5 November 2018, the Chairman and Vice-Chairman, and Chairman of Value for Money O&S Committee, met with the Head of Policy & Governance, Strategic Director and Head of Finance to discuss the Audit Committee terms of reference and differing perspectives on the role of the Audit Committee and the potential for over-lap with the role of Overview and Scrutiny.

Audit Committees: Practical Guidance for Local Authorities and Police, CIPFA, March 2018

5. CIPFA's *Practical Guidance for Local Authorities and Police 2018* on the function and operation of audit committees represents CIPFA's view of best practice for audit committees in local authorities throughout the UK. This document incorporates CIPFA's *Position Statement: Audit Committees in Local Authorities and Police (2018)* (attached at [Annexe 1](#)) which sets out the principles of good practice for audit committees and replaces the previous 2013 Position Statement.
6. The key changes in the CIPFA's latest guidance relate to the following areas:
 - a. in local authorities, be independent of both the executive and the scrutiny functions, and include an independent member where this is not already mandated by legislation;
 - b. additional guidance on how the Committee can oversee independence, objectivity and performance of Internal Audit and support the effectiveness of the internal audit process;
 - c. additional guidance on how the committee can support independence of the external auditor and monitor the external audit process.
7. The guidance document includes:
 - suggested terms of reference for local authority audit committees, which elaborate on the revised areas of the Position Statement;
 - commentary on the characteristics of good audit committees, and common areas of difficulty for audit committees; and
 - approaches to improvement and evaluating effectiveness.

Conclusion

8. The publication of the 2018 CIPFA *Practical Guidance for Local Authorities and Police* presents the opportunity to review the Audit Committee's role and functions from first principles, rather than merely amending the existing terms of reference incrementally. The *Guidance* endorses the inclusion of an independent member on the committee membership, which is a matter that requires careful consideration. The *Guidance* also considers how an audit committee can review and develop its own effectiveness, which are matters that it would be helpful to consider in the context of

the induction and ongoing development of the new Audit Committee following the elections in May 2019.

Recommendation

That the Audit Committee notes the publication of the 2018 CIPFA *Audit Committees: Practical Guidance for Local Authorities and Police*, and that a draft of revised terms of reference for the Audit Committee will be brought to the first meeting of the committee in the new Council year following detailed consideration of the updated guidance.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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Democratic Services Manager

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CIPFA's Position Statement: Audit Committees in Local Authorities and Police

The scope of this Position Statement includes all principal local authorities in the UK, the audit committees for PCCs and chief constables in England and Wales, and the audit committees of fire and rescue authorities.

- 1** Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- 2** The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.
- 3** Authorities and police audit committees should adopt a model that establishes the committee as independent and effective. The committee should:
 - act as the principal non-executive, advisory function supporting those charged with governance
 - in local authorities, be independent of both the executive and the scrutiny functions and include an independent member where not already required to do so by legislation
 - in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
 - have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups
 - be directly accountable to the authority's governing body or the PCC and chief constable.
- 4** The core functions of an audit committee are to:
 - be satisfied that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives
 - in relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and professionalism

- support the effectiveness of the internal audit process
 - promote the effective use of internal audit within the assurance framework
 - consider the effectiveness of the authority’s risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations
 - monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority’s exposure to the risks of fraud and corruption
 - consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control
 - support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
 - review the financial statements, external auditor’s opinion and reports to members, and monitor management action in response to the issues raised by external audit.
- 5 An audit committee can also support its authority by undertaking a wider role in other areas including:
- considering governance, risk or control matters at the request of other committees or statutory officers
 - working with local standards and ethics committees to support ethical values
 - reviewing and monitoring treasury management arrangements in accordance with [Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes](#) (CIPFA, 2017)
 - providing oversight of other public reports, such as the annual report.
- 6 Good audit committees are characterised by:
- a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. The political balance of a formal committee of a council will reflect the political balance of the council, however, it is important to achieve the right mix of apolitical expertise
 - a membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
 - a strong independently minded chair – displaying a depth of knowledge, skills and interest. There are many personal qualities needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - an interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime
 - unbiased attitudes – treating auditors, the executive and management fairly

- the ability to challenge the executive and senior managers when required.
- 7 To discharge its responsibilities effectively the committee should:
- meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
 - be able to meet privately and separately with the external auditor and with the head of internal audit
 - include, as regular attendees, the CFO(s), the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required
 - have the right to call any other officers or agencies of the authority as required, while recognising the independence of the chief constable in relation to operational policing matters
 - report regularly on its work to those charged with governance, and at least annually report an assessment of their performance. An annual public report should demonstrate how the committee has discharged its responsibilities.

Additional guidance to support those acting as audit committee members in local authorities can be found in CIPFA's publication *Audit Committees: Practical Guidance for Local Authorities and Police* (2018), available from www.cipfa.org.uk/publications

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

4 MARCH 2019

Title:

PROCESS AND DOCUMENTATION FOR SUPPLEMENTARY ESTIMATES

[Portfolio Holder: Cllr Ged Hall]

[Wards Affected: All]

Summary and purpose:

On 5 November 2018, the Audit Committee resolved that the Section 151 Officer and Head of Policy and Governance should produce a paper for the next meeting setting out the process and documentation required to support all future requests for supplementary estimates.

This report sets out the process and documentation to be used whenever a supplementary estimate is to be considered by the Executive or Full Council.

How this report relates to the Council's Corporate Priorities:

The Council's Corporate Strategy 2018-2023 says that the Council will be "open in our decision-making to create a culture of trust and confidence" and also that "we will plan carefully and invest wisely". A structured and transparent approach to making and documenting decisions related to supplementary estimates supports both commitments.

Equality and Diversity Implications:

None.

Financial Implications:

There are no direct financial implications from this report, however a robust, clear process will support effective financial management and transparency.

Legal Implications:

There are no direct legal implications arising from this report.

1. As set out within paragraph 4.27 of the Council's published Financial Regulations (agreed by Full Council in October 2018):

'A Supplementary Estimate is a request for additional unfunded budget that will increase the Council's overall budget and be funded from reserves. Supplementary Estimates up to £100,000 shall be approved by the Executive and, if over £100,000, Full Council.'

2. When the Executive or Full Council are asked to consider agreeing a Supplementary Estimate, they need to:

- (i) Consider why the need for funds, that were not identified or provided for within the Annual Budget and which cannot be found within existing budgets, has arisen;
 - (ii) Understand how much money is being requested and how it is proposed to be spent;
 - (iii) Assess whether or not the proposed supplementary estimate represents value for money, which will include noting and considering:
 - a. Any other options available to the Council that have been considered, including the control option of not taking any action;
 - b. The expected benefits agreeing the supplementary estimate; and
 - c. The expected risks, if any, of agreeing or refusing supplementary estimate;
3. The Council's Section 151 Officer's view on the supplementary estimate, including the above matters, will be set out, either within a stand alone report or as part of another budget report.
 4. Any manager wishing to propose a Supplementary Estimate, in the first instance needs to consider the issues set out at paragraph 2 above and submit their view to the Council's Section 151 Officer, or designate.
 5. Annexe 1 to this report sets out the proposed revisions to paragraph 4.27 of the Council's published Financial Regulations, including an advisory flow chart to support officers and councillors wishing to understand what supplementary estimates are and what needs to be considered before putting these to the Section 151 Officer and subsequently to Executive or Council as appropriate.
 6. Annexe 2 to this report sets out a new proposed pro forma to ensure a consistent approach is always taken and recorded.
-

Recommendation

It is recommended that the Audit Committee:

1. Endorses the process set out within this report required to support all future requests for supplementary estimates; and
 2. Agrees to recommend to Council that paragraph 4.27 within the Council's published Financial Regulations be revised as set out within Annexe 1; and
 3. Agrees to recommend to Council that the pro forma attached at Annexe 2 of this report be added to the Council's published Financial Regulations.
-

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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Supplementary Estimates

- 4.27 A Supplementary Estimate is a request for additional unfunded budget that will increase the Council's overall budget and be funded from reserves. Supplementary Estimates up to £100,000 shall be approved by the Executive and, if over £100,000, Full Council.
- 4.28 When the Executive or Full Council are asked to consider agreeing a Supplementary Estimate, they need to:
- (i) Consider why the need for funds, that were not identified or provided for within the Annual Budget and which cannot be found within existing budgets, has arisen;
 - (ii) Understand how much money is being requested and how it is proposed to be spent;
 - (iii) Assessing whether or not the proposed supplementary estimate represents value for money, which will include noting and considering:
 - a. Any other options available to the Council that have been considered, including the control option of not taking any action;
 - b. The expected benefits agreeing the supplementary estimate; and
 - c. The expected risks, if any, of agreeing or refusing supplementary estimate;
- 4.29 The Council's Section 151 Officer's view on the supplementary estimate, including the above matters, will be set out, either within a stand alone report or as part of another budget report.
- 4.30 Any manager wishing to propose a Supplementary Estimate, in the first instance, needs to complete the proforma set out at Annexe 2 and submit this to the Council's Section 151 Officer, or designate.

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Annexe 2 – Proposed new Annexe to be added to the Council’s published Financial Regulations

Your name / team
<u>Why</u> has the need for additional funds which cannot be met from existing budgets arisen?
<u>How much</u> money is being requested and what will it be spent on?
Value for Money Assessment
What <u>other options</u> have been considered (including doing nothing)?
What are the expected <u>benefits</u> will the planned expenditure bring?
What are the <u>risks</u>, if any, of agreeing or refusing the supplementary estimate?

Please complete this form and send it to XXX

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Annual Governance Statement 2018/2019

1. Introduction

The Council is committed to improving governance on a continuing basis through a process of evaluation and review in accordance with the Council's governance framework.

The Leader of Waverley Borough Council (the Council) (Cllr ???) and the Chief Executive (Tom Horwood) acknowledge responsibility for ensuring that there is a sound system of governance and internal control when managing and delivering the vision set out in the Corporate Strategy.

Each year the Council is required to produce an Annual Governance Statement (AGS) by the Accounts & Audit (England) Regulations 2015, to be published alongside the Statement of Accounts. The AGS is in accordance with Delivering Good Governance in Local Government: Framework (2016) issued by CIPFA/SOLACE. There were no changes to the legal framework or CIPFA guidance for 2018/2019.

The AGS describes how the corporate governance arrangements have been working and the effectiveness of the systems of internal control during the year. It also documents key changes and developments within the Council's governance framework during the financial year up to the date of approval of the Annual Financial Report.

This AGS was considered by the Audit Committee at its meeting on 22 July 2019.

2. What is Corporate Governance?

Corporate governance generally refers to the systems and processes by which organisations are directed, controlled, led and held to

account. Waverley's governance framework aims to ensure that in conducting its business it:

- operates in a lawful, open, inclusive and transparent manner;
- makes sure public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk; and
- secures continuous improvements in its governance.

The Council's framework brings together legislative requirements, good practice principles and management processes.

The Council's Corporate Governance is consistent with the principles set out in the Delivering Good Governance Framework. The principles are summarised below. Principles 1. and 2. have an overarching effect on the outcome of all other principles.



Annual Governance Statement 2018/2019

3. The Principles – A Summary

The Council aims to achieve good standards of governance by:
Principle 1 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
<ul style="list-style-type: none">• Having codes of conduct which define standards of behaviour for members and all staff, supported by more detailed policies for ethical values such as whistleblowing and conflicts of interest.• Ensuring compliance with relevant laws and regulations, internal codes, policies and procedures.• Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function.
Principle 2 - Ensuring openness and comprehensive stakeholder engagement.
<ul style="list-style-type: none">• Demonstrating, documenting and communicating the Council's commitment to openness and accountability in acting in the public interest.• Establishing clear channels of communication with the community and other stakeholders, and encouraging open consultation.• Ensuring an effective scrutiny function is in place.
Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
<ul style="list-style-type: none">• Developing and communicating a vision which specifies intended outcomes for residents and service users and is used as a basis for planning.
Principle 4 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
<ul style="list-style-type: none">• Translating the vision into courses of action for the Council, its partnerships and collaborations.• Reviewing the effectiveness of the decision-making framework, including delegation arrangements and robustness of information.• Quarterly performance monitoring of services and projects to ensure the Council achieves its agreed vision as planned.
Principle 5 - Developing the Council's capacity, including the capability of its leadership and the individuals within it.
<ul style="list-style-type: none">• Clearly defining the roles and responsibilities of members and officers, with protocols to ensure shared understanding of roles.• Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function.• Providing inductions, training and development to give all the appropriate skills, knowledge, and support to fulfil their roles and responsibilities.
Principle 6 - Managing risks and performance through robust internal control and strong public financial management.
<ul style="list-style-type: none">• Risk Management is an integral part of all activity and is considered in decision making in accordance with the Council's Risk Appetite.• Service delivery is monitored through financial management review and quarterly reporting to ensure service plan delivery is on target.• Internal controls are independently reviewed by Internal Audit when carrying out assessments of key activity areas.
Principle 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
<ul style="list-style-type: none">• Meetings and decisions are available on the Council's website along with other transparency information such as quarterly performance reviews.• Undertaking the core functions of an audit committee to provide good governance.• The Council provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

Annual Governance Statement 2018/2019

4. How do we know our arrangements are working?

Corporate Governance requires providing assurances on:

- Delivery of Corporate Strategy priorities
- Services being delivered economically, efficiently and effectively
- Management of risk
- Financial planning and performance
- Effectiveness of internal controls
- Community engagement and public accountability
- Shared service governance
- Project management and project delivery
- Procurement processes
- Roles and responsibilities of Members and Officers
- Standards of conduct and behaviour
- Training and development of Members and Officers
- Compliance with laws and regulations, internal policies and procedures
- Secure and comprehensive record keeping

The Council gains assurance through having:

- Constitution (including scheme of delegation)
- Democratic arrangements – Council, Executive, Scrutiny Committees, Audit Committee and Standards Panel
- Head of Paid Service, Monitoring Officer and S151 Officer
- Management Board and Heads of Service Team
- Corporate Strategy and service plans
- Medium Term Financial Strategy
- Financial Regulations
- Contract Procedure Rules
- Capital Strategy
- Performance management framework (regular reporting)
- Risk management framework
- Project management methodology
- Customer Service Strategy
- Complaints system
- HR policies and procedures
- Whistleblowing and other countering fraud arrangements
- Member and Officer training and development
- Internal and External audit scrutiny
- On-going review of governance
- External reviews and inspectorate reports
- Customer feedback
- Staff surveys
- Community consultations

Annual Governance Statement 2018/2019

5. The Council: How it works

All Councillors meet together as the Full Council six times a year. All meetings are open to public but occasionally some items subject to confidentiality rules are held in exempt.

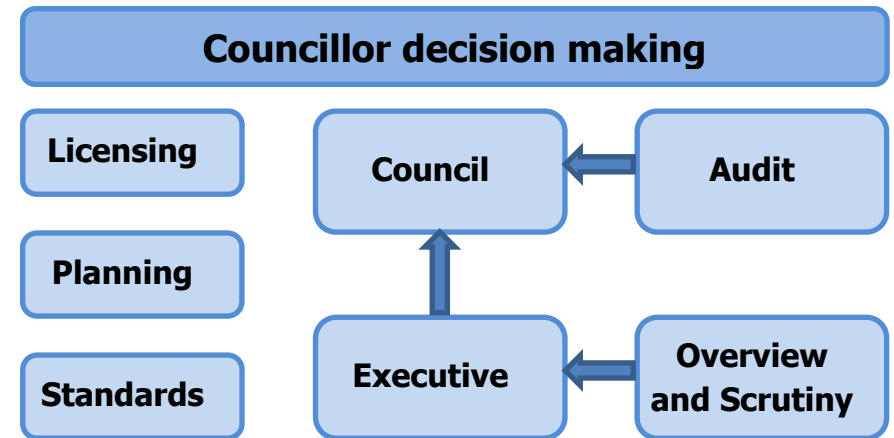
The conduct of the Council's business is defined by formal procedures and rules, which are set out in the Constitution. The Constitution also explains the roles and responsibilities of the Executive, Scrutiny and Officer functions.

The 'Scheme of Delegation' sets out the basis officers may take decisions under delegated authority. The Council also follows codes of Financial Management and Procurement and maintains a Code of Conduct for Councillors.

The Chief Executive is the Council's Head of Paid Service and is responsible for how the Council operates. He is assisted by the Management Board. The Council is required to appoint a Monitoring Officer whose role includes ensuring that decision making is lawful and fair.

The Council and its decisions are open and accessible. All reports requiring a decision are considered by appropriately qualified legal and finance staff before being considered by relevant decision making forum.

In meeting the requirements of the Local Government Transparency Code 2015 the Council has also published on its website a wide range of 'open data' and information.



- Licensing – considers issues relating to taxis, entertainment, alcohol, food premises and miscellaneous licensing functions.
- Planning – makes decisions on development control issues, including applications for planning permission.
- Standards – independent committee responsible for member conduct and the constitution.
- Audit – independent committee responsible for issues of audit, risk and governance.
- Overview and Scrutiny – intended to help develop and review policy and holding the Executive to account publicly by calling-in and scrutinising decisions made by the Executive.
- Executive - appointed by the Leader, responsible for proposing new policy, putting the budget to the Council and implementing and delivering the agreed policy framework and budget.
- Council - 57 elected Councillors, covering 29 wards. Appoints the Overview & Scrutiny and other committees. Approves the policy and strategic framework and budget.

Annual Governance Statement 2018/2019

5.1 Changes in governance during the year

At the Annual Full Council meeting on 15 May 2018, The Council elected a new Mayor and Deputy Mayor and agreed the nominations to the principal committees and area planning committees for the 2018/2019 year.

At the 17 July 2018 Full Council meeting, it was agreed to designate the Standards Panel as the Standards Committee, with membership being allocated on a politically proportionate basis (no change in seats or membership was required as a result of this change). At that meeting, Council also agreed to clarifications in in the Council's Constitution in respect of the Joint Planning Committee, and also noted changes to the proportional allocation of seats of principal committees and the Western Area Planning Committee in light of the by-election for the Farnham Castle Ward.

Following the resignation of one councillor from the Council's Audit Committee, the Monitoring Officer, under paragraph 52c of the Waverley Scheme of Delegation, appointed a new member to the Audit Committee on 19 October 2018. This was noted by the Full Council at their 31 October 2018 meeting.

Membership of the Executive and allocation of portfolios by the Leader of the Council was revised on 15 May 2018 and 23 October 2018.

At the 11 December 2018 Council meeting, governance arrangements for the allocation and spending of Community Infrastructure Levy (CIL) receipts were approved as was the establishment of a CIL advisory board.

Corporate Strategy

The Council adopted a new Corporate Strategy for 2018-2023 in July 2018. The Corporate Strategy provides the Council with direction, priorities and key objectives. Objectives are being delivered through annual service reviews agreed with Members and monitored and reported regularly.

5.2 Resolution of significant governance issues in 2017/2018

The Council's approach to recording and reporting air quality came under scrutiny in 2017/2018. Action was taken to address this issue.

5.3 Significant operational events in 2018/2019

Capital Strategy – the Council adopted a Capital Strategy in March 2018 to provide a framework for planning and decision making to ensure capital expenditure and investment decisions are affordable, prudent and sustainable. It brings together detailed policies, procedures and plans relating to cash investments and property assets.

Risk Management – through in-house training and facilitated workshops Members of the Executive, Audit Committee and senior management received practical guidance to develop the Council's Risk Management Strategy. A Risk Appetite Statement was adopted in March 2019 which documents the amount and type of risk that the Council is willing to take in order to achieve its strategic objectives whilst ensuring risks are managed and do not expose the Council or its stakeholders to an unacceptable degree of risk exposure.

Annual Governance Statement 2018/2019

Budget Strategy Working Groups – the Customer Service and VFM Overview & Scrutiny committee established a Budget Strategy Working Group in order to drive forward the Medium Term Financial Plan (MTFP) initiatives. The working group will drill down into areas identified for detailed examination to make recommendations to the Executive on budget and policy issues that will add more strategic value than focusing on ad hoc service budget scrutiny.

Community Infrastructure Levy (CIL) – CIL is a tariff system that enables contributions to be collected from development to contribute towards the funding of infrastructure. This was adopted and implemented with effect from 1 March 2019.

Planning Review – The Council underwent an LGA Planning Peer Review during the year.

Strategic Review – following the Strategic Review undertaken in 2016/2017 the following was adopted as a result of the findings report and recommendations:

- Economic Strategy 2018-2023

HR Strategy 2018-23 – this was developed to align with the Corporate Strategy and outlines the plans within HR, Learning & Development, Recruitment and Payroll to recruit, develop and retain staff, and to support them to work in ways to deliver council services in an effective 21st century council.

Annual Financial Report – the Council successfully moved to the new statutory deadline for accounts closure by the 31 May and audit sign off by the 31 July.

5.4 Other governance issues arising during 2018/2019 include:

Judicial Reviews – In October 2018, two linked High Court Challenges against the Council's Local Plan and a further challenge against the Secretary of State's decision to grant planning permission for a settlement of 1,800 homes at Dunsfold Aerodrome were successfully defended by the Council. Deputy High Court Judge Ms Natalie Lieven QC dismissed all claims.

The officers and the Audit Committee members have reviewed the governance arrangements and no further significant governance issues were identified.

Annual Governance Statement 2018/2019

6. Audit Committee seeking assurance

The Audit Committee has responsibility for requesting and receiving reports that deal with issues that are key to good governance. It met four times in 2018/2019, considering a wide range of governance issues.

Audit Committee Work Programme for 2018/19			
July 2018	September 2018	November 2018	March 2019
Review the progress of the Internal Audit Plans for 2017/18 and 2018/19	Review the progress of the Internal Audit Plan for 2018/19	Review the progress of the Internal Audit Plan for 2018/19	Review the progress of the Internal Audit Plan for 2018/19
Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations	Review the progress on the implementation of Internal Audit Recommendations
Review the External Audit Findings Report	Recommends to Council that the Tax Strategy be approved	Review of the Corporate Risk Register	Review of the Audit Committee Terms of Reference
Consider and approve the Statement of Accounts 2017/18	Receives and comments on Annual Audit Letter for 2017/18 from Grant Thornton	Review and recommend amendments to the Audit Committee Terms of Reference	Supplementary Estimate Process report
Consider and approve the Annual Governance Statement for 2017/18	Consider and recommend the adoption of the update to Financial Regulations	Interim consideration of Annual Governance Statement issues	Draft Annual Governance Statement for 2018/19
Comment on the new Information Governance Strategy and endorse approach to Information Governance	Recommend amendments to Contract Procurement Rules		Approve proposed Internal Audit Plan for 2019/20
Consider and approve the Letter of Representation for 2017/18	Review and revision of the Internal Audit Charter		Receive the External Audit Grants and Returns Certification Report
Review the Annual Internal Audit Report	Review of the Audit Committee Terms of Reference		Review External Audit proposed External Audit Plan for 2019/20
	Note Audit Committee Activity Report for 2017/18		Review of Anti-fraud policies
			Review of the Corporate Risk Register

The Audit Committee considers each year how effective it has been in overseeing the Council's governance arrangements and submits an annual report to Council that summarises its work and allows the Council to take comfort that key governance processes are being reviewed.

7. Managing key risks

All Councillors and officers are responsible for ensuring that risk implications are considered in the decisions they take in accordance with the Council's 'risk appetite' as detailed in the Risk Appetite Statement.

The successful delivery of the Corporate Strategy Objectives depends on the Council's ability to manage and tolerate risk where it cannot be eliminated altogether. Significant risks that may be potentially damaging to the achievement of the objectives are recorded in the Corporate Risk Register.

Senior Managers regularly review and update the Strategic Risk Register and are required to positively state the level of assurance they can place upon the controls that mitigate risks. If the residual risk exceeds the 'risk appetite', managers are required to consider whether cost effective actions that will reduce the likelihood and/or impact of the risk occurring can be introduced. The Risk Register is reviewed by the Audit Committee and used to inform the Internal Audit Plan for annual audit planning.

The Audit Committee will continue to review the governance arrangements to ensure they are fit for purpose in managing key risks.

8. Managing the risk of fraud

The anti-fraud, bribery and corruption policy, prosecution policy, whistleblowing policy and anti-money laundering policy were reviewed, updated and agreed by the Audit Committee in March 2019. Any issues raised relating to these policies are dealt with by the appropriate responsible officers in accordance with the requirements of each policy. The policies are available on the Council's website and intranet.

The Council has in place a resource to investigate and deter fraud, in particular, in relation to housing tenancy fraud where used for personal gain by the tenant. This work results in freeing up properties to be made available for others on the waiting list for social housing.

9. Anti-Fraud and Corruption Statement

Waverley Borough Council is committed to the highest possible standards of honesty, openness and accountability.

It will ensure that internal procedures are in place to identify, deter and prevent the risk of fraud and corruption and maintain clear and well publicised arrangements for receiving and investigating issues raised through its governance policies.

The Council will pursue appropriate action, including the recovery of any losses it has suffered, where fraud and corruption has been identified.

10. Responsible Chief Financial Officer

A Strategic Director is the Responsible Chief Financial Officer (CFO) and the Section 151 Officer. The CFO has responsibility for delivering and overseeing the Council's financial management arrangements and has responsibility for the Finance Team and Internal Audit. The role conforms to the good practice requirements in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The CFO has been involved in reviewing the governance framework and preparing this Statement and is satisfied with the arrangements that are in place for managing finances, considers the system of internal control works effectively and that no matters of significance have been omitted from this Statement.

Annual Governance Statement 2018/2019

11. Internal and External Audit assurance

The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service and External Auditors (Grant Thornton LLP).

12. Internal Audit

The Council considers its Internal Audit Service to be a key component of its governance framework that:

- Provides independent, risk-based and objective assurance, advice and insight to the Council on its operations
- enhances and protects value, by assisting management improve the delivery of the Council's objectives and operations through evaluating and challenging the effectiveness of risk management, control and governance processes.

Each year the Audit Committee review the Internal Audit Charter (which sets out the internal audit role and its responsibilities and clarifies its independence) and align it to the Public Sector Internal Audit Standards (PSIAS).

The Internal Audit Manager reports to the Strategic Director (Section 151 Officer) but to maintain independence and objectivity of the Internal Audit service also has direct access to the Chief Executive, the Audit Committee and its Chairman.

The Internal Audit Manager has stated in their Internal Audit Annual report that there were no constraints placed upon them in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

One of the key assurance statements the Council receives is the annual Internal Audit report. This report includes the opinion of the Internal Audit Manager on the Council's control environment based on the work that has been completed throughout the 2018/2019 year.

The opinion for the 12 month period ending March 2019 is shown below:

- The organisation has an adequate and effective framework for risk management, governance and internal control.
- The internal audit work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

The Internal Audit Manager is not aware of any significant changes having occurred across the Council's internal control environment between April 2018 and the approval of this Statement.

13. External Audit

The Council's external auditors are appointed by Public Sector Audit Appointments Limited (PSAA). Grant Thornton LLP were appointed by PSAA to undertake the Council's external audit.

The external auditor has issued an unqualified opinion on the Council's arrangements for securing economy, efficiency and effectiveness (value for money) and in the use of its resources.

Annual Governance Statement 2018/2019

13. Level of Assurance

This AGS demonstrates that the systems and processes continue to provide a comprehensive level of assurance to the Council in its governance arrangements during 2018/2019.

14. Certification

The Council's framework of governance comprises all the detailed strategies, policies and procedures that are in place to achieve good governance. These are used in delivering the objectives set out in the Corporate Strategy and to which officers work to in carrying out their responsibilities on behalf of the Council. This AGS has been prepared by those with knowledge of the key governance issues who are satisfied that the Council's framework complies with the principles set out in the Delivering Good Governance Framework.

We therefore commend the Governance Statement to the Audit Committee for approval.

? Tom Horwood

Signed

Signed

Leader of the Council

Chief Executive

Dated ?? July 2019

Dated ?? July 2019

Statement of Accounts - Accounting Policies

Local authorities in the United Kingdom are required to prepare their accounts in compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is developed each year by CIPFA/LASAAC (Local Authority Scotland Accounts Advisory Committee) and has effect for financial years commencing on or after 1 April each year.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority.

2018/2019 Statement of Accounts – As reported to the Audit Committee on 27 March 2018, the 2018/2019 Code introduced two substantial new financial reporting standards. The Council’s Accounting Policies for 2018/19 reflect these standards. Neither have a material impact on the Council’s financial statements.

Change	Area affected	Impact
<p>IFRS 9 Financial Instruments</p> <p>This introduces a new classification and measurement of financial assets. These will be reclassified in line with the new classifications.</p>	<p>Financial Assets:</p> <ul style="list-style-type: none"> • Bank deposits • Trade Receivables (Debtors) • Lease Receivables • Investments <p>These need to be assessed for credit risk and an appropriate impairment allowance recognised based on the level of risk.</p>	<p>The risk is considered ‘low’ as:</p> <ul style="list-style-type: none"> • The Council already recognises an Impairment Allowance for Trade Receivables. • A Commercial Property void/non-payment Fund has been established. • Investments are made in accordance with the Council’s Treasury Management Policy. • No loss allowance is needed where the counterparty is a local authority for which relevant statutory provisions prevent default.
<p>IFRS 15 Revenue from Contracts with Customers</p> <p>This applies to all contracts with customers. A Customer is a service recipient of goods or services.</p>	<p>Revenue is to be recognised when the service recipient receives the benefit of the goods or service.</p> <p>This includes revenue recognition of group entities.</p>	<p>No impact as the Council recognises revenue in this way for the supply of goods and services.</p> <p>The current group entities follow the same accounting policy as the Council for revenue recognition.</p>

2019/2020 Statement of Accounts – the year ahead.

There are no new substantial reporting requirements due in 2019/2020.

IFRS 16 Lease accounting, which was due to be introduced in 2019/2020, has been deferred to 2020/2021 to align with the rest of the public sector.

IFRS – International Financial Reporting Standard

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

4 MARCH 2019

Title:

INCOME AND DEBT COLLECTION POLICY

[Portfolio Holder: Ged Hall]

[Wards Affected: All]

Summary and purpose:

To seek approval of a new Income and Debt Collection Policy which aims to achieve prompt collection of all sums of money owed to the council, whilst ensuring that a fair, proportionate and consistent approach is taken to the recovery of sums that are not paid when due.

How this report relates to the Council's Corporate Priorities:

This report relates to the council's Prosperity priority as provides a corporate approach to income collection and debt recovery to ensure debts are actively being recovered or written off if not economical to recover.

Equality and Diversity Implications:

The intention of the council is to achieve the prompt collection of all sums of money due, whilst ensuring that a fair, proportionate and consistent approach is taken to the recovery of sums that are not paid when due.

Financial Implications:

This policy aims to ensure the efficient collection of money due to the council. Delays in collection or non-recovery of debts can lead to higher administrative costs, and reduced resources available for the provision of essential services.

Legal Implications:

The council has a legal and fiduciary duty to all residents, and to businesses and other organisations that are active in the borough, to ensure the prompt and cost effective billing, collection and recovery of all sums due to the council.

Background

1. The Finance Service Plan for 2018/19 contained the action to Develop the Corporate Debt Policy to:
 - 1) be proactive in working with residents in the borough who need assistance to financially cope.
 - 2) develop a single council strategy to deal with multiple service debts.
 - 3) incorporate new technologies, modern systems, new payments methods and the council's digital agenda.

2. In fulfilling this action the new Corporate Income and Debt Collection Policy is brought to the Audit Committee for approval and adoption at Annexe 1.
3. The policy has been developed following an in-depth review of all the income streams in the Council to assess current practices, deficiencies in processes and areas where improvements, especially with regards to utilising technology and new payment methods, could be made. The information gathered in this review was used to develop a corporate wide policy on how the council should be collecting income and the recovery process should payment not be forthcoming.
4. The policy will apply to all services and all income streams. Regular monitoring of performance of income collection and debt recovery will be incorporated into the financial performance reporting process.
5. In endorsing this policy the Audit Committee is also give assurances to the council's External Auditors that the council is addressing the issue of debt on the Balance Sheet as identified in the External Audit Findings Report for 2017/18.

Conclusion

This policy has been developed as part of the commitment in the Finance Service Plan to review the processes for income collection and debt recovery across the council and to satisfy External Audit that the council is addressing the risk identified in its findings report for 2017/18.

Recommendation

It is recommended that the Audit Committee endorses the Income and Debt Collection Policy and recommends its adoption by Council.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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Waverley Borough Council

Income and Debt Collection Policy

Version 1 April 2019

1. Introduction

- 1.1 Waverley Borough Council (The Council) has a legal and fiduciary duty to all residents, and to businesses and other organisations that are active in the Borough, to ensure the prompt and cost effective billing, collection and recovery of all sums due to the Council. Delays in collection or non-recovery of debts can lead to higher administrative costs, and reduced resources available for the provision of essential services.
- 1.2 This policy introduces the following improvements to the income and debt collection systems at the Council:
- Enhanced debt monitoring procedures, supported by a Corporate Debt and Income Officer, responsible for monitoring debt across the Council
 - Requirement that payment is made in advance of service provision for all services wherever this is permitted by statute
 - Requirement for direct debits to be set up wherever possible for regular payments due from customers.
- 1.3 All service departments will need to understand this policy document and ensure their processes and procedures are suitable to deliver the required outcomes for both the Council and residents within the Borough. Compliance with this Debt and Income Policy is mandatory for all services. This will be monitored by the officer responsible for the Council's income and debt.

2. Overview

Aim of Policy

- 2.1 The intention of the Council in agreeing this policy is to achieve the prompt collection of all sums of money due to it, whilst ensuring that a fair, proportionate and consistent approach is taken to the recovery of sums that are not paid when due.

Scope of Policy

- 2.2 This policy relates specifically to the collection of the forms of revenue shown below:
- Council Tax
 - Non-Domestic Rates (Business Rates)
 - Housing Benefit Overpayments
 - Debts arising from Homelessness Prevention Services
 - Car Parking Penalty Notices
 - All other Sundry Debt (charges for council services including waste services, hall fees, rents, licensing etc)

Commencement and Duration

- 2.3 This policy shall take effect from 1 April 2019. The policy will have continuous effect but shall be reviewed from time to time, as required, to ensure that it continues to encourage best practice in the field of local authority revenue collection and meets current legislative requirements. A review of the policy shall be conducted at least once every three years by the Audit Committee.

3. Principles

Principles

- 3.1 The Council will follow the principles outlined below.
- Our action will be proportionate. We will always aim to strike a balance between the potential loss of income to the Council and the costs of collection in our approach to debt collection.
 - Our approach will be consistent. Consistency means taking a similar approach in similar circumstances with different debtors to achieve similar ends and be fair to all. The Council aims to achieve consistency in:
 - The advice the Council gives
 - The use of its powers
 - The recovery procedures used.
 - Our actions will be transparent – transparency is important in maintaining public confidence. It means helping people to understand what is expected of them and what they should expect from the Council. It also means explaining clearly the reasons for taking any recovery action.

Effective Communication

- 3.2 In order for the Council to have an effective method of recovery, customers need to be provided with clear and prompt information about the bills that they are being asked to pay. The Council will, at all times, ensure that the bills include the following information:
- What the bill or invoice is for
 - The total amount or the instalments due
 - The due date for payment
 - How to make payment and where payments can be made
 - Council actions in case of non payment
 - Contact telephone numbers for all customer related enquiries
- 3.3 Correspondence will be clearly written in plain English. Council officers will treat customers courteously and be fair and objective at all times.

- 3.4 The Council will endeavour to obtain details of the customers email address when setting up contact details on Council finance systems. The Council will make use of electronic communication methods wherever possible to reduce costs to the Council and to ensure efficient communication with customers.

Legislation

- 3.5 The Council will act in accordance with the relevant legislation as detailed below (this list is not exhaustive)

Income Type	Legislation
Council Tax	Local Government Finance Act 1992 The Council Tax (Administration & Enforcement) Regulations 1992 (as amended)
Business Rates	Local Government Finance Act 1988 The Non-Domestic Rating (Collection & Enforcement)(Local Lists) Regulations 1989
Housing Benefit Overpayments	Housing Benefit Regulations 2006 Council Tax Benefit Regulations 2006 Housing Benefit (Pension Credit) Regulations 2006 Housing Benefit (Recovery of Overpayments) Regulations 1997
Sundry Debts	Local Government Act 1972 Account and Audit Regulations 2011 Late Payment of Commercial Debt Regulations 2002

4. Payment for Services

- 4.1 **The Council will seek to obtain payment in advance of service provision, wherever this is possible and permissible by statute.** If payment is for a regular service (for example hall hire rental payment/insurance recharge etc), the Council will seek payment by direct debit.
- 4.2 The Finance Team may reject invoice requests from services, where, in the view of the Section 151 Officer, payment should be made prior to provision of service.
- 4.3 The Council accepts a range of payment types including direct debit, cash, cheque, credit and debit cards, pay point payment cards, post office payments, standing orders and other electronic banking methods, such as online internet banking and touch tone Telephone payments. Full details are set out on the Council website.

5. Debt Recovery Processes and Timetables

- 5.1 Prompt recovery action is key to managing debt and maximising income. The Council will:
- Set clear targets and timescales for the recovery of debt
 - Regularly monitor the level and age of debt
 - Set and regularly review priorities for specific areas of debt and the recovery methods used to ensure maximum collection
 - Regularly review irrecoverable debt and submit write-offs for consideration by Section 151 Officer
- 5.2 Customers should be aware that these recovery timetables will be followed as standard for all debts owed to the Council. Exceptions will only be made in the following cases:
- Where the customer contacts the Council regarding financial difficulties meaning the debt repayments cannot be met (paragraphs 7.2. to 7.7 below)
 - Where the Council is made aware that a debtor is vulnerable (Paragraphs 7.8 – 7.9 below)
- 5.3 The Council's Recovery Officers will take action on all debt cases referred to them from income collection systems. Officers will use their expertise to determine which course of action is appropriate. This may be to involve a third party, such as an enforcement agency, to assist in the recovery, or it could be taking direct action to pursue the debt in the Courts.
- 5.4 The Council will take all necessary and appropriate action to recover what is due and use the most appropriate and effective method of debt recovery in order to maximise income.
- 5.5 In addition, the Council will make use of other methods available to it in order to arrange repayment of monies owed. These include:
- use of text messaging
 - phoning debtors outside office hours
 - email contact
 - use of enforcement agencies employed under contract by the Council
- 5.6 The Council reserves the right to add the costs of debt collection to the value of debt owed by customers whose accounts fall into arrears. These costs will include:
- bank charges relating to failed payments
 - administration fees relating to officer time spent on accounts in arrears
 - court fees
 - enforcement agency costs.

6. Roles and Responsibility

- 6.1 The Council recognises that prompt recovery action is key in managing its debt and maximising income. The Council's Section 151 Officer is responsible for ensuring that an effective system for collection of income owed to the Council is in place.
- 6.2 Service Departments must ensure that, where practical, payments are received and funds cleared before services are provided.
- 6.3 Where this is not possible, invoices must be raised via the Council's finance system, the exceptions being:
- Housing Benefit overpayments, Council Tax and Business Rates
 - Housing Rents
 - Off street parking
- 6.4 Service departments are responsible for securing prompt payment of invoices raised. This includes prompt contact with debtors in arrears and setting up and monitoring repayment arrangements for debtors in financial difficulties.
- 6.5 The Section 151 Officer will nominate an officer with specific responsibility for monitoring income and debt collection. This officer will liaise with service departments to ensure that the requirements of this debt collection policy are being followed for individual debts.
- 6.6 Any incidence of non compliance with this policy will be referred to the Head of Finance for further action.
- 6.7 The Section 151 officer will:
- Monitor the level and age of debt on a monthly basis
 - Set clear targets for the recovery of debt and report progress against target as part of Corporate Performance Monitoring

7. Customer Care and Advice

Customer Care

- 7.1 The Council will make it easier for customers to pay by making sure they know:
- How they can pay
 - Where they can pay
 - Contact information should the customer wish to discuss the debt with the Council

The Council will advise customers to quote the correct references so that their account is credited quickly and correctly.

Financial Difficulty

- 7.2 Where a customer believes they cannot afford to pay as billed they should contact the Council in the first instance. It may be appropriate, depending on individual circumstances, to enter into an agreement or carry out a financial assessment of incomings and outgoings. This may mean at times advising customers that they will need to rethink their spending habits and prioritise what they pay to whom differently.
- 7.3 The customer should contact the Council as soon as possible, as the Council may continue to take action to collect a debt if there is no response. The Council will require the outstanding amount to be cleared as quickly as the customer's finances allow. Debt recovery staff will be available to discuss customer's concerns and provide instalment applications and advice.
- 7.4 Officers will employ flexibility and discretion when dealing with hardship, vulnerability or dispute situations. This includes the ability to make deferred payment arrangements or suspend recovery action due to the debtor's individual circumstances.
- 7.5 It is not always possible to place cases on hold due to statutory procedures for enforcement of the debts. Each case will be considered on its own merits.

How Customers can get help and advice

- 7.6 The Council will offer early and professional advice to all of its customers. Customers should contact the Council as soon as know they will have a problem paying as it will help the Council to make arrangements to pay or refer customers to other council or government services to make sure all relevant benefits or tax credits are being claimed.
- 7.7 The Council will signpost customers facing financial difficulty to the Council's "Don't Lose Your Home or Business" Advice Service.

Vulnerable People

- 7.8 The Council needs to be mindful when dealing with customers who may fall in to the following categories and, therefore, could be considered vulnerable:
- The elderly
 - People with a disability
 - The seriously ill
 - The recently bereaved
 - Single parent families
 - Pregnant women
 - Unemployed people

- Those who have obvious difficulty in understanding/speaking/reading English.

7.9 Should Council officers identify potentially vulnerable people when managing Council debt, they should make an informed decision as to whether they have capacity to deal with the issue. Consideration should be made to signposting customers to partner organisations such as Citizen's Advice Bureau or the Money Advice Service, but in most instances recovery can continue where appropriate.

Instalment arrangements

7.10 When a customer finds themselves in difficulty with Council debts, it may be possible to set up an instalment arrangement, which will allow debts to be repaid according to the ability of the debtor to pay. All cases will have individual treatment according to the circumstances surrounding the debt. For non-priority debts an assessment of the ability to pay will be based on the proportion of disposable income that the customer states that he/she has and realistic arrangements by regular payment amounts will be agreed in preference to taking legal action.

7.11 The intention is that the debts should be cleared as soon as possible. However, it must be noted that it may not always be appropriate to offer payment by instalments. The Council will consider what course of action is appropriate as follows:

- Payment at once, in full as per the invoice, agreement etc
- Payments within three months – agreed without completing a pro-forma of details of income and expenditure, but written agreement from the customer is required. Payment within 12 months – would require Income and expenditure details to be supplied
- Payment over a longer period if the customer does not have the funds to clear the debt as above – would require income and expenditure details to be supplied and may be subject to periodic review.

7.12 To determine the level of instalments, departments will use a standardised Income and Expenditure pro-forma which takes account of the standards and guidelines available nationally.

7.13 Once an arrangement is made Customers are expected to comply with that arrangement. Where a customer's circumstances change, contact should be made to discuss further options.

7.14 Failure to comply with the instalment arrangements without contacting the Council will result in recovery action being implemented.

Customers with multiple debts

- 7.15 Where it is known that a customer has more than one debt with the Council, officers will ensure that they:
- Identify the recovery action being taken against the customer for all debts owing
 - Establish which debt should have the greatest priority for repayment – priority will be given to debts that put the customer’s home at risk
 - Ensure that repayment plans are realistic in light of other debts owed

Allocation of payments against debts

- 7.16 When monies are received from debtors, these will, where appropriate, be allocated to the in the first instance against any summons and other court costs incurred by the Council in pursuing the debt. Monies will then be allocated against debts that may put the customer’s home at risk, typically debts relating to housing rents or council tax. Thereafter, monies will be allocated against the oldest debts recorded on ledgers.

Credits

- 7.17 The Council will develop a corporate approach to refunding credits, in that where ever possible checks will be made for other outstanding debts owed by the customer, prior to a refund being made.

8. Write-offs

- 8.1 The Council recognises that each year a small number of debts become irrecoverable, and in such circumstances prompt and regular write off of such debts is good practice. The Council will seek to minimise the cost of write-offs to the local Council Tax payers by taking all necessary action to recover what is due. All debts will be subject to the full collection, recovery and legal procedures as outlined in this policy.
- 8.2 The Council’s policy on debt write-offs is included in Financial Regulations.

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE – 04 MARCH 2019

Title:

REVISED ANTI-FRAUD AND CORRUPTION POLICY

[Wards Affected: All]

Summary and purpose:

To obtain Committee endorsement of the revised policies enabling these to be adopted and published on the website and cascaded to all members of staff, members, partners, the Council's suppliers, thus reinforcing Waverley's stance of zero tolerance to Fraud and Corruption.

How this report relates to the Council's Corporate Priorities:

Internal audit work and other fraud initiatives contribute to the safeguarding of assets against criminal activity, this contributing to the corporate priority of People, Place and Prosperity.

Equality and Diversity Implications:

These policies are part of the governance framework which supports delivery including those services which promote equality and diversity.

Resource/Value for Money implications:

All financial transactions need to comply with the requirements in the Council's policies and procedures. For example the Money Laundering Policy confirms that no cash payments exceeding £5,000 should be accepted on behalf of the Council and must be reported to the Money Laundering Reporting Officer, all other policies support the requirement to prevent, identify report instances of fraud.

Legal Implications:

There are direct legal implications, the Council could incur financial loss if we fail to implement and cascade "adequate procedures" to prevent fraud, corruption and bribery as well as keeping abreast of new initiatives by reassessing our processes against suggested best practice.

Introduction

1. The policy in Annexe 1, has been revised as part of the scheduled cyclical review, to reflect changes in legislation, organisational restructure affecting job titles and positions and any new developments in the methodology in tackling fraud. This document is presented to the Audit Committee as a suite of

documents to support awareness of our anti-fraud culture. However, each of the appendices are owned by different service areas of the council and are made available to members of staff as separate policies on the council's intranet and not, as presented to the Audit Committee, as one document.

Findings

2. The method of presentation of this document has changed including changes in job titles and a full revision of the Anti Money Laundering Policy and Guidance to meet legislative and professional institutions best practice guides. It is proposed that these policies will be review annually by the responsible officers and where necessary endorsed by the Audit Committee every 2 years. Officers will cascade these policies throughout the authority, to suppliers, contractors and subcontractors where appropriate as part of contract terms and conditions. Presentation changes have been made to include all fraud and related policies as part of the authority's anti-fraud and corruption policy.

Conclusion

3. The changes made to these policies will ensure that members, staff and those with whom we conduct business with are aware of the contents of these policies and the expectations placed on them to comply.

Recommendation

It is recommended that the Committee

1. endorses the revised policy; and
2. recommends to Council that it be approved and that officers are instructed to cascade using suitable media to publicise these documents to the appropriate recipients.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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ANTI-FRAUD AND CORRUPTION POLICY

March 2019

This document is presented to the Audit Committee as a suite of documents to support awareness of our anti-fraud culture. However, each of the appendices are owned by different service areas of the council and are made available to members of staff as separate policies on the council's intranet and not as presented to the audit committee as one document.

DOCUMENT CONTROL

Document Title: Anti-Fraud and Corruption Policy

Policy Owner:	Internal Audit Client Manager
Last Review Date:	March 2017 (Jan 2018 re job titles)
JCC Consultation Date:	November 2016
Council Approved	2017
Date for Review:	201 8 ⁹ or change in legislation
Applies to	All staff and Elected Members

Document Approvals

This policy will be reviewed every year by the Internal Audit ~~Client~~ Manager, unless legislation or sector development require otherwise, ensuring that it continues to meet its objectives and take account of good practice developments. The policy will be approved by the Audit Committee every two years.

THIS POLICY IS NOT EXHAUSTIVE AND MAY BE SUBJECT TO CHANGE

The council welcomes comments and feedback on its policies and procedures. Please contact Gail Beaton, Internal Audit ~~Client~~ Manager of the Internal Audit and Investigation Team if you have any comments.

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Policy Statement

Policy Aims and Objectives

Waverley Borough Council is committed to dealing with all types of fraud perpetrated against us. There is therefore a need to ensure that we have in place policies and procedures that enables any incidents to be investigated in accordance with best practice.

Waverley will tackle fraudulent promptly and effectively, to ensure that any losses are minimised.

The key objectives of this policy are to;

- Underpin the Council's zero-tolerance approach to fraud, seeking prosecution and compensatory payments where applicable
- Proactively prevent fraudulent activity occurring with the promotion of the contents of the attached policies and procedures
- Detect and tackle fraud associated with mutual exchanges
- Raise awareness amongst staff and the public about fraud and what that means
- Encourage Staff and members of the public to report suspected cases of fraud to Waverley
- To deal effectively with reports and observations of fraud
- Work in partnership with statutory agencies and other organisations, including where possible to share information, data and resources, where appropriate to investigate fraudulent activities.

Scope of Policy

INTRODUCTION

- 1.1 This policy outlines Waverley's approach to dealing with fraud. The Anti-Fraud and Corruption Policy recognises that Waverley Borough Council is at risk of loss due to fraud and corruption both within the council and outside it.
- 1.2 In meeting our responsibilities relating to fraud, corruption and bribery the authority has a zero tolerance. This commitment to preventing fraud and corruption is reinforced through the development and application of our 'Anti-Fraud, Corruption policies', in order to prevent and minimise its occurrence. The Council creates a culture of risk mitigation by developing and cascading relevant policies and procedures to everyone in the organisations and those that it has any dealings with. Council is committed to maintaining an environment and culture that is based on the prevention of fraud, corruption

ANTI-FRAUD AND CORRUPTION POLICY

and bribery, whether it is an attempt on the Council from outside or within, and is committed to an effective Anti-Fraud, Corruption Policy designed to:

- encourage prevention;
- promote detection; and
- ensure effective investigation where suspected fraud or corruption has occurred and
- Prosecute offenders where appropriate

1.3 There is an expectation and requirement that all members, employees, consultants, contractors and service users be fair and honest, and if able to do so, provide help, information and support to assist the investigation of fraud and corruption. In addition advice on how members of the public may raise suspicions about fraud and corruption is contained in Appendix 1 and 3 to this Policy.

1.4 The Council expects all people and organisations with whom it is in any way associated to be honest and fair in their dealings with us, our clients and customers. All parties should be prepared to provide any help, information and support needed to help combat fraud, corruption and bribery, and this expectation will be reflected within any contract between the Council and third parties.

1.5 The Council's expectation on propriety and accountability is that our elected Members and employees lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

1.6 The Council's External Auditors have a responsibility to report on the adequacy of the Council's anti-fraud, anti-corruption and anti-bribery arrangements, as well as the power to carry out an independent investigation into fraud, corruption and bribery if the need arose.

2 DEFINITIONS

2.1 The Fraud Act 2006 is legislation that has been introduced in order to provide for absolute clarity on the subject of fraud. It replaces certain parts of other legislation (e.g. parts of the Theft Act 1968 and 1978) which were generally untidy, had become difficult to operate and were open to arguments on technicalities.

2.2 Section 1 of the Fraud Act 2006 introduces a new general offence of fraud and three ways of committing it:

- Fraud by false representation;
- Fraud by failing to disclose information; and
- Fraud by abuse of position.

ANTI-FRAUD AND CORRUPTION POLICY

- 2.3 Fraud by false representation requires:
- Dishonesty
 - An intent to make gain or cause loss; and
 - The person makes the representation knowing that it is or might be false or misleading.
- 2.4 Fraud by failing to disclose information requires:
- Dishonesty;
 - An intent to make gain or cause loss; and
 - Failure to disclose information where there is a legal duty to disclose.
- 2.5 Fraud by abuse of position requires:
- Dishonesty;
 - An intent to make gain or cause loss; and
 - Abuse of a position where one is expected to safeguard another person's financial interests.

Corruption

- 2.6 **Corruption** is 'the offering, giving or soliciting or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.' It is an offence under the Prevention of Corruption Acts 1889 – 1916 as amended and [Section 117\(3\)](#) of the Local Government Act 1972.

Bribery

- 2.7 Bribery can be described as giving someone a financial inducement or reward, or other form of advantage to encourage that person to perform their functions or activities improperly, or to reward that person for having already done so, in order to gain a personal, commercial, regulatory or contractual advantage.
- 2.8 The Bribery Act 2010 came into force on 1 July 2011. The Council has an approved Anti-Bribery Policy in place, which is referred to at Appendix 6 of this Anti Fraud and Corruption Policy.

Money Laundering

- 2.9 Money Laundering is a term applied to any method used to convert or exchange money or assets obtained from criminal activity into money or assets that are "clean", in such a way that the "clean" money can no longer be linked back to the criminal activity. Whilst the risk of money laundering to Waverley Borough Council is relatively low, Waverley Borough Council has adopted an Anti-Money Laundering Policy (Appendix 5) as good practice. This Policy supports all staff in complying with the [Money Laundering, Terrorist Financing and](#)

~~Transfer of Funds (Information on the payer) Regulations 2017. provisions included within the Proceeds of Crime Act 2002 and the Terrorism Act 2000.~~

3 RULES AND PROCEDURES

3.1 Waverley Borough Council has various procedures and rules to ensure that the day to day operations and activities are properly controlled and are an important part of the internal control framework.

3.2 These include: -

- The Council's Constitution
- Financial Regulations
- Contract Procedure Rules (CPRs)
- Waverley Local Code of Conduct for Members
- Waverley Code of Conduct for Staff
- Scheme of Delegation
- Employees' Conditions of Service
- IT Acceptable Use Policy
- Any other Codes of Conduct adopted by the Council
- Members' Register of Interests and gifts and hospitality
- Staff register of gifts and hospitality.

3.3 Individual Services will have also introduced their own measures designed to control their activities e.g. schemes of delegation, working manuals etc.

3.4 Heads of Service need to ensure that staff have access to these rules and regulations and that staff receive appropriate training.

4 BEHAVIOUR OF MEMBERS AND EMPLOYEES

4.1 Waverley Borough Council is resolute that the culture and tone of the Authority is one of honesty and opposition to fraud and corruption.

4.2 There is an expectation and requirement that all individual, business and organisation dealing in any way with the Council will act with high standards or probity, openness and integrity and that Council Employees or its agent(s) at all level will lead by example in these matters.

4.3 As part of the requirements of the Codes of Conduct, Members and employees are ~~formally reminded each year~~ required to declare any interests that they may have.

4.4 Employees are a vital element in its stance against fraud and corruption and they are positively encouraged to raise any concerns that they may have.

ANTI-FRAUD AND CORRUPTION POLICY

- 4.5 Waverley Borough Council's Codes of Conduct for Members and employees set out an approach to work that is both honest and fair. Both Members and employees must act in line with the relevant Codes and the law at all times.
- 4.6 Waverley Borough Council is committed to tackling fraud, corruption and bribery in all areas. The Council recognises that both its staff and its Members are its ambassadors in its stance on fraud, corruption and bribery and they are therefore positively encouraged to raise any concerns that they may have on these issues. Such concerns will be treated in confidence and properly investigated. Victimising staff members or deterring them from raising a concern about fraud or corruption is a serious disciplinary matter. Waverley Borough Council's Whistleblowing Policy details the process that should be followed for reporting known or suspected fraud, corruption and bribery and how these will be investigated.
- 4.7 Waverley Borough Council will deal with all information fairly and confidentially. The aim will be to avoid revealing the names of the person/s who supply information. The Fraud Investigation plan (Appendix 1) provides further information on this issue.
- 4.8 Waverley Borough Council expects its Management Board to deal firmly and efficiently with anyone who is perpetrates fraud, corruption or bribery. Cases involving staff will usually lead to disciplinary action, which may result in dismissal. The ~~Chief Executive~~ ~~Director~~ or Strategic Director ~~of Finance and Resources~~ in consultation with the Internal Audit ~~Client~~ Manager may refer matters to the Police if it is suspected that any criminal offence has been carried out.
- 4.9 There is a need to ensure that any investigative process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations, may be dealt with as a disciplinary matter.
- 4.10 In relation to complaints involving members, the Monitoring Officer will decide whether it falls within the scope of the Members Code of Conduct and if so, what further steps (if any) should be taken ~~and referred where appropriate to the Members Standards Panel for investigation in line with the Council's published arrangements for dealing with Standards Allegations against Councillors and co-opted Members under the Localism Act 2011~~
- 4.11 The Council must ensure that any investigative process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations, will be dealt with as a disciplinary matter.
- 4.12 If anyone is found to have breached these rules and regulations the appropriate formal action will be taken. This may include disciplinary action that could result in the ending of their employment with the Council (in respect

of employees). In respect of elected Members, matters will be dealt with by the Council's Monitoring Officer. Where a contractor or subcontractor breaches the Council's policies on fraud, corruption and bribery which form part of the terms and conditions of the appropriate contract, the Council will consider terminating the contract forthwith.

5 PREVENTION OF FRAUD AND CORRUPTION

5.1 Individual Council Services are responsible for ensuring that there are adequate and appropriate controls in place to minimise the risk of fraud, corruption and bribery occurring. Examples include accounting control procedures, working manuals and operating procedures. Heads of Service are required to ensure that staff have access to these rules and regulations and that staff receive suitable training in respect of them. The operation and adequacy of the internal controls in individual systems is the responsibility of Heads of Service and is subject to regular review by both Internal and External Audit.

5.2 Heads of Service must ensure that suitable levels of internal controls are included in working practices, particularly where there is a financial element. It is important that duties are organised so that no one person can carry out a complete transaction without some form of checking process by another person being built into the system. In addition to the formal rules mentioned above each manager has a responsibility to implement systems of internal control to ensure adherence to Council Policies and directives in order to achieve the Council's objectives;

- safeguard assets;
- secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- ensure compliance with statutory requirements.

5.3 A further preventative measure against fraud and corruption exists at the recruitment stage to establish, as far as possible, the previous record of potential employees in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with Waverley Borough Council's Recruitment and Selection Procedures - which requires written references to be obtained. ~~This includes all staff including temporary and permanent staff and those employed through an agency will as a minimum be checked through Disclosure Scotland. Where it is assessed as being appropriate and necessary to do so, applicants will be required to have an enhanced Disclosure and Barring Service (DBS) check (or it is assessed as applicable due to the job function being fulfilled an enhanced check against the barred list for working with adults or children) checked with the Disclosure and Barring Service will be completed, particularly for jobs where risk of fraud, corruption and/or bribery is greater.~~ The full procedures are set out in the Council's

~~Recruitment and Selection Procedures~~ Criminal Records Check and Disclosure Policy.-

- 5.4 All members and employees are required to declare the receiving of any gift with an estimated value of at least £50 or hospitality with an estimated value of at least £100 within 28 days of its receipt. Providing written notification to the monitoring officer if a member and logged in the gifts and hospitality books held by each of the Personal Assistants to the Strategic Directors or **Chief Executive** **Director** if a member of staff. Registers are maintained of all declarations.
- 5.5 Members are required to declare their disclosable pecuniary interests and non pecuniary or other interested-interests which the Council has decided are appropriate for registration in accordance with the Code of Conduct for Members and to act in accordance with the code.
- 5.6 Employees are required to declare their personal interests in accordance with the Officers Code of Conduct.
- 5.7 Waverley Borough Council is committed to working and co-operating with other organisations to prevent organised fraud, corruption and bribery. Wherever possible, we will help and exchange information with other organisations to deal with fraud in accordance with appropriate legislation, including the Data Protection Act ~~2018~~**1998**, Freedom of Information Act 2000, Environmental Information Regulations 2004, Human Rights Acts 1998, Regulation of Investigatory Powers Act 2000, Fraud Act 2006 and the Prevention of Social Housing Fraud Act 2013.

6 DETECTING AND INVESTIGATING FRAUD, CORRUPTION AND BRIBERY

- 6.1 The preventative measures described in the previous section significantly reduce the risk of fraud and corruption but cannot eliminate it entirely. The operation of internal controls in a system may alert employees to potential fraud. However, many frauds are discovered by chance or 'tip off'.
- 6.2 All investigative work carried out by the Internal Audit Section will comply with the procedures contained in the Audit Manual and Fraud Response Plan. Investigating officers will receive the necessary training to carry out their work effectively. All proven cases of fraud, corruption or bribery will be reported to the Audit Committee and the Executive.
- 6.3 Waverley Borough Council believes that if it is to combat fraud, corruption and bribery effectively, it must pay due attention to prevention. It is therefore essential that clear rules and procedures are in place which Members, employees, consultants and contractors must work within. This includes those that are set out in Paragraph 3.1.

6.4 Financial Regulations require Chief Executive ~~Executive Director~~, Directors and Heads of Service to ensure that all suspected irregularities or financial improprieties are reported to the Internal Audit ~~Client~~ Manager. Reporting cases in this way is essential to the anti-fraud, corruption and bribery strategy and makes sure that:

- Suspected cases of fraud, corruption and bribery are investigated promptly and properly
- The fraud response plan is followed
- There is a standard process for dealing with all suspected cases of fraud, corruption and bribery; and
- People and their interests are protected.

6.5 It is acknowledged to be the responsibility of senior management to prevent and detect fraud, corruption and bribery. However, it is often the alertness of employees, Members and the public to raise concerns that enables detection to occur and the appropriate action to take place when there is evidence that fraud, corruption or bribery may have been committed, or is in progress. Waverley Borough Council's Confidential Reporting (Whistleblowing) Policy (Appendix 3) is intended to encourage and enable staff to raise serious concerns. Employees reporting concerns in this way are afforded certain rights under the Public Interest Disclosure Act 1988.

6.6 The Internal Audit ~~Client~~ Manager will work with the Management Board and the Borough Solicitor to decide on the type and course of the investigation. Strategic HR ~~Human Resources~~ will also be consulted and involved where appropriate in investigations, particularly where they may lead to disciplinary action. This will include referring cases to the Police where necessary including where necessary informal advice may be sought in the early stages of an investigation. The Council will prosecute offenders and invoke its disciplinary procedures where appropriate, ensuring that any internal proceedings do not prejudice any criminal case.

6.7 All investigations will be carried out in accordance with the principles contained within the Code of Conduct for Investigators attached as Appendix A to Appendix 1 the Fraud Investigation Plan.

7 TRAINING

7.1 The Council recognises that the continuing success of its Anti-Fraud, Corruption Policy and its general credibility and reputation will depend largely on the effectiveness of programmed training and the responsiveness of employees throughout the organisation. Therefore, proper training is essential, particularly for employees involved in internal control systems. All employees are made aware of the Anti Fraud and Corruption Policy via various channels of communication e.g. service team briefings and the Intranet.

ANTI-FRAUD AND CORRUPTION POLICY

- 7.2 The investigation of fraud, corruption is carried out in consultation with Heads of Service by Waverley Borough Council's Internal Audit Service whose skill base in investigative techniques is maintained by appropriate training. It is necessary, therefore, that employees involved in this work should be properly and regularly trained; the training plans of these employees will reflect this requirement.
- 7.3 In addition Waverley Borough Council will seek via appropriate publicity to increase and maintain the general public awareness of the facilities available to report concerns of fraud and corruption such as the online "Report it" facility on the Waverley Borough Council website and the Fraud confidential reporting telephone line.

8 REVIEW OF THE POLICY AND ITS EFFECTIVENESS

- 8.1 Waverley Borough Council has an array of measures and procedures to assist in combating fraud and corruption. It is determined to keep pace with any future developments in preventative and detection techniques and to be able to respond to any future government incentives for the detection of fraud. The Anti Fraud and Corruption Policy and its effectiveness will be the subject of regular review.

9 WHO TO CONTACT

- 9.1 Advice and guidance on how to pursue matters of concern may be obtained from:-

Strategic Director (Section 151 officer) of ~~Finance and Resource~~ 01483 523099

Internal Audit ~~Client~~ Manager 01483 523260

Monitoring Officer 01483 523108

FRAUD INVESTIGATION PLAN

1 INTRODUCTION

1.1 Waverley Borough Council is committed to the highest possible standards of openness, probity and accountability in all its affairs. The Anti-Fraud and Corruption Policy document outlines the principles the Council is committed to in relation to preventing, reporting and managing fraud and corruption.

1.2 This Fraud Investigation Plan reinforces Waverley Borough Council's firm approach by setting out the ways in which employees or members of the public can voice their concerns about suspected fraud or corruption and how the Council will deal with such complaints.

2 WHAT DOES THE COUNCIL WANT TO KNOW ABOUT?

2.1 This Plan is intended to be implemented where suspicions of fraud or corruption have been raised supported by the detailed Fraud Response plan.

2.2 Corruption

2.2.1 This is defined as **'the offering, giving, soliciting, or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.'**

2.3 Fraud

2.3.1 Fraud as per the Fraud Act 2006 covers:

- Fraud by false representation.

This requires dishonesty; an intent to make gain or cause loss; the person makes the representation knowing that it is or might be false or misleading.

- Fraud by failing to disclose information.

This requires dishonesty; an intent to make gain or cause loss; failure to disclose information where there is a legal duty to disclose.

- Fraud by abuse of position.

This requires dishonesty; an intent to make gain or cause loss; abuse of a position where one is expected to safeguard another person's financial interests.

2.4 **Bribery**

2.4.1 Bribery, as per the Bribery Act 2010 covers:

- Bribery of another person;
- Accepting a bribe;
- Bribing a foreign official; and
- Failing to prevent bribery

Please refer to the Anti-Bribery Policy at Appendix 6 for full details.

2.5 **Examples of fraudulent or corrupt acts**

2.5.1 The examples/areas of risk listed below apply to local authorities in general. It is not an exhaustive list.

2.5.2 **Employee Fraud where benefit is obtained directly from the Council**

Theft of cash or other assets e.g. building materials which involves false accounting to conceal the loss.

Where Council equipment is used for personal use e.g. unauthorised private use of Council vehicles.

Undertaking personal tasks in 'works time' – e.g. shopping, unauthorised use of IT facilities such as the Internet, and any other such activities that could reasonably fall under this classification.

2.5.3 **Employee Fraud against a third party**

Where an employee abuses a position of trust to defraud a third party e.g. a social worker who has access to the cash and property of an elderly person or a teacher in charge of school funds.

2.5.4 **External Fraud**

Where individuals or companies fraudulently obtain money from the Council, e.g. invalid invoices/work not done, mandate fraud.

Money Laundering – “the process by which criminal proceeds are sanitised to disguise their illicit origins”. The Authority’s Finance Service intends to develop an Anti-Money Laundering policy (Appendix 5). The integration of this policy into the Authority will ensure compliance with relevant legislative requirements e.g. The Proceeds of Crime Act 2002 and the [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the payer\) Regulations 2017](#)~~Money Laundering Regulations 2003~~. Furthermore, good practice will also be incorporated into the policy where appropriate from various professional bodies such as the Chartered Institute of Public Finance

and Accountancy (CIPFA) and the Institute of Chartered Accountants in England and Wales (ICAEW).

Local Council Tax Reduction Scheme fraud - false declarations of income or statements of residency.

Business Rates/Relief Fraud – false declaration

2.5.5 Corruption and Bribery

Areas of the highest risk include:-

Tendering and award of contracts.

Settlement of contractors' final accounts and claims.

Appointment and reward of consultants.

Canvassing for appointments.

Acceptance of hospitality and other benefits e.g. free holidays.

Pressure selling.

Awarding of permissions, planning consents and licences.

The above is not an exhaustive list.

In the case of any doubt about the seriousness of any concerns, advice and guidance can be obtained from the Internal Audit Services on 01483 523260.

- 2.6 Other activities of Council officers which are unlawful, fail to comply with Council procedure, rules or policies or which fall below established standards or practices may be investigated under this plan following consideration by management and on advice from Human Resources and Internal Audit. Concerns or allegations which fall within the scope of other, existing, procedures (e.g. child protection or discrimination issues) will normally be dealt with under those procedures.

3 SAFEGUARDS

Confidentiality – All concerns will be treated in confidence and every effort will be made not to reveal the identity of employees if they so wish. At the appropriate time, however, employees may need to come forward as witnesses.

Anonymous Allegations – This policy encourages individuals to put their names to allegations. Concerns expressed anonymously are much more difficult to act upon, but they will be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account would include:

- the seriousness of the issues raised;
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

Untrue Allegations – If an allegation is made in good faith, but it is not confirmed by the investigation, no action will be taken against the originator. If, however, individuals make malicious or vexatious allegations, disciplinary action may be considered against the individual making the allegation.

4 WHAT SHOULD AN EMPLOYEE DO IF THEY SUSPECT FRAUD OR CORRUPTION?

4.1 Employees are often the first to realise that there is something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

4.2 The Council's Confidential Reporting (Whistleblowing) Policy is intended to encourage and enable staff to raise serious concerns within the Council rather than overlooking a problem or passing details to the media or other external bodies. This policy has been discussed with the relevant Trade Unions and has received their approval. Employees reporting concerns in this way are afforded certain rights under the Public Interest Disclosure Act 1998.

4.3 A full copy of the Confidential Reporting (Whistleblowing) Policy (Appendix 3 of this Anti-Fraud and Corruption Policy) is also available on the Council's intranet and website.

4.4 Where appropriate, employees should normally raise concerns with their immediate manager or their supervisor who, if the claim can be substantiated, will inform ~~the Head of~~ Internal Audit. The nature of the complaint will determine the Council's course of action. For further advice on how to raise concerns reference should be made to section 6 of the Confidential Reporting (Whistleblowing) Policy (Appendix 3).

4.5 Internal Audit can be contacted by phone on 01483 523260 by email: internal.audit@waverley.gov.uk or by writing to the Internal Audit ~~Client~~ Manager, Waverley Borough Council, Council Offices, The Burys, Godalming GU7 1HR.

5 WHAT SHOULD A MEMBER OF THE PUBLIC DO IF THEY SUSPECT FRAUD OR CORRUPTION?

5.1 Waverley Borough Council encourages members of the public who suspect fraud and corruption to contact the Internal Audit Service or the Strategic Director ~~(Section 151 Officer) of Finance and Resource~~ in the first instance. Alternatively they can report their suspicions on the authorities online reporting facility "Report it" or by calling the confidential reporting line 01483 523586.

5.2 The Internal Audit service operates independently of all other Council Services, and has the following objectives in relation to fraud and corruption:-

- To promote an anti-fraud culture.
- To deter, prevent, detect and investigate fraud and corruption.
- To see appropriate action is taken against those who commit fraud or corruption.
- To obtain compensation in respect of any losses to Waverley Borough Council.

6 HOW THE COUNCIL WILL DEAL WITH ALLEGATIONS OF FRAUD AND CORRUPTION

6.1 For issues raised by employees or member of the public, the action taken by the Council will depend on the nature of the concern. The matters raised may:

- Be investigated internally; or
- Be referred to the Police where there is evidence of a criminal offence

6.2 Within ten working days of a concern being received a designated officer will write to the complainant in those instances where the complainant has provided contact details:-

- Acknowledging that the concern has been received;
- Indicating how it is proposed to deal with the matter;
- Giving an estimate of how long it will take to provide a final response;
- Indicating whether any initial enquiries have been made;
- Supplying information on staff support mechanisms, and
- Indicating whether any further investigations will take place, and if not, why not.

6.3 Waverley Borough Council accepts that people who reported the alleged fraud or corruption need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, they will receive information about the outcome of any investigation and whether any changes/improvements are to be made to systems and procedures as a consequence.

7 ALTERNATIVE METHODS FOR TAKING A COMPLAINT FORWARD

7.1 If either a member of the public or an employee feels it is right to take the matter outside these processes, the following are possible ways forward:

FRAUD INVESTIGATION PLAN

- Local Councillors – details of how to contact are on the Waverley Borough Council website.
- Grant Thornton UK LLP – Waverley’s external auditors. They are completely independent from Waverley Borough Council and can be contacted on Tel No. ~~020777283328012~~ 9355 4072 or 07880456149 alternatively ~~by~~ by e-mail: iain.g.murray@uk.gt.com Sarah.L.Ironmonger@uk.gt.com
- Relevant professional bodies
- The Local Government Ombudsman – this is an independent body set up by the Government to deal with complaints against councils in the United Kingdom. Advice can be obtained on 0300 061 0614.
- Public Concern at Work – this is a charity, which provides free and strictly confidential legal help to anyone concerned about malpractice which threatens the public interest. They operate a helpline on 020 7404 6609 or can be e-mailed at whistle@pcaw.co.uk. More information is on their website at www.pcaw.org.uk

7.2 If employees take matters outside the Authority, it will be necessary to ensure that they do not disclose confidential or legally privileged information. As such it is advisable that employees take appropriate advice before proceeding.

Code of Conduct For Investigators

INTRODUCTION

This Code of Conduct relates to the staff conduct, responsibilities and duties of Investigating Officers (IO). Its aim is to outline the principles that guide the conduct of investigators whilst carrying out their duties.

This Code does not restrict the discretion of the Investigator, but aims to define the conduct on which their discretion should be exercised. It also applies to Investigators when not at work (where their actions may reflect on their integrity or professional status with regards to their employment).

CODE OF CONDUCT

The IO will act in accordance with the approved staff Code of Conduct.

1. The Officer must be aware he or she is an employee of the Council and act as a direct representative of the Council;
2. The Officer will perform the duties and undertake the responsibilities as specified in the Role Profile and Job Description of the relevant post in a professional and responsible manner.
3. Duties must be performed with no prejudices and in a manner showing courtesy to all concerned.
4. When carrying out duties the Officer must:-
 - a) Provide the highest standards of professionalism, integrity, confidentiality, financial propriety and personal conduct
 - b) Always work within the legal and regulatory frameworks affecting the practice and working of colleagues and never encourage, assist or act in collusion with any person who may be engaged in any improper or unlawful conduct.
 - c) Act honestly and fairly and in a courteous, polite and considerate manner towards any person they come into contact with in the performance of their duties.
 - d) Never knowingly mislead any person about the extent of their powers, the nature of representation or what can be competently delivered and achieved.
 - e) Never misuse their position or any information received during the course of their duties for any improper or unlawful gain or benefit, whether for themselves or another likely to bring the Council into disrepute, confidentiality must be obtained at all times.

FRAUD INVESTIGATION PLAN

- f) Declare in writing to the Monitoring Officer any conflict of interest or circumstances which may give rise to one as soon as the conflict arises.
 - g) Disclose to the Monitoring Officer as appropriate any financial, business or personal interest they may have with any person or organisation with whom their duties bring them into contact.
 - h) Carry out all work in an objective and impartial manner with particular regard to Waverley, and/or those contracting their services, equality and diversity policies and relevant equality legislation.
 - i) Ensure any information or evidence is obtained or accessed in accordance with relevant legislation and codes of practice, including:
 - Fraud Act 2006
 - Prevention of Social Housing Fraud Act 2013
 - Theft Act 1968
 - Human Rights Act 1998
 - Police and Criminal Evidence Act 1984
 - Criminal Procedures and Investigations Act 1996
 - Regulation of Investigatory Powers Act 2000, and any related regulations
 - Data Protection Act 1998
 - Race Relations Act 1976 and the Race Relations (Amendment) Act 2000
 - Equality Act 2010
 - Criminal Justice Act 1967 (and subsequent amendments)
 - Identity Card Act 2006
5. The Officer must perform duties in line with the Council's Anti-Fraud and Corruption Policy and all related protocols, policies and plans.
 6. The Officer must have due regard for their own health and safety and that of others in the course of business. The Officer will not be expected to take any action which may cause harm of a physical or mental condition to themselves or others;
 7. The Officer will take all necessary precautions and follow the Council's Lone Worker Policy and the Health and Safety Policy to ensure safety when working alone and out of hours; where contact is made with a vulnerable person in the course of their duties, this must be reported to their line manager at the earliest opportunity complete with a written narrative describing the encounter.
 8. The Officer must dress in a manner in line with corporate policy;
 9. The Officer will be expected to maintain a high level of knowledge of relevant legislation and procedures to enable the duties to be performed at the required standard;
 10. An Officer in breach of any of the above rules may be subject to the Disciplinary Procedures of the Council.

APPENDIX 2

THE GENERAL PRINCIPLES GOVERNING THE CONDUCT OF MEMBERS AND CO-OPTED MEMBERS

Members are reminded of the 10 General Principles of Conduct (as set out below), which govern the conduct of members.

1. **Selflessness** - Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.
2. **Honesty and Integrity** - Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.
3. **Objectivity** - Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.
4. **Accountability** - Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should cooperate fully and honestly with any scrutiny appropriate to their particular office.
5. **Openness** - Members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.
6. **Personal judgement** - Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.
7. **Respect for others** - Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers, and its other employees.
8. **Duty to Uphold the Law** - Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.
9. **Stewardship** - Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.
10. **Leadership** - Members should promote and support these principles by

THE GENERAL PRINCIPLES GOVERNING THE CONDUCT OF MEMBERS AND CO-
OPTED MEMBERS

leadership, and by example, and should act in a way that secures or preserves public confidence.

**CONFIDENTIAL REPORTING (WHISTLEBLOWING) POLICY &
PROCEDURE**

**FOR
STAFF (EMPLOYEES),
CONTRACTORS & PARTNERS**

- Part A: The Policy**
- Part B: Procedures for dealing with a report**
- Part C: Contact details**

Owned By:	Internal Audit Client —Manager/ Strategic HR Human Resources
Created Date:	2010
Review Date:	March 2017 (minors re Job Titles Jan 2018)
JCC Consultation Date:	November 2016
Council Approved	March 2017
Date for Review:	2020 18 or change in legislation

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6	PROCEDURES FOR DEALING WITH A CONCERN
7	HOW THE COMPLAINT WILL BE DEALT WITH
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POLICY STATEMENT

THIS POLICY AIMS TO ENCOURAGE AND ENABLE EMPLOYEES TO RAISE ISSUES OF CONCERN ABOUT SUSPECTED IMPROPER CONDUCT IN THE WAY WAVERLEY CARRIES OUT IT'S BUSINESS.

If the matter being raised relates directly to a Councillors conduct, you should contact the Monitoring Officer, please see Part C of this policy for contact details.

Scope of the Policy

Part A:

1. INTRODUCTION

- 1.1 Waverley Borough Council is committed to conducting its business properly through the application of a range of procedures including its Contract Procedural Rules, Financial Regulations, and Codes of Conduct. These reinforce the Council's commitment to effective governance, the highest possible standards of openness, honesty and accountability.
- 1.2 This policy supports that commitment by encouraging employees and others who may have serious concerns about any aspect of the Council's work to be able to raise those concerns in good faith, in confidence and without fear of recrimination.
- 1.3 Waverley is committed to dealing responsibly and professionally with any genuine concern raised about malpractice, be it danger to staff or the public, financial malpractice, breach of legal obligations or damage to the environment. However, if any Waverley employee makes deliberately false or malicious allegations this will be regarded as a serious disciplinary offence.
- 1.4 This policy is in addition to the Council's complaints procedures and ethical standards framework for Councillors and other statutory reporting procedures. The Council acknowledges the legal protection, under the Public Interest Disclosure Act 1998, provided for employees who make disclosures about improper practice.

2.0 AIM OF THE POLICY

2.1 This Policy aims to:-

- is intended to encourage anyone who may have concerns about improper conduct of the Council, elected Members or external organisations to disclose any allegation of malpractice within the Council, without fear of recrimination. This Policy is founded on the principle that service users and the public interest come first.

- Provide avenues for employees to raise those concerns and receive feedback on any action taken

3.0 THE COUNCIL'S RULES AND PROCEDURES

3.1 The council has adopted a number of rules and procedures to ensure the Council's business is properly monitored and controlled. They form part of the Council's internal control process and system of governance and it is important that all members and staff are aware of, and abide by, them.

The most important of these are:

- Codes of Conduct for Employees and Councillors
- Financial Regulations
- Contract Procedure Rules
- Scheme of Delegation
- Employees' Conditions of Service and Staff Code of Conduct

3.2 The Financial Regulations require all cases of actual or suspected fraud, corruption, bribery and theft to be reported immediately to the Section 151 Officer (~~Strategic Director for Finance and Resources~~) who will inform the Internal Audit ~~Client~~ Manager. The Chief Executive ~~Director~~, Strategic Directors ~~of Operations, Strategic Director of Finance and Resources~~ and Heads of Service must ensure that all staff are aware of the reporting requirements.

4.0 TYPES OF CONCERNS THAT CAN BE RAISED AS PART OF THIS POLICY

4.1 Concerns can be raised if there is a reasonable belief that one or more of the following has occurred:

- any unlawful act (e.g. theft);
- the unauthorised use of public funds (e.g. expenditure for improper purpose);
- a breach of the Code of Conduct for Employee/Councillors;
- maladministration (e.g. not adhering to procedures, negligence);
- failing to safeguard personal and/or sensitive information (data protection);
- damage to the environment (e.g. pollution);
- fraud and corruption (e.g. to give or receive any gift/reward as a bribe);
- abuse of power;
- other unethical conduct; and
- any deliberate concealment of information tending to show any of the above.
- health and safety risks, either to the public or other employees;
- the abuse of children and /or vulnerable adults (physical or psychological);

- Similar behaviour not otherwise described

5.0 SAFEGUARDS

5.1 Harassment or Victimisation

The Council recognises that the decision to report a concern can be a difficult one, not least because of the fear of reprisal from those responsible for the misconduct. The Council will not tolerate harassment or victimisation and will take all reasonable measures to protect those who raise a concern in good faith. This does not mean that, if you are an officer of the Council making the disclosure and are already the subject of disciplinary or redundancy procedures, these will be halted as a result of the disclosure.

5.2 Confidentiality

The Council will protect the identity of the person making the disclosure (wherever possible) where that Officer has requested that his or her name be kept confidential. During the course of an investigation, the Council will keep to a minimum the number of people aware of who raised the matter. However, it must be appreciated that the investigation process may reveal the name of the source of the information, and a statement by the officer making the disclosure may be needed as part of the evidence.

5.3 Anonymous Allegations

This policy encourages those making a disclosure to put their name to the allegations. Concerns expressed anonymously are much less powerful, but they may be considered at the discretion of the Council. In exercising that discretion, the factors to be taken into account would include:-

- I. the seriousness of the issue raised;
- II. the credibility of the concern; and
- III. the likelihood of confirming the allegation from attributable sources.

5.4 Untrue Allegations

If an allegation is made in good faith but is not confirmed by the investigation, no action will be taken against the officer making the disclosure. If, however, a member of staff makes malicious or vexatious allegations, the allegations will not be taken further and disciplinary action may result. The judgement of whether an allegation is malicious or vexatious rests with the Internal Audit Client Manager, after consultation with other senior officers as necessary.

6. WHISTLEBLOWING PROCEDURE PART B: PROCEDURES FOR DEALING WITH A REPORT

6.1 How to report any concerns

You are advised in the first instance to report your suspicions to the Internal Audit ~~Client~~ Manager who manages the Council's Whistle-blowing arrangements, dealing with concerns that relate to members of staff, and other contractors/partners. Concerns can be reported by calling 01483 523333 and asking for one of the Council officers listed in Part C of this policy or alternatively by e-mailing them. Calls will be answered between 09.00 and 17.00 Monday to Thursday (09.00 to 16.45 on Fridays). If the person you call is not able to take your call, it will be possible to leave a message either on "Voicemail" or with the person answering your call. Reports can also be submitted using the web reporting facility on the Waverley web site www.waverley.gov.uk in "Report it" in fraud and corruption. The more detailed the information provided will provide more assistance in resolving any issues raised.

Letters can also be addressed to:

Internal Audit ~~Client~~ Manager
The Bury's
Council Offices
Godalming
Surrey GU7 1HR

Alternatively your suspicions can be reported directly to the Chief Executive Director, Section 151 Officer, ~~(Strategic Directors, of Finance and Resources) or Strategic Director of Operations~~. The Internal Audit ~~Client~~ Manager may where necessary suggest that the matter be referred to third parties that may deal with issues of Member conduct, or the Police. If the matter relates to a Councillor, you should contact the Monitoring Officer.

Anyone with concerns may, in confidence and without fear of recrimination, disclose worries of suspected improper conduct at the levels set out below. Concerns are better raised in writing. You are invited to set out the background and history of the concern, giving as much information as possible including names, dates, vehicle details and places where possible, including contact details of the whistle blower to enable the investigating officer to clarify and verify the circumstances and the reason for raising this particular concern. If you feel unable to put a concern in writing, you can telephone or arrange to meet the appropriate officer. It may in some circumstances be necessary if the need arises for the complainant to be called as a witness at a later date, should the need arise.

If you do not wish to go through this reporting mechanism, or you are unhappy with the outcome of any investigation undertaken, please feel free to contact any of the other external organisations listed in this policy.

Employees are advised that they may raise their concerns with other external organisations such as the Citizens' Advice Bureau, addresses and telephone numbers can be found in the telephone directory. Alternatively 'Public Concern at Work' is a registered charity which is able to provide, free of charge, confidential and independent advice to people in these circumstances. Contact details for this organisation are included at the end of this policy.

7.0 HOW THE COMPLAINT WILL BE DEALT WITH

7.1 The Internal Audit ~~Client~~–Manager logs all reports and carries out a preliminary review in each case to determine the most appropriate course of action. The action will depend on the nature and seriousness of the concern. Any matters which fall within the scope of other existing procedures (e.g. complaints or discrimination issues) will be dealt with under these procedures. Some concerns may be resolved by agreed action without the need for investigation. Matters to be investigated may be:

- dealt with internally by the Internal Audit Service or other specialists such as the, ~~Strategic HR~~Human Resources Advisors or
- referred to the Police or other external agency.

The decision as to who shall complete the investigation will be made by the Internal Audit ~~Client~~–Manager in consultation with the Section 151 Officer and the Monitoring Officer.

Where an allegation is made against Senior Officers of the Council, including members of the Management Board, Section 151 Officer, Monitoring Officer, Head of Finance or the Internal Audit ~~Client~~–Manager, an appropriate body will be requested to complete the investigation, such as the Council's External Auditors.

7.2 Within **three working days** of a concern being received, the Council will contact the complainant, (if contact details are supplied):

- acknowledging that the concern has been received,
- indicating how it proposes to deal with the matter,

The Council may also ask for more information where this would assist in the investigation.

7.3 Investigations may result in recommendations for changes to procedures and systems which will be incorporated into action plans. Follow-up reviews will be carried out to ensure that recommendations are implemented.

CONFIDENTIAL REPORTING (WHISTLEBLOWING) POLICY & PROCEDURE

- 7.4 Investigations may lead to disciplinary action against employees conducted in accordance with the Council's Disciplinary Procedures. In this situation, the employee would be informed that the issue has been raised under the Whistleblowing Policy. This may be in addition to any legal proceedings instigated by the police.
- 7.5 Where appropriate the Internal Audit ~~Client~~ Manager will refer findings to the Police for investigation or review, after discussion with the Chief Executive Director, Section 151 Officer or the Monitoring Officer.
- 7.6 If you raise a matter and then later decide to withdraw your concern, the Council will respect your wishes wherever possible. However, if the matter is assessed as serious, then the Council will, where it deems appropriate, continue to investigate, which may result in further evidence being required from you.

8. WHISTLEBLOWING PART C: CONTACT DETAILS

8.1 Internal Contact Details

Internal Audit ~~Client~~ Manager – Gail Beaton
Telephone: 01483 523260 e-mail: gail.beaton@waverley.gov.uk

~~Chief Executive Director – Tom Horwood Paul Wenham~~
Telephone: 01483-523238 e-mail:
tom.horwoodpaul.wenham@waverley.gov.uk

~~Strategic Director of Finance and Resources (Section 151 Officer)~~
– Graeme Clark
Telephone: 01483-523099 e-mail: graeme.clark@waverley.gov.uk

~~Strategic Director of Operations – Damian Roberts~~
~~Telephone: 01483-523418 e-mail: damian.roberts@waverley.gov.uk~~

Monitoring Officer – Robin Taylor
Telephone: 01483 523108 e-mail: robin.taylor@waverley.gov.uk

8.2 External Organisation Contact Details

Grant Thornton is the Council's external auditor, an independent body, which may be contacted if you feel that your suspicions of fraud or malpractice have not been satisfactorily dealt with through the internal route.

Grant Thornton

~~Iain G Murray Sarah Ironmonger~~
020777283328

Telephone:

Associate Director
~~iain.g.murray@uk.gt.com~~

e-mail: ~~Sarah.L.Ironmonger~~

Grant Thornton House
Melton Street
Euston Square
LONDON NW1 2EP

Public Concern at Work

3rd Floor, Bank Chambers
6-10 Borough High Street
London
SE1 9QQ

Whistleblowing Advice Line

Telephone: 0207 404 6609
General Enquiries 020 3117 2520
Fax 0207 403 8823
Website: www.pcaw.org.uk

E-mail

UK enquiries: whistle@pcaw.org.uk
UK Services: services@pcaw.org.uk

UK Helpline: helpline@pcaw.org.uk

Any concerns relating to Housing Benefits can be reported confidentially on the Department Work and Pensions Fraud hotline: 0800-854-440.

PROSECUTION POLICY

Owned By:	Internal Audit Client Manager
Created Date:	2010
Review Date:	March 2017 <u>(minor changes re titles Jan 2018)</u>
CMT Approval Date:	March 2017
JCC Consultation Date:	October 2016/
Council Approved	March 2017
Date for Review:	2020 18 or change in legislation

PROSECUTION POLICY

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1	INTRODUCTION
2	GENERAL
3	PUBLICITY

Policy Statement

THIS POLICY IS INTENDED TO ENSURE THAT THE COUNCIL APPLIES THE APPROPRIATE PROCESS WHEN DECIDING TO COMPLETE PROSECUTIONS AGAINST THOSE INDIVIDUALS THAT COMMIT IMPROPER CONDUCT THAT CAN RESULT IN PROSECUTION ACTION BEING ADOPTED.

Scope of the Policy

1. INTRODUCTION

- a. Waverley Borough Council is committed to conducting its business properly through the application of a range of policies and procedures this policy relates to the prosecution of individuals who have breached regulatory or legislative requirements. Waverley Borough Council has a zero tolerance policy towards fraud, corruption and bribery. This commitment to preventing fraud and corruption is reinforced through the development of the Council's 'Anti-Fraud, Corruption Policy' in order to prevent and minimise its occurrence.
- b. The Council will constantly review and monitor its systems and amend procedures as required.
- c. This policy does not supersede other internal disciplinary codes implemented by the Council, and internal offenders (e.g. Council employees or elected Members) will be subject to general disciplinary procedures in addition to potential prosecution. Where the offender is a contractor or subcontractor the Council would potentially prosecute, and this could result in the cessation of the relevant contract.

2. GENERAL

- a. The Council's policy on fraud is to:
 - ❖ Deter it in the first instance
 - ❖ Detect it quickly
 - ❖ Investigate it efficiently and in accordance with the law; and
 - ❖ Prosecute offenders when appropriate
 - ❖ Make it as easy as possible for staff, Members and the Public to report concerns
- b. In order to prosecute;
 - The evidence must be collected according to local procedures and in accordance with the necessary laws, which currently include the Police and Criminal Evidence Act 1984 (PACE), the Criminal Procedures

Investigations Act 1996 (CPIA), the Regulation of Investigatory Powers Act 201~~800~~ (RIPA) and Prevention of Social Housing Fraud Act 2013.

- The Council must be satisfied that there is sufficient evidence to provide a 'realistic prospect of conviction', meaning that a jury or bench of magistrates or a judge hearing a case alone, properly directed in accordance with the law, is more likely than not to convict the defendant of the charge alleged.
 - If there is sufficient evidence to provide a realistic prospect of conviction, the Council must also be satisfied that it is in the public interest to prosecute.
- c. The council will when considering a prosecution, and throughout the course of a case, always adhere to the principles contained in the Code for Crown Prosecutors issued by the Director of Public Prosecutions.
- d. In most cases, the ~~Section 151 Officer~~ ~~trategic Director of Finance and Resources~~ and the Internal Audit ~~Client~~ Manager, and where appropriate in consultation with the ~~Chief Executive~~ Director, or another designated officer, will decide whether reporting the matter to the Police is appropriate. In exceptional circumstances the Internal Audit ~~Client~~ Manager may, after consultation with the Council's Borough Solicitor/Legal Services, refer a matter to the Police direct without prior consultation with the ~~S151 Officer~~ ~~trategic Director of Finance and Resources or the or the Chief Executive Director~~. Cases will also be discussed with the Leader of the Council, and the relevant Portfolio Holder will be kept informed of progress.
- e. In deciding whether a fraud should be reported to the Police, the following factors will be taken into consideration;
- The extent of the fraud/corruption in financial terms and how long the offence has lasted.
 - The sufficiency and appropriateness of evidence.
 - How the public interest will be best served.
- f. In general, all cases will be reported to the Police. However, the decision as to whether to prosecute or not ultimately rests with the Police and the Crown Prosecution Service, although the Council reserves the right to instigate proceedings itself if it is considered necessary. Any action will be taken in accordance with underlying principles, which include the following:

Each case will be examined on its own merits;

All persons under suspicion will be treated fairly;

Decisions will only be taken when the facts are known;

The rules of Natural Justice will always prevail.

- g. The ~~Strategic Director of Finance and Resources~~ (Section 151 Officer) in consultation with the Internal Audit ~~Client~~ Manager and the Monitoring Officer/ Borough Solicitor/ Legal Services, will decide on the sanctions to be imposed should the case be deemed serious. These sanctions can include disciplinary action, criminal prosecution, civil litigation and/or referral to professional accredited bodies.
- h. In respect of Housing Benefit fraud, this type of fraud is now investigated by the DWP as part of the Single Fraud Investigation Service.

3. PUBLICITY

- a. The Council's aim, and statutory responsibility, is to prevent the waste, theft and fraud of public money. With that in mind the Council has in place a wide range of measures aimed at preventing fraud, corruption and bribery. These include measures to prevent and deter the commission of offences.
- b. One such deterrent measure is the publication of details of convictions obtained by the Council. The publicity surrounding a conviction for fraud has two positive effects. First, it deters others who may be seeking to commit such offences, and second it generates confidence in the general public that the Council takes a serious view of fraud and is proactive in seeking to prevent it.
- c. The Council will therefore consider publishing the name and address of each person convicted of fraud, together with details of the offence(s) in question. In reaching a decision as to whether to publish the name(s) and address(es), the Council will take the following factors into consideration;
- The specific details of the offence committed.
 - The public interest in disclosing personal information (for example, the deterrent effect referred to above).
 - Whether the publication would be proportionate.
 - The personal circumstances of the offender.
 - Whether any other person may be affected by the publication (for example, family members).
- d. This list is not exhaustive and other factors may be relevant in the circumstances of each individual case.
- e. When having considered the above factors, it is considered appropriate to publish details of a conviction, the ~~Strategic Director of Finance and Resources, as~~ Section 151 Officer ~~to the Council~~, will record the reasons for the publication, and the Monitoring Officer, will maintain a central register of the records.

**ANTI-MONEY LAUNDERING POLICY
AND GUIDANCE**

Owned by:	Head of Finance Peter Vickers
Created Date:	Nov 2012
Review Date:	March 2017 <u>Jan 2018 re Titles</u> <u>March 2019</u>
CMT Approval Date:	March 2017
JCC Consultation Date:	Oct 2016
Executive/Council Approval date:	March 2017
Date for review:	<u>March 2020</u> or change in legislation

ANTI-MONEY LAUNDERING POLICY

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ANNEXE A	MONEY LAUNDERING AVOIDANCE - GUIDANCE NOTES

Money Laundering Reporting Procedure

What you need to know

If you suspect that money laundering has (or may be taking place) you must report it to the MLRO:

- regardless of amount
- as soon as you know or suspect
- using the confidential 'Report to MLRO' form

If your involvement amounts to a prohibited act you must:

- Inform the MLRO
- Get consent from SOCA (via the MLRO) to take any further action in the transaction
- Clarify whether there are any deadlines for consent (eg completion date of transaction)

Once reported to the MLRO you must:

- Follow any directions given by the MLRO
- Not make any further enquiries into the matter
- Co-operate with the MLRO and authorities in any investigation
- Not voice your suspicions to the person(s) suspected as this amounts to 'tipping off' and is a criminal offence

Things to remember:

- The regulations applies to all officers and Members and all services and payments
- You must not accept cash payments that exceed £5,000
- Any incidents of someone trying to pay £5,000 or more in cash must be reported regardless
- **Undertake due diligence and know your customer**

Warning Signs may include:

- Large volume/cash transactions
- Secretive or obstructive behaviour
- Overpayment/ duplicate payment made in cash where refund is requested via BACS or cheque
- Absence of an obvious source of funds
- Use of cash where other means are normal
- Unusual patterns of transactions

Introduction

- 1.1 The Council will do all it can to prevent the Council and its staff being exposed to money laundering through criminal activity, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.
- 1.2 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 came into force on the 26 June 2017. Although Local Authorities are not obliged to comply with the requirements of this legislation the Chartered Institute of Public Finance and Accounting (CIPFA) advises that an organisation should consider a policy framework which supports the implementation of the counter fraud strategy and includes an anti-money laundering policy to prevent the use of their services for money laundering.

2. Scope

- 2.1 This Policy applies to all officers, whether permanent or temporary, and Members of the Council. Officers and Members must be familiar with their responsibilities in preventing criminal activity through money laundering and must be vigilant at all times.
- 2.2 The policy applies to all areas of work undertaken by the Council.
- 2.3 The Policy sets out the procedures which must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council to comply with its legal obligations.
- 2.4 Further information is set out in the accompanying Guidance on page 10.
- 2.5 This Policy sits alongside the Council's Whistleblowing Policy and Anti-Fraud and Corruption Policy.
- 2.6 Failure by an officer or Member to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the Council's Disciplinary and Capability Procedure.

3. Definition of Money Laundering

3.1 Money laundering is the term used for a number of offences involving the proceeds of crime or terrorism funds. The following constitute the act of money laundering:

- concealing, disguising, converting, transferring criminal property or removing it from the UK
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- acquiring, using or possessing criminal property
- doing something that might prejudice an investigation (for example falsifying a document)

These are the primary money laundering offences, and are therefore prohibited acts under the legislation. There are also two secondary offences:

- Failure to disclose any of the primary offences
- Tipping off - where someone informs a person or people who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation. Tipping off carries a maximum penalty of five years imprisonment.

3.2 Potentially any officer or Member could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it.

4. Obligations on the Council

4.1 The Council is required to establish and maintain policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing. This includes:

- appointing a Money Laundering Reporting Officer (MLRO) to receive disclosures from officers and members of money laundering activity
- implementing a reporting procedure to enable the reporting of suspicions of money laundering
- The policies, controls and procedures must be:

- proportionate with regard to the size and nature of the relevant person's business, and
 - approved by its senior management.
- The policies, controls and procedures must be regularly reviewed and must include:
 - cash payments
 - risk management practices
 - internal controls
 - customer due diligence
 - record keeping procedures
 - the monitoring and management of compliance with, and the internal communication of, such policies, controls and procedures.
- training to recognise transactions that may indicate money laundering
- maintaining client identification procedures in certain circumstances

5. The Money Laundering Reporting Officer (MLRO)

5.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Head of Finance, Peter Vickers. He can be contacted as follows:

Peter Vickers e-mail: peter.vickers@waverley.gov.uk
Head of Finance Telephone: 01483 523539
Waverley Borough Council
Council Offices
The Burys
Godalming
Surrey
GU7 1HR

5.2 In the absence of the MLRO contact the Internal Audit Manager, Gail Beaton, at the above address or on telephone number 01483 523260.

6. Reporting Procedure

6.1 Where an officer or Member becomes aware or suspects that money laundering may have taken place (or may be taking place) they must contact the MLRO regardless of the amount.

6.2 If an officer or Member becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation it must be reported to the MLRO. Disclosure must be within hours of the information coming to light. Failure to do this may render the officer or Member liable to prosecution.

- 6.3 Disclosure should be made to the MLRO using the form at Appendix A to this policy. Full details must be included in the form.
- 6.4 If the officer or Member is concerned that their involvement in the transaction would amount to a prohibited act under the definition of Money Laundering at paragraph 3, consent will be needed from the Serious Organised Crime Agency (SOCA), via 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. The officer or Member 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.
- 6.5 Information given in the reporting form must enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable the MLRO to prepare a report to SOCA, where appropriate.
- 6.6 Once the matter is reported to the MLRO, officers and Members must follow any directions given by the MLRO. They must NOT make any further enquiries into the matter themselves and must co-operate with the MLRO and the authorities during any subsequent money laundering investigation.
- 6.7 Similarly, at no time and under no circumstances should the officer or Member voice any suspicions to the person(s) suspected of money laundering, even if SOCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO otherwise a criminal offence of "tipping off" (see the Guidance Note for further details) may be committed.
- 6.8 No reference should be made on a client file to a report having been made to the MLRO – should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render an officer or Member liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

Consideration of the disclosure by the MLRO

- 6.9 Upon receipt of a report, the MLRO must complete the MLRO part of the form, note the date of receipt of the report and acknowledge receipt of it. The MLRO should also advise the officer or Member of the timescale within which a response should be expected.

6.10 The MLRO will consider the report and any other available internal information that is relevant eg:

- reviewing other transaction patterns and volumes
- the length of any business relationship involved
- the number of any one-off transactions and linked one-off transactions
- any identification evidence held

6.11 The MLRO will undertake such other reasonable inquiries considered appropriate in order to ensure that all available information is taken into account in deciding whether a report to SOCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with the officer or Member.

6.12 Once the MLRO has evaluated the disclosure report and any other relevant information, the MLRO must make a timely determination as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- whether there is a need to seek consent from SOCA for a particular transaction to proceed.

6.13 Where the MLRO does so conclude, the matter must be disclosed as soon as practicable to SOCA on their standard report form and in the prescribed manner, unless there is a reasonable excuse for non-disclosure to SOCA (for example, a lawyer can claim legal professional privilege for not disclosing the information).

6.14 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, the report must be noted accordingly. Consent can then be given immediately for any ongoing or imminent transactions to proceed.

6.15 In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to SOCA.

6.16 Where consent is required from SOCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until SOCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from SOCA.

6.17 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering the MLRO shall mark the report accordingly and give consent for any ongoing or imminent transaction(s) to proceed.

6.18 All disclosure reports referred to the MLRO and reports made by the MLRO to SOCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

6.19 The MLRO commits a criminal offence if the MLRO knows or suspects, or has reasonable grounds to do so, through a disclosure being made, that another person is engaged in money laundering and the MLRO does not disclose this as soon as practicable to SOCA.

7. Policies, Controls and Procedure

Cash payments

7.1 No cash payment to the Council will be accepted if it exceeds £5,000 (including notes, coins or traveller cheques in any currency). Any incidents of someone trying to make a cash payment in excess of £5,000 must be reported to the MLRO regardless of whether you suspect money laundering activity or not.

Risk Management

7.2 Risk will be assessed by taking into account risk factors including factors relating to:

- The Council's customers
- The area in which the Council operates
- The Council's services
- The Council's transactions
- The Council's delivery channels

7.3 Whilst the risk to the Council of contravening the legislation is low, it is extremely important that all officers and Members are familiar with their legal responsibilities.

7.4 The risk to the Council of contravening the anti-money laundering legislation will be assessed on a periodic basis and the adequacy and effectiveness the Anti-Money Laundering Policy will be reviewed in light of such assessments.

Internal Controls

7.5 The internal controls include:

- appointing a 'nominated officer' and making sure that employees know to report any suspicious activity to them (the MLRO)
- identifying the responsibilities of senior managers and providing them with regular information on money laundering risks
- training relevant employees on their anti-money laundering responsibilities
- documenting and updating your anti-money laundering policies, controls and procedures
- introducing measures to make sure that the risk of money laundering is taken into account in the day-to-day running of your business

7.6 The independent audit function has responsibility:

- I. to examine and evaluate the adequacy and effectiveness of the policies, controls and procedures
- II. to make recommendations in relation to those policies, controls and procedures
- III. to monitor compliance with those recommendations.

7.7 New technology – where new technology is adopted the Council will ensure appropriate measures are taken to assess and, if necessary, mitigate any money laundering or terrorist financing risks this new technology may cause.

Customer Due Diligence

7.8 Customer due diligence means that the Council must know its customers and understand their businesses so that it is in a position to know if there is suspicious activity that should be reported.

7.9 Customer due diligence means:

- (a) identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source.
- (b) identifying where there is a beneficial owner who is not the customer owner and taking adequate measures, on a risk-sensitive basis, to verify their identity and where the beneficial owner is a trust or similar understand the ownership and control structure of the trust or arrangement.

(c) obtaining information on the purpose and intended nature of the business relationship.

7.10 The Regulations regarding customer due diligence are detailed and complex, but there are some simple questions that will help decide if it is necessary:

- Is the service a regulated activity (see 7.4.4)
- Is the Council charging for the service ie is it 'by way of business'?
- Is the service being provided to a customer other than a UK public authority?

If the answer to any of these questions is **no** then there is no need to carry out customer due diligence.

If the answer to all these questions is **yes** then customer due diligence must be carried out before any business is undertaken for that client. If there is uncertainty whether customer due diligence is required then the MLRO should be contacted for advice.

7.11 Regulated activity is defined as the provision 'by way of business' of: advice about tax affairs; accounting services; treasury management, investment or other financial services; audit services; legal services; estate agency; services involving the formation, operation or arrangement of a company or trust or; dealing in goods wherever a transaction involves a cash payment of £10,000 or more.

7.12 Customer due diligence must also be applied if a person carries out an occasional transaction that amount to 15,000 euros or more, whether the transaction is executed in a single operation or in several operations with appear to be linked. This applies to all transactions and can include dealings with agents, third parties, property or equipment, cheques, cash or bank transfers.

7.13 Where customer due diligence is required then evidence of identity must be sought, for example:

- details of your customer's business or employment (checking with the customer's website to confirm their business address)
- the source and origin of funds that your customer will be using in the relationship
- copies of recent and current financial statements
- the expected level and type of activity that will take place in your relationship
- conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any directors

- details of the relationships between signatories and any underlying beneficial owners
- seeking evidence from the key contact of their personal identity, for example their passport, and position within the organisation

7.14 The requirement for customer due diligence applies immediately for new customers and should be applied on a risk sensitive basis for existing customers. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering and terrorist funding, based on the officer's knowledge of the customer and a regular scrutiny of the transactions involved.

7.15 If, at any time, it is suspected that a client or customer for whom the Council is currently, or is planning to carry out, a regulated activity is carrying out money laundering or terrorist financing, or has lied about their identity then this must be reported to the MLRO.

Enhanced Due Diligence

7.16 In certain circumstances enhanced customer due diligence must be carried out for example where:

- There is a high risk of money laundering or terrorist financing
- The person has provided false or stolen identification
- the customer has not been physically present for identification
- the customer is a politically exposed person
- there is a beneficial owner who is not the customer – a beneficial owner is any individual who: holds more than 25% of the shares, voting rights or interest in a company, partnership or trust

7.17 Enhanced customer due diligence could include any additional documentation, data or information that will confirm the customer's identity and/or the source of the funds to be used in the business relationship/transaction. If it is believed that enhanced customer due diligence is required then the MLRO should be consulted prior to carrying it out.

7.18 The enhanced due diligence measures when you deal with a politically exposed person are:

- making sure that only senior management gives approval for a new business relationship
- taking adequate measures to establish where the person's wealth and the funds involved in the business relationship come from

- carrying out stricter ongoing monitoring of the business relationship

Record Keeping

7.19 The Council will keep a record of all customer due diligence measures carried out, including:

- customer identification documents obtained
- risk assessments
- your policies, controls and procedures
- training records

7.20 Each Service of the Council and contractors working for the Council conducting relevant business must maintain records of:-

- a) Due diligence and customer identification evidence obtained - which must be kept for five years after the end of the transaction or relationship
- b) Details of all relevant business transactions carried out for clients for at least five years from the completion of the transaction. This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

7.21 Any personal data obtained for the purpose of the regulations may only be process for the purposes of preventing money laundering or terrorist financing.

7.22 The MLRO must be informed of the existence and location of such records.

7.23 The records must be capable of providing an audit trail during any subsequent investigation, eg distinguishing the client and the relevant transaction and recording in what form any funds were received or paid.

7.24 An electronic copy of every customer due diligence record must be sent to the MLRO to meet the requirements of the Regulations and in case of inspection by the relevant supervising body.

7.25 Monitoring and Management of Compliance with, and Internal Communication of Polices, Controls and Procedures.

7.26 In support of the policy and procedure, the council will:

- Endeavour to make all staff aware of the requirement and obligation placed on the council and on themselves as individuals by the anti-money laundering legislation; and

- Provide targeted training where it has been identified staff are most likely to encounter money laundering

8. Training

8.1 The Council has a commitment to training employees so they're aware of their responsibilities.

8.2 Training will be targeted to areas where large sums of money may be received by the Council.

9. Maintain client identification procedures in certain circumstances

9.1 You also need to identify the 'beneficial owner' in certain situations. This may be because someone else is acting on behalf of another person in a particular transaction, or it may be because you need to establish the ownership structure of a company, partnership or trust.

9.2 As a general rule, the beneficial owner is the person who's behind the customer and who owns or controls the customer, or it's the person on whose behalf a transaction or activity is carried out.

9.3 If you have doubts about a customer's identity, you must stop dealing with them until you're sure.

10. Further Information

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

www.soca.gov.uk – website of the Serious and Organised Crime Agency

"Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations" – CIPFA

"Anti-Money Laundering (Proceeds of Crime and Terrorism) – Second Interim Guidance for Accountants" – CCAB (www.ccab.org.uk)

Money Laundering Guidance at www.lawsociety.org.uk

SI 2007 No. 2157 The Money Laundering Regulations 2007 at:
http://www.hm-treasury.gov.uk/consultations_and_legislation/money_laundrying_directive/consult_moneylaundering_2007.cfm

11. Guidance

11.1 Circumstances that may be susceptible to money laundering:

- The areas where large sums of money may be received by the Council, including:
 - Council Tax
 - Business Rates
 - Rent or Rent Arrears payments
 - Hire of venues, and Licensing
- Sale of Council land/buildings (as sale proceeds could be in cash)
- Sale of Council properties under right to buy scheme
- Investments – this would cover activities such as the issue of local bonds or transfers to for from non UK banks

11.2 Indicators that might be warning signs:

- Transactions that are complex and unusually large or there is an unusual pattern of transactions
- Where the person you are dealing with is excessively secretive or obstructive
- Transactions or trade that appear to make no commercial, economic or legal purpose
- any other activity or situation which may be regarded as particularly likely by its nature to be related to money laundering or terrorist financing
- transactions which might favour anonymity
- Large volume/large cash transactions
- An overpayment or duplicate payment in cash where the refund is requested by cheque or BACS
- Payments received from third parties
- Where a customer pays funds to the Council but then ends the transaction for no apparent reason, or unexpectedly asks for the money to be refunded or forwarded to a third party
- Where a customer tells you that funds are coming from one source and at the last minute the source changes
- Absence of an obvious legitimate source of funds eg where an individual is on low income and is purchasing a property from the Council
- Movement of funds overseas, particularly to a high risk country
- Individuals or companies that are insolvent but have funds
- Purchase of property (eg Council house) where no mortgage is involved

- Use of cash where other means of payment are normal
- Unusual transactions or ways of conducting business
- Use of overseas companies
- New companies

Client identification

11.3 This means obtaining a customer's:

- name
- photograph on an official document which confirms their identity
- residential address and date of birth

11.4 Satisfactory evidence of personal identity includes:

- Passport or photo driving licence.
- Utility bills, bank statements and other official documents. Other sources of customer information include the electoral register and information held by credit reference agencies such as Experian and Equifax. (Mobile phone bills are not acceptable).
- Satisfactory evidence of corporate identity can be through company formation documents or business rates documents.

11.5 You also need to identify the 'beneficial owner' in certain situations. This may be because someone else is acting on behalf of another person in a particular transaction, or it may be because you need to establish the ownership structure of a company, partnership or trust. As a general rule, the beneficial owner is the person who's behind the customer and who owns or controls the customer, or it's the person on whose behalf a transaction or activity is carried out.

11.6 If you have doubts about a customer's identity, you must stop dealing with them until you're sure.

11.7 In circumstances where the client cannot be physically identified the officer should be aware that :

- a) there is greater potential for money laundering if the client is not physically present when being identified;
- b) if satisfactory evidence is not obtained the relationship or the transaction should not proceed;
- c) if the client acts, or appears to act for another person, reasonable measures must be taken for the purposes of identifying that other person.

11.8 The types of record you keep may include:

- daily records of transactions
- receipts
- cheques
- paying-in books
- customer correspondence

11.9 The formats that you can keep your records in are:

- originals
- photocopies
- microfiche
- scanned
- computerised or electronic

11.10 You must keep your records for five years beginning from:

- the date a business relationship ends
- the date a transaction is completed

Confidential

Report to the Money Laundering Reporting Officer

Money Laundering Activity

<u>From</u>	
<u>Job Title</u>	
<u>Telephone No</u>	
<u>Email</u>	

Details of suspected offence

<u>Name(s) and address(es) of person(s) involved</u> <i>[if a company/public body please include details of nature of business]</i>	
<u>Name</u>	
<u>Date of birth</u>	
<u>Address</u>	
<u>Company names</u>	
<u>Directorships</u>	
<u>Phone numbers</u>	
<u>Other relevant information</u>	
<u>Nature, value and timing of activity involved</u> <i>(Please include full details)</i>	
<u>Date (has it happened, ongoing or imminent)</u>	
<u>Description of activity</u>	
<u>(Likely) amount of money/assets involved</u>	
<u>Where activity took place</u>	

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<u>How the transaction was undertaken</u>				
<u>Single transaction or series</u>				
<u>Reason for suspicion (full reasons)</u>				
<u>Evidence (provide any supporting documentation)</u>				
<u>Nature of involvement:</u>				
<u>Does your involvement constitute a prohibited act under the definition of money laundering?</u>				
<u>Do you need consent from the SOCA to take any further part in the transaction?</u>				
<u>Is there a deadline that consent is needed by? ie from a deadline of the transaction</u>				
<u>Has any investigation been undertaken as far as you are aware? (if Yes please give details below)</u>	<u>Yes</u>		<u>No</u>	
<u>Have you discussed your suspicions with anyone else? (if Yes please specify below, explaining why such discussion was necessary)</u>	<u>Yes</u>		<u>No</u>	
<u>Have you consulted any supervisory body guidance re money laundering? Eg the Law Society (if Yes please specify below)</u>	<u>Yes</u>		<u>No</u>	
<u>Has any investigation been undertaken as far as you are aware? (if Yes please give details below)</u>	<u>Yes</u>		<u>No</u>	
<u>Do you feel you have a reasonable excuse for not disclosing the matter to the SOCA? (if Yes please give details below)</u>	<u>Yes</u>		<u>No</u>	
<u>Please give any other information you feel is relevant:</u>				

<u>Signed:</u>	<u>Dated:</u>			
<u>Completion by Money Laundering Reporting Officer</u>				
<u>Money Laundering Activity</u>				
<u>Date report received</u>				
<u>Date receipt of report acknowledged</u>				
 <u>Details of suspected offence</u>				
<u>Consideration of Disclosure</u>				
<u>Action plan:</u>				
<u>Outcome of Consideration of Disclosure</u>				
<u>Are there reasonable grounds for suspecting money laundering activity?</u>				
<u>If there are reasonable grounds for suspicion will a report be made to SOCA? If Yes please complete below</u>	<u>Yes</u>		<u>No</u>	
<u>Date of report to SOCA</u>				
<u>Details of liaison with SOCA regarding the report:</u>	<u>Notice period: _____ to _____</u>			
	<u>Moratorium period: _____ to _____</u>			
<u>Is consent required from SOCA to any ongoing or imminent transactions which would otherwise be prohibited acts? If Yes please confirm full details below</u>	<u>Yes</u>		<u>No</u>	

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<u>Date consent received from SOCA</u>	
<u>Date consent given by MLRO to officer</u>	
<u>If there are reasonable grounds to suspect money laundering but you do not intend to report the matter to SOCA please set out the reason(s) for non disclosure below:</u>	
<u>Date consent given by MLRO to officer for any prohibited act transaction to proceed</u>	
<u>Other relevant information</u>	
<u>Signed:</u>	<u>Dated:</u>

This report should be retained for at least five years.

ANTI-BRIBERY POLICY

INTRODUCTION

Bribery can be described as giving someone a financial inducement or other form of advantage to encourage that person to perform their functions or activities improperly, or to reward that person for having already done so, in order to gain a personal, commercial, regulatory or contractual advantage.

The Bribery Act 2010 came into force on 1 July 2011. The Act makes it an offence for a United Kingdom (UK) citizen or resident to pay or receive a bribe, either directly or indirectly. The Act provides for transactions that take place in the UK and abroad, and both in the public and private sectors. Companies and partnerships can also commit an offence where a bribe has been paid on their behalf by an associate. Associates include employees, agents and other persons providing services on behalf of the corporate entity.

This Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor does it accept bribes or improper inducements.

The Council is also committed to a zero-tolerance approach that includes prevention, deterrence and detection of bribery. Adequate procedures to minimise the risk of bribery will be implemented and Members and staff will be made aware of them.

The Act relates to "commercial organisations", and this definition includes the Council. There are four key offences under the Act:

- bribery of another person (section 1);
- accepting a bribe (section 2);
- bribing a foreign official (section 6); and
- failing to prevent bribery (section 7).

The offence of failing to prevent bribery is a corporate offence. However, there is a full defence to this, if it can be shown that an organisation had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

An individual guilty of an offence under sections 1, 2 or 6 of the Bribery Act is liable:

- On conviction in a magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both; or
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.
- Organisations are liable for these fines and, if guilty of an offence under section 7, are liable to an unlimited fine.

SCOPE OF THIS POLICY

This policy covers Members, staff at all levels and grades, including those employed by agency, contractors, nonexecutives, volunteers and consultants. It also applies to all of the Council's activities. For partners, joint ventures and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

This policy provides a coherent and consistent framework to enable the Council's Members and employees to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents (most notably the Anti-Fraud and Corruption Policy), it will also enable employees to identify and effectively report a potential breach.

We require that all Members and staff:

- act honestly and with integrity at all times and to safeguard the Council's resources for which they are responsible; and
- comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions within which this Council operates, in respect of the lawful and responsible conduct of activities.

THIS COUNCIL'S COMMITMENT TO ACTION

This Council commits to:

- develop and communicate adequate anti-bribery procedures based on principles such as risk and proportionality;
- ensure that there is a genuine commitment to the anti-bribery procedures from senior management;
- ensure that the anti-bribery procedures are clear, practical, accessible, effectively implemented, monitored and enforced;
- apply due diligence procedures in respect of persons who perform or will perform services for or on behalf of the Council;
- set out a clear anti-bribery policy and keeping this policy up to date;
- make Members and staff aware of their responsibilities to adhere to this policy at all times;
- encourage staff to be vigilant and to report any suspicions of bribery;
- rigorously investigate instances of alleged bribery and to assist the Police and other appropriate authorities where necessary;
- take firm and vigorous action against any individual(s) proved to have been involved in bribery; and
- include appropriate clauses in contracts to prevent bribery.

GIFTS AND HOSPITALITY

This anti-bribery policy is not meant to change the requirements we already have in place regarding gifts and hospitality, for example, as defined in the Officers' and Members' Codes of Conduct. Central Government does not intend that genuine hospitality or similar business expenditure that is reasonable and proportionate be caught by the Bribery Act. Therefore it is reasonable to continue to provide or accept appropriate hospitality, promotional or other business expenditure providing it is in accordance with the Codes set out below.

To avoid any doubt, the main points of the existing Members' and Officers' Codes of Conduct that relate to hospitality are listed at points 1 to 8 below. Both Codes of Conduct can also be found in full on the Intranet or the Council website.

Members

1. Members must exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a Member
2. Members must not accept significant gifts or hospitality from persons seeking to acquire, develop or do business with the Council or from persons who may apply to the Council for any permission, licence or other significant advantage.
3. A Member must register with the Monitoring Officer any gift with an estimated value of at least £50, or hospitality with an estimated value of at least £100 within 28 days of its receipt.

Officers

4. Employees should accept offers of hospitality only if there is a genuine need to impart information or represent the local authority in the community. Offers to attend purely social or sporting functions should be accepted only when these are part of the life of the community or where the authority should be seen to be represented. They should be approved by your Head of Service, in advance where possible.
5. When hospitality has to be declined, those making the offer should be courteously but firmly informed of the procedures and standards operating within the authority.
6. Employees should not accept significant personal gifts from contractors and outside suppliers, although the authority may wish to allow employees to keep insignificant items of token value such as pens, diaries, etc. when you are satisfied that there is no ulterior motive associated with the offer

ANTI-BRIBERY POLICY

of the gift and where acceptance gives no danger of misinterpretation by a member of the public.

7. When receiving authorised hospitality, employees should be particularly sensitive as to its timing in relation to decisions which the authority may be taking affecting those providing the hospitality.
8. Acceptance by employees of hospitality through attendance at relevant conferences and courses is acceptable where it is clear the hospitality is corporate rather than personal, where the authority gives consent in advance and where the authority is satisfied that any purchasing decisions are not compromised. Where visits to inspect equipment, etc are required, you should claim any personal expenses involved from Waverley to avoid jeopardising the integrity of subsequent purchasing decisions.
9. Gifts which fall outside the definition in 6 above should be politely refused and Waverley's policy on the acceptance of gifts should be explained. If you have any doubt, please seek advice from, in the first instance, your Head of Service.
10. If a gift is delivered to the office without prior warning, unless it falls within the scope of acceptable gifts (see 6), in consultation with your Head of Service, the gift should be returned.
11. All hospitality offered, whether or not it is accepted, and all gifts offered or received, whether or not they are accepted or returned, must be entered in the Register of Hospitality and Gifts on Backstage and a note made of the action taken.

RESPONSIBILITIES OF MEMBERS AND STAFF

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control. All Members and staff are required to avoid activity that breaches this policy.

You must ensure that you read, understand and comply with this policy, and that you raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. You should be aware that breach of the Bribery Act can lead to civil and criminal prosecution; in addition breach of this policy may result in disciplinary action, which could lead to dismissal on the grounds of gross misconduct.

RAISING A CONCERN

As a first step, employees should normally raise concerns (verbally or in writing) with their immediate manager or supervisor. If circumstances dictate that this isn't possible, then other contacts for raising a concern are:

- **Chief Executive Director:** 01483 523237
- Monitoring Officer: 01483 523108
- Internal Audit: 01483 523260

The Council's Confidential Reporting (Whistleblowing) Policy Appendix 3 can also be used to raise bribery concerns.

If the concern is not able to be raised via internal channels, then options such as Local Councillors; Trade Unions; The Police; or The Local Government Ombudsman are all possible alternatives.

Staff not involved with bribery who raise a genuine concern, either via the Confidential Reporting (Whistleblowing) Policy or otherwise, will not be at risk of losing their job or suffering any form of retribution or harassment as a result. Providing that concerns raised are genuine and in good faith, it does not matter if they are mistaken or ultimately turn out to be not proven.

Other relevant strategies/policies (all available on the Intranet or Council website)

- Anti-Fraud and Corruption Policy
- Anti-Money Laundering Policy
- Confidential Reporting (Whistleblowing) Policy
- Officers' Code of Conduct
- Members' Code of Conduct
- Financial Regulations
- Contract Procedure Rules
- Councillors Planning Code of Good Practice

HOUSING TENANCY FRAUD POLICY



Owned by:	Tenancy and Estates Manager
Created Date:	January 2014
Equality Impact Assessment completed:	n/a
CMT Approval Date:	n/a
JCC Consultation Date:	n/a
Executive/Council Approval date:	tbc
Date for review:	April 2015
Reviewed	November 2016
Date for second review:	November 2021

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POLICY STATEMENT

1 POLICY AIMS AND OBJECTIVES

- 1.1 Waverley Borough Council is committed to dealing with tenancy fraud. There is a great housing need in the borough with limited supply and social housing should be available for those in housing need at the time they need it.
- 1.2 Waverley will tackle fraudulent applications, unlawful subletting and tenancy misuse promptly and effectively, to ensure all its housing stock is used by those with legitimate housing need.
- 1.3 The key objectives of the tenancy fraud policy are to;
- Underpin the Council's zero-tolerance approach to housing fraud, seeking prosecution and compensatory payment (according to the Prevention of Social Housing Fraud Act 2013)
 - Proactively prevent fraudulent activity
 - Prevent fraudulent applications for housing
 - Use introductory and flexible tenancy reviews to identify potential fraud
 - Prevent fraudulent right to buy applications
 - Detect and tackle fraud associated with mutual exchanges
 - Raise awareness amongst staff and the public about tenancy fraud and what that means
 - Encourage residents and members of the public to report suspected cases of tenancy fraud to Waverley
 - To deal effectively with reports and observations of tenancy fraud
 - Work in partnership with statutory agencies and housing associations in the Waverley area to share information, data and resources, where appropriate.

SCOPE OF POLICY

2 INTRODUCTION

- 2.1 This policy outlines Waverley's approach to dealing with tenancy fraud.

3 WHAT IS TENANCY FRAUD?

- 3.1 Tenancy fraud or misuse can present itself in various forms and can occur at any stage during a tenancy lifecycle.
- 3.2 The following list is not exhaustive, but does include the main types of tenancy fraud:
- Fraudulently obtaining a social housing tenancy by misrepresentation of identity or circumstances

- Unauthorised subletting:
 - subletting the whole property to a single household; or
 - multiple sublets within one property, without prior consent
- Non occupation by the tenant(s) as their only or main home
- Unauthorised assignment of the tenancy – mutual exchange or transfer of tenancy without permission
- Key selling – where the tenant leaves the property and passes on the keys in return for a one off lump sum payment or favour
- Wrongly claimed succession – retention of a tenancy following the death or vacation of the tenant(s)
- Fraudulent right to buy application

3.3 In some instances unlawful subletting can generate lucrative profits for individuals or organised groups. It is therefore essential that Waverley can demonstrate that the tenants who should be occupying its homes really are in residence.

Please note – tenancy misuse does not refer to cases where tenant have taken in a lodger or sublet with prior written consent.

4 IMPACT OF TENANCY FRAUD

- 4.1 Failure to tackle tenancy fraud has a number of effects on both Waverley and its residents. These are:
- the housing stock is not put to best use
 - increased waiting times for prospective tenants and existing tenants wishing to move
 - an increased risk of disrepair and damage to the property due to a reluctance to report repairs or accept improvements, and from modifications to make the property more suitable to sub-let
 - an increased risk of criminal damage or anti-social behaviour
 - added difficulties gaining access to carry out maintenance repairs or gas servicing
 - the unlawful sub-tenant(s) who may not be aware of their status can be vulnerable to being charged increased rents and deposits and are at risk of unlawful evictions and homelessness
 - a drain on resources due to the costs of investigation and court proceedings.

5 WHAT IS WAVERLEY DOING TO COMBAT TENANCY FRAUD?

- 5.1 Waverley has a range of measures to combat tenancy fraud. These are listed below:

5.2 Awareness

- 5.2.1 Waverley highlights the consequences of tenancy fraud and the methods with which it can be reported at sign up interviews and tenancy visits and via its website and tenants' newsletter.

Waverley highlights the Tenancy Fraud Policy, risk of fraud and success in tackling fraud to housing staff at briefings and team meetings.

5.3 When making an Application

- 5.3.1 All applicants sign a declaration to confirm they have provided true and accurate information. Prior to a potential tenant being accepted onto Waverley's Housing Need Register photo identity, address and financial checks are carried out to verify the information provided by the applicant(s). Once accepted on the register all applicants circumstances are reviewed annually.

5.4 Start of the Tenancy

- 5.4.1 Before a tenancy is allocated Waverley carries out a series of identification and verification checks to ensure that the prospective tenant and their family household/circumstances are what they say they are. Proof of essential data is required, such as birth certificates, photo identification, passports, immigration papers or driving licences.
- 5.4.2 Waverley endeavours at all times to ensure the right people are allocated to the right home. Staff involved in the process are aware of the potential for tenancy fraud and the importance of the sign up process for preventing tenancies being obtained by deception.

5.5 Use of Photographs

- 5.5.1 Waverley photographs new tenant(s) as part of our sign up process. The photographs are held electronically and/or physical copies are held on tenancy files to assist in confirming identity if required. Photographs can also be taken at tenancy review visits. Photos will be held confidentially according to Data Protection requirements and only used for identification checks and tackling social housing fraud.

5.6 Early Contact

- 5.6.1 New tenants are contacted by phone within four to six weeks of new tenant(s) moving in. The purpose of the call is to ensure that the new tenant has moved in, has settled in and is using the property as their only and main home. The call is also an opportunity to check that they have no outstanding issues and they are receiving any help or support they may require. If tenants can not be reached by phone an email and/or letter is sent requesting contact. If no

contact is made the case is referred to the Tenancy and Estate Officer to visit and take appropriate action as required.

5.7 Tenancy Review Visits

5.7.1 Review visits are held at four and seven months for introductory tenants. Reviews for Flexible and Secure tenants are prioritised according to housing data regarding contact. These are designed to ensure tenancy conditions are been met, capture other data required on household members for wider purposes (such as overcrowding), alongside ensuring the tenant is not sub-letting part of their home without consent and is using the property as their only or main home.

5.8 Responding to Reports

5.8.1 Waverley takes all reports of alleged tenancy fraud seriously and commits to undertake an investigation in accordance with the Waverley's Prosecution Policy. Waverley has a dedicated email address and online reporting mechanism for people to report suspicions of tenancy fraud. Reports can also be made by phone or in person.

Waverley may undertake covert surveillance, which is a legitimate tool in fraud investigations; in accordance the Council's approved RIPA Policy.

5.8.2 Staff have a clear Dealing with Tenancy Fraud procedure and receive relevant training to investigate and tackle tenancy fraud. If the tenant is vulnerable or elderly and the property has been taken over by illegal occupants without the tenant's permission Waverley will work with the tenant to regain occupation of their property.

5.9 Right to Buy process

5.9.1 All right to buy applicants must attend an interview to prove identity and residency and are subject to a credit check as part of the eligibility assessment.

5.10 Publicity Campaign

5.10.1 Waverley will undertake periodic publicity campaigns to raise awareness with residents and the public that they are able to report suspected cases of tenancy fraud (anonymously if they wish in through Waverleys Reportit process).

5.11 Court Action

5.11.1 Where there is deemed to be sufficient evidence of tenancy fraud Waverley will pursue cases through the Courts in accordance with Waverley's

HOUSING TENANCY FRAUD POLICY

Prosecution Policy, in order to re-possess the property and where appropriate seek proceeds of crime order against the tenant(s).

5.12 National Fraud Initiative (NFI)

5.12.1 Waverley participates in data matching exercises such as NFI and other local groups including the Surrey Counter Fraud Partnership and submits data to be matched against private and other public sector bodies to highlight instances where data provided by one party matches that held by another, indicating possible cases where tenancy fraud is being perpetrated within the borough.

5.12.2 Waverley will seek to access information from banks, utility and telecommunication companies to detect tenancy fraud, where necessary as part of fraud investigations.

5.13 Statutory and Partner Liaison

5.13.1 Waverley is an active member of the Surrey County Fraud Partnership and Surrey Tenancy Fraud Forum working with Surrey local authorities, housing associations and statutory partners in the Waverley area to jointly tackle tenancy fraud and share information.

5.13.2 Waverley also exchanges information with Department Work and Pensions (DWP) to identify address discrepancies.

5.14 Staff involvement in Fraud

5.14.1 Waverley takes a zero-tolerance approach to staff proved to have been involved in tenancy fraud. Any staff implicated in a possible housing fraud in any manner will be referred to the Section 151 Officer (Strategic Director—~~Finance and Resources~~) in accordance with Waverley's Anti-Fraud, Corruption Policy.

5.15 Whistleblowing

5.15.1 The Council actively encourages and protects whistle blowers raising suspected housing fraud. All whistle blowers will remain anonymous and be supported in their giving of evidence.

6 PERFORMANCE MEASURE AND TARGETS

6.1 Performance data about the effectiveness of our dealing with tenancy fraud will be gathered and reported annually to ensure and drive continuous improvement in our service delivery to our residents.

7 RESPONSIBILITY AND REPORTING ARRANGEMENTS

- 7.1 The Head of Housing Operations is responsible for delivering this policy.
- 7.2 The Head of Housing Operations is responsible for ensuring that all appropriate staff involved in the implementation of this policy are aware of and trained in this policy and its procedures.

8 MONITORING AND REVIEW ARRANGEMENTS

- 8.1 All suspected housing fraud reports received by Waverley will be recorded. Housing fraud investigations and the subsequent results and actions of those investigations will be reported annually to Members. This will ensure Waverley is effectively implementing this policy and associated documents, and that residents and staff are treated fairly and equitably.
- 8.2 Central monitoring of all reports will be undertaken on an annual basis. This will monitor the number of new cases received and any properties recovered through voluntary surrender or legal possession. Performance data will be included in the routine key performance indicator reports.
- 8.4 This policy will be reviewed every five years, unless legislation or sector development require otherwise, ensuring that it continues to meet its objectives and take account of good practice developments.

Author and Feedback

The Council welcomes comments and feedback on its policies and procedures. Please contact the Tenancy and Estates Manager, Housing Services if you have any comments.

Related Information

9 Associated Documents

- Tenancy Strategy
- Tenancy Policy
- Confidential Reporting (Whistleblowing) Policy
- Prosecution Policy
- Anti-Fraud, Corruption Policy

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

4 MARCH 2019

Title:

PROPOSED AUDIT PLAN FOR 2019-20

[Wards Affected: All]

Summary and purpose:

The Committee's terms of reference include provision for the Committee to approve the proposed Internal Audit Plan for 2019-20. This report presents the Draft Internal Audit Plan for 2019-20 and the Committee is invited to comment before the Plan is adopted. The plan has been drawn up by the Internal Audit Client Manager through consultation with Heads of Service Team and Management Board and completing a risk assessment of the audit universe of the council's activities.

How this report relates to the Council's Corporate Priorities:

The work of the Internal Audit service can have an impact upon all the Council's priorities as its work involves exposure to all service areas.

Equality and Diversity Implications:

The intention of the council is to be fair, proportionate and apply those consistently in the Council's activities.

Financial Implications:

Internal audit work includes consideration of value for money issues and, allied to this, the potential for waste, loss, theft and inefficiency. The delivery of the Audit Plan will contribute towards the Council's sound financial and management processes and help ensure sound probity and governance arrangements are in place.

Legal Implications:

The Council must have an operational Audit Plan that must cover a period of no more than a year in order to fully comply with the requirements of the Code of Practice issued by CIPFA, which is given mandatory status by the Accounts and Audit Regulations.

Introduction

1. The draft Internal Audit Plan for 2019-20, attached at Annexe 1, has been prepared after consultation with key officers of the council and an Audit Risk Assessment of Waverley's control environment and audit universe of activities. Issues were raised in those consultations, and it has been necessary to consider carefully which of the current developments and pressures the Internal Audit Service is best able to assist

with, or have a meaningful input in providing management assurance on the control environment.

Proposed Plan for 2019-2020

2. The proposed draft Internal Audit Plan for 2019-20 presented for endorsement has been prepared by the Internal Audit Client Manager, through consultation with Heads of Service, agreed by the Section 151 Officer and Management Board.
3. The plan proposes to provide 400 days of which 100 will be allocated to the new contractor Southern Internal Audit Partnership, with the remaining 300 days being provided by the in-house team. The 300 days will include the proactive and reactive work that will be carried out within the team.
4. The draft 2019-20 proposed Audit Plan has been prepared with reference to the Internal Audit Risk Assessment, as well as assessing the current control environment, strategic risk register and operational management input.
5. Resources have been allocated to priority risk areas including those that may hinder the achievement of Waverley's corporate priorities.

Where there are identified changes to systems and services throughout the year, a provision for contingency has been included in the Plan to review these operational areas where possible.

Conclusion

6. The proposed Internal Audit Plan for 2019-20 gives coverage to the key known issues facing Waverley in the coming 12 months, with a contingency held to address those issues that may materialise in the year.

Recommendation

The Audit Committee is invited to comment and approve the draft Internal Audit Plan for 2019-20, as attached in Annexe 1.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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Internal Audit Plan

2019-2020

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Conformance with Internal Audit Standards

Conflicts of Interest

Council vision

Council Risk

Developing the Internal Audit Plan 2019-20

Internal Audit Plan 2019-20

Introduction

The role of internal audit is that of an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations 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’ (CIPFA and IIA).

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit plays a vital role in advising the Council and these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievements of the organisations objectives.

The aim of internal audit’s work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

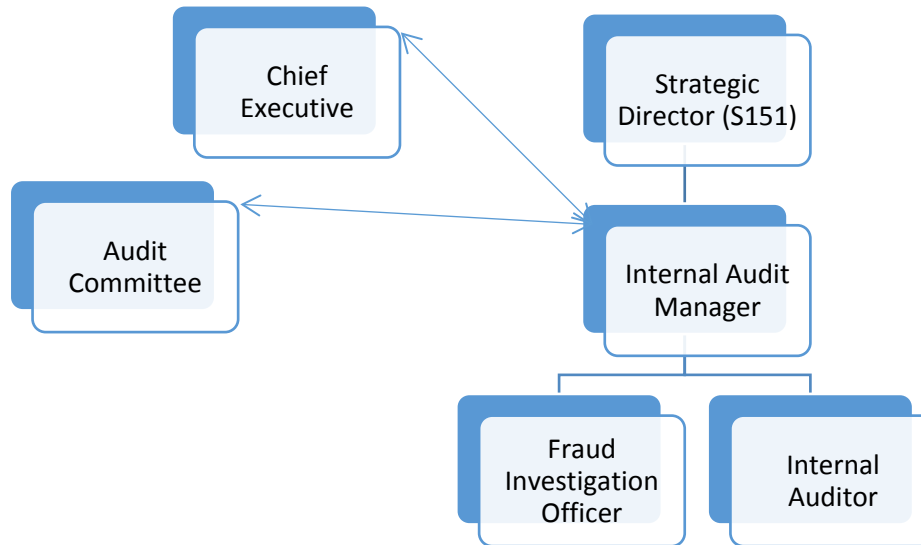
- The framework of internal control, risk management and governance is appropriate and operating effectively; and
- Risk to the achievement of the Council’s objectives is identified, assessed and managed to a defined acceptable level

The internal audit plan provides the mechanism through which the Chief Audit Executive (Internal Audit Manager at WBC) can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid subject to ongoing review and amendment, in consultation with the relevant Strategic Directors, and Audit sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Internal Audit Manager’s continued contact and liaison with those responsible for the governance of the Council and the Audit Committee as included in the Audit Committees Terms of Reference.

Your Internal Audit Team

Your internal audit service is provided by the in-house team and supported by the external resource of the Southern Internal Audit Partnership (SIAP). The in-house team is lead by Gail Beaton, Internal Audit Manager, supported by Paul Darcy, Internal Auditor and Jose Ribeiro, Housing Fraud Investigation Officer. The resourcing of the plan will be supported by the services of Southern Internal Audit Partnership (SIAP), setup and supported by Winchester City Council, lead by Neil Pitman, Head of Southern Internal Audit Partnership.



Conformance with internal auditing standards

Under the conformance of the Public Sector Internal Audit Standards (PSIAS) there is a requirement for audit services to have an external quality assessment every 5 years. Our new contractors, SIAP, have undergone this assessment in 2015 which was completed by the credible source of the Institute of Internal Auditors the authors of the standards and the lead internal audit authority nationally and internationally the IIA were the ideal assessors.

To enable the changes now in place for the provision of this Internal Audit service delivery as a whole, it is proposed that the in house service will be assessed against the PSIAS later in 2019/20.

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

The Waverley Borough Corporate Strategy

The Waverley Corporate Strategy sets out how the council plans to shape its services for the next five years (2018-2023). It contains the Council's vision for Waverley and what it is trying to achieve for its residents and for the borough. The Waverley corporate Strategy is underpinned by the Council's key priorities themes and goals:



Place



People



Prosperity

Council Risk

The council have a clear framework and approach to risk management which has involved members and officers working together to determine the authorities risk appetite. The strategic risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Developing the Internal Audit Plan 2019/20

The plan has been developed by the Internal Audit Manager, by completing a risk assessment of the councils audit universe (Auditable areas in the Council) and in consultation with Head of Services. Reference was also made to the Corporate Strategy and the council Risk Register which has only recently been redevise as part of developing and agreeing the Councils risk appetite. We have utilised various sources of information and discussed priorities for internal Audit with the Section 151 Officer (Strategic Director). The audit plan reflects the Council's vision and strategies.

The Council is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

Internal Audit Plan 2019/20

Audit	Risk	Scope
Corporate/Cross Cutting		
Ethics including Declaration of Interests	Failure to identify, declare relationships with third parties that may impede judgement.	Review of controls and process for the declaration and recording of interests with third parties.
Financial Management		
Recovery of debts (including Write Offs)	Cyclical coverage of core financial systems to meet external audit/regulatory requirements, and management concerns.	Reviews will cover key controls
Payroll		
Main Accounting		
Reconciliations		
Construction Industry Scheme (CIS)	Financial/reputational loss	Follow up of review completed in 2017/18

Information Technology		
IT Fraud Risk Assessment	Reputation/loss of data	Review that controls in place to safeguard against fraudulent practices.
Firewalls/Cloud Security	Reputation/loss of data	Review the service setup against best practice requirements to maintain and safeguard the corporate network
Applications system in service areas		
Agresso/Orchard Interface	Financial/reputational loss	Review of the process in place
Corporate Objectives		
Gas Maintenance in Waverley Properties	Health & safety/ reputational loss	Review of inspection process, document retention and action plan re issues identified requiring action.
Legionella checks re Waverley Property Ownership		
Asbestos Exposure in Waverley Properties (HRA and GF)		
Air Quality	Reputation and financial loss	Follow up of the audit review completed in 2017/18 re the new processes in place.
Housing Kitchen & Bathrooms Replacement programme	Reputations and financial loss/quality not achieving contract standards	Review of the process operating to maintain quality of product within the agreed standards and price commitment

Responsive repairs and voids – new contact	Reputations and financial loss/quality not achieving contract standards	Review the control process in operation
Service Charges - Leasehold Flats	Reputation and financial loss	Review of the control processes in operation
Private Sector Housing (HMO)	Poor private sector housing standards/reputational loss.	Review of Health & Safety/houses of multiple occupancy (5 or more occupants) inspection process.
Disability Facilities Grants Private Sector Housing	Financial and reputational loss	Review of the controls and processes for the awarding of grants to third parties.
Events and Filming	Reputation and financial loss	Review of the control processes in place to ensure all opportunities and income generated is accurately accounted for.
Borough Hall	Reputation and financial loss	Review of the control processes and procedures in place to ensure all activities are accurately recorded and accounted for.
Vending Machines	Financial and reputational loss	Review of the control processes in place to ensure all income and stocks are accurately accounted for.
Planning Enforcement	Reputational Loss/ Planning requirements/restrictions not achieved	Review of the process in operation relating to planning enforcement matters.
Community Infrastructure Levy (deferred from 2018/19)	Reputational and financial loss/ planning needs not met	Review of controls and processes for developers/CIL including identification, collection and expenditure of contributions.
Other		
Fraud and Irregularities	Ineffective procedures to detect/mitigate fraud and irregularity or to promote a zero tolerance culture	To operate in line with best practice <ul style="list-style-type: none"> • Proactive • Reactive

		<ul style="list-style-type: none"> • NFI • SCFP • Fraud Surveys
Management	Planning, Liaison, Reporting, Audit Committee, External Audit Advice.	
Contingency		
Total Days 400		

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WAVERLEY BOROUGH COUNCIL
AUDIT COMMITTEE – 4 MARCH 2019

Title:

PROGRESS ON THE INTERNAL AUDIT PLAN FOR 2018/19

[Wards Affected: All]

Summary and purpose:

The Committee's Terms of Reference include provision for the Committee to monitor and comment on the progress made in the achievement of the Internal Audit Plan. An update on the current position of the reviews in 2018-19 is presented.

How this report relates to the Council's Corporate Priorities:

The work of the Internal Audit service can have an impact upon all the Council's priorities as its work involves exposure to all service areas to provide assurance on the control environment of the Council.

Financial Implications:

There are no specific financial implications from this report, however the delivery of the Audit Plan will contribute towards the Council's sound financial and management processes and help ensure sound probity and governance arrangements are in place.

Legal Implications:

The Council must have an operational plan that must cover a period of no more than a year in order to fully comply with the requirements of the Code of Practice issued by CIPFA, which is given mandatory status by the Accounts and Audit Regulations.

Introduction

1. The progress on the completion of the Internal Audit Plan for 2018-19 is shown as attached at Annexe 1.

2. A request for deferral of the review relating to the Community Infrastructure Levy (CIL) (highlighted in yellow in Annexe 1) for 7 days, is being made as

the sytem is not yet in operation and therefore there is isufficient activity to audit.

Conclusion

3. The Committee to approve the request for the deferral to 2019/20 for the Community Infrastructure Levy and note the progress made on the 2018/19 Audit Plan.

Recommendation

It is recommended that the Committee

1. approves the deferral of the review to 2019/20
2. notes the status of the 2018-19 Audit Plan as attached in Annexe 1.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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AUDIT PLAN AGREED BY AUDIT
COMMITTEE ON 27 MARCH 2018

Key
Awaiting Draft Report
Completed
New Review
Deferred
Cancelled

*
indicates
change
from
original
plan

Report No. Ref	Internal Audit Plan position as at 21 February 2019	2018-19 Priority	Proposed No. of Plan Days	Variations	Revised Plan (a) + (b)	Actual Total to date	Days Planned to end March '19	Total expected time ((d)+(e) to match (c))	Progress	Details	Planned QTR	Head of Service & Manager Responsible for Area	Contact Details	No of Recs	Overall Assurance Opinion
			2018/19	(b)	(c)	(d)	(e)								
	Systems and Services Audit														
	IT SERVICES														
IA19-00	User account Management Procedures		15.00	-10.00	5.00	0.00	5.00	0.00			Q4	Head of Customer, IT and Office Services - David Allum, Linda Frame - IT Development Manager	01483 523221 - 01483 523157		
IA19-00	IT Technical - Network Controls designed to prevent /detect malicious software			5.00	5.00	0.00	5.00	0.00			Q4	Head of Customer, IT and Office Services - David Allum, Linda Frame - IT Development Manager	01483 523221 - 01483 523157		
	Contingency		0.00	0.00	0.00	0.00	0.00	0.00							
	IT Total		15.00	-5.00	10.00	0.00	10.00	0.00							
	GENERAL SYSTEM REVIEWS														
	Key Financial Systems														
IA19-06	Car Parking	High	7.00	0.00	7.00	7.00	0.00	0.00	Final Report on Pentana	Revenue expenditure re Car park maintenance, low value accumulates to high value CPF.	Q1/2	Head of Environment - Richard Homewood	01483 523411	2	Reasonable
IA19-00	Creditors	High	7.00	0.00	7.00	7.00	0.00	0.00	Final Report Stage	KFS testing. Review processes for identifying procurement route, and for issue and control of orders and agreeing payment of invoices. P2P.	Q2/3	Head of Finance - Peter Vickers	01483-523539	0	Substantial
IA19-00	Housing Benefit and Council Tax Reduction Scheme	High	10.00	0.00	10.00	10.00	0.00	0.00	Awaiting Draft Report	Key systems tests. Review of access to accounts on-line, Systems Thinking Outputs.	Q4 (Jan 2019)	Head of Finance - Peter Vickers	01483-523539		
IA19-00	Business Rates (NNDR)	Medium	10.00	0.00	10.00	10.00	0.00	0.00	Awaiting Draft Report	Review of on-line access to accounts, and revaluation implementation.	Q4 (Jan 2019)	Head of Finance - Peter Vickers	01483-523539		
IA19-12	Housing Rent Collection	High	7.00	0.00	7.00	7.00	0.00	0.00	Final Report Stage	KFS testing. Review the implementation of universal credit planned October 2018.	Q3	Head of Housing Operations Hugh Wagstaff	01483 523363	2	Substantial
	Sub total for Key Financial Systems		41.00	0.00	41.00	41.00	0.00	0.00							
IA19-11	Environmental Street Cleaning	Medium	7.00	0.00	7.00	7.00	0.00	0.00	Final Report on Pentana	Management contract terms and non compliance.	Q3	Head of Environment - Richard Homewood	01483 523411	4	Substantial
IA19-00	Leisure - Share profits arrangement	High	7.00	0.00	7.00	1.00	6.00	0.00	In progress re Audit Team	Communities O/S working group re Leisure contract Early January 2017.	Q4	Head of Communities and Special Projects - Kelvin Mills	01483 523432		
IA19-09	Ground Maintenance	High	10.00	0.00	10.00	10.00	0.00	0.00	Final Report on Pentana	Management contract terms and non compliance. (Note work completed re O&S Report 2017/18)	Q3	Head of Communities and Special Projects - Kelvin Mills	01483 523432	2	Substantial
IA19-14	Memorial Hall	High	10.00	0.00	10.00	10.00	0.00	0.00	Draft Report Stage	Project management re quality and cost delivery, upgrade Project	Q3	Head of Communities and Special Projects - Kelvin Mills	01483 523432		
IA19-16	Waverley Training Services	Medium	10.00	0.00	10.00	10.00	0.00	0.00	Draft Report Stage	Operational review re growth in business impact on council, business plan, contractor relationship, governance arrangements, remoteness of service.	Q4	Head of Communities and Special Projects - Kelvin Mills	01483 523432		
IA19-00	Community Infrastructure Levy	High	0.00	0.00	0.00	0.00	0.00	0.00	Defer until 2019/20	Assurance that new system is working at intended	Defer	Head of Planning - Elizabeth Sims	01483 523292		

AUDIT PLAN AGREED BY AUDIT
COMMITTEE ON 27 MARCH 2018

Key	
	Awaiting Draft Report
	Completed
	New Review
	Deferred
	Cancelled

*
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change
from
original
plan

Report No. Ref	Internal Audit Plan position as at 21 February 2019	2018-19 Priority	Proposed No. of Plan Days	Variations	Revised Plan (a) + (b)	Actual Total to date	Days Planned to end March '19	Total expected time ((d)+(e) to match (c))	Progress	Details	Planned QTR	Head of Service & Manager Responsible for Area	Contact Details	No of Recs	Overall Assurance Opinion
			2018/19	(b)	(c)	(d)	(e)								
IA19-00	Deposit Guarantee Scheme	High	7.00	0.00	7.00	0.00	7.00	0.00	04/03/2019	Recovery of costs re deposit/bond from tenant re Deposit Guarantee Scheme (Deposit Bond)	Q3 Oct 18/ now *Q4	Head of Strategic Housing Andrew Smith	01483 323096		
IA19-05	Safeguarding	High	7.00	0.00	7.00	7.00	0.00	0.00	Final Report on Pentana	Assurance that awareness is embedded and actions recorded appropriately	Q2 Sept 18	Head of Strategic Housing Andrew Smith	01483 323096	6	Partial
IA19-00	Local Land Charges	Medium	7.00	0.00	7.00	0.00	7.00	0.00	11/03/2019	Assurance that system is operating as intended	*Q1 now Q3 re HOS	Head of Policy and Governance - Robin Taylor	01483 523108		
IA19-08	Flexi-Time - Consistency of Application	High	7.00	0.00	7.00	7.00	0.00	0.00	Final Report on Pentana	Assurance that Consistency is applied	Q3	Head of Policy and Governance - Robin Taylor	01483 523108	5	Partial
IA19-00	Staff Expenses and Allowances (Itrent)	High	10.00	0.00	10.00	1.00	9.00	0.00	In progress re Audit Team	Accuracy of claims	Q4	Head of Policy and Governance - Robin Taylor	01483 523108		
IA19-10	Risk Management	Medium	10.00	0.00	10.00	10.00	0.00	0.00	Final Report on Pentana	Effective and impact of the system in operation	Q3	Head of Finance - Peter Vickers	01483-523539	1	Partial
IA19-01	Housing Approval of invoices on Agresso	High	10.00	0.00	10.00	10.00	0.00	0.00	Final Report on Pentana	Re authorisation process on Orchard through to Agresso	Q1	Head of Housing Operations Hugh Wagstaff	01483 523363	3	Substantial
IA19-03	Management of Flexible Tenancy	High	5.00	0.00	5.00	5.00	0.00	0.00	Final Report on Pentana	Preparedness re 5 years since 1st awarded - What happens next? - Assurance on preparation	Q1/2	Head of Housing Operations Hugh Wagstaff	01483 523363	6	Reasonable
IA19-02	Right to Buy Process	High	7.00	0.00	7.00	7.00	0.00	0.00	Final Report on Pentana	Review process in operation	Q1/2	Head of Housing Operations Hugh Wagstaff	01483 523363	11	Partial Assurance
IA19-07	On Line Forms	High		3.00	3.00	3.00	0.00	0.00	Final Report on Pentana	Assurance that forms are meeting the requirements re collection of income	Q3	Corporate	01483-523333		Advisory
IA19-15	Building Control Process	High		7.00	7.00	7.00	0.00	0.00	Draft Report Stage	Assurance on the system in operation to monitor and control income collection for works completed	Q3	Head of Planning - Elizabeth Sims	01483-523292		
Governance and Risk Reviews															
IA19-00	Investment Board and Commercial Investment Venture	High	10.00	-5.00	5.00	0.00	5.00	0.00	04/03/2019	Assurance on the Governance arrangements, initiation and reporting arrangements	Q1/2* now Q3	Graeme Clark - Strategy Director - Finance And Resources	01483 523099		
IA19-00	Brightwells	High	10.00	0.00	10.00	0.00	10.00	0.00	Still to be agreed with HOS	Assurance on the controls re risk of loss, legal obligations etc.	Q3/4	Head of Communities and Special Projects - Kelvin Mills	01483 523432		
IA19-04	Corporate Complaints Policy, Procedures and IT System functionality	High	7.00	0.00	7.00	7.00	0.00	0.00	Final Report on Pentana	Accuracy of reporting information and output management	Q2	Head of Policy and Governance - Robin Taylor	01483 523108	2	Reasonable
	Management Contract Liaison Meetings		6.00	0.00	6.00	4.00	2.00	0.00							
	Contingency		27.00	0.00	27.00	0.00	27.00	0.00							
	Sub Total for Operational Reviews (Inc Cont)		174.00	5.00	179.00	106.00	73.00	0.00							
	Subtotal Financial Systems Reviews		41.00	0.00	41.00	41.00	0.00	0.00							
	Subtotal of IT Reviews		15.00	-5.00	10.00	0.00	10.00	0.00							
	Total Contractor Plan Review Days		230.00	0.00	230.00	147.00	83.00	0.00							
	In-house Service														
IACM19-01	S106 Agreement					30.00	0.00	0.00	Final Report on Covalent	Assurance on the system in operation to manage the S106 process		Head of Planning - Elizabeth Sims	01483-523292		Advisory

AUDIT PLAN AGREED BY AUDIT COMMITTEE ON 27 MARCH 2018

	Key
	Awaiting Draft Report
	Completed
	New Review
	Deferred
	Cancelled

* indicates change from original plan

Report No. Ref	Internal Audit Plan position as at 21 February 2019	2018-19 Priority	Proposed No. of Plan Days	Variations	Revised Plan (a) + (b)	Actual Total to date	Days Planned to end March '19	Total expected time ((d)+(e) to match (c))	Progress	Details	Planned QTR	Head of Service & Manager Responsible for Area	Contact Details	No of Recs	Overall Assurance Opinion
			2018/19	(b)	(c)	(d)	(e)								
	Total In-house Internal Audit Reviews				0	0	0	0							
	Total Days Plan		230.00	0.00	230.00	177.00	83.00	0.00							

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

4 MARCH 2019

Title:

PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

[Wards Affected: ALL]

Summary and purpose:

To inform the Audit Committee of Senior Management's progress in implementing the recommendations raised by Internal Audit following a review in their service areas. This report will enable the Committee to consider what action is required in respect of those that are overdue or appear likely to be implemented later than the target date.

How this report relates to the Council's Corporate Priorities:

Internal Audit work contributes to the safeguarding of assets against loss and waste and for identifying other value or money issues.

Financial Implications:

Internal audit work helps management in achieving good value for money and, individual recommendations may have value for money implications.

Legal Implications:

There are no direct legal implications, although good governance is strengthened by attention to the matters raised in audit recommendations.

Introduction

1. This report provides the Audit Committee with the latest position regarding the implementation of Internal Audit recommendations.
2. Annexe 1 provides the current position on recommendations due for completion at the end of the month after the date of the Audit Committee.
3. Annexe 2 details the Head of Service request for change of implementation due dates.

Conclusion

4. Recommendations relate to the control environment and hence the overall governance and risk management of the Council, and it is important that agreed actions are completed within timeframes agreed with the relevant Head of Service.

Recommendation

It is recommended that the Committee:

1. considers the information contained in Annexe 1 and, following discussion at the Audit Committee meeting, identifies any action it wishes to be taken.
2. considers the Head of Service(s) justification for a change in the due date for the recommendations listed in Annexe 2 and agree an appropriate implementation date(s).

Background Papers

There are no background papers (as defined by Section 100D (5) of the Local Government Act 1972) relating to this report.

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Audit Recommendations overdue or due within the end of the month after the AC

Generated on: 21 February 2019

Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

Head of Service Smith, Andrew

Action Code & Description	IA18/25.001 Housing Allocation Scheme	<p>We have seen the original approval for the Housing Allocations Scheme and noted that it was approved by the full Council in 2013. We have seen that for the most recent amendment to the Housing Allocation Scheme (January 2018), there is evidence that the amendment was discussed and agreed by the Head of Service and the Housing Portfolio Holder with signatures present for both.</p> <p>The core scheme has however been in place since 2013 and since this time there have been a number of amendments and a large scale change to how the Register is managed. Whilst each iteration may be small, over time a number of iterations could significantly alter the content of the scheme which may be significantly different from the scheme last presented to the full Council in 2013. This is especially important considering the introduction of the Homelessness Reduction Act. There is a risk that ward Councillors may not be fully up to date with the scheme and therefore provide residents with out of date information.</p>	Exit Meeting Date	16-Mar-2018
			Due Date	31-Mar-2019
Audit Report Code and Description		IA18/25 Management of the housing register		
Agreed Action		The Housing Allocations Scheme will be revisited to ensure that it is up to date with the Council's current approach. The updated scheme will then subsequently be presented to the relevant body for consideration and approval on an annual basis.		
Status		In Progress	Progress	0%
			Head of Service	Andrew Smith
All Notes	Although the review of the Housing Allocations Scheme was scheduled to be completed by March 2019, the Housing O&S Committee has undertaken a review of stigma in social housing : 'Pride or Prejudice'. The resulting report does recommend consideration of the Housing Register and how it should capture all who are eligible for social housing in			20-Feb-2019

	Waverley. This is likely to inform the review of the Housing Allocations Scheme and therefore we request an extension of time to bring together all the smaller amendments that have been made to the Scheme, and to incorporate any changes as a result of the O&S report. We would propose to take the revised Allocations Scheme to the Housing O&S Committee and then through to Council. The advantages of this are twofold: we will have completed a more comprehensive review and also we will use this opportunity to educate new councillors following the election in May on how social housing in Waverley is managed. We would then expect to have completed by 31 December 2019.	
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Action Code & Description	IA18/25.002 Documents provided to support application	For the sample of ten Home choice applicants, we noted the following: - In one instance, there was no evidence available to confirm savings but a note was left on another document saying this had been seen. As savings reported by the applicant were close to the boundary for admission to the Housing Register, we would expect to see this document to confirm the actual level of savings. For the sample of ten Housing Options applicants, we noted the following: - In one instance there was no proof of pregnancy provided as per the requirements of the Allocations scheme; and - In one instance the applicant had indicated that they had a higher level of savings than were permitted under the thresholds but no proof of savings was retained as per the requirements of the scheme. If the Housing Allocations Scheme is not up to date with the working practices of the Home choice and Housing Options teams, there is a risk that procedures will be unclear and documentation requirements of the scheme will not be adhered to, which may lead to poorer allocation of staffing resources if staff are asking for documents which are no longer required.	Exit Meeting Date	16-Mar-2018
			Due Date	31-Mar-2019

Audit Report Code and Description	IA18/25 Management of the housing register
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Agreed Action	As part of a wider review of the Housing Allocations scheme before submission to the relevant body for consideration, the Council will revisit section 26 of the scheme to ensure the identity requirements listed are in line with working practices moving forwards.
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Status		In Progress	Progress	0%	Head of Service	Andrew Smith
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All Notes	Section 26 of the Allocations Scheme will be revisited during the review. See comment in IA18/25.001 re request for extension to 31 December 2019 in Annexe 2.	20-Feb-2019
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Head of Service Taylor, Robin

Action Code & Description	IA19/08.001 Reporting	The Council's iTrent system allows for flexi-time to be run as part of a bespoke report. This report can include employees alongside the flexi-days currently processed within the iTrent system. However, no such reporting is undertaken. Without HR compiling a report and checking for evidence there is a risk that different departments and service lines operate different policies in regard to flexi-time. This risk is higher considering the issues identified elsewhere in this report.	Exit Meeting Date	20-Dec-2018
			Due Date	31-Mar-2019

Audit Report Code and Description		IA19/08 Flexitime				
Agreed Action		The HR department will undertake a periodic sample check of a set of flexi-time claims to ensure the new policies are being followed.				
Status		In Progress	Progress	0%	Head of Service	Robin Taylor
All Notes						

Action Code & Description	IA19/08.002 Policy	Discussions with 25 staff across the Council confirmed that they did request flexi-time through the iTrent system. Reviewing a sample of 25 flexi-time claims across 20 departments we noted 12 staff stated their managers often either "knew" they worked a lot or just did not ask them about to evidence the time they had accrued before authorising requests. We could not identify if any flexi requests were approved retrospectively due to limitations with the iTrent system related to capturing this information. However discussion with each of the 25 members of staff confirmed that in all instances staff are aware that flexi-leave cannot be taken without manager approval first. Despite being able to input requests retrospectively, each of the 25 staff members interviewed confirmed that they must input claims to redeem flexi time accrued ahead of the date arriving. Without managers taking responsibility for ensuring staff are claiming hours based on work actually completed, there is a risk that staff can claim flexi-time without actually working additional hours, this can lead to a decrease in the level of services delivered by the Council.	Exit Meeting Date	20-Dec-2018
			Due Date	31-Mar-2019

Audit Report Code and Description		IA19/08 Flexitime				
Agreed Action		Once the new policy has been drafted and disseminated, managers will be reminded of their responsibility in checking all claims submit to them for flexi-time to ensure these are supported by evidence.				
Status		In Progress	Progress	0%	Head of Service	Robin Taylor
All Notes						

Action Code & Description	IA19/08.003 Operate of the Policy	Through our discussions with 25 staff about their flexi leave, and review of underlying documentation we noted that in 17 instances staff did not know of the limit of carrying forward 2 days per month at maximum. Of these 17, we noted that five staff did not monitor their time, and for the remaining 12 staff they had cumulative hours in excess of the maximum allowance per month. We noted that these staff used their own variation or old versions of the official suggested spreadsheet mentioned within the policy.	Exit Meeting Date	20-Dec-2018
			Due Date	31-Mar-2019

Audit Report Code and Description		IA19/08 Flexitime				
Agreed Action		The flexi-time policy will be reviewed for how the Council wishes it to operate. and Either then the policy will be updated to reflect actual practice, or else all staff will be reminded that they are required to follow the approved policy. Following this the Policy will be highlighted to staff both existing within the Council, and all new staff starting through the induction process.				

Status		In Progress	Progress	0%	Head of Service	Robin Taylor
All Notes						

Action Code & Description	IA19/08.004 Time Tracking Spreadsheet	<p>Review of the suggested template confirmed that the template only allows for the maximum of two days of additional hours worked to be carried forward per month.</p> <p>As part of discussions with staff we noted two further issues.</p> <ul style="list-style-type: none"> . One person had booked flexi-leave in December already in iTrent, however this leave has not yet been accumulated, instead it was booked based on anticipated additional work. . One person from the Community Partnerships team noted that their managers are currently been told that flexi-time should not be accumulated by them, and that they must take an hour of lunch despite the Council's lunch break being 30 minutes. There is a risk that without a robust policy, that is used by both staff and managers, giving them information about how they must work if they are to use flexi-time, that different people, teams and departments all operate flexi-time in different manners, requiring different levels of evidence to be retained and this can lead to staff dissatisfaction and a loss of productivity if staff misuse the system. 	Exit Meeting Date	20-Dec-2018
			Due Date	31-Mar-2019

Audit Report Code and Description	IA19/08 Flexitime
Agreed Action	The Council will mandate the need for using the approved time tracking spreadsheet, which itself will need to include sufficient detail for the approving manager to understand and agree the reasons for the overtime worked, to ensure all staff wanting to use their flexi-time benefits do so based on actual hours accumulated. Staff will be reminded that they can only carry forward the approved number of hours.


Status		In Progress	Progress	0%	Head of Service	Robin Taylor
All Notes						

Action Code & Description	IA19/08.005 Flexi Leave Entitlements	<p>From our sample of 25 flexi-time claims, two were for part time workers. We noted that they both had access to the full amount of 13 days entitlement in iTrent, although this should have been pro rated in line with their working hours. There is a risk that part time staff are overclaiming on their flexi-time if their entitlements are not pro-rated accurately.</p>	Exit Meeting Date	20-Dec-2018
			Due Date	31-Mar-2019

Audit Report Code and Description	IA19/08 Flexitime
Agreed Action	A full review of part time employees flexi-leave entitlements will be undertaken to ensure all staff have accurately been allocated the correct amount.

Status		In Progress	Progress	0%	Head of Service	Robin Taylor
All Notes						

Head of Service Vickers, Peter

Action Code & Description	IA19/02.011 Anti Money Laundering Training	There are Anti Money Laundering forms in place and declarations in additional forms, as well as checks by the Fraud Investigation Officer.			Exit Meeting Date	02-Aug-2018
		The Fraud Investigation Officer has attended Induction sessions, where he introduces new staff to Fraud Awareness. However, without formal anti-money laundering training for current staff involved in high risk areas, there is a risk that they do not have sufficient understanding of anti-money laundering practices.			Due Date	31-Mar-2019
Audit Report Code and Description		IA19/02 Right to Buy				
Agreed Action		The Council will investigate how best to raise awareness of Anti-Money Laundering, e.g. training, particularly for key staff (Housing, etc.).				
Status		In Progress	Progress	0%	Head of Service	Hugh Wagstaff; Peter Vickers
All Notes	Revised Due Date of 31st March 2019, agreed by the November 2018 Audit Committee.					27-Nov-2018
	IA19/02.011 Anti Money Laundering Training: Vicki is picking this up and revising the overall policy against the detailed statutory update you provided, Vicki has agreed to draft a explanatory note of what is require by each are of the council potentially affected/at risk. This will be rolled out alongside the adoption of the revised ML policy. This policy will take a little while to complete so will be going to the Jan/Feb audit committee. The action will be completed by 31st March 2019					19-Oct-2018

Action Code & Description	IA19/10.001 Policy , procedures and process in place	The policy was last reviewed by the Head of Finance and presented to Audit Committee in November 2016.			Exit Meeting Date	11-Dec-2018
		In addition, review of the policy found that it had not been updated to reflect the issues raised and actions agreed in the internal audit report on risk management (August 2016). See findings 1.2 below. The Head of Finance explained that due to a change in postholder of Chief Executive, new corporate plan, corporate wide review of risk appetite and need for a new strategic risk register, 'business as usual' risk management activities have not occurred since May 2018, when a consultant was commissioned to help the Council determine its risk appetite and facilitate the development of a new strategic risk register aligned to the new corporate plan. Subsequently, further review and update of the risk management policy has been put on hold until the risk appetite has been agreed and the strategic risk register produced. The Committee asked that the work being undertaken on risk is completed before the policy is refreshed. It will then be re-written and will go through the approval process. The absence of an up-to-date risk management policy that reflects current practices, could lead to confusion amongst staff of the correct processes to follow, and ultimately lead to risks not being identified or managed appropriately, thereby increasing the Council's risk exposure.			Due Date	29-Mar-2019
		Review of the corporate risk register dated May 2018 found each risk has been assessed in terms of likelihood and impact.				

This can be shown by the given risk rating which signifies how severe the risk is. The register also provides the names of the specific risk owners, as well as current mitigating factors and further actions required. Risk themes and scenarios are used as opposed to direct links to corporate objectives.

Failure to link risks could lead to corporate objectives not being achieved.

Whilst the risk management policy dated November 2016 infers that the strategic risk register should be reviewed annually by Audit Committee and every 6 months by Head of Service Team (HOST). These frequencies do not match the agreed actions in the August 2016 internal audit report on risk management that the risk register will appear as a standing agenda item for the Audit Committee and that the risk register will be presented to HOST quarterly.

We were informed that the strategic risk register is reviewed in detail on an annual basis. The council usually use Zurich, their insurers, to facilitate the risk workshop.

The strategic risk register was last reviewed by the Audit Committee on 20 November 2017 and HOST on 25 April 2018 and updated in May 2018.

The change in Chief Executive and resulting new corporate plan has delayed the development of a new corporate risk register. Consequently, the existing strategic risk register dated May 2018 has not been subject to further review by HOST or Audit Committee for the subsequent five months. Failure to demonstrate oversight of risks could lead to the crystallisation of risks or expose the council and management to false accusations that they have not carried out their roles and responsibilities.

Review of Services Plans 2018-19 presented to the Overview and Scrutiny Committee on 22 January 2018 found they do not include operational risks. This is due to the ongoing work on the corporate risk appetite and corporate risk register.


The agenda paper and minutes from the meeting do not acknowledge the absence of risks.

Failure to identify, record and assess operational risks could lead to mitigation actions not being identified and expose the council to service delivery failure.

Review of the existing risk management policy dated November 2016 found that it made no reference to assurance.

Review of the corporate risk register dated May 2018 found that it does not include sources of assurance. The absence of an integrated risk and assurance framework could lead to the incorrect assessment of risk, or ineffective control mitigations being relied upon, thereby leading to the crystallisation of risks.

We note that one out the four actions have

		<p>been fully implemented. The remaining actions had not been implemented/ are not in operation due to the new corporate plan, leading to the need to develop a new corporate risk register.</p> <p>1. A full review of the risk register was last undertaken by the Audit Committee on 20 November 2017. Since then a new corporate plan was agreed in August 2018 and a new corporate risk register is being developed.</p> <p>2. HOST last reviewed the corporate risk register on 25 April 2018. No further reviews have taken place as a new corporate plan was being developed.</p> <p>3. Whilst risk management is scheduled in the forward programme of the Audit Committee. The risk register does not appear as a standing item and was last reviewed by the Audit Committee November 2017.</p> <p>Failure to include the risk register or an update on risk management activities as a standing agenda item for the Audit Committee could result in the Audit Committee not being able to/ demonstrate that members are discharging their roles and responsibilities in respect of risk. 4. The Risk and Insurance Officer is line managed by the Senior Accountant. Discussions with the Senior Accountant established that they were familiar with the process and could pick up key tasks in the absence of the Risk and Insurance Officer.</p>				
Audit Report Code and Description		IA19/10 Risk Management				
Agreed Action		<p>A risk management action plan will be developed and cover the following:</p> <p>a. The Executive Directors, HOST and Audit Committee will review and assess the risk that the current work on risk management exposes the Council to, whilst risk management processes are no longer formally in operation.</p> <p>b. The corporate risk register will appear as a standing agenda item for the Audit Committee. Where a risk register is not available, a paper providing an update on risk management activities will be presented. Such a paper will explain why a corporate risk register cannot be presented. (1.5)</p> <p>c. Head of Finance to agree the council's risk appetite with the Executive and the present the risk appetite to the Audit Committee. (Delegated from Council to audit committee.)</p> <p>d. Review of risk register format to link risks to corporate objectives (1.2)</p> <p>e. Corporate risk register to be finalised and approved. (1.2)</p> <p>f. Operational risks to be included in service plans. (1.3)</p> <p>g. Develop and integrate an assurance framework with risk management, such assurance framework will be reflected in the risk management policy (1.4)</p> <p>h. Review and update of the risk management policy to reflect (1.1):</p> <ul style="list-style-type: none"> - agreed actions arising from previous and current internal audit reports (1.5) - any changes to processes arising from the work with the external consultant - integrated assurance framework (1.4) 				
Status		In Progress	Progress	0%	Head of Service	Peter Vickers
All Notes	<p>Risk Management Policy and tool kit will be updated by HoF and reviewed by Management Board and approved by the March 2019 Audit Committee with an informal audit committee seminar in new year pre March.</p> <p>Strategic Risk Register underpinning the current corporate strategy adopted in June 2018 will be developed by Senior management (lead by the HoF) and reviewed by March 2019 Audit Committee with an informal audit committee seminar in new year pre March</p> <p>Current risk register was updated 31st October and reviewed by 9 November Audit Committee.</p> <p>Audit committee TOR are not specific on frequency – they define responsibility.</p>					18-Dec-2018

**Internal Audit Recommendations
presented to the Audit Committee
for status change of Due Date on Covalent**

Report Ref/ recommendation/s Ref	Title	Recommendation	Head of Service written justification/ Reason for change in implementation date	Responsible officer
IA18/25.001 and IA18/25.002	Housing Allocation Scheme Documents provided to support application	The Housing Allocations Scheme will be revisited to ensure that it is up to date with the Council's current approach. The updated scheme will then subsequently be presented to the relevant body for consideration and approval on an annual basis. As part of a wider review of the Housing Allocations scheme before submission to the relevant body for consideration, the Council will revisit section 26 of the scheme to ensure the identity requirements listed are in line with working practices moving forwards.	Although the review of the Housing Allocations Scheme was scheduled to be completed by March 2019, the Housing O&S Committee has undertaken a review of stigma in social housing : 'Pride or Prejudice'. The resulting report does recommend consideration of the Housing Register and how it should capture all who are eligible for social housing in Waverley. This is likely to inform the review of the Housing Allocations Scheme and therefore we request and extension of time to bring together all the smaller amendments that have been made to the Scheme, and to incorporate any changes as a result of the O&S report. We would propose to take the revised Allocations Scheme to the Housing O&S Committee and then through to Council. The advantages of this are twofold: we will have completed a more comprehensive review and also we will use this opportunity to educate new councillors following the election in May on how social housing in Waverley is managed. Section 26 of the Allocations Scheme will be revisited during the review. We would then expect to have completed by 31 December 2019.	Head of Strategic Housing and Delivery Andrew Smith

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WAVERLEY BOROUGH COUNCIL
AUDIT COMMITTEE – 4 MARCH 2019

Title:

FRAUD INVESTIGATION SUMMARY

[Wards Affected: All]

Summary and purpose:

The report provides an update to the Committee on the progress made by Waverley Borough Council officers on the work being completed in investigating fraud, primarily focusing on Housing Tenancy fraud.

How this report relates to the Council's Corporate Priorities:

Internal Audit and fraud investigation work initiatives contribute to the safeguarding of assets against loss and waste. This work contributes to all our corporate priorities and mission "to deliver excellent and affordable service by using our resources wisely and working creatively". However, it does have a direct contribution to the priority of people, with the number one goal to "deliver housing options for people in need of affordable housing services and continue to be one of the most effective housing services in the country at preventing homelessness".

Resource/Value for Money implications:

Through the detection of instances of housing related fraud, the Council's resources are better safeguarded thus improving value for money and reducing the waiting list for homes. This work ensures that members of the public are only provided with housing and other services that they are legally entitled to or using them in accordance with tenancy agreement terms and conditions. As a by-product of the fraud investigation officers cases changes to Council Tax and Business Rates discounts may materialise. The Housing Revenue Account supports this work by resourcing the role of an experienced Fraud Investigator.

Legal Implications:

It is the Council's duty to safeguard public funds; the work being completed may incur legal costs where matters escalate to prosecution. However, these costs are far outweighed by the Council's belief that fraud perpetrated against the council and its tax payers will not be tolerated and there are tangible and intangible benefits of the recovery of HRA properties by stopping fraudsters receiving services that they are not entitled to.

Introduction

1. This report provides the Audit Committee with an update on the progress being made on fraud investigations that are being carried out. As part of this work we continue to share ideas and information with other Surrey councils and other social housing providers, including attendance at relevant sub groups in collaboration to fight fraud and share information, ideas and achievements. All parties involved in this work sign up to Information Sharing Protocols to facilitate data matching exercises between members to identify anomalies that could be an indicator of fraudulent practices. Waverley has one experienced Fraud Investigator dedicated to working on this activity. The success of the work completed has been supported by the introduction of the Prevention of Social Housing Fraud Act 2013 where the maximum penalty is up to 2 years imprisonment or a fine (or both).

Details of Results

2. A summary of the volumes of cases being investigated is detailed in Annexe 1, for activity up until the end of Quarter 3, 31 December 2018. The Audit Committee are provided with updates throughout the year. Our results are also collated and provided to Surrey County Council to enable these to be cascade to the Surrey Treasurers and used for publicising the success of the partnership.
3. For comparison purposes, as requested by the Audit Committee, the previous year outcomes have also been provided.
4. In this period, results include 4 properties being relinquished, and these have now been made available to be re-let to tenants on our waiting list. These were due to the properties not being occupied by the tenant in accordance with the Tenancy Agreements terms and conditions, or the tenancy was originally obtained by providing inaccurate information.
5. An increase awareness of Housing staff and training has enabled cases to be dealt with more confidently and efficiently. This has led to a reduction in cases being referred to the fraud investigation officer, which supports the work being completed to continue to embed new ideas and processes to safeguard our assets to improve the processes and controls in place to minimise the opportunity for fraudulent practices to be successful.

Conclusion

6. The Fraud Investigation Officer, supported by the Internal Audit Manager, will continue to investigate the cases reported and introduce, where applicable, enhancements to policies and procedures to maintain effective working practices meet regularly with the Housing team to develop and improve current policies and procedures. Where the need arises we will work closely with other officers in the council and in the partnership with others to achieve successful outcomes. The housing team support this work by informing

tenants that breaches of a tenancy agreement will not be tolerated and this also assists in minimising the risk of fraudulent activity occurring.

7. The notional value of financial savings detailed in Annexe 1 up to 31 December 2018, is **£189,710** based on Audit Commission notional figures. However, these do not include the real value to Waverley Borough Council, as it costs on average £200,000 to build a new house (£600,000). Outcomes from this work not only highlight the fundamental financial value of continuing to support the work being carried out but the ethical and social responsibility importance to ensure that only those that qualify for social housing are successful. By securing the return of properties back into housing stock helps Waverley to meet the needs of legitimate housing applicants.

Recommendation

It is recommended that the Audit Committee notes the success of the housing fraud investigation activity with the results achieved and the improvements in processes to limit the opportunity for fraudulent housing tenancy practices to occur in the future.

Background Papers

There are no background papers (as defined by Section 100D (5) of the Local Government Act 1972) relating to this report.

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Name of Partner	Waverley
QUARTER	3

Record of cases investigated in the period covering 01 April 2018 to 31 December 2018

	Cases currently being investigated from previous year	Referrals received since 1 April 2017	Cases Started	Cases closed	Still under investigation	Positive outcomes includes previous years cases	Properties retained by the Council	Properties Handed Back /Recovered	Housing / Homeless/RTB / Succession/Mutual Exchange/Shared ownership application withdrawn	Financial Value	Prosecutions	Other Sanctions
Housing												
Social housing Fraud	12	6	18	7	11	4		4	Tenancy Relinquished	72,000		
Housing Register Fraud	2	2	4	3	1	2	2		Housing Applications Rejected	36,000		
Homelessness Applications												
Right To Buy/Right To Acquire	3	21	24	20	4	1	1		Right to Buy stopped and/or Tenancy Relinquished	80,900		
Mutual Exchange	0	10	10	10	0				Mutual Exchange denied/rejected	0		
Successions	1	4	5	5	0				No of Succession/s denied	0		
Recovered properties for others	0	0	0	0	0					0		
Council Tax Discount												
SPD & LCTRS (As result from Caseload above)						2				810		
Student Exemptions												
Disability												
Council Tax Support (benefit)												
Business rates												
NDR	0					0				0		
Other												
2018/19 Total to Date	18	43	61	45	16	9	3	4		189,710	0	0
2017/18 Previous Year Total	21*	113	134	117	17	30	13	10		733,930		
2016/17 Year Total	11	127	138	118	20*	32	13	12		688,866		

* difference of 1 related to Housing Association property where assistance was provided to recover a property as part of one of our investigations.

Value of financial savings

Tenancy Recovered £18,000 (Audit Commission notional figure)

Housing/Homeless Application withdrawn £18,000 (as above)

Right To Buy/Right To Acquire withdrawn/terminated Value of individual amount of discount offered by Housing provider - (max discount £80,900)

Council Tax Discount £405 per case (25% discount on avge band C property)

Council Tax Support - actual figure per case based on amount of CTS added back to account from effective date of change to end of current financial year.

Business Rates - actual figure per case

Resources utilised to investigate - 1 full time officer, approx £60,000 per year including on costs (£15K per quarter)

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WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

4 MARCH 2019

Title:

STRATEGIC RISK REGISTER

[Portfolio Holder: Ged Hall]

[Wards Affected: All]

Summary and purpose:

This report presents the Risk Management Policy and the Strategic Risk Register based on the Corporate Strategy 2018-2023 adopted in July 2018.

How this report relates to the Council's Corporate Priorities:

This report relates to the Council's People, Place and Prosperity priorities as it informs the process of understanding and managing risk in delivering the objectives set out in the Corporate Strategy.

Equality and Diversity Implications:

There are no Equality and Diversity Implications to this report.

Financial Implications:

There are no financial implications to this report.

Legal Implications:

There are no legal implications to this report.

Background

1. One of the key purposes of the Audit Committee is to seek assurance that there are arrangements in place to identify and assess risks and that these are working effectively. In order to do this the Audit Committee must gain assurances from the risk management process in operation at the council.
2. In strengthening the council's Risk Management framework, work was undertaken during 2018/2019 enable a consistent and efficient approach to considering risk in meeting the objectives set out in the Corporate Strategy. This involved engaging the services of Amberwing who are a specialist management training and consultancy who deliver enablement services in change management, governance and risk.
3. Through in-house training and facilitated workshops Members of the Executive, Audit Committee and senior management received practical guidance to further develop the council's Risk Management Framework.

4. The council's strategy to effectively manage risk incorporates the following four aspects:

1	2	3	4
Risk Appetite Statement	Risk Management Policy	The Strategic Risk Register	Risk Management Reporting

1. The Risk Appetite Statement was approved at Executive on the 5 February 2019 subject to comments from the Audit Committee.
2. The Risk Management Policy is brought to this Audit Committee for approval in line with the constitution.
3. The Strategic Risk Register underpins the achievement of the Corporate Strategy adopted in July 2018 and is brought to Audit Committee for review.
4. Risk Management Reporting will be taken to Heads of Service Team meetings and Audit Committee quarterly.

5. The Risk Management Policy is detailed in Annexe 1.
6. The Strategic Risk Register shows the high-level risks that could prevent the Council from achieving its corporate aims and objectives.
7. Following the adoption of the new Corporate Strategy 2018-2023 in July 2018, and the work done in the year to strengthen the council's risk management, the risk register has been updated to reflect the key risks which could prevent the council achieving the key priorities set out in this Corporate Strategy.
8. The risk register shows the current mitigations that have been put in place with further actions identified.
9. The risk register identifies the strategic risks whilst the management of operational risk is included in the Risk Management Policy and detailed in Service Plans.
10. The risk register is shown at (Exempt) Annexe 2.

Conclusion

11. The Risk Management Policy and risk register are an important part of the council's Risk Management Framework. Members are asked to consider the Risk Management Policy and risk register and pass any comments to officers as appropriate.

Recommendation

It is recommended that the Risk Management Policy be approved and risk register be reviewed and comments and observations be passed to officers.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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Risk Management Policy and Toolkit

Version: 2.3

Last Updated: February 2019

Contacts: **Peter Vickers, Head of Finance**

 Vicki Basley, Senior Accountant

 Brian Gilmour, Risk & Insurance Officer

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1. Introduction

- 1.1 Waverley Borough Council (the Council) is a risk-conscious organisation that understands, explores and manages risk in order to deliver the Corporate Strategy. Risk management is an indispensable element of good management and corporate governance, which is essentially the way the council manages its business, determines strategy and objectives, and goes about achieving its goals.
- 1.2 Risk management will help identify and deal with the key risks facing the Council in the pursuit of its objectives. The risk management process must be used to identify and manage all risks to the council's ability to deliver its priorities. This covers strategic priorities, operational activities, contract management and delivery of projects and programmes.

2. Risk Management Policy

- 2.1 This risk management policy is a statement of the levels and types of risks the Council is prepared to accept (and not accept) in pursuant of its objectives.
- 2.2 The Council defines risk as:
"The probability that something might happen that could have an effect upon the council"
- and risk management as:
"The process by which the council manages threats, enhances opportunities and creates an environment that adds value to its activities"
- 2.3 Our risk management policy objectives are to:
- embed risk management into the culture of the Council
 - raise awareness and work with partners, providers and contractors to develop a common understanding of the Council's expectations on risk management
 - integrate risk management into policy, planning and decision making
 - enable the Council to anticipate and respond to changing social, environmental and legislative conditions
 - manage risks to an acceptable level in line with the Councils risk appetite
- 2.4 These objectives will be achieved by:
- identifying, assessing and effectively managing strategic and operational risks across the Council
 - establishing clear roles, responsibilities and reporting lines for risk management across the Council
 - incorporating the assessment of risk into all key decision making and planning processes of the Council
- 2.5 The benefits of successful risk management include:
- **Improved service delivery** – fewer disruptions, efficient processes, improved controls.

- **Improved financial performance and value for money** – increased achievement of objectives, fewer losses, reduced impact and frequency of critical risks.
- **Improved corporate governance and compliance systems** – fewer legal challenges, robust corporate governance, fewer regulatory visits.
- **Improve insurance management** – lower number of level of claims, lower impact of uninsured losses and reduced insurance premiums.

2.6 This Risk Management Policy is implemented through the Risk Management Framework which describes the responsibilities for risk management and provides an overview of the process that is in place to manage risk successfully.

2.7 Further advice and assistance on risk management is available from Peter Vickers - Head of Finance, Vicki Basley - Senior Accountant or Brian Gilmour - Risk and Insurance Officer.

3. Risk Management Process

The Council's Risk Management Process consists of the regular and methodical review of all relevant risks. Such review consists of five separate stages, namely:

Number	Step	Activity
1	Risk Identification	Identification of the risks, using the building blocks of risk, on achieving goals and objectives.
2	Risk Analysis	Understanding the risk – cause/consequence.
3	Prioritisation	Scoring the risks based on likelihood and impact In order to determine the optimal action for managing the risk.
4	Risk Management	Deciding what to do about the risks – transfer, tolerate, treat or terminate, with regard to the risk appetite
5	Monitoring, reporting and reviewing risks	Monitoring and reporting of the risk in the appropriate format to the context

The continuous process can be summarised in the diagram below.



Further detail of the process and its use is contained within section 5 of this document – Risk Management Tool Kit.

4. Roles and Responsibilities

4.1 The responsibility for managing risk extends throughout the Council, including Members. It is important that all Members, managers and staff are aware of their role. The following summarises the various roles and responsibilities.

Role	Responsibilities
Audit Committee	The Audit Committee is responsible for ensuring that the Risk Management Process comprises effective arrangements to identify, evaluate, action and monitor the risks to which the Council is exposed.
Portfolio Holder Finance	<p>The Portfolio Holder for Finance is responsible for ensuring that the Risk Management Process is implemented effectively so that significant risks that require action are actioned and monitored effectively and reported to the Executive as appropriate.</p> <p>Ensuring that a Strategic Risk Register, including details of actions taken to mitigate risks identified, is established and regularly monitored by Directors and Heads of Service.</p>
Members	<p>Portfolio holders to identify risk issues on an ad-hoc basis when developing service changes with officers within their portfolio.</p> <p>Members have a general responsibility to consider risk issues when making key decisions.</p> <p>Facilitating a risk management culture across the Council.</p>
Directors	<p>To ensure that the Risk Management Process is fully implemented</p> <p>To ensure that agreed action plans are completed</p> <p>To ensure that risks are properly considered when making decisions</p> <p>Recommending a Risk Management Strategy to Members.</p> <p>Identifying and managing the business risks and opportunities facing the Council, (including those highlighted within received reports).</p> <p>Responsibility for ensuring that the Council fully complies with all corporate governance requirements, including the Annual Governance Statement</p>
Heads of Service	<p>Ensuring that risk management within their service is implemented in line with the Council's Risk Management Policy.</p> <p>Having lead responsibility/ownership for specific risks on the Council's Strategic Risk Register.</p> <p>Identifying and managing risks within their service and ensuring that mitigating actions are regularly actioned.</p>

Role	Responsibilities
Head of Finance	<p>To coordinate actions necessary to implement the Risk Management Process.</p> <p>Advising Members on effective risk management and ensuring that they receive regular monitoring reports.</p> <p>To review the Risk Management Strategy and report to Members as necessary.</p> <p>To maintain and update the Corporate Risk Register and report to Audit Committee in accordance with agreed reporting procedures.</p> <p>To provide support to managers in implementing effective solutions to managing risk.</p> <p>To facilitate training for key managers and members to develop skills in identifying risk issues.</p>
Heads of Service, Service Managers and Project Managers	<p>To identify the risk of loss, damage or injury in service delivery and to implement appropriate measures to minimise likelihood of occurrence and/or adverse impact on the Council in line with the risk appetite.</p> <p>To identify risks in their Service Plan.</p> <p>To raise awareness of risk issues across the service and promote good risk management practice</p> <p>To encourage staff to be risk-aware and to raise risk issues at team meetings.</p> <p>To ensure that an effective control environment exists in all service areas.</p> <p>To ensure effective communication of the Risk Management Process in their service areas.</p> <p>Balancing an acceptable level of operational risk against programme and project objectives and business opportunity.</p> <p>Reporting systematically and promptly to their senior management team any perceived new risks or failures of existing control measures.</p>
Specific Member/Officer working groups	<p>To consider specific risk areas and ensure management action is taken as appropriate.</p>
Risk and Insurance Officer	<p>Provide advice and guidance on insurable risk and support the risk management process.</p>
Staff	<p>Understanding their accountability for individual risks.</p> <p>Reporting systematically and promptly to their manager any perceived new risks or failure of existing control measures.</p>

5. Risk Management Toolkit

Introduction

- 5.1 The Council has risk management approaches in place for Health, Safety and Welfare, Business Continuity Management and Emergency Planning. This risk management toolkit does not supersede the specific guidance issued in relation to those risk areas but support it.
- 5.2 The Risk Management Process outlined within this Toolkit should be used to manage risks which could impact strategic priorities, operational activities (e.g. delivery of actions identified in service plans) and delivery of projects or programmes.
- 5.3 The starting point for risk management is to ensure that there is a clear understanding and agreement on the objectives for the subject on which the risk assessment is being undertaken. You are identifying the risks that may affect the delivery of these objectives. A risk is something might happen that could have a positive or negative effect upon the achievement of the desired outcome, e.g. the objective.
- 5.4 Within projects and strategic planning this is the knowledge and understanding of strategic and operational priorities sometimes referred to as the goals and objectives.
- 5.5 The Council's risk management process consists of five steps which act as a step-by-step guide follows to enable you to understand the risk management process.



- 5.6 Further advice and assistance on risk management is available from the Head of Finance, the Senior Accountants and the Risk and Insurance Officer.

5.7 Step 1 – Risk Identification

5.7.1 The council needs to know what risks it faces to be able to decide how best to manage them. This step is about identifying what the risks are.

Risks can be identified in a number of forums, including:

- A 'brainstorming' session or workshop with the whole management team
- Interviews
- Meetings with smaller groups of people
- Questionnaires to participants

5.7.2 There are a wide range of methods available that can be used to identify and understand risks. The method that you select will depend upon the type of risk(s) that you are dealing with.

5.7.3 Additionally, existing sources of information could help inform this stage. Some examples are listed below:

- Service plans
- Committee reports
- Partners' documented or perceived views of risk, eg their own risk registers
- Internal or external research papers or statistical trends
- Risks or issues raised by internal audit or any other external scrutiny body
- Risks identified through budget setting process
- Health & safety risk assessments
- Business continuity risk assessments
- Partnership, programme or project documentation (eg business case or project risk register)
- Experience of those running or participating in the risk identification process

5.7.4 It is the responsibility of those identifying risks to decide which sources of information they should consult. This may be one or more of the sources listed above or it could be something else you think is appropriate.

5.7.5 It is crucial for risks to be defined properly. Failure to do so can result in confusion about the exact nature of the risk, ineffective risk controls being implemented, or the risk analysis being over or underestimated.

5.8 Risk Categories

5.8.1 For the purposes of applying the Risk Management Process to the Council's activities, all possible risks are considered under headings:

- A. Strategic Risks (that relate to Corporate Strategy Objectives)
- B. Operational risks (that relate to Service Plan objectives/actions)
- C. Project/Partnership risks

5.8.2 This categorisation is important in relation to the frequency and extent of review and to the identification process. The diagram shown below illustrates some of the main risk themes which the Council could face.



Whilst these categories provide prompts to identify risks, the Council has a formal risk appetite that identifies 5 specific risk domains that must be considered. These are covered in detail in Appendix B – Risk Appetite Statement.

5.9 Step 2 – Risk Analysis

5.9.1 This step is concerned with describing risks in sufficient detail and then recording the risk in a consistent format to support effective decision making on the way that the risk is managed. Each risk should have an owner and be recorded using the Risk Assessment Form which can be found in Appendix A.

5.9.2 The description of the risk should include three elements, cause, event, effect:

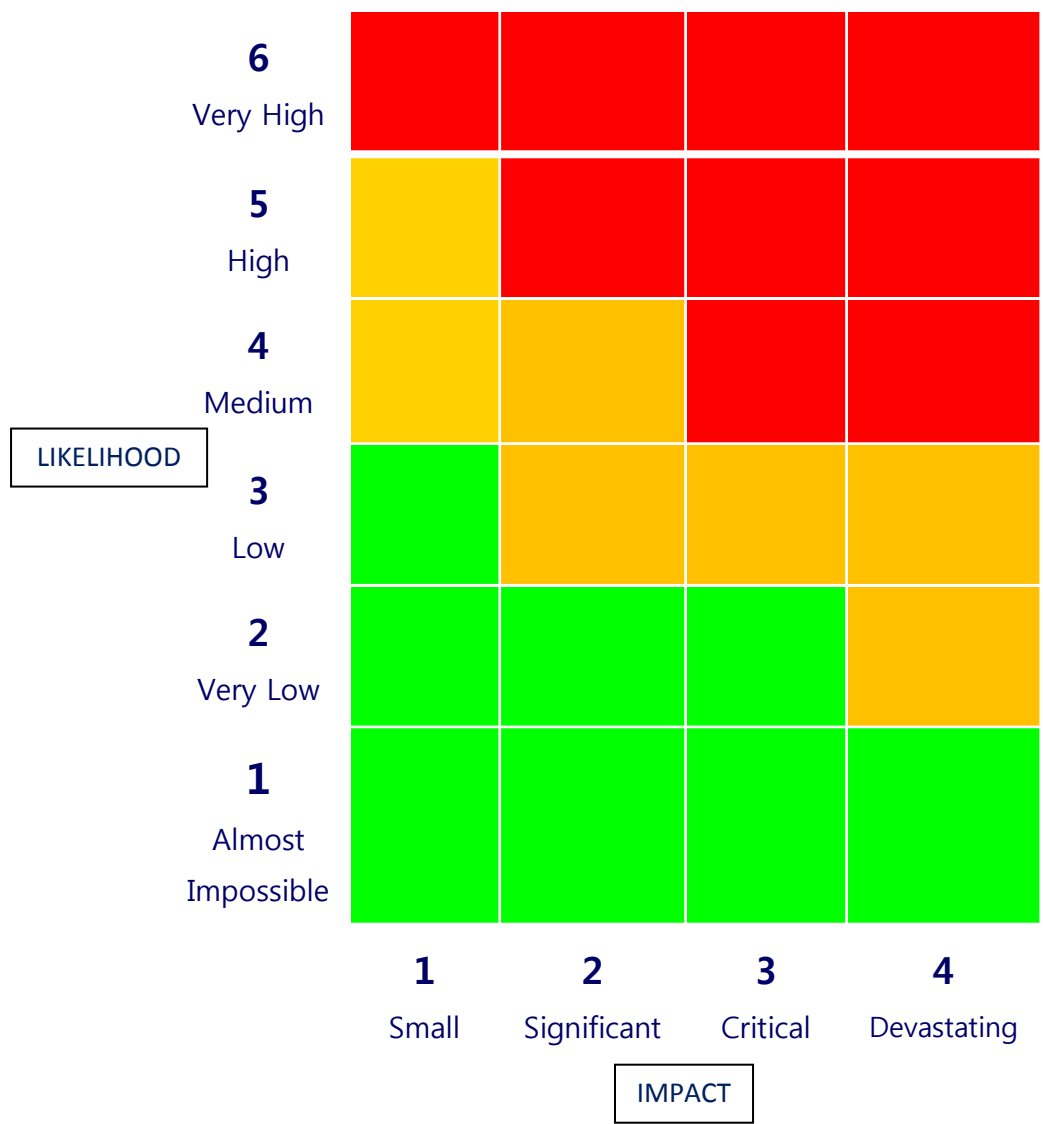
- Risk Title
- Description
 - Situation or event (real or perceived), that exposes us to a risk/statement of fact
 - The trigger event - Include the event that could or has occurred that results in an impact on the objectives being achieved
- The likely consequences if the risk materialises (The impact, how big? How bad? How much? - Consider worst likely scenario)

5.9.3 To assist in describing risk here is a list of “do’s” and “don’ts”.

Do	Don't
<ul style="list-style-type: none"> • The description should start with an “if” • Think about internal and external influences that might affect delivery of the objectives, e.g. customer needs, stakeholder needs and strategy and key performance indicators. • Think about what resources you need to deliver the objectives and whether there is any uncertainty around having these in place. • Think about the background and what is driving the risk so that you can understand what the real risk is • Think only about the risk that will affect the delivery of objectives 	<ul style="list-style-type: none"> • Describe the impact of the risk as the risk itself • Describe everyday issues when the outcome is already known. • Define risks with statements which are simply the converse of the objectives.

5.10 Step 3 – Prioritising risks

- 5.10.1 Once identified the risk matrix (see figure below) is the main tool for prioritising each risk to identify which risks are most significant and therefore in need of greater attention, effort and resources. It also allows comparison of different types of risk with each other.
- 5.10.2 Each risk should be analysed for the likelihood it will happen and the impact if it did happen. This assessment should be made considering controls that are already in place and working effectively. It is the risk owner’s responsibility to ensure the controls they believe are reducing the risk are effective and are working in practice. Controls that are not yet in place should not be considered, no matter how soon they will be implemented.
- 5.10.3 The impact should be considered against the relevant objectives - strategic risks should be scored against the council’s objectives; operational risks scored against service plan objectives; project risks scored against the objectives of the project and so on.
- 5.10.4 Each identified risk should be plotted onto the risk matrix once the likelihood and impact score has been agreed.



5.10.5 When considering the likelihood of a risk happening the appropriate number from 1 to 6 from the risk matrix should be selected that is most likely over the next 12 months (it can be longer or shorter; some risks in the Strategic Risk Register have to be considered over 3 - 5 years, some operational risks will be considered over 3 - 6 months). This score will have an element of judgement but the following should be considered:

- Has this event happened before? If so how frequently?
- Has this event happened elsewhere? If so how frequently?
- How likely is it that one or more of the causes/ triggers of the event will occur?
- Has anything happened recently that makes the event more or less likely to occur?

5.10.6 When selecting the impact, consideration should be given to the factors outlined in the risk matrix. For example, if the risk that is being scored has a low financial impact but a high impact on the Council's reputation then the most appropriate number between 1 and 4 that relates to the level of reputational impact. The bold text within the "indicators" column of the impact table shows the Council's appetite for risk that it has chosen not to go beyond. The Risk Appetite Statement is on Appendix B. Once again, this score will have an element of judgement but the following should be considered:

- **Financial**
 - Could the event impact on the financial viability of the Council? Will there be an impact on the budget?
 - Will the event result in financial claims, fines or penalties?
- **Legal/Regulatory**
 - Will the event expose the council or public to a safety issue?
 - How serious would such an event be?
- **Safety**
 - Will the event prevent result in a regulatory breach or legal action?
 - How serious would such a breach be?
- **Ability to Deliver Services**
 - Will there be a service interruption? How long will it last? How severe will it be? Will it impact on the services delivered to vulnerable people?
 - Is it a key service or a high priority service?
- **Council's Reputation**
 - Will there be negative national publicity? Will there be negative local publicity?
 - How long is the negative publicity likely to last?
 - Will the Council's reputation be damaged? In the long-term or short-term?
 - Health and Safety of Employees, Residents or Service Users
 - Could the event lead to loss of life? Could the event lead to serious injury?
 - Could the event lead to a prosecution (by Health & Safety Executive or Courts)? Will the event result in a breach of Health and Safety rules or other safety guidance?

5.10.7 The following table provides some support in quantifying the risk in terms of likelihood and impact.

Likelihood Definitions

Score	Likelihood	Indicators
1	Almost Impossible	Less than 1% chance of occurring Has happened rarely/never before
2	Very Low	1 - 10% chance of occurring Only likely to happen once in three or more years May have happened in the past
3	Low	10 - 20% chance of occurring Reasonable possibility it will happen in the next three years Has happened in the past
4	Medium	20 - 50% chance of occurring Likely to happen at some point in next one-two years Circumstances occasionally encountered
5	High	50 - 80% chance of occurring Almost certain to happen within the next 12 months Regular occurrences frequently encountered
6	Very High	Above 80% chance of occurring Inevitable it will happen within the next 6 months No influence/control over event occurring

Impact Definitions

Score	Impact	Risk Domain	Indicators
1	Small	Financial Legal/Regulatory Safety Service Delivery Reputational	Loss <£10k Trivial breach or non-compliance Insignificant injury (First Aid) Negligible disruption/unnoticed by service users insignificant damage
2	Significant	Financial Legal/Regulatory Safety Service Delivery Reputational	Loss up to £50k Isolated legal action or regulatory breach Minor injury (medical attention) Small disruption/inconvenience One-off adverse local publicity
3	Critical	Financial Legal/Regulatory Safety Service Delivery Reputational	Loss up to £100k Sustained legal action or (limited) regulatory fine Serious injury (not life threatening) Substantial, short-term disruption/inconvenience Short-term, but wide reaching adverse publicity
4	Devastating	Financial Legal/Regulatory Safety Service Delivery Reputational	Loss >£100k Major legal action or regulatory sanction Death(s) or multiple serious injuries Major, sustained disruption/serious inconvenience Major, long-term damage

Bold = the Council's appetite for Risk

5.11 Step 4 – Risk Management

5.11.1 Once risks have been identified and scored the next step is to decide what action should be taken to manage or treat them. There are four general approaches to treating risk: Tolerate Transfer, Treat or Terminate.

Action	Description	Options
Terminate	Not undertaking the activity that is likely to trigger the risk	<p>Changing the direction or strategy and revisiting objectives, improving channels of communication</p> <p>Obtaining further information from external sources, acquiring expertise</p> <p>Reducing the scope of the activity, adopting a familiar, proven approach</p> <p>Deciding not to undertake the activity likely to trigger the risk</p>
Treat	Controlling the likelihood of the risk occurring, or controlling the impact of the consequences if the risk does occur	<p>Controlling the likelihood of the risk occurring,</p> <p>Controlling the impact if the risk does occur</p>
Transfer	Handing the risk on elsewhere, either totally or in part – e.g. through insurance.	<p>Financial instruments such as insurance, performance bonds, warranties or guarantee.</p> <p>Renegotiation of contract conditions for the risk to be retained by the other party. Seeking agreement on sharing the risk with the other party.</p> <p>Sub-contracting risk to consultant or suppliers.</p> <p>NB. It may not be possible to transfer all aspects of a risk. For example, where there is a statutory duty of care or reputational damage to the Council.</p>
Tolerate	Acknowledging that the ability to take effective action against some risks may be limited or that the cost of taking action may be disproportionate to the potential benefits gained.	The ability to take effective action against some risks may be limited or the cost of taking action may be disproportionate to the potential benefits gained in which case the risk is accepted on an “informed” basis.

- 5.11.2 Assessment of each treatment option is used to provide the basis for selecting the best option to manage each risk identified. Risk treatment is concerned with actions taken to reduce the impact or likelihood of risks not wholly avoided or transferred (retained risks).
- 5.11.3 The efficiency of the risk treatment relates to the cost effectiveness of the proposed actions to be taken. Firstly the cost of implementation has to be considered (time, staffing resource, budget, etc.). The impact expected if no action is taken should be weighed against the cost of action and the reduction of the impact. There should be a direct benefit from the cost implementation in terms of the reduction of the level of the risk.
- 5.11.4 The Risk Appetite Statement provides a guideline for the level of risk the Council is expecting risk events to be mitigated within so that excessive risk is not carried whilst excessive risk mitigation is avoided.
- 5.11.5 In line with the Risk Appetite Statement, some risks are not mitigated within the risk appetite, and will be accepted in specific circumstances. The reason to continue to carry such risks should be clearly documented in the relevant risk log and risk reporting.

5.12 Risk recording

- 5.12.1 Service Plans, projects and programmes must be supported by a risk log. The format of the risk log is prescribed and it must include a description of the risk, the name of the risk owner, the controls already in place to mitigate the risk and the residual risk rating (see Appendix A).
- 5.12.2 The Council also produces a Strategic Risk Register covering the top level risks underpinning the Corporate Strategy. When drawing up a risk in service plans or in projects, consideration should be given to any impacts on the Strategic Risks and a link made if necessary.
- 5.12.3 The Strategic Risk Register and this Risk Management Policy and Toolkit can be accessed via the Risk & Insurance service page on Backstage.

5.13 Step 5 – Monitoring, Reporting and Reviewing Risks

- 5.13.1 Directors and Heads of Service are responsible for ensuring that key risks on the Strategic Risk Register are managed and the progress with the risk mitigation measures monitored. The Head of Finance will report the strategic risk management arrangements to the Audit Committee and the Executive.
- 5.13.2 Heads of Service are responsible for ensuring that key risks on their service plans and project management documents are managed.
- 5.13.3 Service-specific business risks must be included within the respective service plans and be monitored through the performance and risk management arrangements.

- 5.13.4 All risks should be reviewed at least annually as part of the Council's annual service plan processes and reported through the current performance and risk management monitoring arrangements.
- 5.13.5 A log of risk movement should be captured to show the direction of risk. This will also help to provide an audit trail and support risk learning.

Appendix A – Risk Assessment Form

Risk Description	Consequences	Risk Rating	Risk Owner	Risk Mitigation	Risk Movement
<ul style="list-style-type: none"> • Situation or event (real or perceived), that exposes us to a risk/statement of fact • The trigger event - Include the event that could or has occurred that results in a negative impact on the objectives being achieved 	<ul style="list-style-type: none"> • The likely consequences if the risk materialises • The negative impact – • How big? • How bad? • How much? • Consider worst likely scenario) 	<p style="text-align: center;">Impact (1,2,3,4)</p> <p style="text-align: center;">Likelihood (1-6)</p>	<p>Person responsible for ensuring risk is managed</p>	<p>Current mitigations:</p> <p>To reduce the likelihood or impact</p> <p>Additional actions required to make the risk acceptable:</p> <p>SMART Actions – will they have the desired impact</p>	<p>Has there been any changes to the risk rating to previous years.</p>

6. A quick guide to completing the Risk Assessment Form

- 6.1 Think about the background to the risk, eg what is bothering you about the situation? What are the causes of the risk and what is the trigger. Remember to keep it factual, understand why the risk is occurring, and establish the reason why the risk is a problem. Record these in the Causes and Trigger fields.
- 6.2 Think about the impact and consequences and record these in the Consequences field.
- 6.3 Initially score the risk, in accordance with the 'Likelihood Definitions and Impact Definitions' at 5.10.7, by selecting a number between 1 and 6 (6 being the highest) for likelihood and 1 and 4 (4 being the highest) for impact using the Risk Matrix. Existing controls should be taken into account when assessing this although there is a need to consider the effectiveness of these.
- 6.4 Consider who will have ownership of the risk as this person will have responsibility for ensuring that any further controls are undertaken in a timely manner. Make sure they have agreed to be the risk owner. Put the name in the Risk Owner field.
- 6.5 Record any further action that needs to be taken to reduce the risk likelihood or consequences in Further Controls Needed. Agree who the responsible officer(s) for taking these actions forward will be and record their name(s). Ensure they know they have been nominated to take the action(s) forward.
- 6.6 Agree a review date. This does not have to be when the action is due to be completed, but an appropriate date to review the action being taken to ensure that everything remains on track. Record this date on the form.

Appendix B - Risk Appetite Statement

Waverley Borough Council must take risks in order to achieve its key priority themes of People, Place and Prosperity and deliver its vision to the community, local businesses and other partners as set out in the Corporate Strategy.

Risks will be taken in a considered and controlled manner to ensure exposure to risks is kept to a level deemed acceptable by the Council. The acceptable level may vary from time to time. Some risks may be accepted above the agreed acceptable level because:

- The likelihood of the risk occurring is deemed to be sufficiently low
- There is the potential to enable the realisation of considerable reward/benefit
- They are considered too costly to control given other priorities
- The cost of controlling them would be greater than the cost of the impact should they materialise
- There is only a short period of exposure to them
- They are considered essential to the achievement of aims and objectives

The main risks the Council will face come from the following domains:

Financial: In looking after its finances the Council will plan carefully and invest wisely to deliver good value for money and, in doing so, is willing to accept, in some circumstances, risks that may result in a moderate financial loss.

Legal/Regulatory: The Council recognises the need to place high importance on compliance with legal and regulatory requirements that apply to a local authority and has no appetite beyond isolated legal action or regulatory breaches.

Safety: The Council has no appetite for safety risk exposure that could result in anything other than an insignificant injury requiring first aid.

Service Delivery: The Council will strive to deliver and maintain high quality services. However, to do that, the Council is willing accept a moderate exposure to risk in service delivery which could lead to a substantial, short term disruption or inconvenience.

Reputation: It is important that the Council maintains a high reputation and, therefore, has set a cautious approach to risk in the conduct of its activities and will only accept one-off adverse local publicity.

The Council will always assess risk in line with these domains

Risk Appetite

Through in-house training and facilitated workshops Members of the Executive, Audit Committee and senior management received practical guidance to reach a consensus view of the overall risk appetite for the Council.

Risk Domains

The Council's appetite for risk has been assessed as highlighted below:

	Financial	Legal/ Regulatory	Safety	Service Delivery	Reputational
Averse	Loss < £10k	Trivial breach or non-compliance	Insignificant injury (First Aid)	Negligible disruption/ unnoticed by service users	Insignificant damage
Cautious	Loss up to £50k	Isolated legal action or regulatory breach	Minor injury (medical attention)	Small disruption/ inconvenience	One-off adverse local publicity
Moderate	Loss up to £100k	Sustained legal action or (limited) regulatory fine	Serious injury (not life threatening)	Substantial, short-term disruption/ inconvenience	Short-term, but wide reaching adverse publicity
Open	Loss > £100k	Major legal action or regulatory sanction	Death(s) or multiple serious injuries	Major, sustained disruption/ serious inconvenience	Major, long-term damage

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**AUDIT COMMITTEE RECURRENT ANNUAL WORK
PROGRAMME**

Meeting	Item	Action	Responsibility
<i>May/June</i>	<i>Training on the Financial Statements to be arranged for new Committee members</i>		<i>Finance/Committee Services</i>
July 2019	External Audit Findings Report	Note	External audit
	Annual Governance Report	Endorse	External Audit
	Statement of Accounts (Deadline 31/07/2019)	Approve	Head of Finance, Peter Vickers
	Annual Governance Statement (Deadline 31/07/2019)	Approve	Head of Policy and Governance, Robin Taylor
	Annual Internal Audit Report (Activity of previous financial year)	Comment and Note	Internal Audit Client Manager, Gail Beaton
September 2019	Risk Management	Approve	Head of Finance, Peter Vickers
	Review Audit Committee's Terms of Reference	Rec to Council, if necessary	Committee Services
	Audit Committee Annual Report	Note	Committee Services
	Internal Audit Charter	Endorse	Internal Audit Client Manager, Gail Beaton
	External Audit Annual Audit Letter	Note	External Audit
November 2019	Risk Management	Approve	Head of Finance, Peter Vickers
	Annual Governance Statement – Interim Review	Comment and instruct	Head of Finance, Peter Vickers
March 2020	External Audit Plan	Note	External Audit
	Certification Report	Note	External Audit
	Internal Audit Plan	Approve	Internal Audit Client Manager, Gail Beaton
	Risk Management	Approve	Head of Finance, Peter Vickers

Please Note: At every meeting the Committee will receive the following reports:

Review of progress in the implementation of Internal Audit Recommendations [To note and instruct];

Review of the progress in achieving the Audit Plan [To note and instruct]; and

Fraud Investigation Summary [To note].

The Work Programme details regular items, but other items can be submitted to each meeting on an ad hoc basis or at the request of the Committee.

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